Annual Report

2023

INVESTING IN THE FUTURE

PEOPLE
MARKETS
MOLECULES

Key Indicators 2023

€ million	December 31, 2023	December 31, 2022	Change in %
Results/return			
Sales	**6,402.2**	8,209.3	–22.0
EBITDA[1]	**823.6**	2,080.9	–60.4
EBITDA margin[2] (%)	**12.9**	25.4	n.a.
EBIT[3]	**404.9**	1,678.8	–75.9
EBIT margin[2] (%)	**6.3**	20.5	n.a.
Financial result	**–17.9**	–62.6	–71.4
Income before income taxes	**387.0**	1,616.2	–76.1
Net result for the year	**327.3**	1,281.6	–74.5
Earnings per share (basic/diluted) (€)	**6.31**	25.18	–74.9
ROCE (%)	**6.9**	34.7	–80.1
Financial position/cash flow			
Total assets	**8,854.4**	9,401.4	–5.8
Equity	**4,579.9**	5,030.7	–9.0
Equity ratio (%)	**51.7**	53.5	n.a.
Liquidity[4]	**1,421.9**	1,956.2	–27.3
Financing liabilities	**1,505.6**	1,547.0	–2.7
Net financial debt/net financial assets[5]	**–83.7**	409.2	n.a.
Capital expenditures[6]	**709.6**	546.8	29.8
Depreciation/amortization	**–418.7**	–402.1	4.1
Net cash flow[7]	**165.6**	438.8	–62.3
Research and development			
Research and development expenses	**184.1**	178.4	3.2
Employees			
Personnel expenses	**1,479.6**	1,595.0	–7.2
Employees (number as of Dec. 31)	**16,378**	15,725	4.2

[1] EBITDA is EBIT before depreciation and amortization.
[2] Margins are calculated based on sales.
[3] EBIT is the result from continuing operations for the period before interest and other financial result, and income taxes.
[4] Securities, fixed-term deposits, cash and cash equivalents
[5] Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.
[6] Intangible assets, property, plant and equipment, investment property, excluding right-of-use assets.
[7] Sum of cash flow from operating activities and cash flow from long-term investing activities (before securities).

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WACKER at a Glance

2023

Sales

6.4

billion euros

2022: 8.2 billion euros

Sales by Region

Europe	36%
Asia	43%
The Americas	16%
Other Regions	5%

Sales by Business Division

SILICONES	2,741 million euros
POLYMERS	1,580 million euros
BIOSOLUTIONS	337 million euros
POLYSILICON	1,599 million euros

EBITDA

824

million euros

2022: 2,081 million euros

Employees

16,378

2022: 15,725

Capital Expenditures

710

million euros

2022: 547 million euros

Absolute Greenhouse Gas Emissions (Scopes 1 and 2)

in million metric tons

2023	2.8
2022	3.2

For Our Shareholders

Chapters

Dear Shareholders,

2023 was a challenging year. Crises, wars and conflicts have become intertwined in a way that we have not seen for years. The ongoing war of aggression in Ukraine and the horrific terror in the Middle East with all its ramifications have turned the world upside down. Everywhere, surging forces are pulling us apart, and social cohesion is crumbling. Everyone is worried about the future.

This situation highlights how important it is that we take a stand as a values-oriented company. WACKER is committed to diversity, openness and tolerance. We reject any form of discrimination. We promote a peaceful coexistence that unites people. Because, as we know, the only way to solve the world's major challenges is by working together. As an innovative chemical company, we aim to help provide answers – in line with our corporate purpose: Our solutions make a better world for generations. We want to improve the quality of life for people all around the world. That is what motivates us.

However, we are not immune to external circumstances. In 2023, the global industrial engine began to stutter, and the chemical industry faced strong headwinds. There were hopes early in the year for a recovery in customer demand, but it did not materialize. Price pressure was strong. And Germany's persistently high energy prices and global raw-material costs further impacted our business. All these factors meant that our 2023 results did not match the record figures of the year before.

Given the weak market environment, WACKER's sales fell 22 percent to around €6.40 billion in the reporting year. Group EBITDA (earnings before interest, taxes, depreciation and amortization) totaled €824 million, a decline of 60 percent year over year. The main reasons were lower prices along with persistently high costs for energy and raw materials, as well as reduced plant-utilization rates amid weaker sales. Due to lower earnings and higher capital expenditures, net cash flow decreased to about €166 million. Net income for 2023 came in at around €327 million.

Although WACKER faced significant market headwinds last year, we want you, our shareholders, to participate appropriately in our company's business success. Accordingly, the Executive and Supervisory Boards have decided, based on these figures, to propose a dividend of 3.00 euros per share at the Annual Shareholders' Meeting. This means we would distribute about 45 percent of our 2023 net income.

It is hard to predict exactly how economic trends will develop in 2024. We expect that conditions for the chemical industry will remain challenging and that we will not see a sustained recovery in demand. As a result, we will continue to focus firmly on efficiency and cost discipline this year. For full-year 2024, we expect sales of around €6.0 billion – 6.5 billion, with EBITDA between €600 million and 800 million.

Although current market conditions are difficult, WACKER is well positioned strategically. Without WACKER, there would be no energy transition. Our polysilicon provides the starting material for solar cells, while our polymer solutions help make the construction sector more efficient, and buildings more economical and more sustainable. WACKER is also essential to the mobility transition. Our silicone products are in high demand for electric vehicle manufacturing. They make batteries safer, more powerful and more durable. Without WACKER, there would be no digital transformation. Half of the world's chips contain our polysilicon. And without WACKER, effective health protection would be impossible. Our silicones enable high-tech applications in biomedical engineering. Moreover, we are expanding our biopharmaceutical capacities with core technologies involving proteins and mRNA actives. All these global megatrends will continue to drive our business. Our strategy is right.

As a result, we remain firmly committed to our growth targets for the period up to 2030. By then, our sales should exceed €10 billion. Similarly, we want to strengthen our profitability. Groupwide, we are aiming for an EBITDA margin of more than 20 percent by 2030. As regards capital employed, we want to earn twice our cost of capital.

At the same time, we focus strongly on sustainability. It is an integral part of our strategy. By 2030, for example, we intend to cut our absolute CO_2 emissions by 50 percent. We made good progress here in 2023. By 2045 at the latest, WACKER intends to be completely climate-neutral. Early in 2024, that goal was validated by the independent Science Based Targets initiative (SBTi). This makes WACKER one of the first 15 chemical companies worldwide with a validated net zero target – Net Zero 2045. Complying with the Paris Agreement, WACKER's entire greenhouse-gas reduction path helps limit global warming to 1.5 degrees Celsius.

Sales target for 2030:

> 10 billion euros

We adopt several approaches to improve our environmental footprint and make substantial contributions to limiting global warming. On the one hand, we are working on minimizing resource consumption and greenhouse gas emissions in our own products and processes. On the other, we aim to support our customers in the transformation to net zero by offering plenty of attractive product solutions. More than two-thirds of our product portfolio is already making a contribution here. And, by 2030, our portfolio should fully meet defined sustainability standards, thereby making us part of the solution for making business and society more sustainable.

To achieve our strategic goals, we invest systematically in our future. In 2023, capital expenditures amounted to €710 million, a rise of 30 percent year over year. With our investments in people, markets and molecules, we are laying the foundation for tomorrow's growth.

We Invest in People. Last year, our global WACKER team grew by 4.2 percent to 16,378 employees. This increase was mainly due to strong investment and project spending, as well as the takeover of ADL BioPharma in Spain. We train our workforce continuously. To recruit talented people worldwide, we also launched our "We are WACKER" employer branding campaign in 2023.

Reliable, resolute and ambitious – these are three core qualities inherent to people at WACKER. In 2023, the global WACKER team again did outstanding work. This merits our utmost respect. On behalf of the entire Executive Board, I sincerely thank all our employees.

We Invest in Markets. Our strategy is to remain close to customers and seize growth opportunities around the world. In 2023, we generated 85 percent of our sales outside Germany and more than 60 percent outside Europe. Amid weak market conditions, last year's sales declined in all three of our global regions – Europe, the Americas and Asia. Despite this, we continued investing regionally. In China, the world's largest chemical market, for example, we more than doubled Nanjing's production capacity for dispersions and dispersible polymer powders. In Europe, we expanded capacity for semiconductor-grade polysilicon at Burghausen and set up additional production capacity for specialty silicones at Nünchritz. Early in 2024, we also announced plans for a new production site for specialty silicones in the Czech Republic. To bolster our biotechnology business, we further expanded our Amsterdam site last year. We also advanced the construction of an mRNA competence center in Halle. It will start up in 2024.

“With our investments in people, markets and molecules, we are laying the foundation for tomorrow's growth.”

Dr. Christian Hartel
President and CEO

We Invest in Molecules. We are strongly positioned thanks to our chemicals business in silicones and polymers, our biosolutions activities and our polysilicon business. However, in 2023, the market environment was persistently weak. As a result, we posted a sales decline across every division, except for Biosolutions, where we matched the prior-year level. To further strengthen our market position in specific segments, our investments focus not only on expanding capacities, but also on developing new solutions for customer needs and enhancing our processes and procedures. To this end, we cooperate closely with customers, scientific institutes and universities. Our portfolio contains about 3,300 active patents worldwide, with 1,200 patent applications currently pending. To enhance our position in biotechnology, we also acquired ADL BioPharma in Spain last year – a top contract manufacturer for the food, pharmaceutical and consumer-goods sectors.

These examples show that WACKER is firmly on track. With our investments in people, markets and molecules, we are paving the way for sustainable and profitable growth. We hope that you, our shareholders, will continue to accompany us on this path. On behalf of the entire Executive Board, I thank you for the confidence you have placed in us so far. I can promise you this: we will remain the architects of our own success – pressing ahead with spirit, speed and confidence.

Munich, March 2024

Dr. Christian Hartel
President & CEO of Wacker Chemie AG

The Executive Board of Wacker Chemie AG

Dr. Christian Hartel	Dr. Tobias Ohler	Angela Wörl	Dr. Christian Kirsten
President & CEO	Chief Financial Officer	Personnel Director	
Business Divisions			
WACKER POLYSILICON WACKER BIOSOLUTIONS		WACKER POLYMERS	WACKER SILICONES
Corporate Departments			
Corporate Development Corporate Communications Corporate Auditing Legal & Compliance Research & Development	Accounting & Tax Corporate Controlling Finance & Insurance Investor Relations Procurement & Logistics Information Technology	Human Resources Intellectual Property Engineering Retirement Benefits	Sales & Distribution Site Management (Burghausen and Nünchritz) Corporate Security
Regions			
	The Americas	Asia-Pacific, India	Europe, Middle East

Dear Shareholders,

In 2023, market conditions weakened markedly for WACKER after its record results a year earlier. Worldwide, the chemical industry encountered major challenges in 2023. High energy and raw-material prices and diminishing orders burdened the sector, keeping production low in many countries. At the same time, the year was again overshadowed by geopolitical conflicts and uncertainties.

Amid these multiple external crises, WACKER performed well last year. This was due in no small part to the strong commitment and extraordinary dedication of every employee in WACKER's global network. They have all earned the Supervisory Board's deepest thanks.

An issue that again topped the political, economic and social agenda in 2023 was the fight against climate change. This issue has two aspects for WACKER. On the one hand, WACKER works relentlessly on reducing its own carbon footprint and resource needs. It has ambitious targets here and once again made good progress last year. On the other hand, WACKER supports its customers with diverse product solutions on their way to net zero.

One strategic principle at WACKER is to firmly focus on customers so that their specific needs can be solved effectively through WACKER's core competencies, thereby creating added value. For example, WACKER has more than 3,000 silicone products today for a wide range of applications – whether in electric cars, in the construction sector or in medical technology. WACKER has transformed from a European silicone pioneer to the world’s second-largest manufacturer of silicone products today. In 2023, this success story – which began 75 years ago – was a source of pride for employees and business partners.

Another highlight of 2023 was a success story in Saxony, eastern Germany: 25 years of WACKER in Nünchritz. WACKER has invested over €1.7 billion in Nünchritz since acquiring it, creating one of the world’s largest, state-of-the-art production sites for silicones and polysilicon. With a workforce of around 1,500, the site is the largest chemical-industry employer in Saxony.

Another of WACKER’s strategic principles is to seize growth opportunities around the globe. That is why the company strives to be locally present in relevant national markets. Take China, for example. What began there over 30 years ago as sales offices has long become an extensive network of production, research and service sites. Today, WACKER has more than 1,700 employees in the world’s largest market for chemicals. As in other regions, WACKER is steadily strengthening its presence there.

Last year, WACKER’s biotechnology business was another key area that saw a significant expansion. With the acquisition of ADL BioPharma, based in León, Spain, WACKER has gained a top contract manufacturer for the food, pharmaceuticals and consumer-goods industries. ADL BioPharma employs some 300 people and offers roughly 2,000 cubic meters of additional fermentation capacity. This acquisition creates the basis for further growth in biosolutions.

Continuous Dialogue with the Executive Board

At WACKER, sound corporate governance and control are built on a relationship of trust between the Executive Board and Supervisory Board as they work closely together in the company's interest. In 2023, the Supervisory Board performed – with great diligence – the duties incumbent upon it under law, the Articles of Association and its own Rules of Procedure. The Supervisory Board was involved at an early stage in every decision of fundamental significance for the company.

In both written and oral reports, the Executive Board regularly provided the Supervisory Board with timely and comprehensive information on corporate planning, strategic development, business operations, and on the current state of Wacker Chemie AG and the Group, including the risk situation, risk management, and compliance and sustainability issues. Beyond scheduled Supervisory Board meetings, the Chair of the Supervisory Board remained in close contact with the Executive Board, especially with the CEO, conferring on issues of strategy, business development, risk exposure, risk management and compliance, and was kept informed of current trends, the business situation, and key business transactions. Any deviations from business plans and targets were explained to the Supervisory Board in detail.

Wherever required by statutory provisions or the Articles of Association, the Supervisory Board voted on the reports and proposals of the Executive Board after detailed examination and discussion. There was no need for additional monitoring measures, such as the inspection of corporate documents or the appointment of experts. The Supervisory Board met on a regular basis, sometimes without the Executive Board being in attendance.

In the reporting year, particularly close attention was paid to to investment projects, the current earnings situation, including the risk position and risk management, as well as the company's liquidity and financial position.

The Supervisory Board held five meetings in 2023, three in the first half of the year – including the newly elected body's inaugural meeting directly after the 2023 Annual Shareholders' Meeting – and two in the second half. All Supervisory Board meetings were in person. Between meetings, the Executive Board informed the Supervisory Board in detail by means of written reports about all projects and plans of particular importance to the Group. At its full meetings and in its committees, the Supervisory Board discussed in detail business transactions of importance to the company and referred to the reports submitted by the Executive Board. The full meetings were prepared by shareholder and employee representatives in their own separate sessions.

The Supervisory Board's Main Areas of Deliberation

The development of sales, earnings and employment at Wacker Chemie AG and the Group, together with strategic development opportunities, were the subject of regular consultations in the full meetings of the Supervisory Board.

In the reporting year, the major areas of deliberation for the Supervisory Board were:

- Global market challenges, particularly the high raw-material and energy costs
- The effects of the war in Ukraine and its consequences for gas supplies in Germany
- Geopolitical developments and the resulting opportunities and risks for our business
- Disruptions in global trade and supply chains and their effects on world markets in general, and on WACKER in particular
- Various M&A and CAPEX projects
- Financing activities
- Adjustments to the compensation system for Executive Board members
- HR matters

The Supervisory Board discussed the WACKER Group's plans for 2024 at its meeting of December 7, 2023. On that occasion, the Supervisory Board also dealt with medium-term corporate plans for 2024–2028. In addition, it discussed and approved the capital-expenditure budget for 2024.

Work in the Committees

The Supervisory Board is assisted in its work by the committees it has constituted. WACKER's Supervisory Board has created three committees – an Audit Committee, an Executive Committee, and a Mediation Committee (the latter in accordance with Section 27 (3) of the German Co-Determination Act (MitbestG)). The tasks and the members of these committees are detailed in the Declaration on Corporate Management on page 294.

The Audit Committee met four times in person last year. In the presence of the auditors, it discussed the audit of the annual financial statements of Wacker Chemie AG and the Group for 2022 and the consolidated interim financial statements for the first half-year. It also examined the Group's quarterly financial figures as well as issues relating to risk management, the accounting process, the internal control systems, compliance and auditing. It monitored the audit, especially regarding quality, as well as the independence of the auditors and the additional services they performed. Moreover, the Audit Committee submitted a recommendation to the Supervisory Board for the latter's proposal to the Annual Shareholders' Meeting for appointing an auditor for 2023. It then awarded the auditing contract for 2023 and determined the focus of auditing.

The Executive Committee met three times in person in 2023. The committee members discussed the compensation system for Executive Board members and personnel matters, in particular Executive Board succession planning and the committee's recommendations to the Supervisory Board to renew Angela Wörl's contract, to raise the CEO's and CFO's fixed compensation, and to determine the Executive Board's total compensation for 2022, as well as set the performance goals for variable compensation in 2023. The Chair of the Supervisory Board also discussed matters of particular importance with the Executive Committee members between the regular meetings.

The Mediation Committee did not need to be convened in the reporting year.

The Supervisory Board was regularly informed about the committees' work.

Initial and Advanced Training

The members of the Supervisory Board are called upon to take part in training courses at regular intervals and are responsible for meeting this obligation themselves. The company supports the members in their educational endeavors, in particular by granting them generous expense allowances, which can and should be used for further training, among other things. When they take office, new Supervisory Board members receive an information package about their rights and obligations; it also includes information sheets on insider-trading bans and on personal transactions by managers. Where necessary, they are also informed about significant changes in legislation and court rulings affecting their work, or are able to take part in internal information events.

Personalized Disclosure of Attendance at Meetings

Last year, four members were excused from one Supervisory Board meeting each; otherwise, all members of the Supervisory Board attended all of its meetings. All committee members attended their respective committee meetings in 2023. Members' attendance at meetings of the Supervisory Board and at their respective committee meetings is disclosed in personalized form in the following table:

Full Supervisory Board	Attendance at meetings during period of office
Dr. Peter-Alexander Wacker	5/5
Manfred Köppl	5/5
Prof. Andreas H. Biagosch	4/5
Dr. Gregor Biebl	5/5
Matthias Biebl	5/5
Prof. Patrick Cramer (from May 17, 2023)	3/4
Stefan Entholzner (from May 17, 2023)	4/4
Markus Hautmann	4/5
Ingrid Heindl	5/5
Franz-Josef Kortüm (until May 17, 2023)	1/1
Barbara Kraller	5/5
Dr. Benedikt Postberg (from May 17, 2023)	4/4
Beate Rohrig (until September 30, 2023)	4/4
Andreas Schnagl (until May 17, 2023)	1/1
Dr. Birgit Schwab (until May 17, 2023)	1/1
Harald Sikorski (from October 1, 2023)	1/1
Reinhard Spateneder	4/4
Ann-Sophie Wacker	4/5
Prof. Anna Weber	5/5
Dr. Susanne Weiss	5/5

Full Supervisory Board	Attendance at meetings during period of office
Executive Committee	
Dr. Peter-Alexander Wacker	3/3
Manfred Köppl	3/3
Franz-Josef Kortüm (until May 17, 2023)	1/1
Matthias Biebl (from May 17, 2023)	2/2
Audit Committee	
Dr. Peter-Alexander Wacker	4/4
Manfred Köppl	4/4
Prof. Anna Weber	4/4
Mediation Committee	
Dr. Peter-Alexander Wacker	0/0
Manfred Köppl	0/0
Franz-Josef Kortüm (until May 17, 2023)	0/0
Prof. Andreas Biagosch (from May 17, 2023)	0/0
Barbara Kraller	0/0

Corporate Governance

Last year, the Supervisory Board looked closely at corporate governance standards. At its meeting of December 7, 2023, the Supervisory Board, as scheduled, dealt with application of the German Corporate Governance Code and adopted the annual Declaration of Conformity that must be submitted jointly by the Executive and Supervisory Boards in accordance with Section 161 of the German Stock Corporation Act (AktG). The Declaration is available on the company's website and is also included in the Declaration on Corporate Management on page 289.

Further information on corporate governance at WACKER can likewise be found in the Declaration on Corporate Management on page 291.

At its meeting of December, the Supervisory Board also conducted a self-assessment and found that it works efficiently – for example, due to the regular preliminary discussions regarding the Supervisory Board meetings, the comprehensive reports provided by the Executive Board and the detailed documents received well in advance of the meetings. Further information on the Supervisory Board's regular self-assessments can be found in the Declaration on Corporate Management on page 298.

Audit of the Annual Financial Statements of Wacker Chemie AG and the WACKER Group

KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements of Wacker Chemie AG for 2023, the consolidated financial statements and the combined management report (as of December 31, 2023), as prepared by the Executive Board. KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, has audited Wacker Chemie AG and the WACKER Group since 2006. The persons responsible for signing the audit are Prof. Bernd Grottel (since 2022 in his capacity as German Public Auditor Responsible for the Engagement) and Angelika Huber-Straßer (since 2021).

The Supervisory Board's Audit Committee had awarded the auditing contract in accordance with the resolution of the Annual Shareholders' Meeting of May 17, 2023. The auditors conducted their audit in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation, and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). They issued unqualified audit opinions.

The auditors also carried out a review with limited assurance of the separate non-financial report for Wacker Chemie AG and the Group. The outcome was that no issues were identified that would indicate that the report did not satisfy the statutory requirements in all material respects.

The financial-statement documents (including the auditors' reports, the combined management report and the Executive Board's proposal for the distribution of profits as well as the combined non-financial report for Wacker Chemie AG and the Group) were submitted to all the Supervisory Board members in good time.

At its meeting of February 20, 2024, the Audit Committee examined and discussed in detail the financial statements, the combined management report, the combined non-financial report for Wacker Chemie AG and the Group (as per Sections 289b and 315b of the German Commercial Code – HGB) as well as the auditors' reports. At its meeting of February 29, the full Supervisory Board closely examined and discussed the relevant annual accounting documents – including the combined non-financial report for Wacker Chemie AG and the Group – with knowledge and in consideration of both the report of the Audit Committee and the auditors' reports. The auditors, Angelika Huber-Straßer and Prof. Bernd Grottel, took part in the deliberations at both meetings. They reported on the main results of the audits – in particular, the key audit matters described in the auditors' reports and the results of non-financial reporting – and were available to answer questions and provide supplementary information.

After concluding its own examination, the Supervisory Board has no objections to raise to the annual financial statements of Wacker Chemie AG, the consolidated financial statements, the combined management report, the combined non-financial report for Wacker Chemie AG and the Group, or the auditors' reports.

The Supervisory Board therefore approves the annual financial statements of Wacker Chemie AG and the consolidated financial statements as of December 31, 2023 as prepared by the Executive Board. The annual financial statements of Wacker Chemie AG are hereby adopted. The Supervisory Board concurs with the Executive Board's proposal for the distribution of retained profit.

The Compensation Report for 2023 has been formally reviewed by the auditors in accordance with Section 162 (3), sentence 2 the of German Stock Corporation Act. It has also undergone a voluntary material review by the auditors.

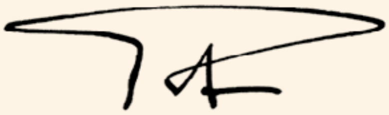
Changes in the Composition of the Supervisory and Executive Boards
As of January 1, 2023, Andreas Schnagl and Reinhard Spateneder joined the Supervisory Board as employee representatives to replace Peter Áldozó and Eduard-Harald Klein, who had left the Supervisory Board on December 31, 2022. At the Annual Shareholders' Meeting of 2023, the mandates of all Supervisory Board members ended as scheduled. The election of shareholder representatives to Wacker Chemie AG's Supervisory Board at the Annual Shareholders' Meeting of May 17, 2023 resulted in the following change: Prof. Patrick Cramer was elected by the Annual Shareholders' Meeting to succeed Franz-Josef Kortüm, who had not stood for re-election. All the other shareholder representatives were re-elected to the Supervisory Board. At its inaugural meeting, directly after the Annual Shareholders' Meeting, the Supervisory Board confirmed Dr. Peter-Alexander Wacker as its chair. The employee representatives on the Supervisory Board had been elected by Wacker Chemie AG's employees and executives before the Annual Shareholders' Meeting. The following changes occurred: Dr. Benedikt Postberg and Stefan Entholzner replaced Dr. Birgit Schwab and Andreas Schnagl as employee representatives on the Supervisory Board. The other employee representatives were re-elected, including both IG BCE (labor union) members. The Supervisory Board confirmed Manfred Köppl as its deputy chairman at its inaugural meeting directly after the Annual Shareholders' Meeting.

Effective September 30, 2023, Beate Rohrig stepped down. Harald Sikorski succeeded her as employee representative on the Supervisory Board on October 1, 2023. He was appointed at the Executive Board's request by order of the District Court of Munich dated September 13, 2023.

The following changes were made to the composition of Wacker Chemie AG's Executive Board in 2023: Auguste Willems, member of the Executive Board of Wacker Chemie AG, left the company at his own request on April 30, 2023. The Supervisory Board appointed Dr. Christian Kirsten as his successor, effective May 1, 2023. At its meeting on June 21, 2023, Wacker Chemie AG's Supervisory Board confirmed Angela Wörl's membership on the Executive Board and renewed her contract for a further five years (until April 30, 2029).

Last year, WACKER's Executive Board and employees kept the company on course with great dedication in a challenging market environment. The Supervisory Board would like to express its sincere thanks and respect for what was achieved by the members of the Executive Board, by every employee in WACKER's global network and by the various employee councils.

Munich, February 29, 2024
The Supervisory Board



Dr. Peter-Alexander Wacker
Chair of the Supervisory Board of Wacker Chemie AG

WACKER on the Capital Market in 2023

Stock market developments in 2023 were dominated by geopolitical crises, interventionist fiscal policies and persistently high inflation. A banking crisis at the start of the year resulted in further consolidation of major European banks and led to uncertainty on the markets. Thanks to rapid stabilization of the banking market and prospects of a turnaround in interest rates, the markets recovered early on in the year. The Inflation Reduction Act (IRA) passed by the United States Congress in 2022 provided a strong stimulus to the manufacturing industry as the year progressed. The ongoing Ukraine war continued to distort global energy and crude oil markets. In Germany the ongoing high energy costs had a negative impact in particular. Domestic demand in China fell short of its potential while demand in Europe was weak overall. This resulted in a high volume of Chinese imports. European companies, in particular, saw strong price pressure for mass-produced products. The European construction industry, and especially the German one, was held back by high interest rates, an increase in the price of construction materials and high planning uncertainty due to changing political requirements.

As already seen in 2022, continued high energy prices as well as increases in prices for specific raw materials, starting products and logistics led to production declines, plant shutdowns and disruptions in supplies for downstream production steps in the chemical industry. These factors also affected the earnings performance at WACKER. Volumes in the chemical industry were down significantly on the prior-year figures. Accelerated capacity expansion for the solar industry in China also had a negative impact. Polysilicon prices fell by almost 60 percent from the middle of the second quarter to the end of 2023.

3.00

euros

Proposed dividend per share for 2023

Over the course of the year, WACKER's share price first reflected speculation of a government-sponsored European solar industry reshoring initiative and was then visibly boosted by the US Inflation Reduction Act. Expectations of an industrial electricity price in Germany initially had a positive effect. As the year progressed, the share price weakened with the expected incentives not being implemented.

In 2023, Germany's DAX index increased by around 20 percent, and its MDAX index by around 8 percent. In the same period, WACKER stock declined by about 4 percent.

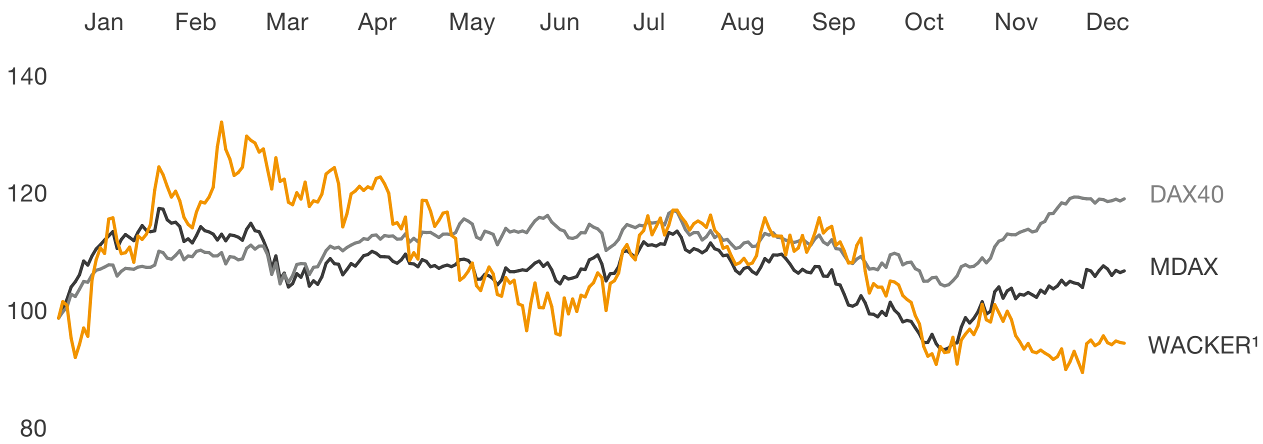
At the start of 2023, WACKER stock stood at €119.40 (year-end closing price on December 30, 2022). The share price climbed until the end of February, driven by the optimistic expectations surrounding the reshoring of the European solar industry, before reaching a high of €159.25 on February 23, 2023. The divergence between political goals for the solar industry and related market expectations on the one hand, and the absence of concrete incentives on the other ultimately led to disillusionment. The payment of a historically high dividend in the amount of €12.00 following the Annual Shareholders' Meeting 2023 impacted WACKER's share price performance in May. In the second quarter, prices for solar-grade polysilicon began to decline. As a result, investors lowered their expectations for WACKER's business performance in the second half of the year. The worsening business conditions meant that the company had to revise its forecast on July 18, 2023. The second half of the year was dominated by an ongoing difficult market environment in the chemical industry, which resulted in a series of profit warnings across the sector. In its Q3 Interim Report, WACKER confirmed and detailed its earnings projections for the full year. Till the end of 2023, business conditions did not recover. WACKER stock ended trading on December 29, 2023, at €114.30.

FACTS & FIGURES ON WACKER CHEMIE AG'S STOCK

€	
Year-high (on Feb. 23, 2023)	159.25
Year-low (on Dec. 13, 2023)	108.35
Year-end closing price (on Dec. 30, 2022)	119.40
Year-end closing price (on Dec. 29, 2023)	114.30
Performance for the year (without dividend) (%)	–4.27
Year-end market capitalization (shares outstanding; prior year 5.93) (billion)	5.67
Average daily trading volume[1] (prior year: 18.1) (million)	18.3
Earnings per share from continuing operations (prior year: 25.18)	6.31
Dividend per share (proposal)	3.00
Dividend yield[2] (%)	2.3

[1] Trading platforms (Xetra, Germany's regional exchanges, Tradegate and Quotrix)
[2] Dividend yield based on an average volume-weighted share price of €131.56 in 2023 (Xetra)

WACKER SHARE PERFORMANCE IN 2023 (INDEXED TO 100)[1]



Source: Xetra closing prices

[1] 100 = €119.40 (year-end closing price on Dec. 30, 2022)

Dividend Payment of €12.00 per Share

At the Annual Shareholders' Meeting of Wacker Chemie AG on May 17, 2023, all Executive Board and Supervisory Board proposals were adopted by large majorities overall. The dividend per dividend-bearing share agreed at the Annual Shareholders' Meeting for 2022 was €12.00 (2021: €8.00). The dividend yield based on WACKER's average share price in 2022 was 8.6 percent (2021: 6.0 percent).

DIVIDEND TRENDS

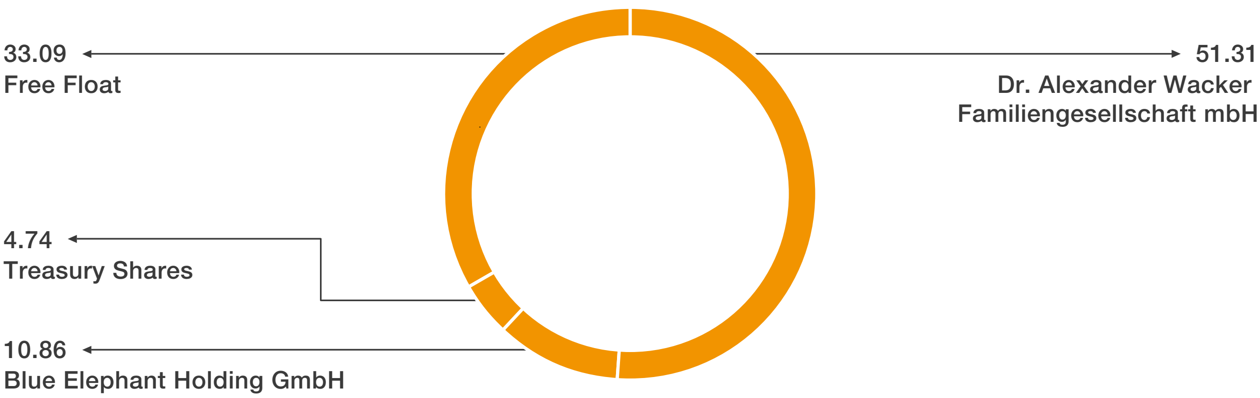
€	2023[1]	2022	2021
Dividend	**3.00**	12.00	8.00
Dividend yield (%)	**2.3**	8.6	6.0
Net result for the year (allocable to WACKER's shareholders) (million)	**313.6**	1,251.0	806.9
Dividend payout (million)	**149.0**	596.1	397.4
Distribution ratio (%)[2]	**47.5**	47.6	49.3

[1] Subject to being approved at the Annual Shareholders' Meeting on May 8, 2024
[2] In relation to net income from continuing operations (allocable to WACKER's shareholders)

Shareholder Structure

Wacker Chemie AG's largest shareholder continues to be Dr. Alexander Wacker Familiengesellschaft mbH, Munich, which holds over 50 percent of the voting shares in Wacker Chemie AG (2022: over 50 percent). Blue Elephant Holding GmbH (Bad Wiessee, Germany) also had no voting-share changes to report in 2023, with its holding in Wacker Chemie AG remaining at over 10 percent (2022: over 10 percent).

in %



Source: Shareholder Survey 12/23, Deutsche Börse

USEFUL INFORMATION ON WACKER STOCK

ISIN	DE000WCH8881
WKN	WCH888
Frankfurt Stock Exchange	WCH
Bloomberg	CHM/WCH.GR
Reuters	CHE/WCHG.DE
Initial public offering	April 10, 2006
Capital stock	€260,763,000
Trading segment	Regulated market (Prime Standard), Frankfurt/Main Stock Exchange
Category of shares	Bearer shares
Number of shares (Dec. 31, 2023)	52,152,600
Number of shares outstanding	49,677,983
Paying agent	Deutsche Bank, Frankfurt/Main

Market Capitalization and Weighting (as of December 31, 2023)

WACKER's year-end market capitalization based on shares outstanding was €5.67 billion (December 30, 2022: €5.93 billion). As a result, WACKER is currently ranked 31 (free float market capitalization) in the MDAX among the 50 companies in the index.

Trading Volume

In the reporting year, the average daily trading volume for WACKER stock on Xetra, Germany's regional exchanges, Tradegate and Quotrix was approximately 138,859 shares, which was around 6.2 percent above the prior-year figure of around 130,756 shares. Average daily turnover for the shares was €18.27 million, up slightly year over year (2022: €18.1 million).

WACKER Communicates Closely with Capital Markets

Key elements of corporate strategy are sustainability and a focus on specialty chemicals. These priorities are reinforced through continuous and open communication with institutional investors, private investors and analysts. Our exchanges with investors over the course of the year were dominated by political topics relating to the solar industry and economic issues. Questions raised primarily involved energy and raw material cost trends, the contract portfolio for solar-grade polysilicon and competition issues. Our sustainability strategy, capacity expansion for semiconductor-grade polysilicon and our biotech business developments also met with great interest.

The number of analysts covering WACKER was 18, slightly lower than in the previous year. The consensus price target of analysts for WACKER stock declined during the year. At the beginning of the year, the average price target for WACKER stock was €154.11 (18 estimates, December 2022). At year-end, the average price was €145.56 (18 estimates) and was a bit more than 5 percent lower than at the beginning of the year.

BANKS AND INVESTMENT FIRMS COVERING AND RATING WACKER

- Baader Helvea
- Bank of America
- Berenberg
- Citigroup
- DZ Bank AG
- Exane BNP Paribas
- HSBC
- J.P. Morgan
- Jefferies
- Landesbank Baden–Württemberg
- Morgan Stanley
- Oddo BHF
- On Field Investment Research
- SRH Alster Research
- Société Générale
- Stifel
- UBS
- Warburg Research

As of the end of December 2023

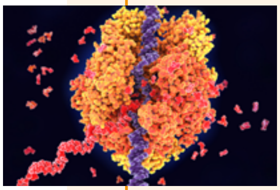
On our website, we regularly report consensus analyst expectations for the current year. Moreover, our website offers extensive information on WACKER stock. In addition to the annual report, other financial reports, a Fact Book, presentations and publications (viewable online or downloadable), our website lists all our key financial-calendar dates and contact persons for your questions. Videos of our annual press conference and other events are also available for online viewing, or as an audio stream.

You'll find the financial calendar online!

Highlights from 2023

WACKER Presents New Products at the European Coatings Show

February | Thermal insulation, renovation, modernization and conserving resources in construction – these were the themes around which WACKER presented its novel solutions at ECS in Nuremberg, Europe's largest paints and coatings fair. Accompanied by informative talks from experts and by live demonstrations, the company's booth was particularly focused on the issue of sustainability.



Using Artificial Intelligence in Pharmaceutical Research

March | WACKER, CordenPharma, the Ludwig-Maximilians-Universität München and the Humboldt-Universität zu Berlin have launched a joint project with the aim of accelerating the development of RNA-based pharmaceuticals through the application of machine learning algorithms. These medications are considered to have tremendous potential, not only for developing vaccines for infectious diseases, but also for treating cancer and hereditary diseases. Supported financially by Germany's Federal Ministry for Economic Affairs and Climate Protection, the project is slated to run for three years.

New Employer Branding Campaign: We Are WACKER

April | Reliable. Determined. Ambitious. These are the hallmarks of the people at WACKER and of the work they do all over the world. With its new employer branding campaign, the company is seeking to underscore that message as it competes for talented employees worldwide.

Corporate Acquisition: WACKER Purchases ADL BioPharma

May | WACKER has strengthened its biotechnology business through the acquisition of this Spanish CMO for the foods, pharmaceuticals and consumer goods industries. ADL BioPharma employs 300 people and offers roughly 2,000 cubic meters of additional fermentation capacity. The purchase sets the stage for further growth.


© ADRA Syrien

WACKER Helps Earthquake Victims

June | We achieve more by working together: €150,000 were raised in the WACKER Relief Fund appeal for donations for earthquake victims in Turkey and Syria. Half of that sum was raised by Group employees, with WACKER doubling each euro and donating products for a reconstruction project.

WACKER Celebrates 75 years of Silicones

June | From pioneering silicone development in Europe to being the world's second largest manufacturer of silicone products today: WACKER has a 75-year success story worth celebrating. The company offers some 3,000 silicone products – truly multi-talented materials that can insulate high-voltage lines carrying millions of volts and are in demand in electric cars. They make batteries safer and longer-lasting, while boosting their performance. They seal windows, impregnate clothing and find their way into medical technology applications.

Shigeyoshi Inoue Receives the WACKER Silicone Award 2023

July | Shigeyoshi Inoue, a professor of silicon chemistry at the Technical University of Munich, received the WACKER Silicone Award in honor of his trail-blazing work. Presented every other year, this €10,000 prize ranks among the world's most prestigious distinctions in the field of silicon chemistry.

WACKER Celebrates 25 Years in Nünchritz

August | WACKER celebrated its 25th anniversary at the Nünchritz site with festivities for employees as well as for customers and guests of honor. Since acquiring the site, the company has invested over €1.7 billion to develop it into one of the largest, most modern silicone and polysilicon production sites in the world. With a workforce of around 1,500, the site is also the largest chemical-industry employer in Saxony.

Anniversary: 30 Years of WACKER in China

October | Along with business partners and government representatives, WACKER celebrated the 30-year anniversary of its subsidiary in China. What began as sales offices has long since developed into an extensive network of production, research and service sites. WACKER now employs a staff of around 1,700 in China and will continue expanding its presence in what is the world's largest chemicals market. In Nanjing, for instance, the company has successfully increased its capacities for vinyl acetate-ethylene copolymer (VAE) dispersions and VAE dispersible polymer powders, while also expanding specialty silicone production in Zhangjiagang.

WACKER Promotes the Development of Skilled Labor in the US

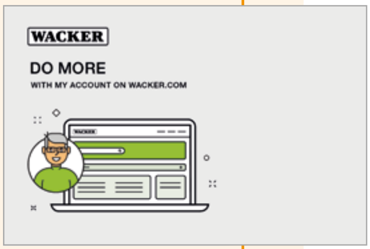
October | WACKER is joining forces with the PIE Innovation Center in Cleveland, Tennessee. The Center's event facility was renamed WACKER Commons as part of the collaboration, which aims to promote the development of skilled workers in the region. With some 800 employees, WACKER's site in nearby Charleston is the company's largest in the US.

Expanding Production Capacity for Semiconductor-Grade Polysilicon

October | Nearly half of all computer chips worldwide are made with polysilicon manufactured by WACKER. With semiconductors becoming increasingly powerful and making inroads into more and more new applications, WACKER is continuing to expand its polysilicon business and has now achieved an important milestone: the Burghausen site held the topping-out ceremony for a new production line for cleaning semiconductor-grade polysilicon. The line is currently under construction. WACKER expects to invest over €300 million in the facility by 2025 with the aim of growing its capacity by over 50 percent.

Race to Net Zero: International WACKER Sustainability Conference

October | "Making a better world for generations" was the theme of this year's WACKER Sustainability Conference, at which sites throughout the Group offered an inside look at their sustainability projects. One project team received the Net Zero Award for developing a model-based process control system that pairs sophisticated engineering technology with the many possibilities afforded by digitalization. The solution allows for far more efficient plant operations, which in turn leads to significant reductions in CO_2 emissions.



My Account: New Customer Portal Goes Live

November | WACKER is continuing to advance digitalization in every area of the company. Its customers' digital experience is one such example. Thanks to the rollout of the new My Account portal on wacker.com, customers and partners can now place orders and check delivery status online. The initial launch in Europe will be followed by other regions. The secure, easy-to-use online portal will replace the previous Login4More platform.

WE INVEST IN PEOPLE

WACKER's success is based on the dedication and expertise of more than 16,000 employees worldwide. It is therefore an absolute top priority to give them further training opportunities and obtain new talents for the company.

“We Are Working on Solutions for a Better Future”

What makes WACKER a good employer? What can the company offer employees with high potential? What roles do diversity and an international mindset play? In this interview, Personnel Director Angela Wörl discusses these points.

Ms. Wörl, you launched a new employer branding campaign called “We are WACKER” in 2023. What makes WACKER a good employer?

WACKER is a company with traditional roots and a long history that has reinvented itself time and again. In our changing world, we evolve continuously – and so does our culture. Our employer branding campaign defines who we are and what we stand for – both internally and externally. Three words are key: reliable, resolute and ambitious. WACKER is reliable because we act for the long term. For us, strong and long-term partnerships are important – both with our employees and our customers. We are resolute in the way we invest in the future and put all our energy into achieving our goals. We are ambitious because we tackle the problems of our time and develop trail-blazing solutions.

Angela Wörl has been a member of Wacker Chemie AG’s Executive Board since 2021.

WACKER has a long history spanning more than 100 years. How does a company so steeped in tradition remain attractive to young talent as well?

Our experience has always made us strong for what lies ahead. Multiple aspects make a company attractive. The most important for me are that we offer challenging work and give employees responsibility early on. As an innovative chemical company, WACKER makes a vital contribution to improving the quality of life around the world. Our solutions make a better world for generations. That is our corporate purpose. Our products are indispensable for global megatrends, such as digitalization, renewable energies and electromobility. We – and I mean all of us at WACKER – make a vital contribution here. As a company, we live by the principles we stand for.

One in three management positions

should ideally be in female hands by 2030

A global employee survey was held at WACKER in 2023. What surprised you most about the results and what do you want to focus on?

Motivated employees are crucial to our success. That is why we regularly survey our personnel to find out where we can be even better as an employer. I was especially pleased that the results reflected a strong sense of loyalty and identification with the company. Although this did not surprise me, I felt it was very positive – especially after the Covid years. One area where we see scope for improvement is in communicating our strategy and goals. It is important that every single employee understands exactly how they – at a personal level – can contribute to achieving our goals. We want to become even better at getting everyone on board.

You are the only woman among WACKER's four Executive Board members. That roughly reflects the proportion of women at the company. What is WACKER doing to increase diversity?

Diversity has multiple dimensions. It is integral to our strategy because we are certain that bringing together different perspectives and attitudes makes us more effective, successful and resilient. In our strategy for 2030, we have set clear targets at the Group level for two of these dimensions. In 2030, the aim is for about one in three leadership positions to be in female hands and for half of management positions to be located outside Germany. In some cases, additional targets are in place for specific regions.

You have Executive Board responsibility for Asia. How do you view the topic of internationality at WACKER?

WACKER is a company that operates around the globe. What's more, we generate most of our sales outside Germany. Our success is based on our proximity to customers – on our strength in a region for the region. As a result, our solutions for Asia increasingly come from our local teams there. The aim is to strengthen not only local production, but also R&D and other functions in those regions where they are needed. This does not change the fact that our roots are in Germany, where our heart lies.

In 2024, WACKER is relocating within Munich to WACKER House, the new headquarters. The building is not only an architectural highlight, it will also promote new forms of teamwork. What are your expectations?

With WACKER House, we have a state-of-the-art building in a prime location in Munich's "Werksviertel" district, where we will be creating a new working environment that nurtures communication and creative exchanges. WACKER House will be a place for meeting, collaboration and inspiration. At other sites, we have already created similar working environments – for example, our Innovation Center in Ann Arbor, USA. We bring teams together there, too, promoting innovation and agile work methods. In South Korea and Japan, too, WACKER has started adopting new approaches to working in an office.

Finally, let's take a look into the more distant future. WACKER in 2030. What do you see?

I am certain that we will achieve our strategic growth targets. In 2030, WACKER will be stronger and more diverse and sustainable than it is today. Together, we will steadily develop our culture, never losing sight of our purpose. Following this path, we will continue working successfully on solutions for a better future in 2030.

Angela Wörl
with trainees.

WE INVEST IN MARKETS

WACKER operates in every major growth region, which, of course, includes India. Very few economies can match the speed of India’s growth. WACKER is investing millions of euros to expand its business on the Indian subcontinent.

Mission to Achieve Growth

“India has reached the moon,” Prime Minister Narendra Modi proudly announced. The unmanned Vikram moon lander touched down gently and safely at the south pole of the moon on August 23, 2023. The following day, a solar-powered lunar rover began its exploratory tour. India is only the fourth nation ever to make a successful trip to the moon. The country celebrated, the world was amazed – and Dr. Sascha Büchel and his team at Wacker Metroark Chemicals in Kolkata were delighted. After all, they contributed to the success of the mission. “The Indian Space Agency’s U.R. Rao Satellite Centre asked us for adhesives that could withstand the extreme conditions in space,” says Büchel. “In fact, a specialty silicone adhesive from WACKER was used for the solar panels.”

India is setting off into new worlds. With its 1.4 billion inhabitants, India overtook China as the world’s most populous country in 2023. What’s more, the International Monetary Fund estimates that no other major economy is currently growing so fast. “There’s nothing here that doesn’t exist,” says Büchel, who has been in Kolkata for almost nine years, where he heads WACKER’s silicone operations in India. “The country has enormous potential.”

WACKER has two footholds on the subcontinent: the national subsidiary Wacker Chemie India primarily drives polymer sales. Wacker Metroark Chemicals (WMC) is a fully consolidated Group joint venture responsible for the silicones business.

Online, you’ll find an interactive map featuring all our sites!

Soumitra Mukherjee and Dr. Sascha Büchel head the silicone joint venture run by WACKER and Metroark in India.

“Our joint venture started making a profit in its very first year,” says Soumitra Mukherjee, who, together with Büchel, is in charge of WMC operations. His father founded Metroark, a chemical company, back in 1947. He had been purchasing raw materials from WACKER in Burghausen long before the joint venture was founded in 1998. For Mukherjee, WMC combines the best of both worlds: international experience and “Made in Germany” quality on the one hand, and local roots and market knowledge on the other.

The silicone specialties business has been growing three times faster than India’s gross domestic product for many years. As the standard of living rises, it is highly likely that demand will increase, too, going forward: per capita consumption of high-quality silicones in regions such as Europe and the USA is over ten dollars. In India, by contrast, it is well below one dollar, though the trend is for this figure to go up.

WMC has been the market leader in the Indian silicones business since 2018. Sales reached a record 225 million euros in 2022. Indeed, Büchel and Mukherjee forecast that volumes would continue to grow in 2023 and 2024 as well, rising by 15 percent, respectively.

Wacker Metroark Chemicals

- Founded in 1998 as a joint venture with Indian silicone producer Metroark
- Target markets: textiles, personal care, automotive sector, construction, energy, coatings, adhesives, packaging
- Production sites in Kolkata and Panagarh

You’ll find further details about this site online!

"We take the best ideas from Europe to India and implement them here in the Indian way," says Mukherjee, explaining WMC's recipe for success. Take the following example: Mukherjee remembers well how the WMC team at the Amtala site near Kolkata developed a silicone emulsion for shampoos for a large consumer-goods company in just seven days. Until then, WACKER had not done any business with that company. Today, WMC supplies the consumer-goods giant worldwide with the emulsion from Kolkata.

The site in Kolkata has been making silicones for the textile and personal-care industries since 1999.

WMC is particularly strong in India's Personal Care segment – the company is excellently positioned there. Alongside global customers numerous Indian companies, too, are working with WMC's developers on customized, innovative products for the local market. For instance, a silicone-based specialty defoamer was developed in the WMC laboratory. It saves 50 percent of the water used in handwash detergents, which are used a lot in India. "Developers in Europe don't even have these applications on their radar," says Sascha Büchel.

Strong in Polymers – Wacker Chemie India

Anand Gopaladesikan, who is responsible for WACKER's polymers business in India, is equally familiar with the region's distinct market conditions. The dispersible polymer powders of Wacker Chemie India are mainly intended for the construction industry. Skim coats, which are used in many new buildings on the Indian subcontinent, are one of the top sellers. Based on white or gray cement, they smooth out unevenness on concrete or plaster walls.

"Indian walls have to be very white – and very smooth," he explains. It was WACKER, along with a leading cement company, who played a key role in creating this unique product category in India several years ago. "We are continuously working on enhancing the product," Gopaladesikan points out. Recently, his technical staff successfully modified skim coats with hydrophobic polymer powders, which makes the product water-repellent – an important property, especially during the monsoon season.

Nibha Singh and Gokul Kumar M. at the Mumbai Technical Center support consumer applications for WACKER POLYMERS customers based in India.

“Our high-quality dispersible powders provide improved water resistance. This is a unique selling point in this evolving and demanding application.”

Another booming segment developed by WACKER’s key accounts are tile adhesives in south India. The Bengaluru technical center, which was established for this purpose, provides the required technical expertise and customer services needed to drive this segment forward. Business in high-quality wood and packaging adhesives is growing, too. Coatings for the paper industry are seeing accelerated demand because plastic is being replaced by paper, for example for drinking cups or online-retail packaging material, he explains.

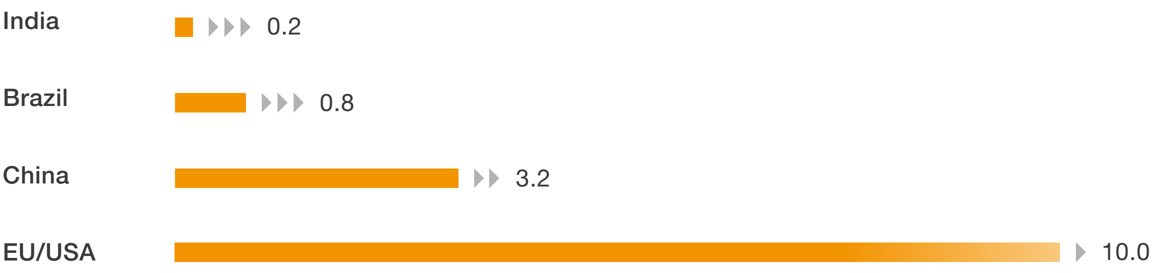
At the subsidiary’s headquarters in a suburb of Mumbai, where most of the 40 employees work, experienced chemists and application engineers develop customized solutions for local customers in these growth sectors. Gopaladesikan can rely on a very young, motivated team. “India simply offers an incredible talent pool,” he says.

Wacker Chemie India

- Founded in 2007
- Key markets: construction, industrial adhesives, consumer goods
- Technical centers & branches of WACKER ACADEMY in Mumbai and Bengaluru

You’ll find further details about this site online!

SILICONE DEMAND PER CAPITA IN SELECTED COUNTRIES



Source: Freedonia – Global Silicones Study, WACKER's own estimates

India – a Thriving Market

The country is making progress in many areas. At the turn of the millennium, 40 percent of the population was still without electricity, but now every Indian village is connected to the grid. The digitalization of administration is curbing corruption and the tax system has been greatly simplified. In addition, the "Make in India" initiative is promoting foreign investment in manufacturing. Apple now has iPhones manufactured in the country.

A lot of the products WACKER makes there are intended for the domestic market, too. What's more, exports go to neighboring countries – Bangladesh, Nepal, Bhutan and Sri Lanka – as well as to countries in Southeast Asia.

WACKER has already responded to rising demand in India by expanding production there. The Amtala silicones site, once surrounded by rice fields and coconut palms, is now in the middle of a residential district. There was no more space for new facilities.

For this reason, a new production plant for silicone specialties went into operation in Panagarh, northwest of Kolkata, in 2022. This new site offers plenty of space and good rail and road connections. According to Büchel, the company is already examining further expansion steps.

India is experiencing a veritable construction boom. WACKER products not only ensure a pleasant indoor environment, they also enhance the energy efficiency of buildings.

The solid and liquid silicone rubbers from Panagarh are used in pioneering sectors such as energy, medical technology and the automotive industry. Indians bought more than four million cars and 17 million two-wheelers in 2023. Experts believe that India, traditionally a country where trains rule supreme, will soon become the third largest automotive market in the world after China and the USA.

Solid silicone rubber grades are one of the products made by Wacker Metroark Chemicals at its Panagarh site.

For WMC manager Büchel, these are good prospects, as dozens of silicone elastomers are used in automotive components. High-tech silicones are the material of choice for vibration dampers, electrical connectors or cooling-circuit seals, as they have to withstand enormous mechanical stress and high temperatures at the same time. These silicones also protect chips and sensors from vibrations, dirt and moisture. Thermally conductive silicones are particularly important in e-mobility. They protect sensitive components, especially the batteries, from overheating. Büchel expects the value of silicones in electric cars to double compared to vehicles fitted with a combustion engine. India is one of the fastest growing markets for electric vehicles: 800,000 electric two-wheelers were sold in 2023 alone. Anand Gopaladesikan reports that although there are still no Tesla cars on the roads in Mumbai, the leading Indian car manufacturer Tata is having great success with small electric cars. He added that many couriers ride electric bicycles, too.

India's Vikram moon lander. Specialty silicones from WACKER are used to bond its solar panels.

At the same time, the state-subsidized expansion of renewable energy sources is making good progress: wind turbines, hydrogen electrolyzers and gigantic solar parks are being built at a rapid pace – and they all need high-tech materials made of silicone. "Up to now, solar modules were imported from China, but now Indian production is starting up," says Büchel.

In line with India's solar mission, there are plans for solar-module capacity to exceed fossil-fuel generation capacity by 2030. If things go as well as with the Vikram lunar lander, this mission could succeed.

WE INVEST IN MOLECULES

WACKER is among the most research-intensive chemical companies in the world. The focus is always on customers. Thanks to innovative solutions and constant enhancements, we aim to serve customer needs as effectively as possible.

Case Study | China

SILICONES

Innovation Reloaded

Henry Fan stands in front of an extractor hood in his white lab coat and looks out over the lab benches in the Shanghai Technical Center. Measuring cylinders, mixers and various pieces of test equipment are neatly lined up in long rows. The hum of an extractor fan can be heard in the background. The 45-year-old chemical engineer who joined WACKER in 2006, has headed China's silicone resins research team since 2022. “I love doing research and discovering new areas of application”, he says. “But you also have to keep an eye on topics that may have fallen into oblivion.”

His current project is a good example of this. A year ago, the researcher came across a 20-year-old internal study written by silicone chemists at WACKER's Burghausen site in Germany. It dealt with the question whether silicone resins were suitable as flame retardants for plastics such as polycarbonate and polyamide. Back then, the project was shelved.

2

million metric tons

of flame-retardant material are in use around the world – and their use is trending upwards

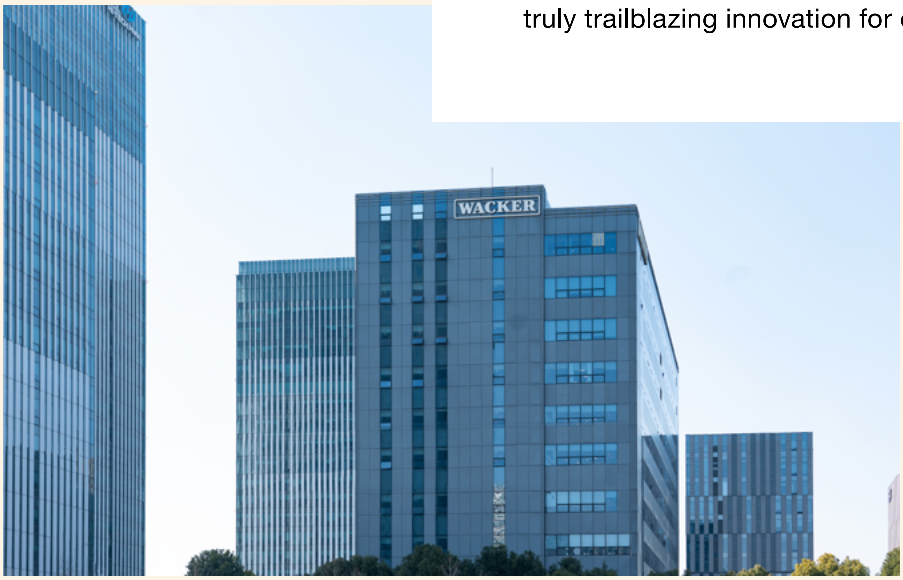
Henry Fan immediately recognized the topic's potential and put the project back on track, taking into account that global demand for flame retardants is quite significant nowadays. Market experts estimate that over two million metric tons are used every year, and this is trending upwards. The main customers come from the construction, electrical engineering and electronics industries, where the use of plastics containing flame-retardant additives has long been an essential requirement. Other sectors are catching up: the transportation industry, for example, or car makers, particularly those turning to e-mobility.

However, in the European Union and the USA, certain kinds of flame-retardant additives may soon be banned for environmental and toxicological reasons. “Plastics processors will therefore be forced to switch to halogen-free additives in the long term if they want to sell their products in these regions,” says Fan. “This opens up completely new markets for silicone resins and silanes.”

Close to customers, close to markets: the WACKER Shanghai Center develops tailored solutions for customers.

Silicones are suitable as flame retardants for several reasons. For example, they ceramify on combustion. The resulting ash forms a solid layer over the source of the fire and smothers it. Silicones also form pyrolysis gases during combustion. This flow of gas displaces the oxygen and acts as a draft that blows out the flames.

In his studies, Henry Fan has discovered yet another useful property. In combination with certain silanes, silicone resins can prevent the formation of droplets whenever plastics melt in response to heat. This in turn reduces the risk of burning droplets starting further fires. “Combining the good flame-retardant properties of our silicones with a powerful anti-dripping effect is our goal. Such a product would be a truly trailblazing innovation for our customers.”



WACKER China’s headquarters house several applications laboratories. They focus on applications relating to cement, concrete, electromobility and consumer care.

Case Study | USA

POLYMERS
Weathering the Storm

The desire to explore new things has led Zarka Zarkov from her native Smederevo in Serbia via Belgrade to Allentown, Pennsylvania in the US. Equipped with a background in chemical engineering, polymer science and engineering, she was the perfect fit for WACKER. Today, after more than 15 years at the company, she heads the POLYMERS Research & Development and Innovation team in the North and Central America region. Working with customers and colleagues around the world, she helps to find solutions to practical challenges, mostly for the construction industry, always with a view to sustainability.

Innovation in construction is the key to slashing CO_2 emissions and cutting heating costs: Worldwide, the operation of buildings consume 30 percent of the final energy consumption and generate 26 percent of the global energy-related CO_2 emissions. In an average American home, heating and cooling account for 50 to 70 percent of the used energy. Exterior insulation and finish systems (EIFS)

26

percent

of global energy-related CO_2 emissions are caused by the operation of buildings

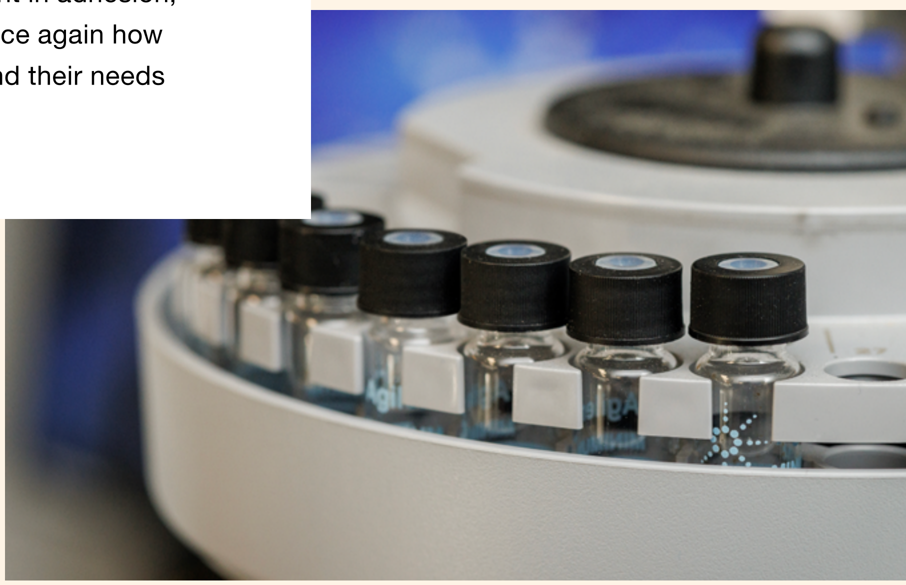
are among the most efficient and successful methods of insulating walls from the outside, to reduce thermal losses.

Before the insulation board can be applied, the sheathing of the building envelope is equipped with a weather-resistive barrier (WRB). The barrier is essential for the preservation of an airtight building envelope, which is key to ensuring energy efficiency. Even in a tightly sealed building, water vapor must be able to escape, preventing the negative effects of moisture trapped in sheathing. As the use of wood and gypsum materials for construction is very common in the US, a reliable protective barrier that helps prevent water absorption is essential. “Traditionally, the construction industry has used styrene butadiene latex (SBL) as their binder of choice for water-resistive barriers in EIFS. While SBL has the advantage of water resistance, it undergoes severe degradation when exposed to UV light, wind or rain. This becomes a problem during construction when WRBs are exposed to the elements for an extended period prior to the installation of insulation and cladding, as they decline in quality,” Zarka explains.

WACKER developed a new formula based on vinyl acetate ethylene (VAE) dispersion, which is tailored to the needs of the US market. “The new products based on VAEs can be exposed to UV light, wind or rain for up to a year without losing their bond with cementitious channel adhesive, which are used to adhere the insulation boards to the wall. At the same time, we did not sacrifice any other performance attributes to attain this improvement in adhesion,” Zarka points out. “This example shows once again how important it is to be close to customers and their needs when developing innovative solutions.”

The WACKER POLYMERS Research & Development center in Allentown, Pennsylvania, USA.

The POLYMERS research team in Allentown has developed a new binder based on a vinyl acetate-ethylene (VAE) dispersion, which is used in exterior insulation and finish systems (EIFS) for the US market.



Laura Lopez: “I sense the happiness felt by my colleagues now they are part of WACKER.”

Case Study | Spain

BIOSOLUTIONS
Somos Uno

Stainless steel vats several meters high are lined up in the production halls. Employees in protective clothing are operating the equipment. The smell of fermentation is in the air. “This is going to be something big,” says Laura Lopez Pineda with conviction. “We have highly qualified and motivated staff, good production capacities and room for further growth.” ADL BioPharma in León became part of WACKER in May 2023. Soon afterward, Lopez came to the long-standing biotech site in the north of Spain. Her task as integration manager is to contribute to the site’s successful incorporation into the Group.

With the acquisition of ADL – an investment of over 100 million euros that she helped prepare –, WACKER aims to position itself even more strongly in the growth market for sustainably produced dietary ingredients. One billion euros in sales by 2030 is the ambitious goal for WACKER BIOSOLUTIONS, and the León site is set to make a major contribution.

1 billion euros

in sales in 2030:

BIOSOLUTIONS’ growth target

WACKER took over ADL BioPharma, a contract manufacturer for the food, pharmaceutical and consumer-goods sectors, in May 2023.

The biotech arm is still the smallest division in the Group, but it is growing bit by bit.

In 2016, WACKER had already acquired a plant for the fermentation-based production of cystine on the ADL site in León. Now the entire site belongs to WACKER. Cystine and the amino acid cysteine produced from it are in demand in the food, pharmaceutical and cosmetics industries. These are used to create flavors and improve the processing of bakery doughs, serve as antioxidants in cosmetic products or as expectorants in cough medicines. WACKER was the first company in the world to produce cystine in a patented biotech process.

WACKER BIOSOLUTIONS has around 3,000 m^3 of fermentation capacity in León.

Lopez, a native Colombian, describes her work as follows: “I am an interface, problem solver and mediator between departments and cultures. Under the motto ‘Somos uno – We are one,’ we are forming a unit from the former Wacker Biosolutions León with its 80 employees and the 300 or so from ADL and integrating them into the Group.”

The combination of the Spaniards’ large-scale technical potential and WACKER’s extensive experience in biotechnology opens up great growth potential – both as a contract manufacturer (CMO) and for upscaling its own innovations. Lopez will remain in León with her young family and continue to help shape the development of the WACKER site. “I strongly believe in the future we are building here.”

Case Study | Germany

POLYSILICON 99.9999999999 Percent Purity

Silvery, shiny silicon lies in the small white plastic baskets, waiting to be dipped into the acid basin. This polycrystalline silicon from WACKER is the purest material produced by human hands in an industrial process. Impurities in the material are measured in parts per trillion (ppt = one foreign atom per trillion silicon atoms); WACKER silicon corresponds to a purity of 99.9999999999 percent.

Ultrapure silicon forms the basis for high-performance logic and memory chips, such as those used in the latest smartphones. Only a few manufacturers in the world are capable of mastering their processes to produce semiconductor-grade polysilicon at this extremely high level. Nearly 50 percent of the material that is processed into chips worldwide comes from WACKER; to meet

300

million euros

are being invested by WACKER in a new cleaning line for semiconductor-grade polysilicon in Burghausen

the highest quality requirements in the semiconductor industry, it first passes through an acid basin before being shipped to customers.

Employees in the polysilicon-cleaning plant operate several production lines continuously around the clock: having first been deposited and crushed to a high degree of purity, the polysilicon is carefully checked to ensure utmost quality, then cleaned using the etching process and packaged in a cleanroom in an ultrapure plastic film ready for shipment.

“This etching is a crucial quality-assurance step to ensure the purity of the silicon required by our customers,” emphasizes Michaela Waldhör, shift supervisor in the polysilicon-cleaning plant.

The reason is that when the previously deposited silicon rods are crushed, a small degree of contamination caused by foreign atoms is unavoidable. “So the surface of semiconductor-grade polysilicon has to be cleaned in a final step. We do this by etching the material with highly concentrated acids,” she explains.

Semiconductor-grade polysilicon is in high demand for new applications in artificial intelligence, electromobility and autonomous driving. To meet growing demand, WACKER is building a new cleaning line in Burghausen at a cost of over €300 million. Together with Michaela Waldhör, 100 new colleagues will ensure that the white plastic baskets are dipped into the acid basin – and that customers receive the outstanding quality they are used to.

The polysilicon chunks are packaged in plastic film in the cleanroom and then sent to customers.

The existing polysilicon-cleaning building in Burghausen. WACKER is currently building another cleaning line at a cost of around €300 million, which will increase cleaning capacity for semiconductor-grade polysilicon by well over 50 percent.

Combined Management Report

Chapters

Group Business Fundamentals

Business Model of the Group

WACKER is a global company with state-of-the-art specialty chemical products found in countless everyday items, with applications ranging from tile adhesives to solar cells. Our portfolio includes more than 3,000 products supplied in over 100 countries.

Silicon Is Our Main Base Material

Most of our products are based on inorganic starting materials. Silicon-based products account for about 65 percent of WACKER sales, and products primarily based on ethylene and acetic acid for 35 percent. Our main customers are in the automotive, construction, chemical, semiconductor, consumer goods, medical technology, pharmaceutical and photovoltaic sectors.

22 Technical Competence Centers Support Sales and Marketing Activities

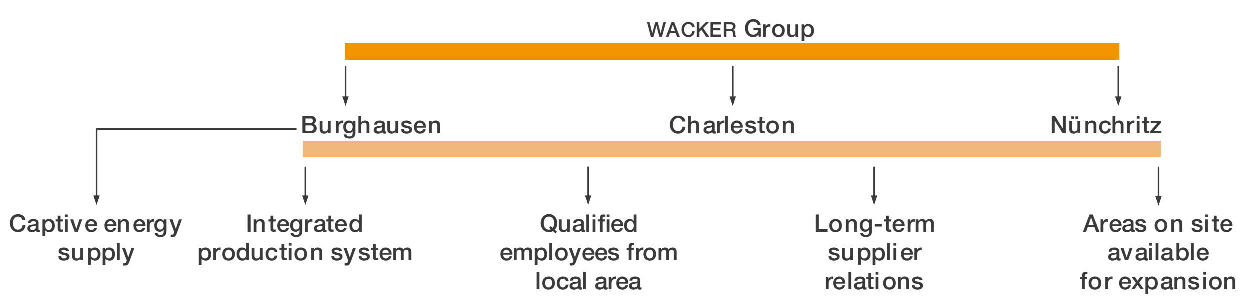
WACKER operates all over the world. Our sales strategy is centered around expanding our presence in growth markets. Our sales organization is supplemented not only by a network of technical competence centers, where customers learn about WACKER's product portfolio, but also by the WACKER ACADEMY, where we offer technical training programs about our products and their application fields.

27 Production Sites

WACKER's integrated global production system consists of 27 production sites. Ten are in Europe, eight in the Americas and nine in Asia. The Group's key production site is Burghausen, Germany.

» **See map on page 54**

Key Factors for Multidivisional Sites



Legal Structure

In November 2005, WACKER became a stock corporation (AG) under German law. Headquartered in Munich, Wacker Chemie AG holds a direct or indirect stake in 50 companies belonging to the WACKER Group. The consolidated financial statements cover 47 fully consolidated companies, with three being accounted for using the equity method. In addition, Wacker Chemie AG and a number of its subsidiaries have branch offices, but these are of only minor significance for the Group.

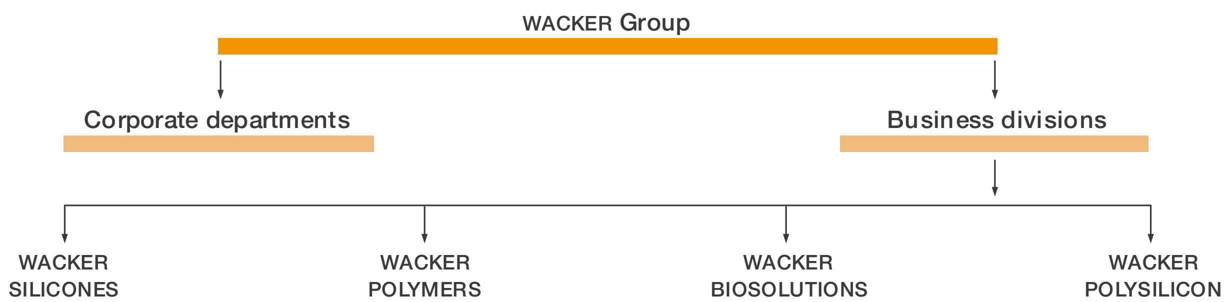
» **For more information about changes in the scope of consolidation and the resulting effects, please refer to the Scope of Consolidation section in the Notes to the Consolidated Financial Statements.**

Four Business Divisions

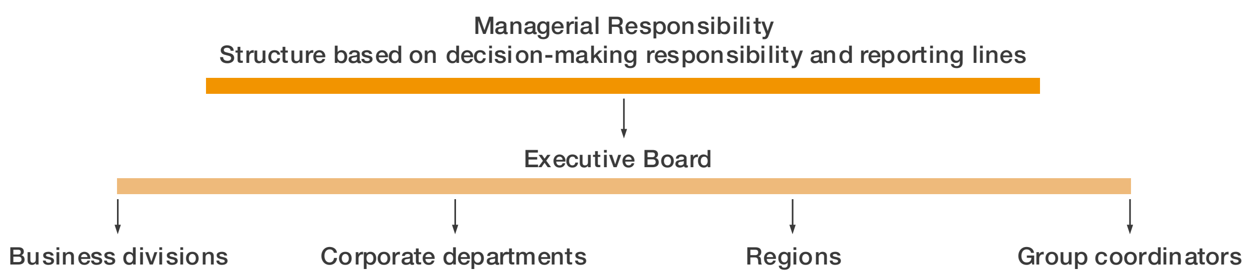
WACKER has a matrix organization with clearly defined functions and four business divisions.

Each business division has global responsibility for its products, manufacturing facilities, markets, customers and results. Regional organizations are responsible for all business in their respective countries. WACKER's corporate departments primarily provide services for the whole Group, although some also have production-related functions.

Group Structure



Group Structure in Terms of Managerial Responsibility



WACKER's Production and Sales Sites and Technical Competence Centers[1]

North and South America

1 **Adrian, Michigan,** USA 🏭 ●
2 **Allentown, Pennsylvania,** USA ● ▲
3 **Ann Arbor, Michigan,** USA ▲
4 **Calvert City, Kentucky,** USA 🏭
5 **Charleston, Tennessee,** USA 🏭
6 **Chino, California,** USA 🏭 ●
7 **Dalton, Georgia,** USA ▲
8 **Eddyville, Iowa,** USA 🏭
9 **North Canton, Ohio,** USA 🏭 ●
10 **San Diego, California,** USA 🏭
11 **Jandira, São Paulo,** Brazil 🏭 ● ▲
12 **Bogotá,** Colombia ● ▲
13 **Mexico City,** Mexico ● ▲

Europe

14 **Burghausen,** Germany 🏭 ● ▲
15 **Halle (Saale),** Germany 🏭
16 **Jena,** Germany 🏭 ●
17 **Cologne,** Germany 🏭
18 **Munich,** Germany ●
19 **Nünchritz,** Germany 🏭 ● ▲
20 **Riemerling,** Germany ●
21 **Stetten,** Germany 🏭
22 **Stuttgart,** Germany ●
23 **Lyon,** France ●
24 **Bracknell,** United Kingdom ●
25 **Milan,** Italy ●
26 **Amsterdam,** Netherlands 🏭
27 **Krommenie,** Netherlands ●
28 **Kyrksæterøra, Holla,** Norway 🏭
29 **Warsaw,** Poland ●
30 **Solna,** Sweden ●
31 **Barcelona,** Spain ●
32 **León,** Spain 🏭
33 **Plzeň,** Czech Republic 🏭 ●
34 **Istanbul,** Turkey ● ▲
35 **Kyiv,** Ukraine ●
36 **Budapest,** Hungary ●

Asia

37 **Dhaka,** Bangladesch ●
38 **Beijing,** China ●
39 **Chengdu,** China ●
40 **Guangzhou,** China ●
41 **Hong Kong,** China ●
42 **Jining,** China 🏭
43 **Nanjing,** China 🏭
44 **Shanghai,** China ● ▲
45 **Shunde,** China 🏭 ● ▲
46 **Zhangjiagang,** China 🏭 ●
47 **Bengaluru,** India ● ▲
48 **Delhi,** India ●
49 **Kolkata,** India 🏭 ● ▲
50 **Mumbai,** India ● ▲
51 **Panagarh,** India 🏭 ▲
52 **Jakarta,** Indonesia ● ▲
53 **Tokyo,** Japan ●
54 **Tsukuba (Akeno),** Japan 🏭 ▲
55 **Kuala Lumpur,** Malaysia ●
56 **Yangon,** Myanmar ●
57 **Muntinlupa City,** Philippines ●
58 **Singapore** ● ▲
59 **Anyang,** South Korea ▲
60 **Jincheon,** South Korea 🏭
61 **Seoul,** South Korea ● ▲
62 **Ulsan,** South Korea 🏭
63 **Taipei,** Taiwan ●
64 **Bangkok,** Thailand ●
65 **Dubai,** United Arab Emirates ● ▲
66 **Ho Chi Minh City,** Vietnam ●

Australia

67 **Melbourne, Victoria,** Australia ● ▲

🏭 Production site
● Sales site
▲ Technical competence center

[1] Majority-owned subsidiaries and joint ventures only

Goals and Strategies

Strategy of the WACKER Group

WACKER pursues five overarching strategic goals. The core elements are profitable growth, leading competitive positions in our business divisions and achieving sustainability. WACKER published new strategic goals for the Group and for each business division in late March 2022. These goals cover the period up to 2030 and are the compass for our business success. The element that binds together our overarching strategic as well as operational goals is our corporate purpose: Our solutions make a better world for generations.

Our goals for the period up to 2030 are:

— Accelerate our growth

  In the future, sales growth – the result of higher volumes and a better product mix – should be between 1.5 and 2 times the historic rate of 4 to 5 percent per year. WACKER aims to achieve sales of over €10 billion in 2030.

— Enhance our profitability

  We want our chemical-division EBITDA margins to be above 20 percent by 2030 and the margin at WACKER BIOSOLUTIONS to be around 25 percent. WACKER POLYSILICON's target is above 30 percent. Return on capital employed (ROCE) is to rise by 2030 to more than twice the cost of capital at the chemical divisions and at WACKER POLYSILICON. We want ROCE at WACKER BIOSOLUTIONS to be substantially higher than the cost of capital.

— Increase our capital expenditures

  We are intensifying our investment in capacity expansion to meet strong demand from our customers. To this end, we will systematically pursue our specialty chemicals strategy in the chemical divisions. WACKER will double its investment spending to over €400 million annually. We are actively scaling up our biotech activities with capital expenditures of over €80 million a year. In the polysilicon business, around €100 million annually is to be invested in semiconductor applications.

— Focus on sustainability as a powerful driver of future growth

  WACKER's products and solutions help its customers to become more sustainable. Two-thirds of WACKER's product portfolio already contributes to sustainable solutions. Increasing demand in this area is creating additional growth opportunities, which we want to leverage effectively.

— Work systematically on our own sustainability

  In December 2021, WACKER published specific sustainable development goals for the period up to 2030. The main goal is to reduce absolute greenhouse gas emissions by half during that time frame. WACKER's target is to achieve a net zero carbon footprint by 2045.

» **For further information, visit www.wacker.com**

Strategy at Each Business Division

Sales growth at the two chemical divisions WACKER SILICONES and WACKER POLYMERS is expected to pick up speed. At the same time, profitability is to continue rising. The EBITDA margin is planned to surpass 20 percent by 2030. The previous target for the chemical divisions was 16 percent. ROCE is to be more than twice the cost of capital. To intensify growth in specialties, capacity will be expanded in the local regions and markets where customers do business. Investment spending is to double to over €400 million annually.

WACKER SILICONES continues to systematically pursue its specialty chemicals strategy, focusing on high-margin growth markets. This approach centers on strengthening customer proximity in the regions with the help of technical services and local product development of customized customer solutions. This strategy is underscored by the investment in the Chinese specialty silane manufacturer SICO Performance Material. With its plant in Panagarh (India), the division is continuing to strengthen its market leadership in India.

WACKER POLYMERS is supporting future market growth worldwide. During the years from 2020 to 2023, the division more than doubled its production capacity at its Chinese site in Nanjing, for example. The portfolio for sustainable product solutions will be expanded, including those based on renewable raw materials. The same applies to customer-specific solutions.

WACKER BIOSOLUTIONS will reach new dimensions by 2030. By that point in time, annual sales are planned to rise to around €1 billion, driven by organic growth and targeted acquisitions, while the EBITDA margin is to reach more than 25 percent. This strategy is focused on the business with biopharmaceuticals. The Halle site is currently being expanded to create an mRNA competence center. The second pillar is fermentation-based manufacturing of ingredients for nutritional supplements. In this area, WACKER acquired the company ADL BioPharma S.L.U. in León, northern Spain, in 2023. The plan is to expand the division's product portfolio with internal innovation, partnerships and further acquisitions. Annual investment spending is to exceed €80 million.

At WACKER POLYSILICON, the EBITDA margin should be above the 30-percent mark by 2030. ROCE is to be more than twice the cost of capital. The division wants to continue strengthening its position, particularly in the semiconductor business. The share of semiconductor-grade hyperpure silicon in the division's total output will continue to rise. Investment spending should reach around €100 million annually.

Management Processes

Value-Based Management Is Integral to Our Corporate Policies

Value-based management is an integral part of our corporate policies. Its purpose is to achieve long-term and sustainable growth in our company's value. In our management processes, we distinguish between performance parameters and budget parameters. Performance parameters serve the financial management of the company. They include the EBITDA margin and ROCE. The EBITDA margin indicates how successful the company is compared with the competition, while ROCE shows how efficiently the company employs its capital. The budget parameters EBITDA and net cash flow are also important for management control. In addition to these indicators, BVC (business value contribution) is used as a dedicated budget parameter for calculating variable compensation for Executive Board members. This calculation also takes into account absolute greenhouse gas emissions (Scopes 1 and 2) and safety-related incidents (WACKER Process Safety Incident Rate; WPSIR) as non-financial performance indicators. The EBITDA trend is considered to be the most important financial indicator for communication with capital markets.

Key Financial Performance Indicators for the WACKER Group

In 2023, the key financial performance indicators for value-based management remained unchanged:

— EBITDA margin (EBITDA in relation to sales). We compare historical performance with planned performance as well as with that of the competition, and use the results to calculate a target EBITDA margin. We calculate the weighted divisional average as our target margin for the Group.

— ROCE, or return on capital employed. ROCE is defined as earnings before interest and taxes (EBIT) divided by capital employed. Capital employed comprises the average value, calculated over four quarters, of working capital and of noncurrent assets required for business operations. It is determined retroactively for the previous quarter. Investment income from Siltronic AG and the corresponding carrying amount in equity are not included when ROCE is calculated. ROCE is a clear indicator of how profitably the capital required for business operations is being employed.

— EBITDA (earnings before interest, taxes, depreciation and amortization). This shows the company's operational performance capability before considering the cost of capital. We set absolute EBITDA targets for the business divisions and take the cost of capital into account by using BVC (Business Value Contribution) to determine the internal budget target. To calculate the BVC, the cost of capital and non-operational factors are deducted from EBITDA. The BVC trend depends mainly on changes in EBITDA.

— Net cash flow (defined as the sum of cash flow from operating activities and long-term investing activities before securities). Net cash flow shows whether we can finance ongoing operations and necessary investments with the funds from our own operating activities. WACKER's aim is to generate a sustained positive net cash flow. Apart from profitability, the main factors affecting net cash flow are the effective management of net current assets and the level of capital expenditures.

Supplementary Financial Performance Indicators

Our key financial performance indicators are supplemented by additional performance indicators that provide us with information on the Group's sales and liquidity situation and on its debt levels.

These supplementary financial performance indicators include:

— Sales: Profitable growth is an important factor in increasing the company's value over the long term and one of the main drivers of a positive cash flow trend.

— Investments: As part of our medium-term planning, we set capital expenditure priorities and an investment budget. Capital expenditures do not include right-of-use assets from lease accounting.

— Net financial debt: We define it as the sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.

Development of Key Financial Performance Indicators in 2023

EBITDA margin: We expected the EBITDA margin in 2023 to be considerably lower than a year earlier. The Group actually achieved an EBITDA margin of 12.9 percent.

Planned and Actual Figures

€ million	Reported for 2023	Forecast 2023	2022
EBITDA margin (%)	**12.9**	Substantially lower than last year	25.4
EBITDA	**823.6**	€1.1 – 1.4 billion	2,080.9
ROCE (%)	**6.9**	Above the cost of capital, much lower than last year	34.7
Net cash flow	**165.6**	Positive, substantially lower than last year	438.8

EBITDA: WACKER had expected EBITDA for 2023 to come in between €1.1 billion and €1.4 billion (2022: €2.08 billion). We lowered our EBITDA guidance during the year, expecting it to range between €800 million and €1.0 billion. At year-end, EBITDA totaled €823.6 million.

ROCE and BVC

€ million	2023	2022
EBIT	**404.9**	1,678.8
Capital employed[1]	**5,192.3**	4,526.6
ROCE[2] (%)	**6.9**	34.7
Pre-tax cost of capital (%)	**10.2**	10.1
BVC[3]	**–133.8**	1,067.8

[1] Capital employed is the sum of average noncurrent assets (less noncurrent securities and deferred tax assets), plus inventories and trade receivables (less trade payables). It is the variable used in calculating the cost of capital.

[2] Return on capital employed is a ratio indicating how profitably capital is employed. Investment income from Siltronic AG and the corresponding carrying amount in equity are not included when ROCE is calculated.

[3] BVC is calculated by adjusting EBIT for non-operational factors.

ROCE: We expected ROCE to be higher than the cost of capital, albeit significantly lower than forecast in the previous year. During the year, we lowered our forecast for ROCE, estimating it to be below the cost of capital. WACKER's ROCE for 2023 was 6.9 percent.

Net cash flow: Our guidance was for a positive figure, but much lower than the prior year. At €165.6 million, net cash flow was markedly positive and 62 percent lower than a year earlier.

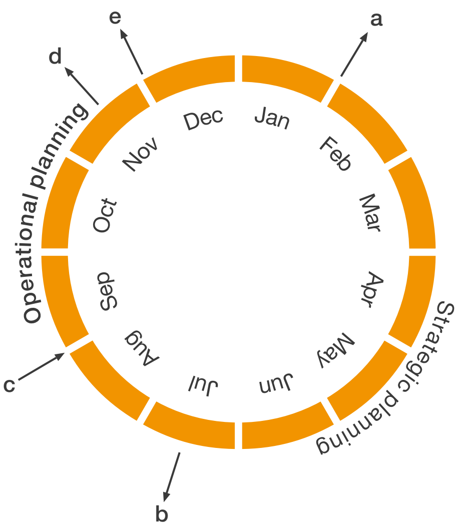
Planning Cycle

Strategic planning determines how we can meet value-related and corporate goals. First, our divisions identify their market and competitive positions, and their value-related strength. We then use these results to formulate recommendations regarding strategic positioning and planned steps. All of this is supplemented by innovation and CapEx projects, and approved by the Strategy Conference.

Orders

The terms for orders placed with WACKER vary from division to division. Most orders received by WACKER SILICONES are short term, though a small number are long term. At WACKER POLYMERS, business is based on contracts and framework agreements with terms of up to one year in some cases. At WACKER POLYSILICON, we conclude short- and long-term contracts. A proportion of incoming orders are short-term ones, with prices based on market benchmarks. Due to varying order-placement procedures at the Group, order-level reporting is not very meaningful and hence does not serve as an indicator in our monthly reports.

Strategic and Operational Planning



a Forecasts made for current year
b Strategy Conference
c Strategy implemented in operational planning
d Planning Conference
e Operational planning approved (by Supervisory Board)

Operational planning in the second half of the year addresses strategic-planning decisions with a five-year timeline. The Executive and Supervisory Boards jointly approve the annual plan, which then forms the basis for determining basic forecasts for the current year in early February. We monitor whether we are meeting our forecasts by means of monthly comparisons of planned and actual figures.

Financing Strategy

The goal of WACKER’s financing strategy is to ensure sustainable growth and stability for the Group. This strategy comprises both financing through our own resources and the use of debt instruments.

We ensure the Group’s ongoing solvency with rolling cash-flow planning and an adequate volume of contractually agreed lines of credit. Financing requirements are calculated for the entire Group, with loans usually being taken out at the corporate level. In individual cases, financing is available for specific projects or regions.

» **For details of the financing measures implemented in 2023, please refer to the Financial Position section.**

Operational Metrics as Leading Indicators of Future Developments

By using specific leading indicators based on operations, we try to anticipate potential developments in our business plans and to allocate capacities accordingly. Since our operations are based on diverse businesses and markets, we use a number of leading indicators to gain insights into potential developments at each of our business divisions. Indicators include trends in raw-material and energy prices, as well as data from our own market research and discussions with customers.

Operational Control Instruments

We control operational processes via our integrated management system (IMS). This system defines uniform standards throughout the Group for issues relating to quality, environmental protection, and health and safety. We have our Group management system analyzed by an international certification organization in accordance with uniform standards based on ISO 9001 (quality) and ISO 14001 (environment).

Governance

In compliance with the German Stock Corporation Act (AktG), Wacker Chemie AG has a two-tier management system, comprising an Executive Board and Supervisory Board. The Executive Board has four members.

Wacker Chemie AG is the parent company and thus determines the Group’s strategy, overall management, resource allocation, funding, and communications with key target groups (especially with the capital market and shareholders).

Executive Board and Supervisory Board in 2023

The following changes were made to the composition of Wacker Chemie AG’s Executive Board in 2023: Auguste Willems, member of the Executive Board of Wacker Chemie AG, left the company at his own request on April 30, 2023. The Supervisory Board appointed Dr. Christian Kirsten as his successor, effective May 1, 2023. At its meeting on June 21, 2023, Wacker Chemie AG’s Supervisory Board confirmed Angela Wörl’s membership on the Executive Board and renewed her contract for a further five years (until April 30, 2029).

As of January 1, 2023, Andreas Schnagl and Reinhard Spateneder joined the Supervisory Board as employee representatives to replace Peter Áldózó and Eduard-Harald Klein, who had left the Supervisory Board on December 31, 2022. At the Annual Shareholders’ Meeting of 2023, the mandates of all Supervisory Board members ended as scheduled. The election of shareholder representatives to Wacker Chemie AG’s Supervisory Board at the Annual Shareholders’ Meeting of May 17, 2023 resulted in the following change: Prof. Patrick Cramer was elected by the Annual Shareholders’ Meeting to succeed Franz-Josef Kortüm, who had not stood for re-election. All the other shareholder representatives were re-elected to the Supervisory Board. At its inaugural meeting, directly after the Annual Shareholders’ Meeting, the Supervisory Board confirmed Dr. Peter-Alexander Wacker as its chairman. The employee representatives on the Supervisory Board had been elected by Wacker Chemie AG’s employees and executives before the Annual Shareholders’ Meeting. The following changes occurred: Dr. Benedikt Postberg and Stefan Entholzner replaced Dr. Birgit Schwab and Andreas Schnagl as employee representatives on the Supervisory Board. The other employee representatives were re-elected, including both IG BCE (labor union) members. The Supervisory Board confirmed Mr. Köppl as its deputy chairman at its inaugural meeting directly after the Annual Shareholders’ Meeting.

Effective September 30, 2023, Beate Rohrig stepped down. Harald Sikorski succeeded her as employee representative on the Supervisory Board on October 1, 2023. He was appointed at the Executive Board’s request by order of the District Court of Munich dated September 13, 2023.

» **For details about Executive Board responsibilities, please refer to the section “The Executive Board of Wacker Chemie AG”**

Declaration on Corporate Management

The declaration on corporate management required by Section 315d in combination with Section 289f of the German Commercial Code (HGB) is included in the Annual Report; however, it does not form part of the combined management report. It is available online. It contains the Executive and Supervisory Boards’ work procedures, the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), and information on key corporate management practices. It also includes: targets for the proportion of women on the Supervisory Board and Executive Board, and in the two levels of management below the Executive Board, as well as deadlines for implementation; statutory minimum quotas to be observed when filling Supervisory Board positions; and information on the company’s diversity strategy.

» **www.wacker.com/corporate-governance**

Non-Financial Statement

The non-financial statement that is to be submitted in accordance with Sections 315b and 315c, and 289b and 289c of the German Commercial Code (HGB) is included in the annual report in the form of a non-financial report for the Group and does not form part of the combined management report. It is available on the internet, in the online Annual Report for 2023. In addition, it is published in Germany's Company Register. This non-financial report includes a description of the Group's business model and details of environmental concerns, social issues and personnel matters, as well as information on respect for human rights, and on combating corruption and bribery. The auditors of the consolidated financial statements reviewed the Group's non-financial report within the scope of a limited assurance engagement.

» **www.wacker.com/annual-report**

Executive Board and Supervisory Board Compensation

Executive Board compensation contains both fixed and variable components. The main features of the compensation system for the Executive Board and Supervisory Board are described in the compensation report. The compensation report is published separately and is not part of this annual report.

Key Products, Services and Business Processes

Overall, the range of products and services at each of our divisions remained unchanged in 2023. In several application areas, however, we expanded our product portfolio.

WACKER SILICONES is the business division with the broadest range of products. Two raw materials – silicon metal and methanol – are the basis for making over 2,800 silicone products in seven product groups: silanes, siloxanes, silicone fluids, silicone emulsions, silicone elastomers, silicone resins and pyrogenic silica. Silicones have numerous chemical, mechanical and tactile properties that can be precisely adjusted and newly combined time and again. Silicones are extremely durable, stress-resistant, water-repellent and UV-resistant. They are just as indispensable in everyday applications as they are in developing innovative, new technologies.

WACKER POLYMERS makes state-of-the-art binders and polymeric additives (such as dispersible polymer powders and dispersions). They are used in diverse industrial applications or as basic chemicals. The main customer for polymer binders is the construction industry. Other customers include the paint, coating, paper and adhesive industries.

WACKER BIOSOLUTIONS supplies customized biotech and catalog products for fine chemicals. Products include pharmaceutical proteins, vaccines, cyclodextrins, cysteine, polyvinyl acetate solid resins (for gumbase) and acetylacetone. The division focuses on customer-specific solutions for growth areas, such as pharmaceutical actives, food additives and agrochemicals.

WACKER POLYSILICON produces hyperpure polysilicon for the semiconductor and solar sectors.

Integrated Production System – WACKER's Greatest Strength

A key competitive advantage for WACKER is the highly integrated material loops at its major production sites in Burghausen, Nünchritz and Charleston. The basic principle of integrated production is to use the byproducts from one stage as starting materials for making other products. The auxiliary materials required for this, such as silanes, are recycled in a closed loop. Similarly, waste heat from one process is utilized in other chemical processes. As such, integrated production cuts energy and resource consumption, lastingly improves raw-material use and makes environmental protection an intrinsic part of the production process.

Major Sales Markets and Competitive Positions (Unaudited Section)

WACKER's three largest divisions rank among the top three suppliers worldwide.

Competitive Positions of WACKER's Divisions

WACKER SILICONES is No. 2 globally and leads the market in Europe. In building-protection silicones, WACKER is the global market leader. Silicones are used in every major industry due to their versatile properties and play a vital role in the sustainable transformation of mobility, energy supply and digitalization.

WACKER POLYMERS is the world's largest producer of VAE dispersions and dispersible polymer powders. We are the only company in the market with a complete supply chain for dispersions and dispersible polymer powders in Europe, the Americas and Asia. We consider Asia to offer the largest growth potential.

WACKER BIOSOLUTIONS focuses on customer-specific solutions in sectors with strong growth, such as food ingredients, pharmaceutical actives and agrochemicals. We have achieved a strong market position in contract manufacturing of pharmaceutical proteins, messenger RNA, plasmid DNA, live microbial products (LMPs) and vaccines based on bacteria, and we are expanding it. WACKER BIOSOLUTIONS is the global leader in cyclodextrins and vegetarian-grade cysteine.

WACKER POLYSILICON is one of the leading producers of hyperpure polysilicon worldwide. According to in-house analyses, the division is the global No. 1 for both polysilicon supplied to the semiconductor sector and n-type monocrystalline silicon used in highly efficient solar cells. Due to the development of the market environment in the global solar industry, competition in this business remains very intense.

WACKER's Competitive Positions

	Number 1	Number 2	Number 3
WACKER SILICONES	Dow	**WACKER**	KCC + Momentive
WACKER POLYMERS	**WACKER**	Celanese	Dairen
WACKER POLYSILICON (semiconductor applications)	**WACKER**	Hemlock	Tokuyama

(Table unaudited)

Economic and Legal Factors

WACKER sells its products and services to virtually every industry. Although our business divisions are not immune to economic fluctuations, their onset and impact may vary. Our product portfolio and broad customer base enable us to mitigate the magnitude of such fluctuations.

Economic Factors Impacting Our Business

The main economic factors influencing WACKER's business remained unchanged in many areas.

Raw-Material and Energy Costs

As a chemical company, we belong to an energy-intensive industry and require diverse raw materials to manufacture our products. Consequently, increases in raw-material and energy costs have a significant effect on our cost structure. Although energy and raw material prices fell in 2023, they remain markedly higher than in 2018 and 2019. WACKER strives to keep costs at a competitive level. It does so by using multiple suppliers for most of its key raw materials and structuring its supply contracts so as to grant itself sufficient flexibility as regards volumes, and by adopting suitable pricing mechanisms to ensure competitive procurement prices. However, a problem is posed by the fact that some prices in Europe are significantly higher than in other regions due to regulatory requirements. Contributory factors include not only the CO_2 emissions trading system (ETS), but also energy taxes, anti-dumping import duties and the insufficient expansion of renewable energy, coupled with politically forced shutdowns of conventional power plants and with sluggish grid growth. Although the high electricity and natural gas prices paid at European industrial sites due to Russia's attack on Ukraine decreased in 2023, they are still markedly higher than in other regions. WACKER has strongly advocated the introduction of an industrial electricity price or, alternatively, a green transformation electricity price at internationally competitive terms. While the German government's electricity-price package published in November 2023 is, in WACKER's view, a step in the right direction, it is largely based on previous regulations about electricity-price compensation and electricity-tax relief.

Exchange-Rate Fluctuations

As a rule, WACKER hedges against exchange-rate fluctuations. We hedge about half of our dollar exposure for the following year with a mix of currency-hedging transactions. In determining sensitivity, we simulate a 10-percent devaluation of the US dollar against the euro. Without hedging, such an increase in the euro against the US dollar would have a negative impact on EBITDA of around €46 million. There are still hedging transactions in Japanese yen (JPY) that were concluded back in 2021 and 2022. In 2023, no new JPY transactions were concluded.

State-Regulated Incentive and Feed-In Tariff Programs for Renewable Energy Sources

As one of the world's leading suppliers of hyperpure polycrystalline silicon, we are affected by regulatory changes to incentive and feed-in tariff programs for renewable energy sources. Substantially lower prices for solar modules and cells have greatly increased the competitive advantage of solar energy over fossil fuels and other methods of power generation. The cost of manufacturing photovoltaic products is expected to continue decreasing, which will further reduce dependence on state-regulated incentive and feed-in tariff programs over the next few years. Our assumption is that, in a few years, solar energy will do well even without special incentives, particularly in combination with cost-efficient storage options.

Statutory Information on Takeovers

Information Required by Section 315a (1) of the German Commercial Code (HGB)

	The following table contains information required by Section 315a (1) of the German Commercial Code (HGB):	
§ 315a (1) 1	Composition of subscribed capital:	Wacker Chemie AG's subscribed capital comprises 52,152,600 non-par value voting shares. No other share classes have been issued. The total number of shares currently includes 49,677,983 held by external shareholders and 2,474,617 held by Wacker Chemie AG itself. WACKER's treasury shares were acquired by repurchasing Wacker Chemie GmbH shares in August 2005, when it was still a private limited company. The Executive Board may use or sell 1,692,317 of these treasury shares with the consent of the Supervisory Board; use or sale of the remaining 782,300 shares requires Supervisory Board approval as well as a resolution by the Annual Shareholders' Meeting.
§ 315a (1) 2	Restrictions on voting rights or on the transfer of shares:	There are no restrictions on voting rights or the transfer of shares.
§ 315a (1) 3	Direct or indirect capital stakes:	Each of the following holds a stake of over 10 percent of the subscribed capital: Dr. Alexander Wacker Familiengesellschaft mbH, based in Munich; Blue Elephant Holding GmbH, based in Pöcking; and Dr. Peter-Alexander Wacker, resident in Bad Wiessee and to whom the voting shares of Blue Elephant Holding GmbH are attributable.
§ 315a (1) 4	Owners of shares with special rights:	Shareholders have not been given any special rights that bestow powers of control.
§ 315a (1) 5	Method of voting-right control in the case of employee participation:	Insofar as employees hold shares in Wacker Chemie AG's capital, they exercise their resulting control rights directly.
§ 315a (1) 6	Statutory provisions and articles of association regarding the appointment and dismissal of executive board members and amendments to said articles:	The provisions to appoint and dismiss Wacker Chemie AG's Executive Board members are based on Section 84 et seq. of the German Stock Corporation Act (AktG). Wacker Chemie AG's Articles of Association do not contain any further provisions in this respect. Pursuant to Article 4 of the Articles of Association, the number of Executive Board members is fixed by the Supervisory Board, which also appoints an Executive Board member as President & CEO. Amendments to the Articles of Association are covered by Sections 133 and 179 of the German Stock Corporation Act. In accordance with Section 179 (1) sentence 2 of the Act, the Supervisory Board has been empowered to amend the Articles of Association if only the wording thereof is affected.
§ 315a (1) 7	Authority of the executive board to issue or buy back shares:	In accordance with a resolution passed at the Annual Shareholders' Meeting on August 4, 2020, Wacker Chemie AG's Executive Board was authorized – in compliance with the legal provisions set out in Section 71 (1) no. 8 of the German Stock Corporation Act – to acquire treasury shares totaling a maximum of 10 percent of capital stock. No capital has been authorized for the issue of new shares.
§ 315a (1) 8	Major agreements associated with changes of control due to a takeover bid:	Various agreements with joint-venture partners include change-of-control clauses, which stipulate what is to happen if one of the joint-venture partners is taken over. These arrangements comply with the usual standards for such joint-venture agreements. In addition, several loan agreements contain change-of-control clauses. Here, too, the clauses are typical of this type of agreement.
§ 315a (1) 9	Severance agreements with the executive board or employees in the event of a takeover bid:	There are no severance agreements or similar with employees or with Executive Board members in the event of a takeover bid.

Business Report

Economic Trends

In 2023, global economic growth slowed further versus the year before. This was partly due to ongoing and new geopolitical conflicts. Although inflation rates weakened toward year-end, they remained at a high level throughout the year. The gradual rise in interest rates weighed on investor confidence and caused uncertainty on the consumer side. According to the International Monetary Fund (IMF), gross domestic product (GDP) rose worldwide by 3.1 percent, falling short of the growth seen in 2022. GDP trends were markedly better in emerging economies than in industrialized nations. Growth in Europe, according to the Organisation for Economic Co-operation and Development (OECD), was much slower than in North America and Asia. In China, business picked up noticeably after zero-Covid measures were lifted. The continued high energy costs dampened growth in multiple economies, especially in Europe.

GDP Trends in 2023

%	2023
World	**3.1**
Advanced economies	**1.6**
Developing and emerging economies	**4.1**
Eurozone	**0.5**
Germany	**–0.3**
Asia	**5.4**
China	**5.2**
India	**6.7**
Japan	**1.9**
USA	**2.5**

Source: IMF, January 30, 2024

Sector-Specific Conditions

We supply products to a wide range of industries. Our main customers are in the chemical, construction, automotive and photovoltaic sectors.

Challenging Environment for Chemical Industry

In 2023, the chemical industry faced significant challenges around the world. High energy and raw-material prices and diminishing orders burdened the sector, keeping production low in many countries. According to the German Chemical Industry Association (VCI), global chemical production (excluding pharmaceuticals) grew by only 1 percent in the first three quarters of 2023. Growth slowed in Europe, the Americas and many Asian economies. Only China and Russia reported positive growth trends.

Germany’s chemical-pharmaceutical industry was dampened by the weak economic trend and structural problems in 2023, with production decreasing in every sector. According to the VCI, German chemical production fell by 8 percent. Without pharmaceuticals, the decline was as much as 11 percent. At many companies, capacity utilization was well below normal levels, reflecting domestic and foreign customers’ caution in placing orders. Producer prices and chemical-industry sales were lower year over year. In a VCI survey of member companies in November 2023, more than 40 percent of those surveyed complained about weaker profits and even losses. The VCI reported that sales in the sector fell by 12 percent to €230 billion in 2023.

Construction Industry in Downward Trend

According to an analysis by the market research institute B+L Marktdaten GmbH, the global construction industry trended downward in 2023. This was due to a significant rise both in key interest rates and real-estate rates, which held back new construction activity in numerous markets. In addition, rises in the cost of living and economic uncertainty impeded construction work on existing buildings, too. A regional comparison showed that the construction slowdown affecting residential buildings was strongest in western Europe. However, other regions recorded negative figures as well. Preliminary figures show that total global construction volumes fell by 2.4 percent to some US$9.23 trillion (2022: US$9.46 trillion).

Growth Rate in Construction Activities for (New and Existing) Residential Buildings by Region in 2023

%	2023
Worldwide	**–4.3**
Asia	**–4.3**
Western Europe	**–5.9**
North America	**–5.1**
Middle East / Africa	**2.4**
Eastern Europe	**–3.8**
South America	**–0.9**

Source: B+L Marktdaten GmbH, Global Building Monitor, as of 02/2024

International Automotive Markets Report Rise in New Registrations

According to the Association of the German Automotive Industry (VDA), global car markets grew markedly in 2023 versus 2022, primarily due to better vehicle availability. Europe, the USA and China – the three key regions accounting for over two thirds of new car registrations worldwide – recorded growth, albeit at different rates. While the European and US markets struggled to reach pre-pandemic levels, the Chinese car market had already returned to those levels back in 2022. With record sales in 2023, China’s car market was an important pillar of the country’s economy. In a comparison of Europe’s five largest individual markets, the German market performed much more weakly in late 2023, as a non-recurring effect (changes to electric-car subsidies) implemented in the German electric-car segment at the end of 2022 no longer applied in December 2023, which meant that the total number of new vehicles registered in Germany during that month was particularly low.

Photovoltaics Pivotal to Global Energy Supply

The global solar industry continued to expand in 2023. Various market studies and our own market surveys show that new capacity of some 410 gigawatts (GW) was installed globally (2022: about 250 GW). That was around 64 percent more year over year. The amount of installed photovoltaic (PV) capacity worldwide reached around 1.6 terawatts (1,600 GW) at year-end 2023. As a result, the sustained and rapid growth of global PV markets continued in 2023. Alongside incentives, key factors spurring global PV expansion included low system costs. Today, photovoltaics is already competitive compared with electricity generated from conventional energy sources. In several solar auctions in sun-rich regions, the trading price for solar power was even less than US$15 per megawatt-hour. Despite the global rise in new installations, conditions in the PV industry remained challenging. In the USA and India, tariffs on imported solar cells and modules are increasing prices and impeding growth. And, in China, the PV industry has built up vast excess capacity. Strong competitive pressures continue throughout the supply chain.

Installation of New PV Capacity in 2023 and 2022

	Installation of new PV capacity (MW)		Growth in 2022
	2023	2022	%
Germany	**14,300**	7,400	**93**
Spain	**8,200**	8,400	**–2**
Rest of Europe	**34,500**	27,200	**27**
USA	**33,000**	20,200	**63**
Japan	**7,000**	6,500	**8**
China	**216,900**	87,400	**148**
India	**10,000**	14,000	**–29**
Other regions	**86,100**	78,900	**9**
Total	**410,000**	250,000	**64**

Sources: Germany's Federal Network Agency, SolarPower Europe (SPE), Solar Energy Industries Association (SEIA), China National Energy Administration, market studies, and WACKER's own market surveys.
(Table unaudited)

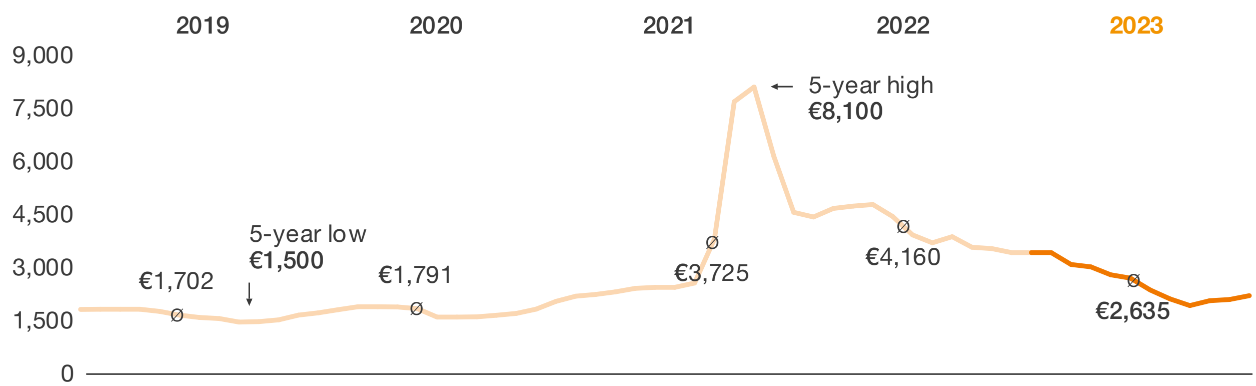
Raw-Material Prices Mainly Still at a High Level

In 2023, most raw-material prices dropped relative to a year earlier. Two main factors spurred this trend. First, demand slumped sharply in some cases versus 2022, whereas supply was unlimited for most products. Second, the cost of key raw materials such as crude oil, coal and natural gas also decreased, pushing down the prices of derivatives. On balance, lower raw-material and energy prices generated year-over-year savings for WACKER of some €450 million in 2023.

Market prices for metallurgical-grade silicon, one of WACKER's key raw materials, eased in 2022 and continued to do so in 2023, after shortages had caused sharp price rises in 2021. In 2023, WACKER's main petrochemical raw materials (vinyl acetate, acetic acid, ethylene and methanol) largely mirrored the cost trends of the basic materials used in their production, such as natural gas, crude oil/naphtha and coal. Prices fell in the first half of 2023 and climbed again in the third quarter. An additional factor for acetic acid and vinyl acetate monomer (VAM), both key acetyl products for WACKER, was that 2021/22 prices had been very high amid shortages and that the normalization process was not yet complete at the start of 2023. On balance raw-material prices, driven by higher energy prices, were still largely above 2018/19 levels in late 2023 despite weak demand.

Market-Price Trends for WACKER's Key Raw Materials in Europe

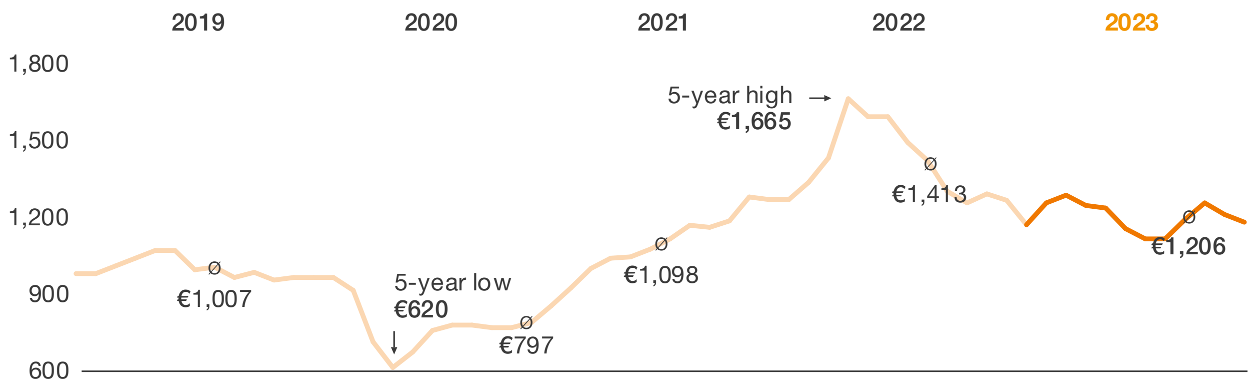
Silicon metal (€/t)



Source: CRU

Ø Annual average in each case (table unaudited)

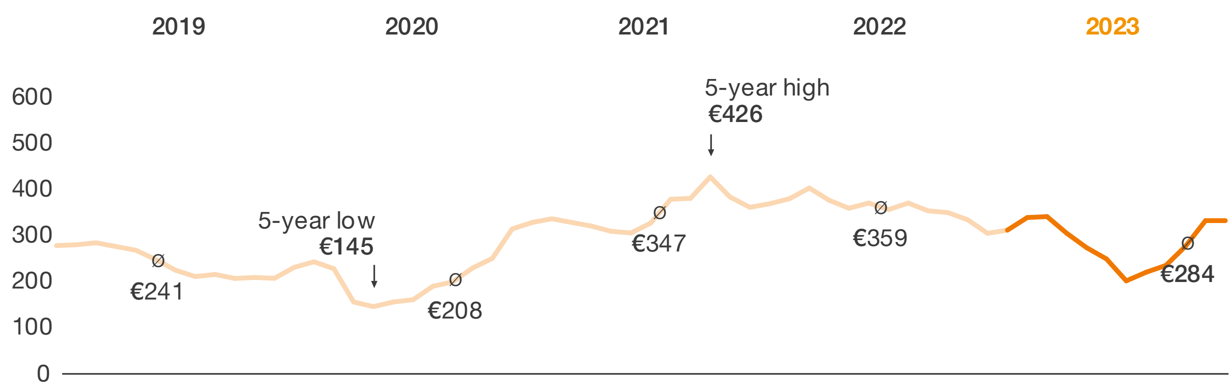
Ethylene (€/t)



Source: ICIS

Ø Annual average in each case (table unaudited)

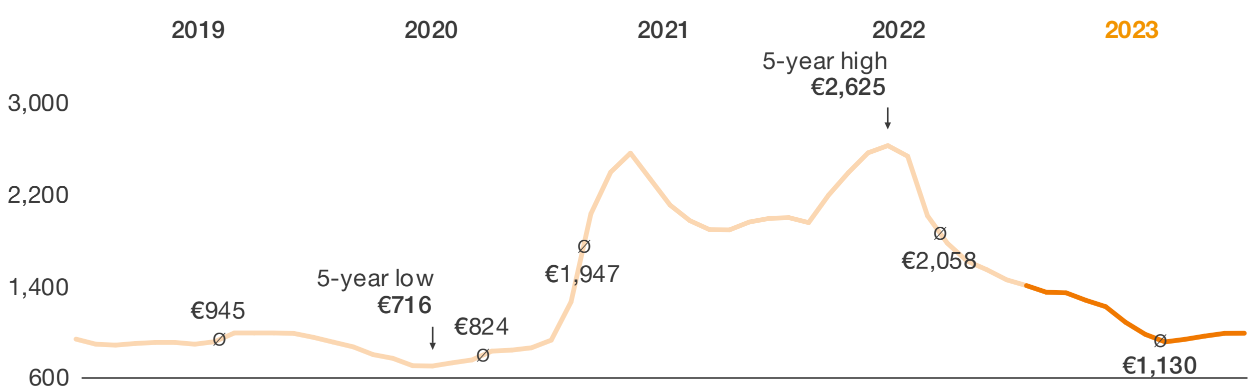
Methanol (€/t)



Source: CMA

Ø Annual average in each case (table unaudited)

Vinyl acetate monomer (€/t)



Source: ICIS

Ø Annual average in each case (table unaudited)

Energy Prices Still at a High Level

Prices for coal and natural gas fell significantly in 2023 after peaking the year before. Following an easing of the natural-gas supply due to a globally mild winter in 2022/2023, naturalgas prices stabilized in Europe at around double their pre-pandemic level. As a result, wholesale electricity prices fell to a level that is about twice as high as in 2019/2020. Price-reducing factors included more energy being generated by wind and photovoltaic systems, plus the higher availability of French nuclear power plants.

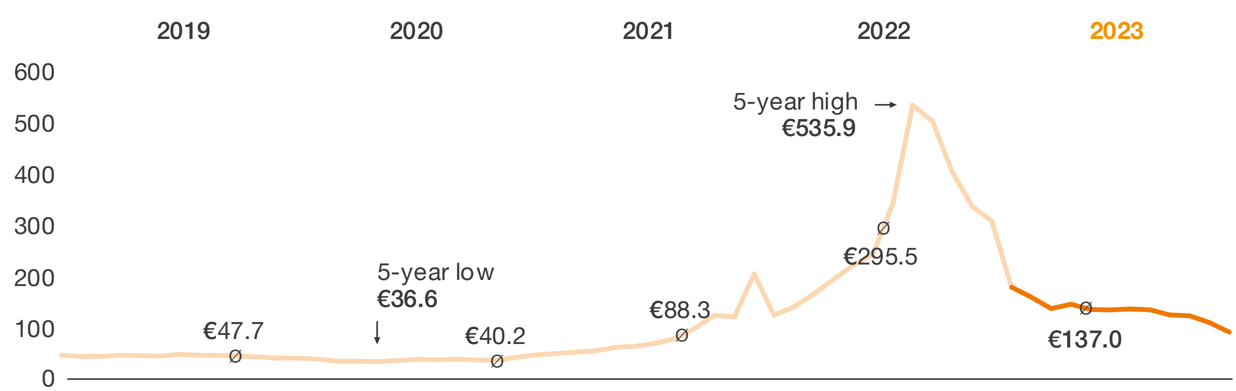
In non-liberalized markets, such as in Asia, the higher coal and natural-gas costs in some cases were not felt until 2023 in the form of increased prices, including for electricity.

The price of coal decreased as the result of slowing demand, which was impacted by improved natural-gas supply and by the weakening economy. Crude-oil prices largely moved sideways during the year, with OPEC's production cuts in the summer only briefly offsetting the decline in demand. At year-end, the average monthly price for crude oil of the Brent kind was US$80 per barrel. The price of CO_2 rose considerably early in the year, but then fell once more during the year. This stemmed not only from falling demand amid lower emissions from coal and oil-based products, but also from bleaker economic expectations in the second half of the year. A foreseeable marked shortage of certificates in the medium term merely dampened the cyclical fall in prices.

At the end of 2023, however, electricity and gas prices were still double their level at the start of the Ukraine war. Existing supply contracts and price hedges in some cases increased costs in 2023 (relative to a pure spot-purchasing strategy). This was because prices fell much faster than previously expected despite the ongoing war in Ukraine and the conflict in the Middle East.

Market-Price Trends for Energy Sources Relevant to WACKER

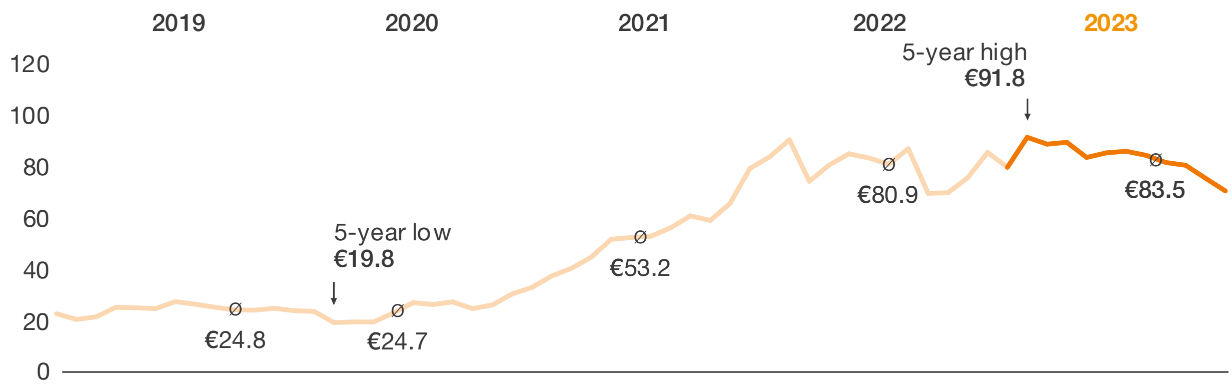
Traded electricity price in Germany (EEX, front year) (€/MWh)



Data Source: Montel

Ø Annual average in each case (table unaudited)

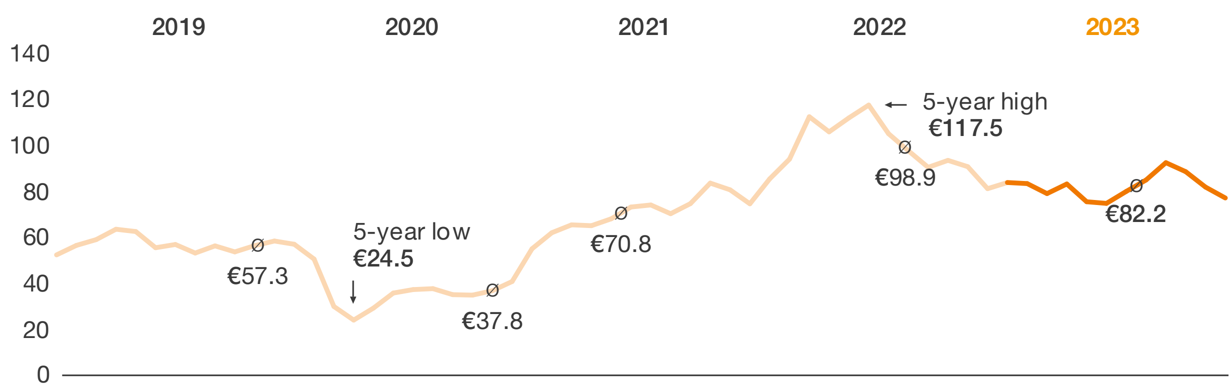
CO_2 (€/t) (EEX Spot)



Data Source: Montel

Ø Annual average in each case (table unaudited)

Brent crude (€/bbl) (ICE front month)



Data Source: Montel

Ø Annual average in each case (table unaudited)

Overall Statement by the Executive Board on Underlying Conditions

In 2023, global economic growth was burdened by the effects of the ongoing war in Ukraine, new geopolitical tensions in the Middle East, persistently high inflation and energy price levels, and central-bank interest-rate hikes. WACKER, like the chemical industry as a whole, was impacted in 2023 by extensive inventory adjustments in the supply chain and by the effects of the continued economic slowdown on customer order trends. Business was hampered not only by volume declines in consumer-related silicones, in the construction sector, in fine chemicals and in solar-grade polysilicon, but also by lower prices for numerous products.

Adverse underlying conditions dampened WACKER's business. In 2023, the company's sales and earnings were clearly below prior-year figures. WACKER SILICONES, WACKER POLYMERS and WACKER POLYSILICON posted sales declines, while WACKER BIOSOLUTIONS remained on par with the previous year. EBITDA fell in every business division year over year.

Sales decreased across all regions in 2023. In Europe, sales dropped by 19 percent to €2.3 billion and, in the Americas, by 19 percent to €1.04 billion. In Asia, the percentage drop was particularly strong. Sales there came in at €2.75 billion, a decline of 26 percent.

Key Events Affecting Business Performance

Acquisitions and Investments

WACKER reinforced its biotechnology business in 2023 by acquiring ADL BioPharma S.L.U., a northern Spanish contract manufacturer for the food, pharmaceuticals and consumer-goods industries. WACKER had already acquired fermentation plants at the same Spanish site in León back in 2016. With its new acquisition, WACKER now owns the entire León site. ADL BioPharma's activities will be integrated into WACKER BIOSOLUTIONS, equipping the division with more fermentation capacity and additional capacities for purification processes. In this way, WACKER has created the basis for further growth in the field of sustainably produced ingredients for the foods and nutritional-supplements industries. The purchase price for the acquisition amounted to some €150 million.

Divestitures

WACKER did not divest any business fields or product operations in 2023.

Capital Expenditures

As planned, capital expenditures increased markedly year over year, reaching about €710 million (2022: €547 million). Investing activities worldwide covered all four divisions and focused on expanding capacities to meet customer demand and growth opportunities. To bolster its biotechnology business, the Group invested not only in constructing an mRNA competence center at Halle, which starts up in 2024, but also in expanding its Amsterdam site. At Burghausen, WACKER is growing capacities for producing semiconductor-grade polysilicon and ultrapure hydrogen chloride, which is used as an etching and cleaning agent in semiconductor manufacturing. Funds were also invested in additional production capacities for specialty silicones in Nünchritz and for organofunctional silanes in Jining (China). To expand its specialty-silicone capacities at Zhangjiagang (China), WACKER is investing in the construction of several new production lines, where it will manufacture functional silicone fluids, silicone emulsions and silicone elastomer gels. At its Nanjing site in China, WACKER invested in the construction of a new spray dryer for dispersions. Capacity expansion in Nanjing, which also included construction of a new dispersion reactor, was successfully concluded in May 2023. Production capacity here more than doubled as a result.

Comparing Actual with Forecast Performance

At the start of 2023, WACKER forecast full-year sales of between €7.0 billion and €7.5 billion. The EBITDA margin was expected to be much lower than the previous year, while EBITDA was forecast at between €1.1 billion and €1.4 billion. ROCE would be higher than the cost of capital, but substantially lower than the year before. Net cash flow was expected to be positive, though clearly below the previous year. Capital expenditures would reach around €650 million, with depreciation and amortization amounting to around €450 million. WACKER expected to post a small net financial debt in 2023.

WACKER Lowers Full-Year Forecast

On July 18, 2023, WACKER published its preliminary figures for the second quarter. At the same time, the company revised its guidance for 2023 on the basis of current estimates.

WACKER lowered its forecast for Group sales. It now predicted sales of between €6.5 billion and €6.8 billion (previous guidance: between €7 billion and €7.5 billion). Full-year EBITDA should now reach between €800 million and €1.0 billion (previous guidance: between €1.1 billion and €1.4 billion). Expectations for the EBITDA margin were not revised: it would be substantially lower than the previous year. ROCE was now projected to be below the cost of capital (previous guidance: above the cost of capital, albeit considerably lower than the year before). The full-year forecast for capital expenditures, net cash flow, net financial debt and depreciation/amortization remained unchanged.

WACKER Closes 2023 Below Previous Year

WACKER saw its year-over-year sales and earnings decline significantly in 2023 due to the ongoing weak market environment. Sales totaled €6.40 billion (2022: €8.21 billion), down 22.0 percent year over year. This decline was prompted primarily by lower prices and volumes. Negative exchange-rate effects also impacted sales performance. EBITDA came in at €0.82 billion, 60.4 percent lower year over year (2022: €2.08 billion). This was due to lower prices along with persistently high energy costs and reduced plant-utilization rates as a result of the decline in sales volumes. By contrast, savings from the Group's ongoing efficiency program buoyed EBITDA. At 12.9 percent, the EBITDA margin was substantially lower than the previous year (2022: 25.4 percent).

Net cash flow totaled €165.6 million in 2023 (2022: €438.8 million). The main reasons for the decline were lower earnings and higher capital expenditures. At 6.9 percent, ROCE was substantially lower than the cost of capital.

Capital expenditures amounted to €709.6 million in 2023 (2022: €546.8 million), well above the prior-year figure.

At year-end, WACKER recognized net financial debt of €83.7 million (2022: net financial assets of €409.2 million).

Expenses by Cost Type

% of sales	2023	2022
Personnel costs	**22.3**	19.5
Raw-material costs	**29.0**	29.9
Energy costs[1]	**10.2**	10.1
Depreciation/amortization	**6.5**	4.9

[1] Including the costs of on-site generation and of relevant state aid

Comparing Actual with Forecast Performance

Key Financial Performance Indicators	Results in 2022	Forecast March 2023	Forecast July 2023	Results in 2023
EBITDA margin (%)	25.4	Substantially lower than last year	–	**12.9**
EBITDA (€ million)	2,080.9	€1.1 – 1.4 billion	€800 million – €1.0 billion	**823.6**
ROCE (%)	34.7	Above the cost of capital, much lower than last year	Below the cost of capital	**6.9**
Net cash flow (€ million)	438.8	Positive, substantially lower than last year	–	**165.6**
Supplementary Financial Performance Indicators				
Sales (€ million)	8,209.3	€7.0 – 7.5 billion	€6.5 – 6.8 billion	**6,402.2**
Capital expenditures (€ million)	546.8	Around €650 million	–	**709.6**
Net financial assets/net financial debt (€ million)	409.2	Low net financial debt	–	**–83.7**
Depreciation/amortization (€ million)	402.1	Around €450 million	–	**418.7**

Earnings

At €6.40 Billion, Group Sales 22 Percent Below Prior-Year Figure of €8.21 Billion

In 2023, the WACKER Group posted markedly lower sales than in the prior year, with lower selling prices the main factor behind the decline across all business divisions. WACKER SILICONES recorded annual sales of €2.74 billion (2022: €3.45 billion), down by 21 percent year over year, primarily due to lower prices for standard products and lower volumes of specialty products. Sales at WACKER POLYMERS came in at €1.58 billion in 2023 (2022: €2.00 billion), a drop of 21 percent. This can be traced back to lower selling prices and volumes. Sales at WACKER BIOSOLUTIONS increased by 2 percent to €337.2 million (2022: €331.1 million). Sales at WACKER POLYSILICON dropped by 30 percent to €1.60 billion (2022: €2.29 billion), especially due to lower selling prices and volumes for solar-grade polysilicon.

» **For further information on the business divisions, please refer to the Segments section starting on page 75.**

WACKER generated the majority of its sales outside of Germany. International sales came in at €5.44 billion (2022: €7.04 billion), accounting for 85 percent of the total.

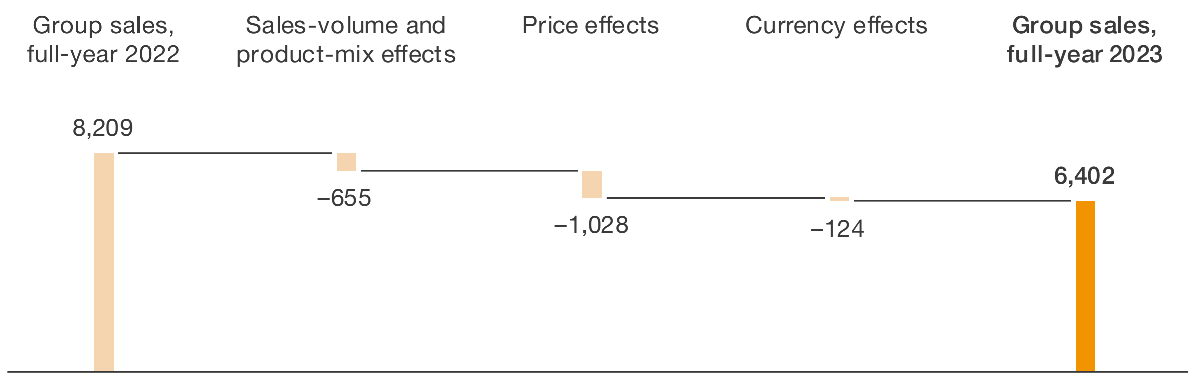
» **For further information, please refer to the Regions section starting on page 79.**

Group EBITDA at €823.6 Million, with EBITDA Margin at 12.9 Percent

Group EBITDA declined 60 percent year over year, coming in at €823.6 million (2022: €2.08 billion). The EBITDA margin of 12.9 percent was lower than in the previous year (2022: 25.4 percent). In addition to the marked drop in sales, persistently high costs for raw materials and energy, coupled with low plant-utilization rates as a result of the decline in sales, had a negative impact on EBITDA. WACKER generated savings as part of the ongoing efficiency measures that had a positive effect on EBITDA. EBITA was hit by provisions for contingent losses from outstanding delivery obligations as well as inventory write-downs. In the previous year, the reversal of an impairment loss on an equity-accounted investment increased EBITDA by €72.4 million.

» **For further information on the business divisions, please refer to the Segments section starting on page 75.**

Year-over-Year Sales Comparison



Reconciliation of EBITDA to EBIT

€ million	2023	2022	Change in %
EBITDA	**823.6**	2,080.9	–60.4
Depreciation/amortization	**–418.7**	–402.1	4.1
EBIT	**404.9**	1,678.8	–75.9

EBIT Reaches €404.9 Million

Group earnings before interest and taxes (EBIT) totaled €404.9 million in the reporting period (2022: €1.68 billion), yielding an EBIT margin of 6.3 percent (2022: 20.5 percent). In 2023, depreciation and amortization amounted to €418.7 million (2022: €402.1 million).

Reconciliation of EBIT to Net Income for the Period

€ million	2023	2022	Change in %
EBIT	**404.9**	1,678.8	–75.9
Financial result	**–17.9**	–62.6	–71.4
Income before income taxes	**387.0**	1,616.2	–76.1
Income taxes	**–59.7**	–334.6	–82.2
Net result for the year	**327.3**	1,281.6	–74.5
Of which			
Attributable to Wacker Chemie AG shareholders	**313.6**	1,251.0	–74.9
Attributable to non-controlling interests	**13.7**	30.6	–55.2
Earnings per share (€) (basic/diluted)	**6.31**	25.18	-74.9

Cost of Goods Sold Lower Year over Year Due to Lower Plant Utilization

At €1.08 billion, gross profit from sales was 50 percent lower year over year (2022: €2.16 billion). The cost of goods sold reached €5.32 billion (2022: €6.05 billion). The gross margin was 16.9 percent (2022: 26.3 percent). Although WACKER was able to leverage efficiency gains to reduce the cost of goods sold, persistently high costs for raw materials and energy, coupled with low plant-utilization rates as a result of the decline in sales, reduced the gross margin considerably.overall. The Group’s cost-of-sales ratio rose from 74 percent to 83 percent year over year.

Slight Drop in Functional Costs

Other functional costs (selling, R&D and general administrative expenses) fell by 1 percent year over year, falling to €699.1 million (2022: €704.1 million).

Other Operating Income and Expenses

In 2023, the balance of other operating income and expenses was €–30.2 million (2022: €20.4 million). In the reporting year, income of €10.5 million (previous year: €29.1 million) from canceled long-term contracts and insurance compensation in the amount of €21.9 million were recognized in profit or loss. Expenses resulting from the addition to provisions for contingent losses from outstanding delivery obligations increased the other operating expenses by €39.2 million. The foreign currency result was positive at €1.1 million (2022: €–15.5 million).

Result from Investments

Compared with the previous year, investment income fell substantially, coming in at €51.2 million (2022: €201.7 million), mainly due to the lower investment income from Siltronic AG in the amount of €47.4 million (2022: €108.4 million). In the previous year, investment income had been increased by the reversal of an impairment loss of €72.4 million on the equity-accounted investment in Dow Siloxane (Zhangjiagang) Holding Co. Private Ltd., Singapore.

Financial and Net Interest Result

WACKER's financial result was up considerably on the year before, coming in at €–17.9 million (2022: €–62.6 million). Interest income was €48.1 million (2022: €10.1 million) and interest expenses reached €40.3 million (2022: €28.6 million). The interest income can be attributed primarily to fixed-term deposits with much higher interest rates than a year earlier. The net interest result was €7.8 million (2022: €–18.5 million).

The other financial result came in at €–25.7 million (2022: €–44.1 million). Valuation effects related to exchange-rate effects on the Group's financing agreements were the main factor driving lower financial expenses. On the other hand, interest-rate effects of provisions for pensions and other provisions remained constant year over year.

Income Taxes

In 2023, WACKER reported tax expenses of €59.7 million (2022: €334.6 million). The Group's effective tax rate was 15.4 percent (2022: 20.7 percent). The effective tax rate in the reporting year was lower due, in particular, to tax-free income and to tax income for previous years.

Group Net Income

As a result of the effects mentioned, Group net income was €327.3 million, compared with €1,281.6 million in the previous year.

Return on Capital Employed (ROCE)

The return on capital employed (ROCE) is the ratio of earnings before interest and taxes (EBIT) to capital employed for business activities. Investment income from Siltronic AG and the corresponding carrying amount in equity are not included when ROCE is calculated.

In the reporting year, ROCE was 6.9 percent (2022: 34.7 percent). The drop is due to much lower EBIT and the increase in capital employed from €4.53 billion to €5.19 billion in the reporting year.

Segments

WACKER SILICONES

WACKER SILICONES posted a sales decline in 2023, with sales coming in at €2.74 billion (2022: €3.45 billion), down 20.6 percent versus the previous year. The drop was prompted not only by the difficult market environment, but also by lower prices and volumes, and by exchange-rate effects. From a regional perspective, WACKER SILICONES' sales fell in the Americas, Asia and Europe.

EBITDA decreased markedly year over year. It totaled €236.4 million (2022: €876.4 million), a decline of 73 percent. Factors dampening this operating result included lower prices for standard products, reduced specialty-product volumes, weaker plant-utilization rates and the continued high cost of raw materials. The EBITDA margin was 8.6 percent (2022: 25.4 percent).

As in the previous year, capital expenditures rose again at WACKER SILICONES by 20.8 percent. They totaled €241.4 million (2022: €199.8 million). About half of capital spending targeted sites in Germany, where capacity for specialties grew and integrated production was strengthened. Another investment focus was China, where capacity was expanded both at the Zhangjiagang site and at the SICO Performance Material (Shandong) Co. Ltd. subsidiary. As of December 31, 2023, the division had 6,040 employees (Dec. 31, 2022: 6,019).

Key Data: WACKER SILICONES

€ million	2023	2022	2021	2020	2019
Total sales	**2,741.4**	3,452.9	2,599.1	2,244.0	2,453.0
EBITDA	**236.4**	876.4	552.9	387.8	478.5
EBITDA margin (%)	**8.6**	25.4	21.3	17.3	19.5
EBIT	**101.6**	752.8	421.0	276.8	375.3
Capital expenditures	**241.4**	199.8	143.2	96.9	193.6
R&D expenses	**72.3**	70.9	64.7	60.2	65.0
Employees (December 31, number)	**6,040**	6,019	5,211	5,076	5,267

WACKER POLYMERS

In 2023, sales at WACKER POLYMERS decreased by 20.9 percent to €1.58 billion (2022: €2.00 billion). The drop was caused by weaker volumes and prices and by exchange-rate effects. All three regions – the Americas, Asia and Europe – posted sales declines.

EBITDA amounted to €253.1 million (2022: €288.7 million), which was 12.3 percent lower than a year earlier. The main reason was a significant year-over-year decline in selling prices and volumes. Lower raw-material prices, on the other hand, benefited the division’s operating result. The EBITDA margin was 16.0 percent (2022: 14.5 percent).

In 2023, capital expenditures at WACKER POLYMERS totaled €74.1 million (2022: €107.3 million). Some of the funds went toward constructing a new spray dryer for dispersions at the Nanjing, China site. This site’s capacity expansion, which also included a new dispersion reactor, was successfully concluded in May 2023. Production capacity here more than doubled as a result. As of December 31, 2023, the number of employees at the division was 1,622 (Dec. 31, 2022: 1,603).

Key Data: WACKER POLYMERS

€ million	2023	2022	2021	2020	2019
Total sales	**1,579.8**	1,996.2	1,673.6	1,298.5	1,315.1
EBITDA	**253.1**	288.7	252.6	270.5	194.2
EBITDA margin (%)	**16.0**	14.5	15.1	20.8	14.8
EBIT	**203.0**	238.3	198.7	229.3	153.7
Capital expenditures	**74.1**	107.3	100.1	35.6	62.4
R&D expenses	**34.3**	35.2	35.1	32.2	33.9
Employees (December 31, number)	**1,622**	1,603	1,595	1,540	1,630

WACKER BIOSOLUTIONS

Sales for 2023 at WACKER BIOSOLUTIONS edged up 1.8 percent to €337.2 million, slightly above the prior-year level (2022: €331.1 million). While growth was robust in biopharmaceuticals, sales of established products slowed amid lower prices and volumes. Regionally, sales climbed strongly in Asia and Europe. In the Americas, sales declined year over year.

EBITDA of €6.5 million was markedly lower than the year before (2022: €16.7 million). Integration and upfront costs at the León and Halle sites burdened EBITDA. The EBITDA margin was 1.9 percent (2022: 5.0 percent).

Capital expenditures increased significantly year over year, rising from €102.6 million to €155.5 million in 2023. CAPEX focused on the construction of a new mRNA competence center in Halle and on expanding the Amsterdam site. In early May, WACKER strengthened its biotechnology business by acquiring ADL BioPharma S.L.U. in León (Spain). The company's workforce of around 300 were taken on in the acquisition. As of December 31, 2023, the number of employees at the division was 1,191 (Dec. 31, 2022: 835).

Key Data: WACKER BIOSOLUTIONS

€ million	2023	2022	2021	2020	2019
Total sales	**337.2**	331.1	296.4	246.1	243.0
EBITDA	**6.5**	16.7	38.6	38.1	31.1
EBITDA margin (%)	**1.9**	5.0	13.0	15.5	12.8
EBIT	**–20.1**	–4.7	20.7	21.6	14.0
Capital expenditures	**155.5**	102.6	33.5	19.9	13.2
R&D expenses	**5.5**	4.8	5.6	5.7	6.4
Employees (December 31, number)	**1,191**	835	751	764	754

WACKER POLYSILICON

WACKER POLYSILICON's sales for 2023 fell by 30.1 percent to €1,599.3 million (2022: €2,287.2 million). This was due to lower prices and volumes. Relative to the prior year, the share of semiconductor-grade polysilicon in the portfolio grew further. Asia was once again the division's key sales region in 2023.

EBITDA contracted by 61.2 percent to €320.6 million (2022: €825.7 million). The earnings decline primarily stemmed from the production-related decrease in both volumes and prices for solar-grade polysilicon. Ongoing high energy prices in Germany had a negative impact as well. The share of total volumes attributable to semiconductor-grade polysilicon grew further in 2023. The EBITDA margin was 20.0 percent (2022: 36.1 percent).

In 2023, WACKER POLYSILICON's capital expenditures increased to €165.1 million (2022: €91.9 million). The focus in 2023 remained on semiconductor applications. The number of employees as of December 31, 2023, totaled 2,322 (December 31, 2022: 2,283).

Key Data: WACKER POLYSILICON

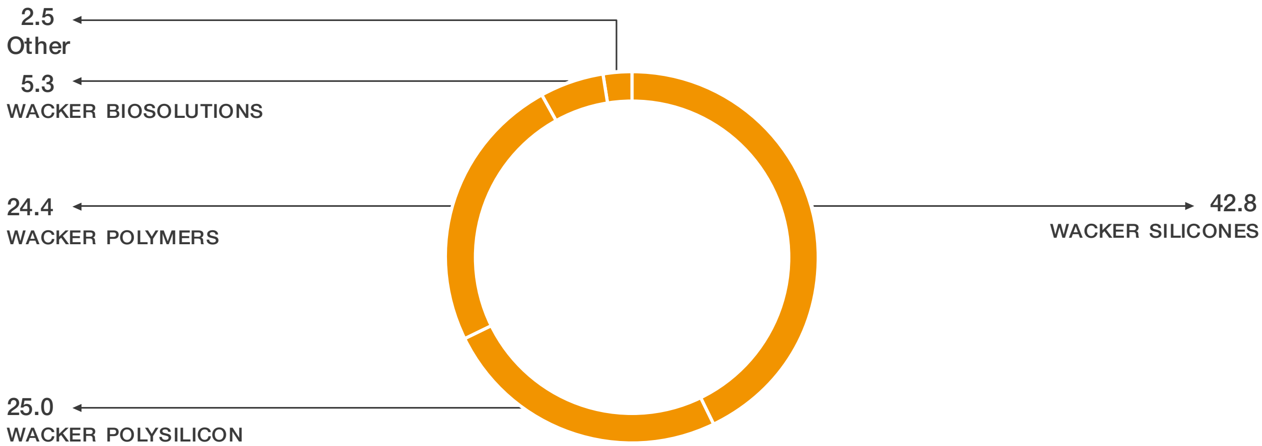
€ million	2023	2022	2021	2020	2019
Total sales	**1,599.3**	2,287.2	1,529.8	792.2	780.0
EBITDA	**320.6**	825.7	656.7	4.7	56.9
EBITDA margin (%)	**20.0**	36.1	42.9	0.6	7.3
EBIT	**203.3**	705.3	528.9	–147.8	–1,012.9
Capital expenditures	**165.1**	91.9	30.6	24.9	35.3
R&D expenses	**33.5**	27.0	21.3	21.3	30.0
Employees (December 31, number)	**2,322**	2,283	2,219	2,180	2,333

Other

In 2023, sales reported under “Other” totaled €162.4 million (2022: €170.5 million), a decline of 4.7 percent.

Divisional Shares in External Sales

%



“Other” EBITDA amounted to €7.5 million in the reporting year (2022: €72.8 million). This decrease was mainly due to the reduction in income from the stake in Siltronic AG.

“Other” EBIT came in at €–82.4 million (2022: €–13.5 million).

As of December 31, 2023, “Other” had 5,203 employees (Dec. 31, 2022: 4,985). This figure includes the site management and employees of the infrastructure units in Burghausen and Nünchritz, and the Group’s corporate departments.

Regions

WACKER's operations are highly international. Of the Group's €6.40 billion in sales (2022: €8.21 billion), 85.0 percent came from international business (2022: 85.7 percent). Germany accounted for 15.0 percent of sales in the reporting year.

Asia Posts Sales Decline

Sales declined in Asia in 2023, down 25.6 percent to €2.75 billion (2022: €3.69 billion). In Greater China, sales contracted significantly to €1.36 billion (2022: €2.45 billion). Asia accounted for 43.0 percent of Group sales (2022: 45.0 percent).

Europe Reports Downward Trend

WACKER's business in Europe trended downward as well. Sales decreased to €2.30 billion (2022: €2.83 billion). That is a decline of 18.7 percent. The region delivered 35.9 percent of Group sales (2022: 34.5 percent).

External Sales by Customer Location

€ million	2023	2022	2021	2020	2019
Europe	**2,300.0**	2,830.3	2,370.7	1,927.2	2,004.0
The Americas	**1,042.1**	1,286.6	895.7	832.9	919.5
Asia	**2,749.6**	3,694.2	2,637.1	1,687.7	1,763.8
Other regions	**310.5**	398.2	304.0	244.4	240.3
Total sales	**6,402.2**	8,209.3	6,207.5	4,692.2	4,927.6

Lower Sales in the Americas

Sales in the Americas decreased by 19.0 percent to €1.04 billion (2022: €1.29 billion) and accounted for 16.3 percent of Group sales (2022: 15.7 percent).

External Sales by Group Company Location

€ million	2023	2022	2021	2020	2019
Europe	**5,719.2**	7,063.3	5,091.4	3,798.2	3,977.5
The Americas	**1,470.6**	1,659.0	1,166.9	1,134.6	1,249.7
Asia	**1,308.6**	1,656.2	1,235.9	918.2	980.5
Other regions	**14.2**	14.4	11.3	11.2	13.1
Consolidation	**–2,110.4**	–2,183.6	–1,298.0	–1,170.0	–1,293.2
Total sales	**6,402.2**	8,209.3	6,207.5	4,692.2	4,927.6

Sales Decline in Other Regions

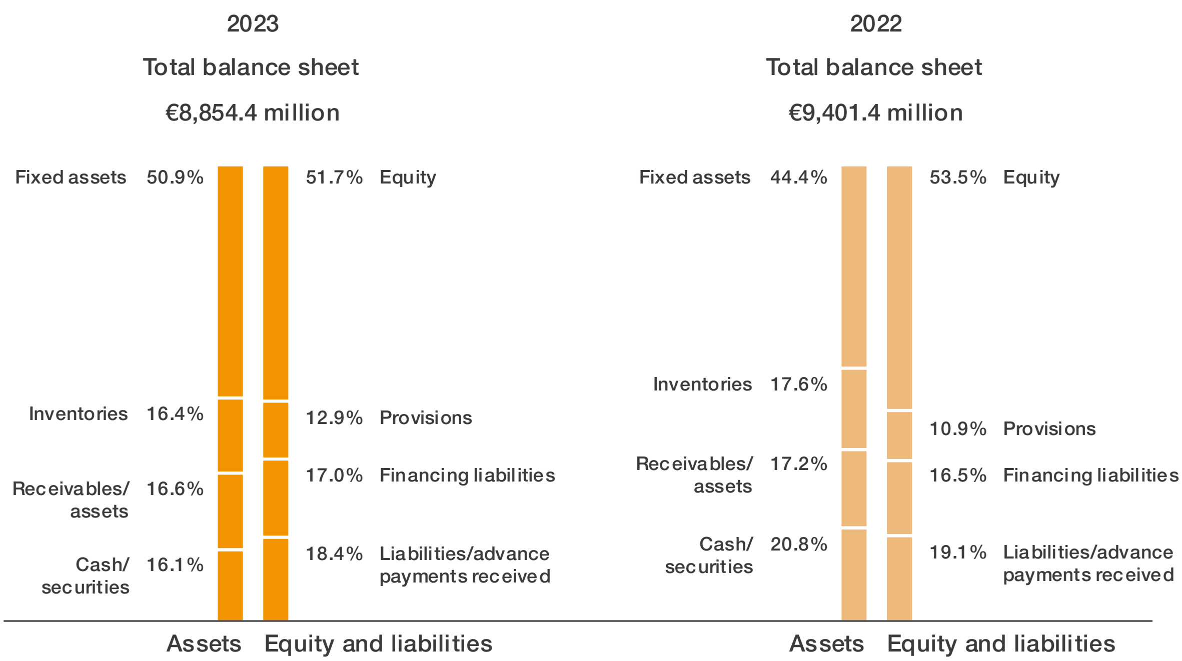
Sales in the other regions of the world decreased by 22.0 percent to €310.5 million (2022: €398.2 million), accounting for 4.8 percent of Group sales (2022: 4.8 percent).

Net Assets

WACKER's total assets were 5.8 percent lower compared with December 31, 2022. Down by €547.0 billion, they amounted to €8.85 billion as of December 31, 2023 (Dec. 31, 2022: €9.40 billion). The biggest changes concerned the Group's noncurrent intangible and tangible assets, inventories and cash and cash equivalents. On the equity and liabilities side, provisions for pensions increased due to lower discount rates. Equity fell considerably due to the dividend payout by Wacker Chemie AG.

On May 5, 2023, WACKER signed a share purchase agreement to acquire ADL BioPharma S.L.U, León, Spain. This transaction increased intangible assets and property, plant and equipment by €154.2 million.

Asset and Capital Structure



Trends: Assets

€ million	**2023**	**2022**
Intangible assets, property, plant and equipment, investment property and right-of-use assets	**3,555.9**	3,175.6
Investments in joint ventures and associates accounted for using the equity method	**949.8**	999.5
Other noncurrent assets	**447.0**	566.3
Noncurrent assets	**4,952.7**	4,741.4
Inventories	**1,449.2**	1,655.8
Trade receivables	**788.6**	916.2
Other current assets	**1,663.9**	2,088.0
Current assets	**3,901.7**	4,660.0
Total assets	**8,854.4**	9,401.4

Increase in Fixed Assets Due to Investment Spending and Additions Resulting from the Acquisition of ADL BioPharma

Relative to the previous year, fixed assets (including equity-accounted investments) increased by €330.6 million to €4.51 billion (Dec. 31, 2022: €4.18 billion). Property, plant and equipment rose to €3.04 billion (Dec. 31, 2022: €2.72 billion). Capital expenditures increased significantly in 2023 to €709.6 million (2022: €546.8 million). Over half of the funds were invested in Germany. Assets from the acquisition of ADL BioPharma S.L.U, León, Spain, increased intangible assets and property, plant and equipment by €154.2 million. Right-of-use assets from leases amounted to €222.5 million as of the reporting date (Dec. 31, 2022: €243.2 million). Financing liabilities from leases amounted to €242.1 million as of the reporting date (Dec. 31, 2022: €261.1 million). Depreciation/amortization amounted to €418.7 million.

As of December 31, 2023, €857.4 million was recognized in the statement of financial position for the equity-accounted investment in Siltronic AG (Dec. 31, 2022: €860.9 million). That figure included the profit of €47.4 million generated by the investment. The distribution of dividends, together with currency effects, lowered the carrying amount of the investment.

Noncurrent Assets

Other noncurrent assets totaled €447.0 million as of December 31, 2023 (Dec. 31, 2022: €566.3 million), down 21.1 percent year over year. Noncurrent securities were reclassified as current.

Working Capital Down 19 Percent

Current assets fell 16.3 percent year over year and amounted to €3.90 billion (Dec. 31, 2022: €4.66 billion). The decrease was due mainly to lower working capital. As of December 31, 2023, working capital was down 19.4 percent versus the 2022 reporting date, and came to €1.36 billion (Dec. 31, 2022: €1.69 billion).

Inventories fell by 12.5 percent, dropping from €1.66 million to €1.45 billion, due primarily to much lower raw-material prices and reduced plant-utilization rates year over year. The drop of 13.9percent in trade receivables to €788.6 million (Dec. 31, 2022: €916.2 million) was due to lower sales volumes. Trade payables remained unchanged.

Working Capital

€ million	2023	2022	Change in %
Trade receivables	**788.6**	916.2	–13.9
Inventories	**1,449.2**	1,655.8	–12.5
Trade payables	**–878.9**	–885.6	–0.8
Working capital	**1,358.9**	1,686.4	–19.4

Liquidity at €1.42 Billion

Securities, fixed-term deposits, and cash and cash equivalents are major components of other current assets. Current securities and fixed-term deposits amounted to €347.4 million at the end of 2023 (Dec. 31, 2022: €877.1 million). Cash and cash equivalents came to €1.01 billion as of December 31, 2023 (Dec. 31, 2022: €894.7million). All in all, liquid assets (noncurrent and current securities, cash and cash equivalents) were down considerably year over year to €1.42 billion (Dec. 31, 2022: €1.96 billion). The dividend payment made by Wacker Chemie AG resulted in an outflow of liquid assets in the amount of €596.1 million (2022: €397.4 million). WACKER invested €639.6 million (versus €561.2 million the year before) in expanding its capacities and acquired ADL BioPharma S.L.U, León, Spain, as a new future production site for its biopharmaceutical business. These expenses were financed mainly using liquid assets.

Trends: Equity and Liabilities

€ million	2023	2022
Equity	**4,579.9**	5,030.7
Noncurrent provisions	**1,053.0**	981.5
Financing liabilities	**1,088.1**	1,085.6
Other noncurrent liabilities	**370.4**	376.3
Of which noncurrent advance payments	**222.8**	224.4
Noncurrent liabilities	**2,511.5**	2,443.4
Financing liabilities	**417.5**	461.4
Trade payables	**878.9**	885.6
Other current provisions and liabilities	**466.6**	580.3
Current liabilities	**1,763.0**	1,927.3
Liabilities	**4,274.5**	4,370.7
Total equity and liabilities	**8,854.4**	9,401.4
Capital employed	**5,192.3**	4,526.6

Equity Ratio at 51.7 Percent

Group equity declined substantially year over year and amounted to €4.58 billion as of December 31, 2023 (Dec. 31, 2022: €5.03 billion). The corresponding equity ratio was 51.7 percent (Dec. 31, 2022: 53.5 percent). The net profit for the year increased retained earnings by €327.3 million (Dec. 31, 2022: €1,281.6 million). The dividend payment of Wacker Chemie AG reduced retained earnings by €596.1 million. The adjustment of provisions for pensions, which was recognized in other comprehensive income, reduced other equity items by €61.9 million and lowered equity. Currency translation had a negative impact of €125.0 million on equity. The share of equity attributable to non-controlling interests amounted to €163.1 million as of the reporting date (Dec. 31, 2022: €166.9 million).

Liabilities Roughly Constant

WACKER's liabilities declined by €96.2 million compared with the previous year, down 2.2 percent to €4.27 billion. Provisions for pensions rose by €66.0 million year over year and totaled €834.9 million. This was due to the application of significantly lower discount rates to Wacker Chemie AG's pension obligations, which were recognized in noncurrent provisions. The discount rates were 3.30 percent in Germany (Dec. 31, 2022: 3.71 percent) and 4.78 percent in the USA (Dec. 31, 2022: 4.98 percent). Other noncurrent provisions mainly comprised anniversary provisions, and provisions for environmental protection and phased early retirement.

Other noncurrent liabilities came to €370.4 million (Dec. 31, 2022: €376.3 million). They mainly comprised contract liabilities in the shape of advance payments received and noncurrent income tax liabilities. Trade payables remained almost unchanged at €878.9 million (Dec. 31, 2022: €885.6 million). Other current provisions and liabilities fell 19.6 percent to €466.6 million (Dec. 31, 2022: €580.3 million), mainly due to the lower performance-based compensation for 2023. Current advance payments received amounted to €82.3 million as of the reporting date (Dec. 31, 2022: €80.8 million).

Financing Liabilities Almost Unchanged

Noncurrent and current financing liabilities fell by €41.4 million to €1.51 billion as of the reporting date (Dec. 31, 2022: €1.55 billion). Financing liabilities of some €120 million falling due in 2024 were reclassified as current. Financing liabilities are mostly denominated in euros. Fixed interest is payable on the majority of the financing liabilities.

As of December 31, 2023, lease liabilities totaled €242.1 million (December 31, 2022: €261.1 million).

For further information on our financing liabilities, please refer to Note 15 in the Notes to the Consolidated Financial Statements. For further information on financial management and its goals, please refer to Note 20 in the Notes to the Consolidated Financial Statements.

Financial Position

Financial-Management Principles and Goals

Our key financial-management goal is to secure WACKER's financial strength over the long term. The central task is to sufficiently cover the financial needs of our operations and investment projects. Financial management at WACKER comprises capital structure management, cash and liquidity management, and the management of market-price risk (currencies and interest rates). Capital structure management involves shaping the capital structure of the Group and its subsidiaries.

In liquidity management, WACKER continuously monitors cash flows from operations and from financial transactions. WACKER covers the resulting liquidity needs via suitable instruments such as intra-Group lending, or through external loans from local banks.

WACKER pursues a careful financing policy that targets a balanced financing portfolio, a diversified maturity portfolio and a comfortable liquidity buffer.

WACKER's key source of liquidity is the operations of its Group companies and the resulting incoming payments. This centralized system of internal transfers reduces our interest expense and the need for debt financing. The purpose of managing market-price risks is to limit the effects of fluctuations in exchange rates and interest rates on the Group's bottom line.

New Financing Measures in 2023

In January 2023, WACKER had utilized a total amount of €200 million in bilateral fixed-interest loans due on maturity (in 2028), with an agreement on €110 million being signed in December 2022 and an agreement on a further €90 million being signed in January 2023. Further bilateral fixed-interest loans of €100 million and €50 million (both due on maturity in 2028) were agreed and disbursed in April and June 2023, respectively. These were used to refinance loans falling due in 2023.

In December 2023, a loan of €150 million was signed with the European Investment Bank (EIB), which can be drawn down until May 2025. This loan has not been drawn down yet and has a term of six years from the date of utilization. The two syndicated loans of €400 million and €200 million, which serve as backup lines for the Group and have not been drawn down yet, were both extended in 2023 by one year until 2028.

Financial Analysis

The Group's cash flow is a key instrument of liquidity management. Net cash flow serves as the internal indicator for measuring the liquidity of operating activities.

Net Cash Flow

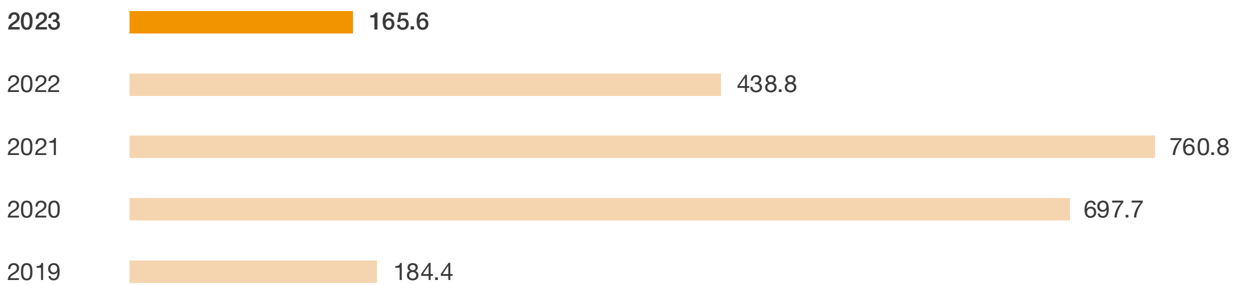
WACKER's long-term objective is to finance its capital expenditures primarily from its own cash flow. This target was achieved in 2023. Net cash flow totaled €165.6 million in 2023 (2022: €438.8 million).

Net Cash Flow

€ million	2023	2022	Change in %
Cash flow from operating activities (gross cash flow)	**936.3**	1,125.5	–16.8
Cash flow from long-term investing activities before securities	**–770.7**	–686.7	12.2
Net cash flow	**165.6**	438.8	–62.3

Net cash flow is defined as the sum of cash flow from operating activities and cash flow from long-term investing activities (excluding securities).

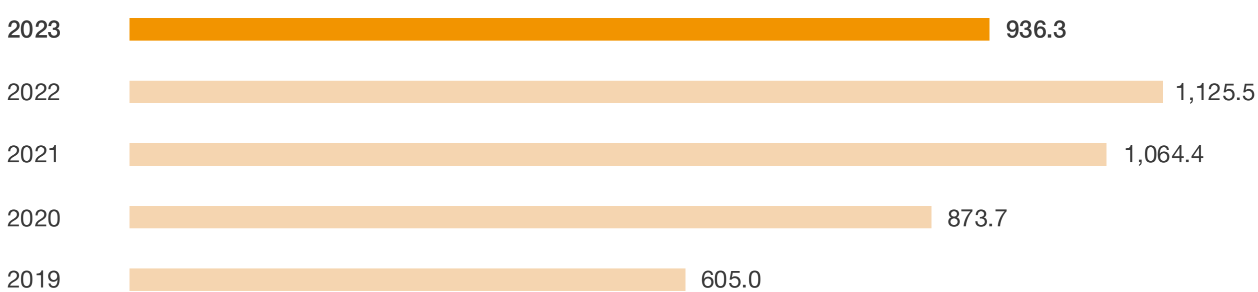
Net Cash Flow



Gross Cash Flow

In 2023, cash flow from operating activities (gross cash flow) totaled €936.3 million (2022: €1.13 billion). Net income for the year amounting to €327.3 million (2022: €1.28 billion) reduced gross cash flow year over year. The change in working capital was €224.5 million (2022: €–472.0 million). The decrease in inventories and receivables had a positive impact on cash flow. The depreciation and amortization of €418.7 million (2022: €402.1 million) included in net income for the period had a positive impact on cash flow from operating activities. Conversely, the profit of €49.3 million (2022: €200.9 million) from investments in joint ventures and associates that is included in net income for the year reduced cash flow from operating activities.

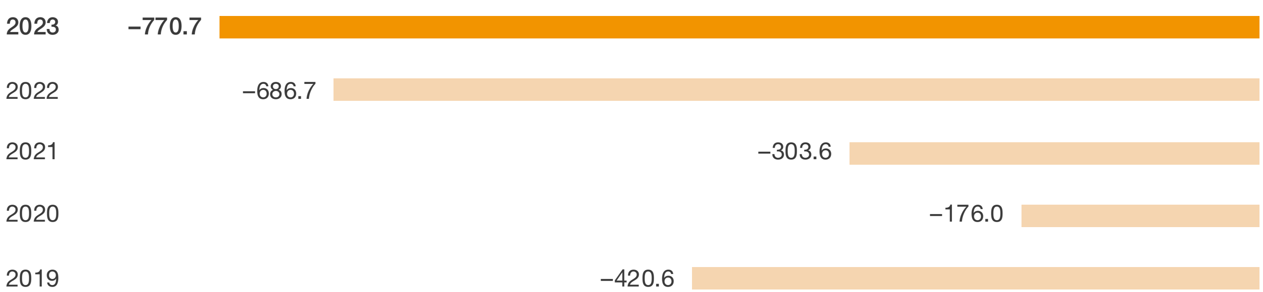
Cash Flow from Operating Activities (Gross Cash Flow)



Cash Flow from Long-Term Investing Activities

The Group's investment projects are the key factor influencing cash flow from long-term investing activities. In 2023, cash payments of €640.2 million for capital expenditures were higher year over year (2022: €561.7 million). More than half of the capital expenditures were focused in Germany. The acquisition of ADL BioPharma S.L.U, León, Spain, involved capital expenditures (less acquired cash) of €110.4 million. Cash flow from long-term investing activities before securities amounted to €–770.7 million in the reporting period from January to December 2023 (2022: €–686.7 million).

Cash Flow from Long-Term Investing Activities before Securities



Cash Flow from Financing Activities

Cash flow from financing activities totaled €–688.1 million in the reporting year (2022: €–458.5 million). It included the repayment of financing liabilities of €454.0 million (2022: €331.2 million) and new financing liabilities of €407.2 million (2022: €315.5 million). Wacker Chemie AG's dividend payment of €596.1 million led to a cash outflow in the second quarter. Repayments of lease liabilities amounted to €36.5 million (2022: €36.2 million).

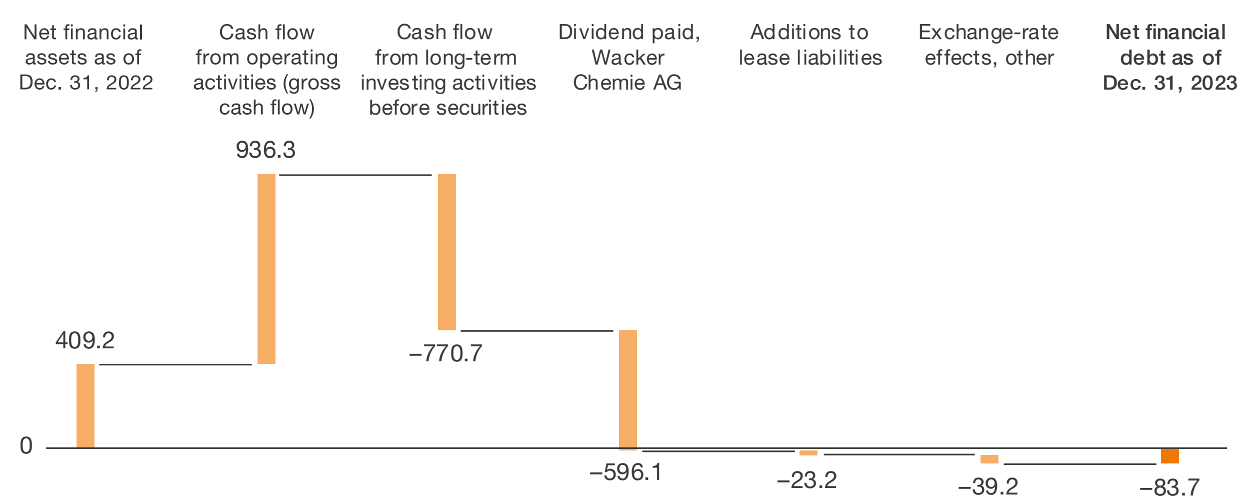
Cash and Cash Equivalents

Cash and cash equivalents increased to €1.01 billion (2022: €894.7 million). Liquidity from cash and from noncurrent and current securities declined from €1.96 billion in 2022 to €1.42 billion.

WACKER Reports Low Net Financial Debt

WACKER defines net financial debt/net financial assets as the balance of gross financial debt (noncurrent and current financing liabilities) and existing noncurrent and current liquidity, consisting of securities, cash and cash equivalents. Net financial debt totaled €83.7 million as of December 31, 2023 (Dec. 31, 2022 net financial assets: €409.2 million).

Net Financial Assets / Net Financial Debt



Aside from the financing liabilities disclosed in the report on net assets, WACKER has at its disposal an adequate amount (around €750 million) in unused lines of credit with maturities of over one year. Our existing lines of credit provide us with enough financial scope to secure the Group's continued growth. The Group does not engage in any off-balance-sheet financing.

Rating

As WACKER has sufficient lines of credit with banks and does not issue rated financing instruments such as bonds and commercial paper, it has not published a credit rating thus far.

Proposal on Appropriation of Profits

In 2023, Wacker Chemie AG posted a retained profit of €1,449.1 million under German Commercial Code accounting rules. The Executive and Supervisory Boards will propose a dividend of €3.00 per share at the Annual Shareholders' Meeting. Based on the number of shares entitled to dividends as of December 31, 2023, the total cash dividend corresponds to a payout of €149.0 million.

Executive Board Statement on Business Development and on the Group's Economic Position

WACKER saw its year-over-year sales and earnings decline significantly in 2023 due to the ongoing weak market environment. This decline was prompted primarily by lower prices and volumes. There were hopes early in the year for a recovery in customer demand, but it did not materialize. And Germany's persistently high energy prices further impacted our business. Sales declined in our chemical divisions as well as in the polysilicon business. Sales at WACKER BIOSOLUTIONS were on a par with the previous year.

EBITDA fell in every business division year over year. and was markedly lower year over year at WACKER SILICONES, WACKER BIOSOLUTIONS and WACKER POLYSILICON. But WACKER recorded decreases in polymer products, as well. Lower prices particularly for standard products, lower volumes of specialty products and reduced plant-utilization rates had a negative impact on EBITDA at WACKER SILICONES. At WACKER POLYMERS, the year-over-year decline was primarily due to significantly lower selling prices and volumes. By contrast, the fall in raw-material prices had a positive impact on EBITDA. The decrease at WACKER BIOSOLUTIONS was mainly attributable to integration and upfront costs at the León and Halle sites. At WACKER POLYSILICON, lower volumes and prices for solar-grade polysilicon – these declines being for production-related reasons – and persistently high energy prices in Germany had a negative impact. WACKER's ROCE was down significantly year over year as well.

Personnel expenses declined year over year. Although WACKER was able to leverage efficiency gains to reduce the cost of goods sold, high energy costs, coupled with low plant-utilization rates as a result of the decline in sales volumes, reduced the gross margin considerably overall. The cost-of-sales ratio rose from 74 percent to 83 percent year over year. Depreciation and amortization remained on par with the previous year.

At €4.58 billion, Group equity was down slightly year over year, mainly due to the lower net income for the year. The equity ratio dropped from 53.5 percent to 51.7 percent. Net financial debt totaled €–83.7 million as of December 31, 2023. Capital expenditures increased significantly year over year and, at €709.6 million, were higher than depreciation/amortization. Net cash flow, at €165.6 million, was still firmly in positive territory, but less than the high figure of the previous year.

Even though the economic environment remains demanding in 2024, WACKER's business prospects continue to be positive in the medium-to-long term.

Further Information on R&D, Employees, Procurement and Logistics

Research and Development

WACKER's research and development (R&D) activities pursue three goals:

- We contribute to our customers' market success by searching for solutions that meet their needs.
- We optimize our methods and processes in order to be a technology leader and to operate sustainably.
- We concentrate on creating innovative products and applications for new markets and on serving highly promising fields such as energy storage, renewable energy generation, electromobility, modern construction and biotechnology.

WACKER's R&D ratio – research and development spending as a percentage of Group sales – was 2.9 percent. While that was more than the previous year (2022: 2.2 percent), R&D spending rose in absolute terms.

R&D Expenses

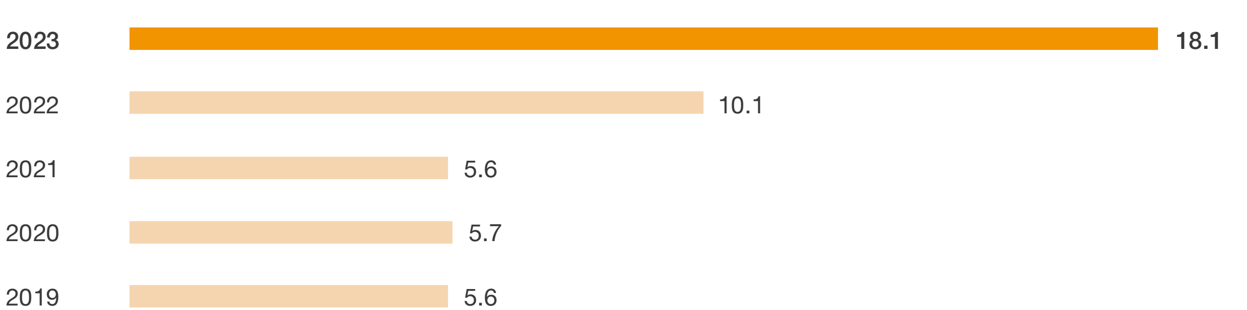
€ million	2023	2022	2021	2020	2019
Research and development expenses	**184.1**	178.4	164.2	156.6	173.3

Our portfolio contains about 3,300 active patents worldwide, with 1,200 patent applications currently pending. We license only a small amount of know-how from third parties. In our research partnerships with entities such as universities, our policy is to ensure that the results are made available to us by transfer of rights of use.

We have invested in laboratories and equipment, as well as in pilot reactor technologies and pilot plants. At our research and development sites, we are investing in new technologies for high-performance polymer dispersions and dispersible polymer powders, as well as in formulated specialty products and their scale-up. In Burghausen, we have set up a pilot plant to manufacture a new product for thermally conductive filling materials. We are expanding the competence center for mRNA actives at the Halle site. Our biotech research activities will be combined and intensified at the Consortium für elektrochemische Industrie, WACKER's corporate research facility in Munich, where we are investing in a new Biotechnology Center. In our Central R&D facility, we have invested in analytical equipment for high-throughput screening of strain libraries and expanded our fermentation plants.

Investments in R&D Facilities

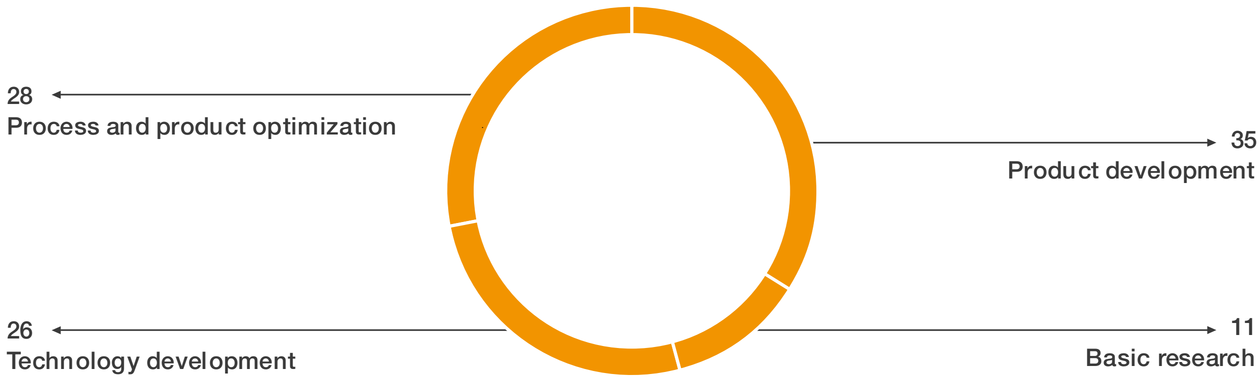
€ million



WACKER is active in many highly promising fields including, in particular, medicine and biotechnology, energy, electronics, automotive, consumer care and nutrition, as well as construction applications. We are devoting particular attention to efficient energy utilization, energy storage and renewable-energy generation. We are examining the use of renewable raw materials and carbon dioxide in our value chain. Research into products and production methods accounted for a large share of R&D costs.

Breakdown of R&D Expenditures

%



Some of our R&D projects are subsidized by government grants. In the reporting period, these projects focused on process development, semiconductor applications in microelectronics and communication technologies, electromobility, lightweight construction, carbon recycling, artificial intelligence and biotechnology. The following are a few sample projects:

- In a project called Etching Line Next, we are developing an innovative production process for next-generation semiconductor-grade polysilicon to support pioneering microelectronic applications. These semiconductor applications will be used in even smaller design rules (< 2nm) in the production of chips in the future. They are used, for example, for the most sophisticated artificial intelligence applications and for quantum computers. The higher purity of the semiconductor-grade polysilicon enables innovations for stable mass chip production for 5G/6G technologies. These communication technologies play a key role in the development of autonomous driving, and in the digital transformation and networking of Industry 4.0 and the Internet of Things (IoT). The Etching Line Next project sees us combine an innovative etching system with a novel crushing process and a high degree of automation. The project is receiving total funding of €46 million from the German Ministry of Economic Affairs and Climate Protection and the Bavarian Ministry of Economic Affairs, Regional Development and Energy under the EU "Important Projects of Common European Interest" (IPCEI ME/CT) program.
- Our InProMaL project has seen us join forces with partners to work on integrated and accelerated process optimization in the production of prelithiated electrodes for energy storage with better electrochemical performance. Our efforts are focused on combining prelithiation with innovative, silicon-containing anode materials. We use machine learning to manufacture battery cells with much higher energy densities and to increase rapid chargeability in battery cells. The Federal Ministry of Education and Research (BMBF) is funding this project.
- "H2-Reallabor Burghausen – ChemDelta Bavaria" is a project that aims to transform the chemical industry into a sustainable, hydrogen-based sector. 35 partners in industry and science have come together to test hydrogen technologies under realistic industrial conditions as part of a four-year production plan. WACKER is playing a key role in the project, which is being funded by the BMBF in the amount of €39 million. This lighthouse project is intended to guide the chemical industry in Germany toward a net-zero hydrogen economy.

- WACKER is participating in two publicly funded projects for nucleic acid research. In Project AIRMAIL, which includes the use of AI methods, we are developing novel RNA-lipid formulations. The project involves close collaboration with our partners – the Humboldt-Universität zu Berlin, Ludwig-Maximilians-Universität Munich and the company CordenPharma.
- We play an active role in the Cluster for Nucleic Acid Therapeutics Munich (CNATM). The CNATM is one of seven winners of the BMBF's Clusters4Future initiative. Partnerships within the CNATM form a network that allows nucleic acid-based actives and next-generation vaccines to be developed.
- Together with Johannes Gutenberg Universität Mainz, WACKER is developing modular, scalable alluvial cells for the electroconversion of L-cysteine under its MOSAIC funding project. The goal is to develop a new, more sustainable method for producing cysteine. MOSAIC is part of the Electrifying Technical Organic Syntheses (ETOS) network, which, in turn, is part of the BMBF's Clusters4Future initiative.

Research and Development at Two Levels

WACKER conducts R&D at two levels: centrally at our Corporate Research & Development department (Corporate R&D) and locally at our business divisions, where the focus is on specific applications. Corporate R&D coordinates activities on a company-wide basis and involves other departments.

Collaboration with Customers and Research Institutes

We collaborate with customers, scientific institutes and universities to achieve research successes more quickly and efficiently. These partnerships cover topics such as electrolysis, recycling and construction applications, as well as process simulation and development.

Wacker Chemie AG and the Technical University of Munich (TUM) have deepened their partnership with the founding of the TUM WACKER Institute for Industrial Biotechnology. The goal is to ensure research in the field of industrial biotechnology in Germany is conducted at the highest international level. The two partners will bring their combined forces to bear on researching new approaches to manufacturing products for the pharmaceutical, food and chemical industries from renewable resources as a basis for sustainable business management. Under a six-year contract, WACKER is funding research at the institute with more than €6 million. The new institute commenced its work in the 2022/2023 winter semester.

Research Work at WACKER

In 2023, the Group had 906 R&D staff (2022: 794), accounting for 5.5 percent of the workforce (2022: 5.0 percent). Of these, 697 were employed at R&D units in Germany and 209 abroad.

Alexander Wacker Innovation Award

The Alexander Wacker Innovation Award, a €10,000 prize conferred since 2006 for outstanding performance in product innovation, process innovation and basic research, is presented at the annual WACKER Innovation Days research symposium. In the year under review, this award was granted in recognition of improvements to the polysilicon manufacturing process that further increased efficiency in production. They involved optimization of control equipment allowing parameters for polysilicon deposition to be adjusted in real time and, as a result, enabling ideal growth of the polysilicon rods.

Corporate R&D Topics

Our work in Corporate R&D is focused on projects to advance sustainability, such as the circular economy, silicon-containing battery materials and techniques for electrolysis. We are conducting research into the use of sustainable raw materials to continuously reduce the carbon footprint of our products. One key research area centers on biotechnology, where we are increasingly automating and digitalizing our work. In fermentation, we collect extensive process data for computer-assisted simulation and optimization of production methods. In microbiology, we have prioritized two areas. One of these is to develop and improve technologies for the production of proteins and nucleic acids (DNA, RNA) for the pharmaceutical sector. The other main research area involves work on production systems for new food ingredients using fermentation and biotransformation.

Divisional Research Projects

Sustainability and carbon-footprint reduction are at the heart of WACKER SILICONES' innovative activities. Our research work is aimed at using renewable raw materials, degradability and product recycling. To achieve these aims, we are combining silicones with degradable organic raw materials. We are also researching recycling technologies to convert crosslinked silicones into recyclable materials. In global competence centers, WACKER SILICONES is working on trends such as electromobility, electronics and sustainability. One of the focus areas concerns thermally conductive filling materials and their surface treatment. The work of the Electronic Excellence team in South Korea is centered on optically transparent silicone systems for electromobility applications. To enhance battery safety, we are working on fireproof fiber composites in which silicone resin binders are used to ensure both thermal stability and lightweight construction. Another of WACKER's research projects involves the fire safety of carbon-fiber-reinforced concrete, which is stronger but many times lighter than conventional reinforced concrete. The fiberwoven structure is coated with siloxanes to develop a material that fulfills the relevant fire safety standards in the construction of buildings. Regional markets are supported by local competence centers like our Medical Care Center in the USA, where we are developing silicone systems that can selectively release active substances in adhesive-bandage applications.

WACKER POLYMERS is focusing on the research and development of sustainable and functional polymer binders for the construction industry and for the production of consumer goods. We continually review and optimize our product range on the basis of sustainability criteria. We focus on using renewable raw materials in our production processes. We develop solutions for the circular economy, such as binders with a high percentage of renewable raw materials. During the reporting period, we introduced functionalized polymer dispersions, dispersible polymer powders, resins, sustainable binders for adhesives and cement-based construction materials. WACKER POLYMERS launched efficient products in the paper-to-paper bonding segment, enabling us to support the plastic-to-paper trend. We are focused on further developing our product and production technologies to save energy in our processes as well as in those of our customers.

WACKER BIOSOLUTIONS is strengthening its biotech expertise for biopharmaceutical and food applications. During the reporting period, we continued to develop our ESETEC® microbial production platform. We supply our customers with technologies to produce plasmid DNA (pDNA) and for various classes of pharmaceutical proteins. In this way, we support customers from preclinical development right up to commercial production in compliance with Good Manufacturing Practice quality guidelines. At the Amsterdam site, we are able to produce mRNA-based actives for pharmaceutical customers in line with GMP. The project to build an mRNA competence center at the Halle site ran on schedule during the period under review, thereby further intensifying our mRNA expertise. For the food industry, WACKER BIOSOLUTIONS is developing fermentation-based methods for the production of high-quality, bio-based ingredients so as to supply customers with sustainable amino acids, vitamins, saccharides, flavorings and aromas that are not based on petrochemicals. We are working with partners to create production technologies for cell-based meat (cultivated meat) and provide high-quality components for this field. We collaborate with partners to develop applications for cyclodextrins in the food, agricultural and pharmaceutical sectors.

In order to exploit the potential of modern microchips, the semiconductor industry needs ultrapure polysilicon. WACKER POLYSILICON has initiated several research projects to this end. Some involve the production line currently under construction at the Burghausen site, where semiconductor-grade polysilicon will now be produced. We stepped up the Quality LeaP (Quality Leadership in Polysilicon) project in the year under review to expand quality control. The type of pure polysilicon to be produced will also enable the production of 3-nm chips or smaller for computer applications in the field of artificial intelligence for data centers and for autonomous driving. The same also applies to solar modules: high cell efficiencies are attainable only with hyperpure polycrystalline silicon. Reference studies such as the International Technology Roadmap for Photovoltaics (ITRPV) show efficiencies that now exceed 23 percent for monocrystalline solar cells produced with PERC (passivated emitter rear cell) technology. Heterojunction or interdigitated back-contact solar cells achieve efficiencies of over 24 percent. High-performance segments like these need polysilicon of the highest quality. WACKER POLYSILICON meets the growing demands of the solar industry for quality by continually developing its manufacturing processes. What is more, the division is a member of the Ultra Low-Carbon Solar Alliance (ULCSA), which advocates for the use of photovoltaic components with a low carbon footprint.

Employees

The number of employees rose by 4.2 percent in 2023, mainly due to high investment and project spending as well as the takeover of ADL BioPharma in León, Spain. 64.8 percent of WACKER's employees work in Germany and 35.2 percent at international sites.

Number of Employees as of December 31

	2023	2022	2021	2020	2019
Germany	**10,621**	10,424	10,006	10,096	10,356
International	**5,757**	5,301	4,400	4,187	4,302
Group	**16,378**	15,725	14,406	14,283	14,658

Personnel Expenses

€ million	2023	2022	2021	2020	2019
Personnel expenses	**1,479.6**	1,595.0	1,475.1	1,329.4	1,253.8

At €1,479.6 million, personnel expenses were lower versus the previous year (2022: €1,595.0 million). They included outlays for social benefits and the company pension plan totaling €282.8 million (2022: €312.6 million).

WACKER considers a company pension to be an important component of compensation. It is provided at most of our German and international sites. In Germany, employees who joined WACKER through the end of 2021 receive a pension through Wacker Chemie AG's pension fund (Pensionskasse der Wacker Chemie VVaG). Employees can supplement their company pensions by making their own additional contributions. As provided for in collective bargaining agreements, WACKER supports employees' supplementary contributions. Employees in Germany receive an additional supplementary pension for that portion of their salary that exceeds the pension insurance contribution assessment ceiling. The pension fund has roughly 17,500 members and provides pension payments to some 9,600 retirees. The average pension paid in the reporting year was €715 per month. WACKER pays in up to four times an employee's annual pension contributions, with the exact amount being determined by the type of agreement.

WACKER has reformed the company pension plan for future pension entitlements to make it future-proof, attractive and more flexible. This will relieve the burden on the company, also when interest rates are low. Corporate management and employee representatives have agreed on a model under which existing plans and vested benefits are preserved for current employees. The lifelong pension model will continue to exist for this group of employees. For new employees joining the company since January 2022, the company pension is designed to provide an attractive direct pension commitment on a funded basis together with high risk cover for reduced earning capacity or death. As a one-time initiative, the new plan will also be opened for employees covered by existing plans. In 2021, a contribution of €250 million was made to a trust company to partially finance WACKER's pension obligations from the direct commitments it made in the past. This contribution relates to company pension benefits that go beyond the basic pension provided by Pensionskasse der Wacker Chemie VVaG and are for employees who joined WACKER up to the end of 2021.

Procurement and Logistics (Unaudited Section)

In 2023, WACKER's procurement volume fell to €4.6 billion (2022: €5.6 billion). The reduction is mainly attributable to much lower raw material and energy prices and volumes, while expenditure on technical materials and services increased in line with higher investment spending. At 72 percent, the procurement rate – raw materials, services and other materials as a percentage of sales – was above the prior-year level (2022: 68 percent). The number of suppliers, at around 12,000, was up on the prior year.

The Group spent €2.7 billion to procure energy, raw materials and packaging, roughly 30 percent less than in the previous year (2022: €3.9 billion). This decline can be traced back first and foremost to lower raw material prices and volumes

Management Report of Wacker Chemie AG

(Additional Information Pursuant to the German Commercial Code)

The management report of Wacker Chemie AG and the Group management report for 2023 are combined in accordance with Section 315 (5) in connection with Section 298 (2) of the German Commercial Code (HGB). The annual financial statements of Wacker Chemie AG (prepared in accordance with the German Commercial Code) and the combined management report are published simultaneously in Germany's Company Register.

The combined management report includes all reporting elements pertaining to Wacker Chemie AG that are required by law. Further to our report on the WACKER Group, we explain here developments at Wacker Chemie AG.

Wacker Chemie AG is the parent company of the WACKER Group and has its headquarters in Munich, Germany. The parent company operates through four business divisions – WACKER SILICONES, WACKER POLYMERS, WACKER BIOSOLUTIONS and WACKER POLYSILICON – which generate a substantial portion of the Group's sales. Wacker Chemie AG's directly and indirectly held subsidiaries and investments located in Germany and abroad have a strong influence on its business. The company has a total of 51 subsidiaries, joint ventures and associated companies, and also provides the Group with corporate functions. Wacker Chemie AG's Executive Board exercises key management functions for the Group as a whole, which include determining the Group's strategy, allocating resources (such as funds for investment spending), and bearing responsibility for managing executive personnel and corporate finances. Wacker Chemie AG's Executive Board also oversees communications with the company's key stakeholders, especially with the capital markets and shareholders.

The key performance indicators used in corporate management are implemented groupwide in the business divisions. Corporate goals are defined and reported for the divisions on a groupwide basis. Even though Wacker Chemie AG is an independent entity, no separate key performance indicators are defined or reported for it. For more information, please refer to the respective details provided for the WACKER Group as a whole.

The general business conditions of Wacker Chemie AG are essentially the same as those of the Group.

The annual financial statements of Wacker Chemie AG were prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). These statements differ substantially from the IFRS figures in relation to fixed assets, depreciation/amortization and impairments, financial instruments, right-of-use assets and financial liabilities in connection with lease accounting, provisions for pensions, and deferred taxes. As regards EBITDA, there are only slight differences between IFRS and HGB figures.

Statement of Income

€ million	2023	2022
Sales	**4,865.3**	6,437.4
Changes in inventories	**– 97.5**	202.7
Other capitalized self-constructed assets	**55.1**	40.0
Gross profit from sales	**4,822.9**	6,680.1
Other operating income	**263.9**	258.3
Cost of materials	**– 2,982.7**	–3,660.2
Personnel expenses	**– 1,100.6**	–1,247.7
Depreciation/amortization	**– 158.6**	–149.5
Other operating expenses	**– 906.1**	–983.8
Operating result	**–61.2**	897.2
Result from investments in subsidiaries, joint ventures and associates, including (reversals of) impairments	**64.4**	164.9
Net interest result	**50.5**	–46.1
Other financial result	**– 13.3**	–19.1
Financial result	**101.6**	99.7
Income before income taxes	**40.4**	996.9
Income taxes	**26.2**	–305.8
Net result	**66.6**	691.1
EBITDA[1]	**97.4**	1,046.7

[1] EBITDA is the operating result before depreciation/amortization of fixed assets.

Wacker Chemie AG’s Earnings Pursuant to the German Commercial Code

In 2023, Wacker Chemie AG’s earnings performance was influenced by a marked decline in operating performance, mainly due to the sharp decline in sales in 2023. with lower prices and volumes the main factor behind the decline across all segments. At year-end, Wacker Chemie AG posted net income of €66.6 million (2022: €691.1 million). That was €624.5 million less than a year earlier.

Sales fell from €6.44 billion to €4.87 billion, down 24.4 percent. Sales were lower across all divisions. At WACKER SILICONES, sales of €1.90 billion were down 26.2 percent (2022: €2.57 billion). WACKER POLYMERS’ sales totaled €852.9 million (2022: €1.12 billion), a drop of 23.9 percent. Sales at WACKER BIOSOLUTIONS fell €35.3 million to €145.9 million (2022: €181.2 million). In 2023, WACKER POLYSILICON posted sales that were down 29.8 percent to €1.61 billion (2022: €2.29 billion).

The cost of materials decreased by €677.5 million in 2023 to €2.98 billion (2022: €3.66 billion), mainly due to lower volumes and procurement prices for strategic raw materials in 2023, with lower silicon metal and vinyl acetate monomer prices having the biggest impact. Prices for methanol, ethylene and acetic acid dropped as well. Energy costs were also slightly lower. Overall, however, costs for raw materials and energy remain at a high level. The material-to-sales ratio in 2023 increased to 61.8 percent (2022: 54.8 percent) due to the reduction in operating performance.

Personnel costs fell by 11.8 percent to €1.10 billion (2022: €1.25 billion). Wage increases due to collective-bargaining agreements were more than offset by the lower variable compensation component due for payment in 2024. Allocations to provisions for pensions were also lower. At year-end 2023, Wacker Chemie AG had 10,207 employees (Dec. 31, 2022: 10,073). The employee-expense ratio rose to 22.8 percent (2022: 18.7 percent).

Depreciation, amortization and impairments rose to €158.6 million on the back of the increase in capital expenditures (2022: €149.5 million), up by 6.1 percent.

The other operating result (other operating income less other operating expenses) rose by €83.3 million to €-642.2 million (2022: €-725.5 million). Other operating expenses include not only exchange-rate losses, but also selling expenses, maintenance, other contractor work, rents, servicing costs, R&D costs and costs assumed on behalf of subsidiaries. In particular, logistics costs and selling expenses were lower in 2023. This was offset by an increase in expenses for maintenance and other contractor work. The foreign currency result increased by €65.5 million to €19.3 million (2022: €-46.2 million). Provisions for contingent losses totaling €39.2 million were also recognized in 2023. The operating result was negative at €-61.2 million, down significantly on the prior-year level (2022: €897.2 million). In particular, the lower operating performance in 2023 was the main reason for this decline.

The result from investments largely includes expenses and income from profit-and-loss transfer agreements, dividend payments and impairment losses on investments. At €64.4 million, it was lower than the prior-year figure of €164.9 million. The dividend payments from subsidiaries and Siltronic AG included in this figure remained on par with the prior year. The figure also includes a dividend paid by Dow Siloxane (Zhangjiagang) Holding Co. Private Ltd., Singapore, in the amount of €17.7 million. An impairment loss in the amount of €32.1 million was recognized on the stake in Wacker Química do Brasil Ltda., Jandira – São Paulo, Brazil, in 2023 in connection with a capital increase. In the previous year, an impairment loss on the shares in Dow Siloxane (Zhangjiagang) Holding Co. Private Ltd., Singapore, had been reversed in the amount of around €70 million.

The net interest result improved, reaching €50.5 million (2022: €-46.1 million). This reflects the positive impact of income from the measurement of the plan assets for pension obligations in the amount of €31.1 million. In the previous year, this had resulted in expenses of €14.9 million. On the other hand, the compounding and discounting of the pension obligation produced expenses in the amount of €-13.2 million in 2023, as against €36.9 million a year earlier.

The income tax item was shaped by earnings in the reporting year. Wacker Chemie AG – including those German subsidiaries with which it has profit-and-loss transfer agreements – recognized tax income of €26.2 million in the reporting year. This income can be traced back to lower income tax provisions as well as refunds for previous years. In the prior year, the company had recognized tax expenses of €-305.8 million.

Net income came to €66.6 million. Retained profit for 2023 – calculated as the profit carried forward from the previous year less €596.1 million in dividends paid – totaled €1.50 billion (2022: €2.03 billion).

Net Assets and Financial Position of Wacker Chemie AG Pursuant to the German Commercial Code

Wacker Chemie AG's total assets fell 7.5 percent year over year to €7.34 billion (Dec. 31, 2022: €7.94 billion). The individual items in the statement of financial position did not develop uniformly.

Statement of Financial Position

€ million	2023	2022
Assets		
Intangible assets	**5.0**	5.7
Property, plant and equipment	**1,350.3**	1,160.2
Financial assets	**3,028.4**	3,115.7
Fixed assets	**4,383.7**	4,281.6
Inventories	**889.3**	1,001.3
Trade receivables	**292.9**	438.1
Other receivables and other assets	**711.6**	692.6
Receivables and other assets	**1,004.5**	1,130.7
Securities and fixed-term deposits	**181.6**	753.2
Cash on hand and bank deposits	**820.1**	718.3
Current assets	**2,895.5**	3,603.5
Prepaid expenses	**65.4**	52.4
Total assets	**7,344.6**	7,937.5
Equity and Liabilities		
Subscribed capital	**260.8**	260.8
Less nominal value of treasury shares	**– 12.4**	-12.4
Issued capital	**248.4**	248.4
Capital reserves	**157.4**	157.4
Other retained earnings	**1,000.0**	1,000.0
Retained profit	**1,499.1**	2,028.6
Equity	**2,904.9**	3,434.4
Provisions for pensions and similar obligations	**981.7**	962.6
Other provisions	**491.0**	610.3
Provisions	**1,472.7**	1,572.9
Financing liabilities	**1,890.8**	1,818.5
Trade payables	**597.0**	585.2
Other liabilities	**466.1**	512.2
Liabilities	**2,953.9**	2,915.9
Deferred income	**13.1**	14.3
Total equity and liabilities	**7,344.6**	7,937.5

In 2023, fixed assets increased to €4.38 billion (2022: €4.28 billion). Property, plant and equipment increased year over year, as capital expenditures in the amount of €356.0 million (Dec. 31, 2022: €293.3 million) exceeded depreciation of €155.5 million (Dec. 31, 2022: €146.1 million). Financial assets decreased from €3.12 billion to €3.03 billion due to the sale of noncurrent securities. Overall, fixed assets accounted for 59.7 percent of total assets, compared with 53.9 percent in the prior year.

The level of inventories fell year over year. They amounted to €889.3 million (Dec. 31, 2022: €1,001.3 million), down 11.2 percent. This was due, on the one hand, to lower raw-material costs and, on the other, to lower inventory levels. Trade receivables were also lower year over year, falling 33.1 percent to €292.9 million as of the reporting date due to the lower business volume (Dec. 31, 2022: €438.1 million).

Other receivables and other assets amounted to €711.6 million as of the reporting date (Dec. 31, 2022: €692.6 million), up by 2.7 percent. They included receivables from affiliated companies in the amount of €553.8 million (Dec. 31, 2022: €515.7 million). Trade receivables fell by €81.4 million to €215.6 million (Dec. 31, 2022: €297.0 million). On the other hand, receivables from intra-Group financing rose by €119.5 million to €338.2 million (Dec. 31, 2022: €218.7 million) due to the construction of the mRNA Competence Center in Halle.

As of December 31, 2023, Wacker Chemie AG held €181.6 million in securities and fixed-term deposits with maturities of over three months (Dec. 31, 2022: €753.2 million). The drop is due primarily to the sale of fixed-term deposits and units in mutual funds. Wacker Chemie AG's bank deposits amounted to €820.1 million as of December 31, 2023 (Dec. 31, 2022: €718.3 million).

Equity came to €2.90 billion as of the reporting date (Dec. 31, 2022: €3.43 billion), yielding an equity ratio of 39.6 percent (Dec. 31, 2022: 43.3 percent). At Wacker Chemie AG's annual shareholders' meeting, a resolution was passed to distribute a dividend of €596.1 million from the retained profit for 2022. The remaining retained profit of €1,432.5 million was carried forward. As of December 31, 2023, retained profit totaled €1,499.1 million and mainly comprised current net income of €66.6 million for 2023 and the profit carried forward from the preceding year.

Provisions for pensions and similar obligations increased by €19.1 million year over year to €981.7 million (Dec. 31, 2022: €962.6 million) owing to pension adjustments. Other provisions – primarily comprising those for personnel, taxes and environmental protection – fell by €119.3 million in 2023, coming in at €491.0 million (Dec. 31, 2022: €610.3 million). The lower figure can be explained, in particular, by income tax provisions for variable salary components. This was offset in 2023 by additions to provisions for contingent losses from sales agreements in the amount of €39.2 million. Provisions accounted for around 20 percent of total equity and liabilities, unchanged over the prior year.

As of the reporting date, financial liabilities came to €1,890.8 million (Dec. 31, 2022: €1,818.5 million), This equates to an increase of 4.0 percent. Bank liabilities amounted to €1,194.2 million (Dec. 31, 2022: €1,048.6 million). Liabilities due to affiliated companies dropped by €75.7 million to €687.9 million as of the reporting date (Dec. 31, 2022: €763.6 million). Financial liabilities accounted for 25.8 percent of total equity and liabilities compared with 22.9 percent a year earlier.

Trade payables amounted to €597.0 million as of the reporting date (Dec. 31, 2022: €585.2 million). As of the reporting date, other liabilities amounted to €466.1 million (Dec. 31, 2022: €512.2 million). The decline in liabilities due to affiliated companies was the main factor in this decrease. They fell €51.5 million to €75.9 million (Dec. 31, 2022: €127.4 million) due to contract manufacturing with Wacker Polysilicon North America, LLC., Cleveland, Tennessee, USA.

Deferred income came to €13.1 million as of the reporting date (Dec. 31, 2022: €14.3 million), and mainly comprised a payment by Siltronic AG to Wacker Chemie AG for the transfer of employees.

Cash flow from operating activities declined year over year, from €584.6 million to €399.5 million, due mainly to the lower net income for the year.

Wacker Chemie AG generated a cash inflow of €312.3 million from its investing activities (2022: cash outflow of €-411.8 million). This is largely due to the sale and redemption of securities and fixed-term deposits worth €705.9 million. In the previous year, by contrast, the funds had been invested in securities and fixed-term deposits (€-175.6 million). Net cash flow – defined as the sum of cash flow from operating activities and cash flow from long-term investing activities (excluding securities and fixed-term deposits) – decreased to €188.3 million in the reporting year (2022: €348.4 million). This was driven, in particular, by the negative impact of lower cash flow from operating activities.

Cash flow from financing activities totaled €-610.0 million (2022: €-225.0 million). Intra-Group financing resulted in a cash outflow of €-162.4 million (2022: cash inflow of €178.3 million). The dividend paid for 2022 led to a cash outflow of €596.1 million.

All in all, cash and cash equivalents increased by €101.8 million to €820.1 million (2022: €718.3 million).

Risks and Opportunities

Wacker Chemie AG's business performance is subject to essentially the same risks and opportunities as the WACKER Group. Wacker Chemie AG's exposure to the risks associated with its subsidiaries and investments depends on the size of its stakes in the respective entities. The measurement of holdings is affected in particular by the risks specified in the Risk Management Report. Through our subsidiaries and investments, we could face impairments arising from legal or contractual contingencies (especially financing). These contingencies are explained in the Notes to the financial statements of Wacker Chemie AG. As the parent company of the WACKER Group, Wacker Chemie AG is integrated in the groupwide risk management system.

» **For further details, see the Financial Instruments section of this Annual Report. A description of the internal control system for Wacker Chemie AG, as mandated by Section 289 (5) of the German Commercial Code (HGB), can be found in the section on the Internal Control System (ICS) and the Internal Control System for Accounting.**

Outlook

WACKER's main planning assumptions relate to raw-material and energy costs, personnel expenses and exchange rates. For 2024, we anticipate a euro exchange rate of US$1.10. The expectations for Wacker Chemie AG's business performance in the year ahead are essentially the same as those for the WACKER Group, which are explained in full in the Group's Outlook section.

The risks to the economy will continue in 2024. We currently expect Wacker Chemie AG's sales this year to be slightly lower than last year. Net income for the year will be significantly lower than in the reporting year.

Publication

The annual financial statements of Wacker Chemie AG have been submitted to the publisher of Germany's Company Register and can be viewed on the corresponding website. KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements and issued an unqualified audit certificate for them. The statement of financial position and statement of income are the main parts of the annual financial statements published in this Annual Report. Wacker Chemie AG's annual financial statements are published together with those of the WACKER Group. The annual financial statements can be requested from Wacker Chemie AG, Hanns-Seidel-Platz 4, 81737 Munich, Germany. They are also available online.

Risk Management Report

Description and Statement Relating to Risk and Compliance Management

Integrated Approach to Risk and Compliance Management

Risk and compliance management are an integral part of corporate management at WACKER. As a global company, we are exposed to numerous risks directly attributable to our business activities. Starting from an acceptable overall level of risk, the Executive Board decides which risks we should take to seize the opportunities available to the company. The goal of risk management at WACKER is to identify risks as early as possible, evaluate them adequately, and take appropriate steps to reduce them. We define risks as internal and external events that may have a negative effect on the attainment of our targets and forecasts. In the reporting year, we geared the existing risk management system even more towards taking ESG (environmental, social, governance) risks into account.

As a chemical company, we have a particular responsibility to ensure plant safety and protect human health and the environment. At all our production sites, there are employees who are responsible for plant and workplace safety and for health and environmental protection. Our risk management system complies with the statutory requirements and is integral to all our decisions and business processes. The Executive and Supervisory Boards are regularly informed about the current risk status in the Group and at each business division.

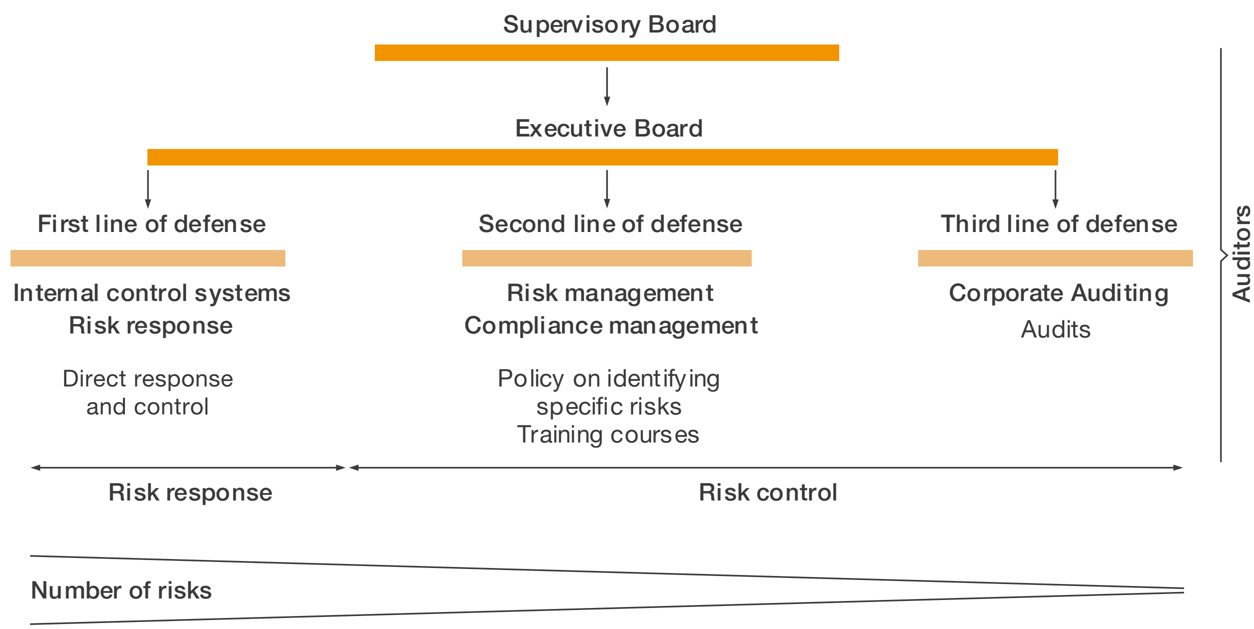
WACKER follows the Three Lines of Defense model to effectively manage corporate risks and ensure compliance with legal provisions and the ethical principles of corporate management.
» **See diagram on page 99.**

The first line of defense lies with the managers of operating activities. They are responsible for handling risks there, including risk responses and risk control. This involves setting up functioning internal control systems in their operational units.

The second line of defense is formed by risk management and compliance management. Risk management involves systematically tracking the main risks facing operational units and reporting on the risks to the Executive Board. Compliance management ensures that the ethical principles of corporate management are observed. The Compliance Management team identifies the relevant legal requirements and amendments, forwards them to all affected corporate units and holds courses on compliance for employees. They are intended to increase the awareness of all employees to ensure that they do not breach the law – particularly with a view to preventing bribery and corruption, competition and antitrust law, as well as other forms of economic crime. All customer-facing employees also receive extensive training in issues of competition law on a regular basis.

The tax compliance management system ensures that Wacker Chemie AG and its subsidiaries comply fully and punctually with their obligations under tax law. Early involvement of the tax department and checks on preliminary tax-related processes help minimize the corresponding risks.

Three Lines of Defense Model



The third line of defense is provided by the Corporate Auditing department, which acts as an independent monitoring body for the Executive Board. This department conducts audits at regular intervals to review the risk management activities in place at the various corporate units and to check whether the internal control systems run by the operational units are effective. Corporate Auditing also liaises with the Compliance Management team, for example if anti-corruption investigations are undertaken or related measures implemented.

Internal Control System (ICS) and Internal Control System for Accounting

Our internal control system (ICS) is an integral component of our risk management system. The objective of the internal control system for accounting is to ensure consistent compliance with legal requirements, generally accepted accounting principles and International Financial Reporting Standards (IFRSs), and thus avoid misstatements in Group accounting and external reporting.

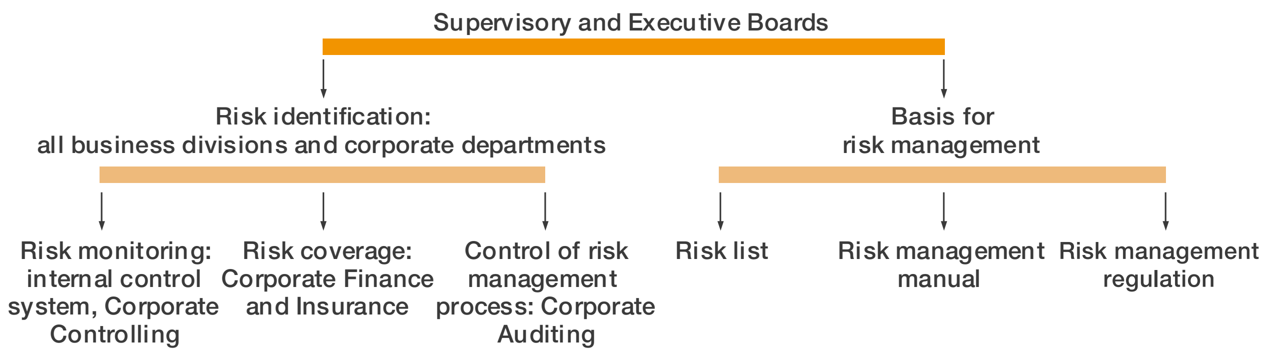
In addition to the ICS principles already mentioned, we perform assessments and analyses to help identify and minimize any risks that may directly influence financial reporting. We enlist the support of external experts to reduce the risk of accounting misstatements in complex and challenging issues, such as pensions.

Our internal accounting control system is designed to ensure that our accountants process every business transaction promptly, uniformly and correctly, and that reliable data on the Group’s earnings, net assets and financial position are available at all times. Our approach here complies with statutory provisions, accounting standards and internal accounting rules. The accounting manual, which is applicable groupwide and available on the WACKER intranet, represents a key accounting guideline. The manual specifies binding rules for groupwide accounting and assessment. The Group regulation on accounting contains uniform stipulations for the organizational responsibility of accounting-related topics. The organizational workflow is also defined in accounting and organizational regulations, and in book-entry instructions. Corporate Accounting is the central unit for monitoring compliance with reporting obligations and deadlines. By breaking down financial functions into the categories accounting, statement analysis and strategy, we ensure that potential errors are identified prior to finalization of the statements and that accounting standards are complied with.

Our subsidiaries ensure that all regulations are implemented in their local regions. Corporate Accounting assists them in this task and monitors the process. The reported data is verified both by automatic system validation, and by reports and analyses. We safeguard the effectiveness of controls not only by gathering feedback from the employees involved, but also by continually monitoring key financial indicators in our monthly management reports and in system-based test runs. Moreover, regular external reviews and internal audits are carried out at the end of each year as well as at the end of the first six months of each year.

Each quarter, managers at our divisions, corporate departments and subsidiaries confirm for their areas that all key issues for the quarterly and annual financial statements have been reported.

Risk Management System



The Supervisory Board is also integrated into the internal control system through its Audit Committee. In particular, the Audit Committee monitors the accounting process, the effectiveness of the internal-control and risk-management systems, and the auditing procedures. Further, the Committee reviews the documents for Wacker Chemie AG's separate financial statements and the WACKER Group's annual and quarterly consolidated financial statements, as well as the combined management report for these statements, and discusses them with the Executive Board and the auditors.

We deploy user authorization systems, data release policies and access restrictions to protect all financial systems from misuse. However, even with adequate and functioning systems in place, we can never guarantee that the internal control system will be 100-percent effective.

Risk Response

WACKER focuses on identifying, evaluating, responding to, and monitoring risks as part of a transparent and comprehensive risk management and control system for all company processes. The system is based on a defined risk strategy and an efficient reporting procedure. The Executive Board regularly reviews and enhances the risk strategy and provides the Supervisory Board's Audit Committee with regular briefings on existing risks.

All corporate areas are integrated into the risk management system. It consists of three intermeshed aspects:

- Division-specific risk management and early-warning systems
- Groupwide risk coverage
- Groupwide risk mapping

The CFO has overall responsibility for the appropriateness and effectiveness of the risk management systems. The internal control system is the subject of regular inspections conducted by WACKER's internal auditing department and of the audits carried out by the Integrated Management System (IMS). These inspections detected no material faults. Pursuant to Sec. 317 (4) of the German Commercial Code, when auditing our financial statements, the auditors also examine our early warning system for detecting risks and the internal accounting control system. There were no matters that would have required reporting. Risk management, internal auditing, compliance management and sustainability matters are also the subject of regular reports to the Audit Committee.

The Executive Board declares that at the time this report was prepared, there had been no issues that would give rise to the assumption that the internal control and risk management systems were not appropriate or effective (unaudited).

Risk Management Structures and Tools

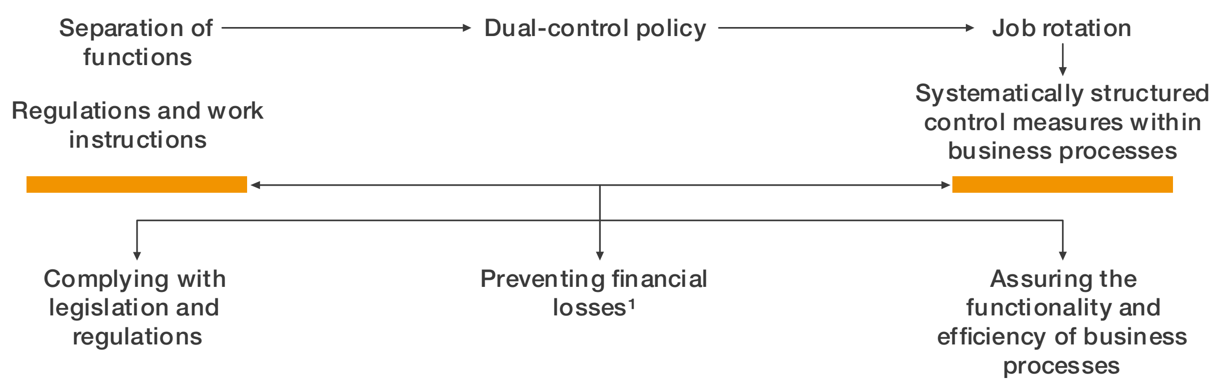
This groupwide system draws on existing organizational and reporting structures, supplemented by additional elements:

- The risk management handbook: The handbook contains the risk management system's principles and processes. It explains reportable levels of risks and how risks are to be covered and mapped.
- The risk management regulation: It stipulates groupwide reporting requirements, including when a specific committee must be informed.
- The role of risk management coordinator: This coordinator is responsible for the risk management system and is supported by local risk coordinators.
- The risk list: In this list, we record each specific risk facing our divisions and other corporate sectors. Reporting is mandatory for individual risks where the effect on earnings would exceed €5 million.

Risk Identification

WACKER identifies risk on two levels: divisional and Group. We employ various instruments to detect and recognize risk. These include monitoring order-intake trends, market and competition analyses, customer talks, and ongoing observation and analysis of the economic environment.

Basis of Our Internal Control System (ICS)



[1] Possible financial losses due to the intentional or inadvertent misconduct of our employees or third parties

Assessment, Quantification and Management of Risks

We analyze each identified risk's probability of occurrence and potential effect on earnings. Corporate Controlling compiles a monthly report to inform the Executive Board of current and expected business developments and their associated risks. We evaluate risks and opportunities at regular meetings with our divisions and weigh them up against each other.

Corporate Controlling's task is to ensure that our risk management standards are implemented and our risk management process enhanced. It is responsible for recording all significant risks groupwide and evaluating them systematically. Significant risks and those endangering the company's continued existence are communicated immediately via ad-hoc reports. As WACKER's business divisions are responsible for their own results, this process is closely interwoven with operational controlling. Individual divisional risks are identified and evaluated on a monthly basis.

The Corporate Finance and Insurance department is responsible for managing financial risks and customer receivables.

Compliance Management

WACKER's ethical principles of corporate management exceed the statutory requirements. The Compliance Management department is responsible for ensuring that these principles and all related legislation are observed company-wide. Training courses on compliance raise employees' awareness of the relevant risks and convey binding rules of behavior for daily work routines. These aspects are covered by WACKER's compliance regulation, the groupwide Code of Conduct and company rules worldwide. WACKER published a new Code of Conduct at the end of 2023. It sets out new value pairs, each of which is illustrated by guiding principles and core messages (for more information, see the "Principles of Corporate Ethics" section in the Declaration on Corporate Management).

Employees are instructed to inform their supervisors, the compliance officers, the employee council or their designated HR contacts of any violations that come to their attention. Any reported or known breach of the law is investigated and punished accordingly. They also have the option of reporting suspected violations within the company anonymously via a protected channel. We have a groupwide whistleblower system in place in line with European Union (EU) requirements. It enables WACKER's employees, business partners and stakeholders who detect potential violations of rules and regulations to report them to the company – directly, confidentially and anonymously.

The Group's compliance officers are responsible for ensuring that the compliance system is observed, and are on hand to advise employees and contacts on all compliance-related matters.

Prevention is a key aspect of the compliance officers' work. They train, inform and advise employees and management on, for example, strategies and measures to prevent corruption and economic crime of any kind. In 2023, no major infringements of compliance were identified that were subject to the above-mentioned reporting threshold of an effect on earnings of more than €5 million.

WACKER has a compliance management system in place worldwide that is continuously reviewed and enhanced in accordance with internationally recognized auditing standards. We carry out ongoing compliance risk assessments throughout the Group, with Global Compliance collaborating with the relevant corporate functions. Targeted investigations are carried out in the event of suspected compliance violations. In addition, ad hoc audit procedures are carried out as a matter of routine (unaudited).

Corporate Auditing

The third line of defense is provided by WACKER's Corporate Auditing department, which acts as an independent monitoring body for the Executive Board. It monitors the effectiveness of the internal control systems at WACKER's sites, compliance with internal and external requirements and efficacy across various operational processes and systems. When setting up an internal control system, the operational units must apply certain principles, such as a policy of dual control. These principles are defined in an internationally applicable regulation, where they are explained in more detail for critical functions.

On behalf of the Executive Board, Corporate Auditing performs regular, mainly process-specific, reviews of all relevant functions and corporate units, focusing on internal control systems. Audit topics are selected using a risk-driven approach. The Audit Universe, which covers all the Group's main functions, sites and companies, is the basis of Corporate Auditing's topics. It also includes risk management reporting, as well as the reports and information provided by the corporate departments, business divisions and major joint ventures / associates. The auditing schedule is supplemented and approved by the Executive Board, and discussed with the Audit Committee. If necessary, the schedule can be adjusted flexibly during the year to accommodate any changes in underlying conditions.

Any measures derived from the audits for optimization of processes and the internal control system are implemented and systematically monitored by the Corporate Auditing department. The latter provides the Executive Board and Audit Committee with regular reports on the results and implementation status of the various measures.

Nothing came to our attention in the year under review that would endanger the proper functioning of the internal control systems or have an effect on earnings that exceeded the above-mentioned reporting threshold of €5 million.

Audits

When auditing our annual financial statements, the external auditors examine our early-warning system for detecting risks. The auditors then report to the Executive and Supervisory Boards.

Central Risk Areas

Defining the Probability and Impact of Risk Occurrence

We have defined categories to describe the probability that risks we identify will occur. This provides a framework for understanding our assessment of individual areas of risk. In percentage terms, our categories define the range of probability as follows:

- Unlikely: under 25 percent
- Possible: 25 to 75 percent
- Likely: over 75 percent

We also use categories to describe how the occurrence of the risks listed might affect the Group's earnings, net assets or financial position. We assess the possible effect on earnings using the net method, i.e. after taking appropriate countermeasures, such as establishing provisions or hedging. The following categories define the ranges:

- Low: up to €25 million
- Medium: over €25 million up to €100 million
- High: over €100 million

The table shows our estimation of the probability of risks and of how the occurrence of those risks might affect the Group's earnings, net assets or financial position. The statements refer to the forecast period, i.e. 2024.

Overall Economic Risks

Scenario: Economic slowdown.

Impact on WACKER: Production-capacity utilization drops, specific manufacturing costs rise, and the Group's sales and earnings decline.

Measures: We counter this risk by continuously observing economic trends in our key sales markets. If we detect economic weakness, we take early precautions to flexibly realign production capacities, resources and inventories in line with customer demand. In such a case, we concentrate capacity utilization on production locations with the best cost position, for example.

Probability and Possible Impact of Our Risks in 2024

Risk/category	Probability	Possible impact
Overall economic risks	Possible	High
Sales-market risks		
Chemicals	Possible	Medium
Polysilicon	Possible	Medium
Procurement-market risks	Likely	High
Investment risks	Possible	Medium
Production and environmental risks	Unlikely	Medium
Financial risks		
Credit risk	Unlikely	Low
Currency-exchange and interest-rate risks	Possible	Medium
Liquidity risk	Unlikely	Low
Pensions	Possible	Medium
Legal risks	Unlikely	Low
Regulatory risks		
Energy transition in Germany	Possible	High
Polysilicon trade restrictions	Possible	High
New regulations for production processes and products	Likely	Low
IT risks	Possible	Medium
Personnel-related risks	Unlikely	Low
External risks	Possible	Medium
Climate risk, physical	Unlikely	High
Climate risk, transition	Likely	Low

Evaluation and Risk Assessment: High inflation rates worldwide, high interest rates, high energy prices in Europe and consumers' ongoing reluctance to spend have been a considerable drag on the economy since 2022. Economists expect to see only weak global economic growth in 2024. We have already included these possibilities in our planning. Due to the continuing risks, we consider it possible that the global economy will fall short of current expectations for 2024. Should global economic activity prove much weaker than currently anticipated, that would potentially have a high impact on WACKER's earnings.

Sales-Market Risks

Scenario 1: Chemical-segment overcapacity.

Impact on WACKER: Price and volume pressure on our products.

Measures: We minimize this risk by adjusting our production capacity and by ensuring plant utilization through volume control and the intense cultivation of growth markets. It remains our goal to increase the share of cyclically resilient product lines in our portfolio and to rank among the global leaders in those lines.

Evaluation and Risk Assessment: WACKER noted a drop in orders in a number of segments, especially in the construction industry, as early as summer 2022. Prices of standard silicones are very low in China and Europe, and in some segments, like the textile industry, demand is weak. This makes it more difficult to keep prices for our products at a good level. In view of current economic forecasts, we expect this trend to continue at least in the first half of 2024.

Overall, we consider it possible that specific areas of our chemical business will face overcapacity and weak demand, with further price pressure as a result, in 2024. Should such a scenario materialize, it would likely have a medium impact on the Group’s earnings.

Scenario 2: Overcapacity and very low prices for solar-grade polysilicon, growing market power of major solar-wafer manufacturers, difficult market conditions due to the paring back of programs to expand the use of photovoltaics, potential financial difficulties for solar-industry customers following a market slump.

Impact on WACKER: Volume risks arise if excessive and hurried cuts to governments’ solar-incentive programs negatively impact photovoltaic market growth. Massive excess capacity in China in the coming years at all points in the solar industry’s value chain and, in particular, as regards polysilicon could result in intense price competition, putting pressure on margins. Both factors could lower sales and earnings.

Measures: We counter this risk by continuously improving our cost positions and by optimizing our product and customer portfolio in line with market developments, for example by expanding our market share for semiconductor-grade polysilicon. Regions such as the USA, India and Europe are looking to promote the establishment of new local photovoltaic production capacities. This will potentially open up new solar-industry markets for WACKER outside of China as well. We respond to customers’ potential liquidity problems by requesting security.

Evaluation and Risk Assessment: Prices of solar-grade polysilicon decreased markedly compared with 2022. Demand for our particularly high-quality polysilicon remains high in both the semiconductor and solar sectors. Chinese competitors are investing heavily in new polysilicon capacity. As a result, polysilicon prices might remain under pressure again during 2024. Such a development has been factored into our planning and forecasts. Should demand for solar-grade polysilicon clearly exceed supply, this would presumably lift WACKER POLYSILICON’s earnings. Conversely, overcapacity or a slump in demand for WACKER’s solar-grade polysilicon would probably have a medium impact on earnings in this business. In our view, there is a possible risk that prices will decline.

Procurement-Market Risks

Scenario: Higher raw-material and energy prices; bottlenecks in the supply of certain raw materials; change to key relief regulations for energy-intensive industries.

Impact on WACKER: Earnings dampened by higher raw-material and energy prices. Supply bottlenecks could lead to longer customer delivery times and reduce the volumes sold.

Measures: Close cooperation between Procurement and our business divisions helps ensure that higher procurement costs are for the most part passed on to our customers, so that WACKER's margins remain stable. For strategic raw materials and energy, we prepare systematic annual procurement plans, which include an evaluation of the procurement risk. Wherever possible, we take appropriate countermeasures for any procurement risk classed as relevant. Such countermeasures include: long-term supply contracts; structured procurement policies for multiple suppliers under contracts of differing lengths; a wider supplier base; a higher level of safety stocks. We reduce our dependence on external suppliers by means of partial vertical integration, for example by producing our own silicon metal and vinyl acetate. As far as energy procurement is concerned, we endeavor to protect ourselves against extreme price hikes by deploying a rolling hedging strategy and utilizing all possible relief options. Moreover, WACKER is advocating a Europe-wide industrial electricity price.

Evaluation and Risk Assessment: Our good position for raw-material and energy procurement means we are now able to effectively manage the risks inherent in both economic upturns and downturns. If the world economy were to weaken significantly, our purchasing terms for key raw materials would allow us to adjust contractual volumes flexibly and – wherever possible – to benefit from price decreases through appropriate pricing models. Should global growth become unexpectedly strong, our volume guarantees are so extensive that we do not see any major risks to raw-material security.

As regards electricity costs, current German law partially exempts energy-intensive companies from paying various levies and surcharges. WACKER, too, benefits from these rules. Any restriction on the exemption rules would significantly reduce the competitiveness of specific business activities. In general, energy price trends (wholesale prices, infrastructure costs and ancillary costs) will remain heavily dependent on how German and European policymakers organize the energy transition. Further factors that could influence future energy price trends are the effects of the war in Ukraine and falling energy production capacity in Germany due to plant shutdowns triggered by the energy transformation. Both these factors could lead to higher energy prices again.

In 2023, raw material and energy prices decreased again after the sharp rise seen in 2022. Electricity and gas prices in particular remain significantly higher than the long-term average. The intermittent risk of gas shortages in Germany has now decreased due to the high levels in the country's gas reservoirs and stable supply based on liquefied natural gas (LNG), yet the situation could become more critical again in the course of 2024. There is a high probability that energy prices will be significantly higher than their long-term average in 2024 as well. We are endeavoring to counter this by raising the selling prices of our products wherever possible. Our planning is based on this scenario. Experience has shown, however, that the opportunities for raising market prices during an economic downturn are limited. If we do not succeed in passing on at least part of our higher energy costs through higher selling prices, this could have a high impact on earnings.

Investment Risks

Scenario: Bad investments, higher-than-expected investment costs, postponed plant start-ups, deterioration of original market projections, and the assumption of risks from investments in joint ventures and associates.

Impact on WACKER: Bad investments could lead to idle-capacity expenses and/or impairments of assets and investments. The possible effect on earnings could be substantial. Higher investment costs mean higher cash outflows and, in the future, will lead to higher expenses for depreciation/amortization and impairments in our operating result. Postponed start-ups expose us to the risk of being unable to fulfill supply contracts and of posting lower sales and earnings. Should Siltronic AG's market capitalization fall substantially, WACKER might have to recognize a corresponding impairment on the carrying amount of its equity-accounted investment, which could negatively affect WACKER's earnings.

Measures: WACKER has numerous measures in place for countering investment risks. Investment projects are subject to a risk management process and their planning is thoroughly checked for completeness and plausibility. Economic feasibility is assessed using comparative studies that look at other projects, including those of competitors. Major capital expenditure is approved in stages only. Stringent project-budget management helps minimize or prevent delays.

Evaluation and Risk Assessment: Our investment spending in 2024 will be slightly below the prior-year level. We will be investing in capacity-expansion projects across all divisions. The currently high level of inflation could make the construction of production facilities more expensive. The risk that investment spending will be higher than expected is currently considered to be possible. If this risk were to materialize, the impact on our earnings, net assets and financial position would probably be in the medium range. We currently consider it unlikely that any negative trend in Siltronic AG's market capitalization will pose a risk to our financial position. Overall, we consider it possible that investment risks could materialize. Were these risks to materialize, they would probably have a medium impact on our earnings, net assets and financial position.

Production and Environmental Risks

Scenario: Risks relating to the production, storage, filling and transport of raw materials, products and waste.

Impact on WACKER: Potential personal injury, property damage, environmental impairment, production downtimes and operational interruptions, and the obligation to pay damages.

Measures: WACKER coordinates its operational processes through its integrated management system (IMS). This system regulates workflows and responsibilities, taking into account productivity and quality as well as the environment, and health and safety. The IMS is based on statutory regulations, and on national and international standards, such as Responsible Care® and the UN Global Compact, which go far beyond legally prescribed standards. We focus on securing the highest possible level of operational safety at our production sites by monitoring maintenance extensively and by performing regular plant inspections. We conduct thorough safety and risk analyses, from the design stage through to commissioning, to ensure the safety of our plants. We regularly hold seminars on plant and workplace safety, and protection against explosion damage. Every WACKER site has an emergency response plan in place to regulate cooperation between internal and external emergency response teams, and with the authorities. We are insured against loss events at our plants and the potential consequences of such events. Our insurance cover is in line with customary chemical-industry standards. When we work with logistics providers, we ensure that shipments of hazardous goods are always checked prior to loading. Any deficiencies are systematically recorded and tracked.

Evaluation and Risk Assessment: Experience has shown that risks stemming from the production, storage, filling and transport of raw materials, products and waste can never be completely ruled out. Although there is a general possibility that such risks will occur, we currently consider a serious loss event to be unlikely. Should such an event occur, though, it could have a medium impact on WACKER's earnings.

Financial Risks

WACKER's ongoing operations and financing expose it to financial risks. These include credit, market-price, financing and liquidity risks. The Notes to the Consolidated Financial Statements provide extensive information about risk hedging with derivative financial instruments.

Credit Risk

Scenario: Customers or business partners fail to meet their payment obligations.

Impact on WACKER: Losses on trade receivables, and failure of banks to fulfill their obligations to WACKER.

Measures: We use a variety of instruments to reduce the risk of any loss on receivables. Depending on the nature of the product or service provided and the amount involved, we require security. Our preventive measures range from obtaining references and performing credit checks to evaluating payment histories. We limit default risks by granting internal credit lines and also by using credit insurance, advance payments and guarantees, e.g. from banks. We reduce counterparty risk with respect to banks and contractual partners by carefully selecting these partners. We usually transact cash investments and derivative dealings with banks that have at least a defined minimum rating.

Evaluation and Risk Assessment: We consider it unlikely that credit risks stemming from customer business will occur. We consider our risk concentration with regard to bank failures to be low, given our approach to counterparty risk. If, contrary to expectations, bank failures were to occur, their impact on WACKER's earnings would probably be low.

Currency-Exchange and Interest-Rate Risks

Scenario: Fluctuations in exchange rates and interest rates.

Impact on WACKER: Effect on earnings, liquidity, and financial assets and liabilities.

Measures: Currency risks arise mainly from exchange-rate fluctuations for receivables, liabilities, cash and cash equivalents, and financial liabilities not held in euros. The currency risk with respect to the US dollar is of particular importance. WACKER hedges any net exposure above a certain level by using derivative financial instruments. Foreign exchange hedging is carried out mainly for the US dollar. We also counter exchange-rate risks through production sites that are not in the eurozone.

Interest-rate risks arise due to changes in market rates. Such changes affect future interest payments for variable-rate loans and investments. We currently have adequate interest-rate hedges in place in this area.

The use of derivative financial instruments requires an underlying operating transaction and is governed by internal regulations.

Evaluation and Risk Assessment: We hedge part of our US-dollar business. Possible gains or losses from exchange-rate fluctuations are partially cushioned by hedges. At the present time, we consider it possible that exchange-rate and interest-rate changes in 2024 will differ substantially from our planning assumptions. We believe that this would have a medium impact on Group earnings.

Liquidity Risk

Scenario: Lack of funds for payments, and tougher access to credit markets.

Impact on WACKER: Higher financing costs, and modifications to further investment projects.

Measures: Liquidity risk is managed centrally at WACKER. Our Corporate Finance and Insurance department employs efficient systems for both cash management and rolling liquidity planning. To counter financing risks, WACKER holds adequate, contractually agreed long-term lines of credit, and has set aside sufficient liquidity. We invest liquid funds only in issuers or banks that have a solid investment-grade credit rating. Cash pooling means liquid funds are passed on internally within the Group as required.

Evaluation and Risk Assessment: WACKER's liquidity totaled €1.42 billion as of the reporting date. At the same time, there were unused lines of credit with terms of over one year totaling around €750 million. We consider the occurrence of financing and liquidity risks to be unlikely. At the moment, we see no risks relating to financial-covenant infringements. If financing or liquidity bottlenecks did occur, their impact on Group earnings would be low. If unused lines of credit were tapped, net financial debt would rise.

Pensions

Scenario: Rising life expectancy of those entitled to a pension; pay and pension adjustments; falling discount rates; significant changes in the composition of invested fund assets and in capital-market interest rates.

Impact on WACKER: A rise in pension obligations, a decline in plan assets, and a possible injection of financial resources into the pension fund or into the plan assets will affect the financial position and earnings of the Group. Further factors with a substantial impact on WACKER's equity and earnings are the higher life expectancy of pension-fund beneficiaries, adjustments to pay and pensions, and the discount rate (used to calculate the present value of future cash flows).

Measures: The majority of WACKER's pension guarantees are covered by the Wacker Chemie VVaG pension fund, by other pension-related funds, special-purpose assets, and by insurance plans. The investment portfolio is diversified to ensure a sufficient rate of return and to limit investment risks. The pension fund optimizes all asset items so that it attains the required return within specified risk limits. As one of the sponsoring entities, WACKER makes payments to the fund when necessary, thereby ensuring sufficient coverage for pension obligations. We periodically adjust the calculation parameters (e.g. life expectancy) for the other defined-benefit pension commitments. Since 2022, WACKER has been offering new employees in Germany a company pension in the form of direct commitments on a funded basis. These commitments are secured via a contractual trust arrangement (CTA), from which the company's pension obligations are funded. These measures have already substantially reduced WACKER's provisions for pensions. The drop in the discount rates to be used during the year under review led to an increase in provisions for pensions.

Evaluation and Risk Assessment: Employee and retiree beneficiaries of the pension fund are steadily getting older and capital-market interest rates have been very low in recent years. By adopting the above-mentioned measures to reform our company pension system, we are countering the effects of these trends on our financial position. We do not assume that special payments to the pension fund will be necessary in 2024. For the foreseeable future, however, the existing plans will continue to dominate WACKER's company pension arrangements. In consequence, we consider it possible that more special payments to the fund will be needed in the next few years, that pension expenses and pension payments will rise further, and that higher provisions for pensions will weigh on the company's financial position. This would probably have a medium impact on WACKER's earnings, net assets and financial position.

Legal Risks

Scenario: Diverse legal risks related to tax, trademarks, patents, competition, antitrust proceedings, the environment, labor and contracts could arise from our international business.

Impact on WACKER: Drawn-out legal disputes that could impact our company's operations, image and reputation, and could be costly.

Measures: We limit legal risks via centralized contract management and via legal review by our legal department. Where necessary, we also have recourse to external legal experts.

Our Intellectual Property department protects and monitors patents, trademarks and licenses. Before launching R&D projects, we conduct searches to determine whether existing third-party patents and intellectual property rights could obstruct these projects.

We use compliance programs to limit risks arising from possible legal infringements. WACKER's Code of Conduct defines and stipulates binding rules of behavior for all employees. We raise awareness of these issues through target group-specific and also general mandatory training sessions.

Evaluation and Risk Assessment: Due to the varied nature of our business activities, it is always conceivable that legal risks could arise. We currently do not foresee any legal disputes, patent infringements or other legal risks that could significantly influence our business, and consider the probability of such risks materializing to be fundamentally unlikely. Should such an individual case occur, we would expect its impact on WACKER's earnings to be low.

Regulatory Risks

Energy Transition in Germany

Scenario: The transformation of Germany's energy supply system that is necessary to achieve the CO_2-reduction targets set for 2030–2050 will likely lead to extensive and repeated legislative amendments to the regulatory framework. This will affect not only the electricity sector, the mainstay of future energy supplies, but also natural gas and the hydrogen economy. We expect to see major changes from revisions of energy legislation, regulations and aid, for example as regards Germany's Energy Financing Act, grid fee regulations (including individual grid fees) and the regulations governing national and European emissions trading.

Impact on WACKER: Increased energy-cost burden due to higher government-regulated charges and levies, unless energy-intensive industries exposed to global competition are exempted to the same extent as before or such exemptions are expanded appropriately, as well as substantial additional effort to comply with new administrative reporting, implementation and certification obligations.

Measures: We continually monitor regulatory activity in Germany and in the EU. Whenever we anticipate changes in the current legal situation, we try to introduce our viewpoint into legislative procedures through discussions with policymakers and by participating in the work of trade associations.

Evaluation and Risk Assessment: Legislation on energy supply and the transformation of the economy toward achieving net zero is subject to constant change. While the German government's electricity-price package published in November 2023 provides stability regarding some of the relief options, the ruling by the Federal Constitutional Court a week later declaring the Second Supplementary Budget Act 2021 null and void fundamentally calls into question the financing of the government's plans for decarbonization in the industrial sector, among other things. Terms and conditions for the energy subsidies were changed in 2022. We consider it possible, albeit not very likely, that, in certain circumstances, this could result in WACKER being obligated to repay, at a later date, subsidies it has already received. Should this be the case, the impact on WACKER's earnings would probably be high.

Polysilicon Trade Restrictions

Scenario: On January 20, 2020, the Chinese Ministry of Commerce decided (following an expiry review) to extend the existing anti-dumping and anti-subsidy tariffs on US-made solar-grade polysilicon for another five years. As a result, the USA imposed tariffs on solar modules and cells (Section 201) and ultimately on almost all imports from China to the USA (Section 301). The negotiations to resolve this conflict led to a trade agreement in 2020 that also included regulations for solar-grade silicon produced in the USA. Nonetheless, China did not rescind its tariffs on US solar-grade silicon. This means that WACKER is still unable to export solar-grade silicon from its Charleston plant in the USA to China at competitive conditions. In 2022, the US Department of Commerce announced a review of its tariffs on Chinese goods and extended them for another four years until 2026. In addition, in 2023, the US administration imposed export restrictions on China for semiconductor materials and production technologies used to manufacture advanced chips. These restrictions could possibly also impact polysilicon for semiconductor applications.

Impact on WACKER: Due to China's high tariffs on US-produced solar-grade polysilicon, Chinese solar-industry customers are not buying any such product from WACKER's Charleston site for their production plants in China. The USA's anti-dumping tariffs and countervailing duties, as well as its restrictions on exports to China's semiconductor sector, could possibly have an unfavorable impact on the company's earnings, net assets and financial position and a negative impact on sales volumes and long-term customer relations.

Measures: It is difficult to assess the odds of an amicable settlement in this trade dispute. In the meantime, however, most of the major wafer producers outside of China have qualified the semiconductor-grade polysilicon from our Charleston site. As a result, we have achieved a substantial increase in the proportion of our sales volume accounted for by semiconductor-grade polysilicon. What is more, new opportunities to sell solar-grade silicon in countries other than China are constantly emerging. This trend is also being strengthened by programs incentivizing the expansion of local photovoltaic value chains in the USA, Europe, India and Southeast Asia.

Evaluation and Risk Assessment: Demand for solar-grade polysilicon outside of China is constantly increasing. On top of that, many countries and regions are promoting the development of their own photovoltaic value chains in order to increase their independence and resilience. We can therefore assume that the coming years will see growth in new capacity for solar wafers, which we will be able to supply with our US-produced polysilicon. This will result in additional opportunities for WACKER to increase its sales volumes and, potentially, to largely mitigate the effects of China's trade restrictions on US-produced solar-grade polysilicon. Given our broad customer and product portfolio, we also do not currently expect the USA's export restrictions on semiconductor products to have any notable effects on our business in electronic-grade silicon. However, we do consider it possible that ongoing trade disputes worldwide and increasing geopolitical tensions could have consequences for WACKER's polysilicon business. The potential impact on our 2024 earnings would then probably be high.

New Regulations for Production Processes, Products and Their Applications

Scenario: New legal provisions in the production and use of chemical substances or groups of substances mean greater restrictions or even bans. New regulations or the elimination of specific materials in the supply chain make it necessary to modify our production processes or reformulate our products. They also impose more extensive information requirements on us and, in some cases, on our customers as well. Additional legal provisions in individual countries mean more effort is required for the necessary registrations internationally.

Impact on WACKER: Additional investments in production facilities, conversion costs, revenue losses in individual or entire application fields, plus extra costs for the required audits and registrations.

Measures: WACKER continually monitors the regulatory environment surrounding its products and production processes so that it can react promptly to impending changes. This also includes any potential relocation of production.

We are continuously optimizing our production processes and regularly review our product portfolio. Any other necessary measures will be aligned with the changed regulatory environment in each specific situation.

Evaluation and Risk Assessment: In principle, it is always possible that new legal regulations will make it necessary to modify our product portfolio or production processes. We consider it likely that new legal provisions will require additional investment in our production facilities or changes to our product portfolio. Should such changes occur, their short-term impact on WACKER's earnings in 2024 would probably be low. In the medium term, though, they could have a medium to large impact.

IT Risks

Scenario: Attacks, system errors and unauthorized access to our IT systems and our production plants and networks, resulting in a threat to data confidentiality, integrity or security.

Impact on WACKER: Negative impact on the company's earnings, net assets and financial position, on production processes and on workflows, on its reputation, plus loss of know-how.

Measures: WACKER constantly monitors the information technology it uses and also invests in protecting its IT systems and applications, thereby safeguarding the functionality and stability of its computer-based business processes. Our IT-security and risk-management specialists are responsible for handling hazards in a cost-efficient way. They achieve this through the operation and continuous improvement of our Information Security Management System (ISMS) in line with the ISO 27001 standard. It is also reviewed externally at regular intervals (e.g. in the course of a TISAX Label Assessment). Reliable backup and recovery processes are an essential element in safeguarding the availability of our systems. In order to cope with emergencies, processes and procedures in the shape of regularly tested emergency plans (IT service continuity management) have been put in place. We minimize project-related IT risks by applying uniform project/quality management methods. These ensure that project outcomes and possible changes to IT services are integrated into our system landscape in a controlled manner and in accordance with defined processes.

We log any operations-related risks that arise during the IT risk management process, which is based on international standards. We evaluate them and take appropriate technical and organizational countermeasures. The Executive Board is briefed by the Chief Information Security Officer (CISO) on the current cyber-risk status and ongoing IT and information security projects at least once a quarter. Our Cyber Defense Center (CDC) continually monitors the security of our IT landscape and our applications. If the CDC identifies any vulnerabilities, it has them rectified in a timely manner. Our authorization systems, which are regularly updated to meet new requirements and technologies, are based on the need-to-know and least-privilege principles. We protect our IT systems against attacks by means of various state-of-the-art IT security systems, which are continuously adapted and expanded in response to emerging threats. We have set up an international security team that takes organizational and technical measures to counter risks to the confidentiality, integrity and availability of information and systems. We increase employee awareness through events and training on information security and a campaign involving continuous anti-phishing tests. In addition, we regularly conduct comprehensive penetration tests, audits and assessments at our German and international sites. We continually observe and evaluate the techniques of potential attackers and, where necessary, realign our defense strategies accordingly. In addition, we constantly exchange information with other companies and interest groups on the subjects of cyber and data security.

Evaluation and Risk Assessment: A long-term failure of IT systems or a major loss of data could considerably impair WACKER's operations. As in previous years, there were a large number of attempted attacks on our IT systems and infrastructure in 2023. It cannot be ruled out that such attacks could succeed in certain cases despite the precautions we have taken. We thus consider such events to be possible. If, as a result of such an event, any of our IT systems faced downtime and service disruption that affected a significant number of users or lasted for a substantial period, the impact on WACKER's earnings would be of medium scale.

Personnel-Related Risks

Scenario: Demographic change, lack of qualified technical and managerial employees, and problems in filling executive positions.

Impact on WACKER: The lack of technical and managerial employees could dampen our continued growth and lead to the loss of our technological edge.

Measures: We limit these risks through our personnel policies. In particular, we have a talent management process in place, which we use to draw up development plans for our employees. In addition, we offer a wide variety of training programs, attractive social benefits and performance-oriented compensation. We also offer our employees in Germany a wide range of working-time models and arrangements to better balance career demands with the different phases of their lives.

WACKER has a detailed, groupwide succession planning process in place for all key positions in the company, including all positions held by senior executives (OFKs). WACKER's succession planning process distinguishes between short-term needs (up to two years) and medium-term needs (two to four years). In addition, WACKER has appointed deputies for senior executives in the event of a lengthy absence or illness.

Evaluation and Risk Assessment: Demographic change will increase the risk of not being able to find sufficiently qualified personnel for technical and managerial positions in the medium to long term. We consider it unlikely that risks to our personnel needs will arise in 2024. Should these risks materialize, the impact on Group earnings would probably be low. We are expanding our hub in Plzeň (Czech Republic), allowing us to tap into another pool of skilled employees.

External Risks

Scenario: Pandemic, natural catastrophe, war or civil war.

Impact on WACKER: Impairment of our company's capacity to act; supply bottlenecks; production outages; supply-chain disruptions; loss of trade receivables; impact on sales and earnings.

Measures: Our management entities and our sites have prepared and communicated plans and measures to minimize the effects of a pandemic on the health of our employees and on our business processes. Our pandemic-preparedness plan ensures a uniform, coordinated approach. The financial impact of damage to our production plants due to natural disasters is partly covered by insurance. As WACKER has production sites on various continents, it can always ensure a certain degree of manufacturing and delivery capability even if individual plants fail.

Evaluation and Risk Assessment: Risks from pandemics, natural disasters, acts of war or civil war can never be ruled out entirely. The coronavirus pandemic and the wars in Ukraine and the Middle East are clear evidence of this. Their impact and the government measures taken when such scenarios arise could have a medium impact on WACKER's earnings.

Climate Risks

Scenario 1: Acute physical climate risks are caused by certain hazards, in particular weather-related events such as gale-force winds, floods, fires or heat waves. Chronic physical risks arise from longer-term changes in the climate, such as temperature changes and their impact on rising sea levels, as well as reduced water availability, loss of biodiversity and changes in soil productivity.

Impact on WACKER: Personal injury, property damage and environmental impairment due to damage to production facilities; impact on sales and earnings due to production downtimes, supply bottlenecks, supply-chain disruptions and the obligation to pay damages. If water availability is low, there is a risk of operational interruption.

Measures: The financial impact of damage to our production plants due to natural disasters is partly covered by insurance. As WACKER has production sites on various continents, it can always ensure a certain degree of manufacturing and delivery capability even if individual plants fail. We deal with supply bottlenecks and supply-chain disruptions by way of structured procurement from multiple suppliers. WACKER regularly conducts risk analyses for its sites. Climate-change risks are taken into account in the assessment of investments.

Evaluation and Risk Assessment: Physical risks from climate change cannot be ruled out. The choice of our sites, together with regular risk analyses and precautionary measures, provides partial protection against the impact of acute and chronic events. If such a scenario were to occur, it could have a major impact on the Group's earnings.

Scenario 2: Transition climate risks resulting from the transition to a low-carbon and climate-resilient economy. They include political, legal and technological risks as well as market and reputational risks. What can be expected is persistent regulatory and social pressure with the aim of achieving net-zero energy generation, net-zero energy consumption and a net-zero resource and raw-material base.

Impact on WACKER: In Europe in particular, we expect measures with a consistently high level of regulation and detail, including adjustments to regulations relating to chemicals and industry. These measures have the potential to significantly impact the competitiveness of WACKER's business activities and product portfolio, as well as those of our customers. Changes in market prices for raw materials and energy due to stricter regulation cannot be passed on to customers. More favorable raw-material and energy prices outside Germany affect WACKER's international competitiveness. One result of banning certain chemicals might be to discontinue production. WACKER's growth and investments could be negatively impacted. Production technologies and product segments based on fossil fuels are becoming less important as the market shifts toward lower-emission, resource-saving technologies and products. The costs of transitioning to lower-emission technologies influence our earnings trend. WACKER may be exposed to litigation risks, e.g. in the event of non-compliance with legal regulations.

Measures: We limit the risks arising from increasingly complex regulation by constantly monitoring the regulatory environment. Our broad range of activities and strong internationalization enable us to counter short-term risks. In order to strengthen our competitiveness, we are continuously improving our production processes, streamlining our administration and simplifying workflows and processes. We consistently implement our strategic decisions to electrify production and reduce costs. Our product portfolio helps us support key climate-change issues. We believe WACKER is in a strong position to supply new technologies, innovative products and processes, and solutions that contribute to the UN's sustainable development goals, particularly with regard to achieving net zero.

Evaluation and Risk Assessment: In principle, new political conditions and stricter climate-policy regulations might make it necessary to adjust our production processes or product portfolio. We consider it highly likely that we will have to react to changes in market conditions and the legal framework. Should such changes occur, their impact on WACKER's earnings in 2024 would probably be low. In the medium term, there might be a medium or major impact.

Opportunities Report

Opportunity Management System

WACKER's opportunity management system remained unchanged from the previous year. It is both a divisional and Group-level instrument. We identify operational opportunities and leverage them in our business divisions, as they have the detailed product and market expertise required for these tasks. We continuously use market observation and analysis tools to obtain, for example, a well-structured evaluation of industrial, market and competitor data. In addition, we conduct customer interviews to evaluate future opportunities. The monitoring process – how WACKER seizes opportunities – is based on key indicators (such as rolling forecasts and current-status reporting).

Strategic opportunities of overriding importance – such as strategy adjustments, potential acquisitions, collaborations and partnerships – are handled at the Executive Board level. Such opportunities are incorporated into WACKER's annual strategy-development and planning process, with current issues discussed at regular Executive Board meetings. As a general rule, we elaborate different scenarios and risk-opportunity profiles for these issues before making decisions.

WACKER has identified a whole range of opportunities for advancing the Group's success over the next few years.

Overall Economic Opportunities

Despite the slowdown in global economic output projected by many economic analysts for 2024, WACKER continues to see good opportunities to grow faster than global chemical production in the medium term, especially in young markets and sales regions. The strongest momentum, in our view, will continue to come from Asia, especially India and Southeast Asia. We are constantly expanding our presence in these markets in order to seize the opportunities there. Our technical competence centers and the WACKER ACADEMY are pivotal in achieving WACKER's high standard of service and customer proximity. Additional growth potential for WACKER stems from programs in the USA and Europe to strengthen critical technologies and industry sectors, or to bring the corresponding value chains onshore again. These include not only semiconductor production, but also the individual stages in the photovoltaic value chain.

Sector-Specific Opportunities

Sector-specific opportunities primarily result from our broad product portfolio, which puts us in an excellent position to meet global megatrends. For example: the advance of urbanization, the trend toward conserving natural resources and energy, efforts to reduce carbon emissions, the world's increasing mobility needs, and the growing demand for products that enhance the quality of life. These trends remain as important as ever to our business.

Rising affluence in emerging-market economies, particularly in Asia, coupled with ever more stringent market and customer requirements, is fueling demand for products incorporating high-value silicones. To benefit from this trend, WACKER intends to keep raising the percentage of high-value specialty silicones in its portfolio versus standard products. Areas of special focus range from the automotive and cosmetics sectors to personal care, health, medicine, electronics and clothing. Our aim is to meet this growth with innovative products and technologies.

We see good growth prospects for WACKER SILICONES in the electrical and electronics market, especially in automotive electronics. Growth is being spurred by digitalization, connectivity and electromobility. Electronic automotive assistance systems, for example, are becoming increasingly important and are indispensable for autonomous driving. Silicone gels and silicone encapsulants reliably protect the sensors and electronic components needed in such vehicles. In the coming years, electromobility is likely to gain further momentum. Forecasts put the global number of electric vehicles at 116 million in 2030. That would be a tenfold increase in the global EV fleet compared with 2020. Electric vehicles also require high-performance batteries. That is why we have developed thermally conductive silicones. These enable effective thermal management, thus ensuring long-lasting, maintenance-free batteries.

At WACKER POLYMERS, growth potential stems from the rising affluence of emerging economies, from increasing urbanization, and from the trend toward conserving natural resources and cutting carbon dioxide emissions. The shift away from conventional building materials and construction methods to value-added systems is set to continue. The scarcity of raw materials, like sand for example, boosts the use of high-quality building materials. Our products contribute toward longevity by affording protection from damage, which means fewer repairs and, as a result, fewer resources. The use of dispersible polymer powders for modifying dry mortar remains a key aspect here. The addition of these powders enables mortar mixtures not only to be processed more easily and applied more thinly, but also to have substantially improved properties. WACKER POLYMERS continues to see growth potential in environmentally friendly water-based paints and coatings. We work continually to avoid substances of very high concern such as volatile organic solvents or formaldehyde. The importance of a circular economy continues to grow, and we are supporting trends such as the use of renewable raw materials and the replacement of plastic packaging with paper.

WACKER BIOSOLUTIONS expects major growth opportunities from bioengineered products. One focal point here is on the production of actives based on messenger ribonucleic acid (mRNA) for therapeutic agents and vaccines. Through the sites acquired in Amsterdam (2018) and San Diego (2021), the division has considerably expanded its capacities and expertise in these fields. The completion of the mRNA Competence Center in Halle planned for 2024 allows us to further strengthen our position in this forward-looking market segment. Thanks to the acquisition of the company ADL BioPharma S.L.U. in Spain, WACKER BIOSOLUTIONS is now in a position to commercialize bioengineered products and process innovations for the food market faster and in a more targeted manner. The toll manufacturing business can be further expanded at the León site.

The main growth opportunities for our polysilicon activities stem from the strong demand for semiconductors and for the monocrystalline silicon used in highly efficient solar cells. We produce polysilicon of consistently very high quality – the kind that is crucial for making increasingly powerful semiconductors. Polysilicon from WACKER can already be found in nearly half the computer chips worldwide. In the photovoltaics segment, the trend toward monocrystalline solar cells continues to gather pace. To achieve the highest possible conversion efficiency, n-type solar cells are necessary, which in turn require silicon of particularly high purity. WACKER considers itself to rank among the leading providers in the n-type market segment. In order to make the most of the opportunities presented by these trends, WACKER POLYSILICON has placed its strategic focus firmly on the manufacture of polysilicon of the highest quality. Additional opportunities for the business division stem from programs in the USA and Europe to strengthen critical technologies like semiconductor and photovoltaic production in the respective local regions, or to bring the corresponding value chains onshore again.

Strategic Opportunities

In order to make the most of our divisions' opportunities for further growth, we will concentrate on meeting rising customer demand and bolstering our downstream-product capacity, particularly for specialties. Our investment spending in this area in 2024 will be slightly below the prior-year level. The focus here is on expanding capacities at all four of our business divisions. We are expanding our capacities for specialty silicones at our sites in Nünchritz and Zhangjiagang (China) as well as in Karlovy Vary (Czech Republic). In Calvert City, USA, we are investing in additional capacity for the production of VAE dispersions. WACKER BIOSOLUTIONS is expanding its Halle site, transforming it into a technical competence center for mRNA actives. In Burghausen, we are expanding our production capacity for cleaning semiconductor-grade polysilicon – enabling us to make an important contribution to our customers' technology strategy.

Performance-Related Opportunities

WACKER has a number of opportunities for improving its cost structures, processes and productivity. At WACKER POLYSILICON, we are continuing to implement our program to cut production costs. At our chemical divisions, we are tapping further cost-cutting potential with our productivity and efficiency program – the Wacker Operating System. Our various cost-cutting levers include: specific costs for auxiliaries; productivity advances on the manufacturing side; and broadening our choice of suppliers to secure more attractive purchasing terms.

Executive Board Evaluation of Overall Risk

The Executive Board evaluates the overall risk situation on the basis of information from the risk management system. The system compiles all risks identified by our divisions, corporate departments and regional entities. It is regularly reviewed by the Executive Board and discussed in Audit Committee meetings.

As of the publication date of this report, the Executive Board does not see any individual or aggregate risk that could seriously endanger WACKER's future. The risks posed, in particular, by geopolitical and trade conflicts, by high energy prices and inflation in general, and by emerging recessionary trends in a number of countries are quite considerable. But, thanks to our extensive product portfolio, with its high proportion of specialty products, and to our broad regional footing, we see good opportunities to expand our leading market positions and achieve further growth. We remain confident that WACKER is strategically and financially so well placed that we can take advantage of any opportunities that arise.

Outlook

Underlying Economic Conditions

The global economy will face mounting challenges in 2024. The Organisation for Economic Co-operation and Development (OECD) expects existing and fresh geopolitical conflicts to have a negative impact not only on the energy markets, but also on the use of key trade routes. In addition, stubbornly high inflation, higher interest rates and weak household incomes are likely to deal a blow to growth in 2024. The OECD estimates global gross domestic product growth of 2.9 percent for 2024, with a slight improvement in 2025 to 3.0 percent. The International Monetary Fund (IMF) predicts that growth will stagnate in 2024 amid global crises. According to the IMF forecast, global GDP will increase by 3.1 percent, matching the growth level seen in 2023.

GDP Trends in 2024

%	Outlook 2024
World	**3.1**
Advanced economies	**1.5**
Developing and emerging economies	**4.1**
Eurozone	**0.9**
Germany	**0.5**
Asia	**5.2**
China	**4.6**
India	**6.5**
Japan	**0.9**
USA	**2.1**

Source: IMF, January 30, 2024

Sector-Specific Conditions

In 2024, economic trends in the industries relevant to our business will remain dominated by the impact of geopolitical turbulence. Sustained high energy prices and weak demand are likely to translate into lower industrial output overall. Stubbornly high inflation, higher interest rates and political uncertainty will continue to curb consumption and investment alike.

Moderate Growth for the Chemical Industry

After growth in the global chemical industry slowed in 2022 and 2023, the German Chemical Industry Association (VCI) expects global chemical production (excluding pharmaceuticals) to increase slightly by 2.3 percent in 2024. Looking at the chemical-pharmaceutical industry in Germany, the VCI is forecasting stagnating production and a 3.0-percent drop in sales. Internationally speaking, the competitive position of companies continues to be made difficult by high energy and raw-material costs.

Given the ongoing uncertainties, risks for WACKER's chemical divisions remain. But the strength of our broad product portfolio has already proved itself in the crises of recent years. In 2024, despite the current dip in demand in some areas, such as the construction industry, we expect WACKER to show stable development in many markets thanks to its specialty chemical products, or to achieve growth in some areas.

What is more, the long-term growth trends for our business have not changed and will accelerate in some cases. We see medium-term growth opportunities in all regions due to innovations arising from today's megatrends, like the ongoing digital transformation. Rising affluence in emerging economies is likely to bolster our sales in countries such as China and India, and across Southeast Asia. Mounting demand for sustainable products, too, opens up further growth opportunities for WACKER. WACKER's portfolio has many high-value products that appeal to new customer groups, spurring stronger demand from our industrial customers. Moreover, part of our product portfolio is used in highly automated, industrial manufacturing processes. In these areas, WACKER is generating significant growth, including in advanced economies.

Global Construction Industry Trends Paint a Mixed Picture

According to forecasts by the market research institute B+L Marktdaten GmbH, total construction volume will increase by an average of around 1.0 percent in 2024. However, a decline of more than 5 percent is expected for the residential-building markets in Western and Eastern Europe in 2024. According to the estimates, North America will see a decline of as much as 7 percent. Slight growth is forecast only for the markets in the Middle East and Africa. In a large number of markets, energy-efficient building renovation will gain further momentum and become the dominant market for construction material.

Growth Rate in Global Construction of Residential Buildings (New and Existing) by Region in 2024

%	Outlook 2024
Worldwide	**–3.2**
Asia	**–1.1**
Western Europe	**–5.1**
North America	**–7.0**
Middle East / Africa	**2.2**
Eastern Europe	**–5.5**
South America	**–0.9**

Source: B+L Marktdaten GmbH, Global Building Monitor 02/2024

Automotive Industry Expects Stable Development

The Association of the German Automotive Industry (VDA) predicts a challenging global environment for the automotive industry in 2024. Geopolitical and macroeconomic uncertainties, coupled with persistently high energy and consumer prices, are likely to put a damper on demand, although the automotive industry should remain largely stable in its various core markets. The Center of Automotive Management (CAM) – an independent scientific institute in Germany – continues to view China as the most important international market for electromobility; moreover, the country is raising its profile as an exporter. As far as Germany is concerned, both organizations expect that the phasing out of the country's environmental bonus in December 2023 will have a negative impact on new registrations in the electromobility segment. CAM's reasoning was that this segment lacked models in the lower price segments in particular.

Further Increase in Installed Photovoltaic Capacity Likely in 2024

Economic conditions for photovoltaics (PV) will remain dynamic and challenging in 2024. On the one hand, intense competition is creating market uncertainty. On the other, levelized costs for solar power continue to drop, making PV more competitive relative to other energy sources. Solar energy is also an important component in achieving global climate-protection targets, since it significantly reduces specific carbon dioxide emissions compared with fossil fuels. Both the cost effectiveness of PV and the political goal of keeping global warming below 1.5 °C are opening up new markets. The PV market is expected to continue growing. China will remain the world's largest and most important market in 2024. Other markets adding large amounts of capacity are the USA, Europe, Japan and India. Highly promising growth regions include Central and South America, Southeast Asia, the Middle East and Africa. Based on its own market surveys and those of third parties, WACKER expects newly installed PV capacity to be between 450 and 530 gigawatts (GW) in 2024.

Photovoltaic-Market Trend in 2024

	Installation of new PV capacity (MW)		
	2024		2023
	Lower Range	Upper Range	
Germany	**14,000**	**18,000**	14,300
Spain	**8,000**	**10,000**	8,200
Rest of Europe	**38,000**	**52,000**	34,500
USA	**35,000**	**55,000**	33,000
Japan	**6,000**	**8,000**	7,000
China	**230,000**	**250,000**	216,900
India	**15,000**	**20,000**	10,000
Other regions	**104,000**	**117,000**	86,100
Total	**450,000**	**530,000**	410,000

Sources: Germany's Federal Network Agency, SolarPower Europe (SPE), Solar Energy Industries Association (SEIA), China National Energy Administration, market studies, WACKER's own market research
(Table unaudited)

WACKER's Key Customer Sectors

Sectors	Trend in 2023	Trend in 2024
Chemicals	Decline	Decline
Construction (residential buildings)	Decline	Decline
Automotive	Growth	Growth
Photovoltaics	Growth	Growth

The WACKER Group's Prospects

Our scenario assumes that the global economy will grow slightly in 2024. The speed of growth will depend, among other things, on the further course of the current geopolitical conflicts, with their negative impacts on the global economy. We expect the strongest growth impetus to once again come from Asia in 2024.

Capital Expenditures and Production

Our capital expenditures in 2024 will be focused mainly on production plants for intermediates and downstream products. Capital expenditures will be slightly below the prior-year level. WACKER SILICONES will account for the largest share of investment spending. Its investment projects include the expansion of capacities for specialty silicones at the sites in Nünchritz (Germany), Zhangjiagang (China) and Karlovy Vary (Czech Republic). One of the projects under way at WACKER POLYMERS involves expanding its capacity for VAE dispersions in Calvert City, USA. WACKER POLYSILICON is expanding its semiconductor-grade polysilicon production capacity in Burghausen. At WACKER BIOSOLUTIONS, a competence center for mRNA actives will go on stream in Halle.

Facility Start-Ups in 2024/2025

Location	Projects	Start-up
Amsterdam	New fermenter for biopharmaceuticals	2024
Halle	mRNA Competence Center	2024
Burghausen	Capacity expansion for intermediates for silicone applications	2024
Nünchritz	Plant for hybrid polymers	2024
Nünchritz	Capacity expansion for silicone adhesives and sealants	2024
Burghausen	Capacity expansion for semiconductor-grade polysilicon	2025
Karlovy Vary	New site for the production of specialty silicones	2025
Zhangjiagang	Expansion of production of speciality silicones	2025
Calvert City	Capacity expansion for VAE dispersions	2025
Burghausen	Expansion of the production of intermediates for silicone elastomers	2025

Future Products and Services

WACKER SILICONES is concentrating its product development mainly on the following focus markets: electronics, automotive applications, health, and renewable energy sources. In our electronics focus field, we are working on several product innovations. Current examples include printable elastic electrode materials for sensors and actuators; and resin-filled, optically transparent systems for optical bonding applications. In the chip industry, there is strong demand for our electronic chemicals as processing auxiliaries. We see significant growth potential in today's soaring demand for silicone rubber grades, silicone resins and thermal gap fillers in the health and automotive sectors. As regards electromobility, our new surface-modified, silicon-based filler systems improve the cooling and thermal management of electronic components and electrical storage modules. We are also working on flame-retardant silicones and silicone-resin-based fiber composites, which enhance fire safety in electric vehicles. In the field of alternative approaches to mobility, we are active in fuel-cell engineering, for which we supply precision films. In the field of health, we are developing novel silicone elastomer gels for the cosmetics industry; these gels are based on a new formulation approach using organic oils. Renewable energy sources represent another of our focus markets. Our silicones play an extremely vital role not only in energy generation, but also in power and transmission engineering. Our silicone-based heat transfer fluids – for concentrated solar thermal power recovery and the generation of industrial process heat – are another promising product. Our silane-based cement additives are in demand in the construction sector. They enhance the storage stability and performance capability of cement and concrete, and reduce energy consumption during the manufacture of cement. WACKER is also developing silicone resin binders for composite stone. Such composite materials are UV-resistant and therefore lend themselves to outdoor applications, too.

WACKER POLYMERS continues to intensify its activities in polymeric binders for sophisticated construction, coating and bonding applications. The division expects to see rising demand for high-performance products for the renovation and refurbishment of buildings. This trend is being driven by numerous government programs around the world, such as the European Green Deal and China's plan to achieve net zero by 2060. What is more, rising prosperity levels in a large number of emerging markets is reviving demand for high-quality living. In particular, WACKER POLYMERS is actively responding to growing demand among customers for environmentally friendly and sustainable solutions by developing appropriate product lines and sustainable formulations hand-in-hand with its customers. For instance, the division is able to supply a commercial-scale line of dispersions based on vinyl acetate-ethylene copolymers that incorporate renewable raw materials. In order to increase the use of renewable raw materials, we design our production processes according to the mass balance approach. These products are part of our VINNAPAS® eco product line. In addition, we continue to advance the use of bio-based raw materials in the production of binders. The portfolio also includes VAE-based binders for preservative-free applications in the paints and coatings segment. Our dispersions and dispersible polymer powders make external thermal insulation composite systems (ETICS/EIFS) more durable and of a higher quality, improving the energy efficiency of buildings by helping to reduce carbon emissions and bring down energy costs. The global trend toward laying large tiles is increasing the demand for the sort of high-quality adhesives that WACKER POLYMERS supplies the ingredients for. Moreover, in tile laying, we are helping to cut cement consumption and thus reduce CO_2 emissions through the switch from thick-bed to thin-bed techniques.

Demand for WACKER POLYMERS products is set to increase in the renewable energy sector as well: VINNAPAS® solid resins are used in the production of composite materials for wind turbine rotors.

The pharma and food markets offer growth potential for WACKER BIOSOLUTIONS. The pharma market is steadily shifting toward bioengineered medicines. As a contract development and manufacturing organization (CDMO) for biologics, we are meeting growing demand through our sites in Jena, Halle, Amsterdam and San Diego. In the biologics sector, we are specifically expanding the area of advanced medicines, including mRNA-based therapeutics. We produce mRNA-based active ingredients, as well as lipid nanoparticles, components in the production of mRNA-based actives, at our Amsterdam site. At our San Diego site, we produce plasmid DNA (pDNA) – the fundamental starting material for mRNA production, but also for other innovative therapeutic agents, such as nucleic-acid-based gene therapies and viral vectors. We are currently expanding our site in Halle to create an mRNA Competence Center that will go into operation in 2024. In the food market, we are catering to the healthy-eating trend, e.g. with our range of functional ingredients that support the circulatory system and promote heart health. We are continuously expanding our portfolio in this area, focusing primarily on bio-based starting materials. Among other things, we are currently working on a process for fermentation-generated biotin. We also offer solutions for making meat substitutes – our L-cysteine is an ideal raw material for savory flavorings. Cyclodextrins help with the formulation of alternative proteins. Moreover, we are developing media proteins, which will be used to produce cell culture meat. Our cyclodextrins also play an ever greater role in the formulation of active ingredients. For example, they enhance the bioavailability of curcumin. We are also registering growing interest in cyclodextrins to improve the foam properties of conventional and plant-based milk.

In order to leverage the potential of modern microchips, the semiconductor industry needs ultrapure polysilicon. WACKER POLYSILICON has initiated several research projects to this end. Some involve the production line currently under construction at the Burghausen site, where semiconductor-grade polysilicon will now be produced. We stepped up the Quality LeaP (Quality Leadership in Polysilicon) project in the year under review to expand quality control. The type of pure polysilicon to be produced will also enable the production of 3-nm chips or smaller for computer applications in the field of artificial intelligence for data centers and for autonomous driving. The same also applies to solar modules: high cell efficiencies are attainable only with hyperpure polycrystalline silicon. Reference studies such as the International Technology Roadmap for Photovoltaics (ITRPV) show efficiencies that now exceed 23 percent for monocrystalline solar cells produced with PERC (passivated emitter rear cell) technology. Heterojunction or interdigitated back-contact solar cells achieve efficiencies of over 24 percent. High-performance segments like these need polysilicon of the highest quality. WACKER POLYSILICON meets the growing demands of the solar industry for quality by continually developing its manufacturing processes. What is more, the division is a member of the Ultra Low-Carbon Solar Alliance (ULCSA), which advocates for the use of photovoltaic components with a low carbon footprint.

Outlook for 2024

WACKER's main planning assumptions relate to raw-material and energy costs, personnel expenses and exchange rates. For 2024, we anticipate a euro exchange rate of US$1.10 (2023: US$1.10). We assume that energy costs will be lower than last year, while average prices of our key raw materials are expected to be below the prior-year level, too. On the whole, the majority of our raw-material and energy supplies are secured for 2024.

Performance Indicators and Value-Based Management

WACKER's key performance indicators are the same as last year.

Group Sales in 2024 to Benefit from Volume Growth

In 2024, WACKER expects to see lower average selling prices, but rising volumes and positive product-mix effects at its chemical divisions. Changes in exchange rates will have a marginally negative effect on sales. We expect sales across all regions to be slightly lower in 2024. Overall, Group sales are likely to range between €6.0 billion and €6.5 billion.

Various uncertainties and risks may cause the actual performance of the WACKER Group and its divisions to diverge from our assumptions, either positively or negatively. Changes in the economic environment are among the factors than can cause such divergences. We expect selling prices to decline in 2024. At the same time, however, we anticipate volume growth. If the economy recovers over the course of the year, WACKER will have further potential to achieve higher volumes.

Outlook for Key Performance Indicators at the Group Level

From today's standpoint, the key performance indicators will develop as follows at the Group level.

EBITDA margin and EBITDA: The EBITDA margin is expected to be significantly lower than last year. EBITDA is likely to come in between €600 million and €800 million, down due to lower selling prices. We expect Group net income to be substantially lower than last year.

ROCE: ROCE will be considerably lower than last year.

Net cash flow: We expect net cash flow to be negative in 2024, significantly lower than last year, mainly due to lower earnings.

Outlook for Supplementary Performance Indicators at the Group Level

Capital expenditures: In 2024, capital expenditures will be slightly below the prior-year level. They will therefore be clearly higher than depreciation/amortization, which will amount to about €450 million. Capital expenditures will be driven by future customer demand. Projects will include expanding production capacity for electronic-grade silicon in Burghausen, increasing capacity for silicones in Nünchritz, Karlovy Vary and Zhangjiagang and the construction of an mRNA Competence Center in Halle.

Net financial debt: For 2024, we expect a year-over-year increase in net debt.

Divisional Sales and EBITDA Trends

We expect WACKER SILICONES to post sales in 2024 on a par with the prior year. We anticipate persistently low average prices for standard products, but an increase in volumes of specialty grades. We expect sales to be at the prior-year level in every region. The EBITDA margin is expected to be in a mid-single-digit percentage range.

At WACKER POLYMERS, we expect sales to be lower – by a high single-digit percentage – than the previous year's figure. Selling prices will be lower, while volumes for dispersions and dispersible polymer powders will either grow slightly or remain stable. Product-mix effects will have a marginally positive effect on sales. We expect sales in Europe to drop, while business in Asia will perform positively. The EBITDA margin is expected to be around 15 percent.

We expect WACKER BIOSOLUTIONS to increase its sales by some 10 percent, with growth fueled by bioengineered products, particularly biologics. EBITDA should be significantly higher than last year.

We expect WACKER POLYSILICON to post sales of between €1.3 billion and €1.6 billion in 2024, with volumes likely to be higher than last year. Average polysilicon prices, in contrast, are expected to be lower than a year ago. We will continue improving our product mix and systematically lowering costs. EBITDA is likely to come in between €200 million and €400 million.

Outlook for 2024

Key financial performance indicators	Reported for 2023	Outlook for 2024
EBITDA margin (%)	12.9	Substantially lower than last year
EBITDA (€ million)	823.6	600 – 800
ROCE (%)	6.9	Substantially lower than last year
Net cash flow (€ million)	165.6	Negative, substantially lower than last year
Supplementary financial performance indicators		
Sales (€ million)	6,402.2	6,000 – 6,500
Capital expenditures (€ million)	709.6	Slightly lower than last year
Net financial debt (€ million)	–83.7	Higher than last year
Depreciation/amortization (€ million)	418.7	Around 450

Future Dividends

Our goal is to distribute about half of Group net income to shareholders, provided that the business situation permits this and the decision-making bodies agree.

Financing

The main features of our financing policy remain in place. We are confident that we have a strong financial profile with a sound capital structure and healthy maturities for our debt. As of December 31, 2023, WACKER had around €750 million in unused lines of credit with residual maturities of over one year.

Executive Board Statement on Overall Business Expectations

We have identified a number of economic risks for 2024. Global economic growth will continue to be influenced by the effects of Russia’s war of aggression against Ukraine. These are compounded by the ramifications of the geopolitical conflict in the Middle East. Persistently high energy prices are also putting pressure on the corporate sector, particularly in Europe. According to economic analysts’ forecasts, global GDP will grow only slightly in 2024. We expect a slightly negative business trend in 2024. Sales are likely to range between €6.0 billion and €6.5 billion, while EBITDA should amount to between €600 million and €800 million. The EBITDA trend will be particularly dampened by lower selling prices. We expect the EBITDA margin to be substantially lower than last year.

WACKER will continue to invest in 2024 to underpin the future growth of its divisions. Capital expenditures will be slightly below the prior-year level, but well above depreciation and amortization. Depreciation and amortization should total around €450 million. Net cash flow will be negative and substantially lower than last year. We expect an increase in net debt.

In 2024, we anticipate that in our chemical divisions, sales will decline at WACKER POLYMERS and remain at the prior-year level at WACKER SILICONES. Given our excellent product portfolio, however, we are confident of being able to return to our growth trajectory in the medium to long term. WACKER BIOSOLUTIONS should continue growing in 2024. We expect WACKER POLYSILICON’s sales to be between €1.3 billion and €1.6 billion.

As of the preparation date of these financial statements, nothing had changed as regards our guidance.

Consolidated Financial Statements

Chapters

Statement of Income

January 1 to December 31

€ million	Notes	2023	2022
Sales	01	**6,402.2**	8,209.3
Cost of goods sold	02	**–5,319.2**	–6,048.5
Gross profit from sales		**1,083.0**	2,160.8
Selling expenses		**–337.5**	–342.5
Research and development expenses		**–184.1**	–178.4
General administrative expenses		**–177.5**	–183.2
Other operating income	02	**127.0**	176.6
Other operating expenses	02	**–157.2**	–156.2
Operating result		**353.7**	1,477.1
Result from investments in joint ventures and associates	03	**49.3**	200.9
Other investment income	03	**1.9**	0.8
EBIT (earnings before interest and taxes)		**404.9**	1,678.8
Interest income	03	**48.1**	10.1
Interest expenses	03	**–40.3**	–28.6
Other financial income	03	**93.9**	131.1
Other financial expenses	03	**–119.6**	–175.2
Financial result		**–17.9**	–62.6
Income before income taxes		**387.0**	1,616.2
Income taxes	04	**–59.7**	–334.6
Net income for the year		**327.3**	1,281.6
Of which			
Attributable to Wacker Chemie AG shareholders		**313.6**	1,251.0
Attributable to non-controlling interests	12	**13.7**	30.6
Earnings per common share (€) (basic/diluted)	19	**6.31**	25.18

Statement of Comprehensive Income

January 1 to December 31

€ million	2023	2022
Net income for the year	**327.3**	1,281.6
Items not subsequently reclassified to the statement of income		
Remeasurement of defined benefit plans	**–61.9**	902.1
Of which income tax effects	**21.9**	–327.5
Sum of items not reclassified to the statement of income	**–61.9**	902.1
Of which result from investments accounted for using the equity method	**–9.6**	92.0
Items subsequently reclassified to the statement of income		
Difference from foreign currency translation adjustment	**–125.0**	61.1
Of which recognized in profit or loss	**–**	–
Changes in the value of securities (FVOCI)	**5.3**	–8.7
Of which income tax effects	**–2.1**	3.5
Of which recognized in profit or loss	**–**	–
Changes in fair value of derivative financial instruments (cash flow hedge)	**8.6**	26.1
Of which income tax effects	**–3.7**	–10.1
Of which recognized in profit or loss	**–5.7**	18.5
Sum of items reclassified to the statement of income	**–111.1**	78.5
Of which result from investments accounted for using the equity method	**–19.9**	27.3
Income and expenses recognized in equity	**–173.0**	980.6
Of which		
Attributable to Wacker Chemie AG shareholders	**–164.2**	990.2
Attributable to non-controlling interests	**–8.8**	–9.6
Total income and expenses reported in the fiscal year	**154.3**	2,262.2
Of which		
Attributable to Wacker Chemie AG shareholders	**149.4**	2,241.2
Attributable to non-controlling interests	**4.9**	21.0

Statement of Financial Position

As of December 31

€ million	Notes	Dec. 31, 2023	Dec. 31, 2022
Assets			
Intangible assets	05	**293.5**	213.0
Property, plant and equipment	05	**3,038.4**	2,717.9
Right-of-use assets	06	**222.5**	243.2
Investment property	07	**1.5**	1.5
Investments in joint ventures and associates accounted for using the equity method	08	**949.8**	999.5
Securities	11	**60.8**	184.4
Other financial assets	10	**85.3**	42.1
Other receivables and assets	10	**54.3**	66.9
Income tax receivables	10	**1.4**	–
Deferred tax assets	04	**245.2**	272.9
Noncurrent assets		**4,952.7**	4,741.4
Inventories	09	**1,449.2**	1,655.8
Trade receivables	10	**788.6**	916.2
Other financial assets	10	**78.8**	54.2
Other receivables and assets	10	**176.3**	215.4
Income tax receivables	10	**42.3**	46.6
Securities and fixed-term deposits	11	**347.4**	877.1
Cash and cash equivalents	11	**1,013.7**	894.7
Assets held for sale	08	**5.4**	–
Current assets		**3,901.7**	4,660.0
Total assets		**8,854.4**	9,401.4

€ million	Notes	Dec. 31, 2023	Dec. 31, 2022
Equity and Liabilities			
Subscribed capital of Wacker Chemie AG		**260.8**	260.8
Capital reserves of Wacker Chemie AG		**158.6**	158.9
Treasury shares		**–45.1**	–45.1
Retained earnings		**4,004.6**	4,287.1
Other equity items		**37.9**	202.1
Equity attributable to Wacker Chemie AG shareholders		**4,416.8**	4,863.8
Non-controlling interests		**163.1**	166.9
Equity	12	**4,579.9**	5,030.7
Provisions for pensions	13	**834.9**	768.9
Other provisions	14	**218.1**	212.6
Financing liabilities	15	**1,088.1**	1,085.6
Other financial liabilities	16	**20.0**	24.9
Income tax liabilities	16	**100.0**	90.2
Contract liabilities	16	**222.8**	224.4
Other liabilities	16	**1.3**	1.2
Deferred tax liabilities	04	**26.3**	35.6
Noncurrent liabilities		**2,511.5**	2,443.4
Other provisions	14	**89.0**	39.5
Financing liabilities	15	**417.5**	461.4
Trade payables	16	**878.9**	885.6
Other financial liabilities	16	**45.3**	41.5
Income tax liabilities	16	**44.6**	92.2
Contract liabilities	16	**93.9**	91.8
Other liabilities	16	**193.8**	315.3
Current liabilities		**1,763.0**	1,927.3
Liabilities		**4,274.5**	4,370.7
Total equity and liabilities		**8,854.4**	9,401.4

Statement of Cash Flows

January 1 to December 31

€ million	Notes	2023	2022
Net income for the year		**327.3**	1,281.6
Depreciation/amortization of fixed assets	05	**418.7**	402.1
Result from disposal of fixed assets		**12.0**	–3.4
Other non-cash expenses and income		**27.2**	53.9
Result from equity accounting	08	**–49.3**	–200.9
Net interest income	03	**–7.8**	18.5
Interest paid	03	**–39.7**	–28.4
Interest received	03	**44.5**	8.8
Income tax expense	04	**59.7**	334.6
Taxes paid	04	**–58.3**	–392.3
Dividends received		**51.5**	27.7
Change in inventories	09	**159.3**	–493.0
Change in trade receivables	10	**114.4**	–67.6
Change in trade payables	16	**–49.2**	88.6
Change in non-financial assets	10	**22.0**	–69.2
Change in financial assets	10	**–17.6**	–14.8
Change in provisions	14	**51.7**	42.8
Change in non-financial liabilities	16	**–129.9**	28.1
Change in financial liabilities	16	**1.1**	19.3
Change in contract liabilities	16	**–1.3**	89.1
Cash flow from operating activities (gross cash flow)	21	**936.3**	1,125.5
Investments in intangible assets, property, plant and equipment, and investment property	05	**–639.6**	–561.2
Investments in financial assets	05	**–0.6**	–0.5
Proceeds from the disposal of fixed assets / financial assets		**1.1**	10.8
Cash payments for loans to equity companies		**–21.2**	–
Cash payments for acquisitions		**–110.4**	–135.8
Cash flow from long-term investing activities before securities		**–770.7**	–686.7
Cash receipts from the disposal of securities and fixed-term deposits	11	**1,153.5**	824.4
Cash payments for the acquisition of securities and fixed-term deposits	11	**–490.4**	–839.1
Cash flow from investing activities	21	**–107.6**	–701.4
Dividends paid	19	**–596.1**	–397.4
Dividends paid to non-controlling interests		**–8.7**	–9.2
Additions to financing liabilities	15	**407.2**	315.5
Repayment of financing liabilities	15	**–454.0**	–331.2
Lease liabilities repaid	06	**–36.5**	–36.2
Cash flow from financing activities	21	**–688.1**	–458.5
Change due to exchange-rate fluctuations		**–21.6**	2.5
Change in cash and cash equivalents	11	**119.0**	–31.9
At the beginning of the year		**894.7**	926.6
At the end of the year		**1,013.7**	894.7

Statement of Changes in Equity

January 1 to December 31

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2022	260.8	157.4	–45.1	3,433.5	–788.1	3,018.5	81.9	3,100.4
Net income for the year	–	–	–	1,251.0	–	1,251.0	30.6	1,281.6
Income and expenses recognized in equity	–	–	–	–	990.2	990.2	–9.6	980.6
Total comprehensive income	–	–	–	1,251.0	990.2	2,241.2	21.0	2,262.2
Dividends paid	–	–	–	–397.4	–	–397.4	–9.2	–406.6
Other[1]	–	1.5	–	–	–	1.5	73.2	74.7
Dec. 31, 2022	260.8	158.9	–45.1	4,287.1	202.1	4,863.8	166.9	5,030.7
Jan. 1, 2023	**260.8**	**158.9**	**–45.1**	**4,287.1**	**202.1**	**4,863.8**	**166.9**	**5,030.7**
Net income for the year	**–**	**–**	**–**	**313.6**	**–**	**313.6**	**13.7**	**327.3**
Income and expenses recognized in equity	**–**	**–**	**–**	**–**	**–164.2**	**–164.2**	**–8.8**	**–173.0**
Total comprehensive income	**–**	**–**	**–**	**313.6**	**–164.2**	**149.4**	**4.9**	**154.3**
Dividends paid	**–**	**–**	**–**	**–596.1**	**–**	**–596.1**	**–8.7**	**–604.8**
Other[1]	**–**	**–0.3**	**–**	**–**	**–**	**–0.3**	**–**	**–0.3**
Dec. 31, 2023	**260.8**	**158.6**	**–45.1**	**4,004.6**	**37.9**	**4,416.8**	**163.1**	**4,579.9**

[1] Change in scope of consolidation / share-based payments.

Reconciliation of Other Equity Items

January 1 to December 31

€ million	Changes in fair value of securities – FVOCI	Impairments of securities – FVOCI	Difference from foreign currency translation adjustment	Changes in fair value of derivative financial instruments (cash flow hedge)	Remeasure-ment of defined benefit plans	Effects of net invest-ments in foreign operations	Total
Attributable to Wacker Chemie AG shareholders							
Jan. 1, 2022	–1.2	0.1	188.2	–4.9	–966.6	–3.7	–788.1
Changes recognized in equity	–8.7	–	–	7.6	902.1	–	901.0
Reclassification to the statement of income	–	–	–	18.5	–	–	18.5
Changes in exchange rates	–	–	70.7	–	–	–	70.7
Dec. 31, 2022	–9.9	0.1	258.9	21.2	–64.5	–3.7	202.1
Jan. 1, 2023	**–9.9**	**0.1**	**258.9**	**21.2**	**–64.5**	**–3.7**	**202.1**
Changes recognized in equity	**5.3**	**–**	**–**	**14.3**	**–61.9**	**–**	**–42.3**
Reclassification to the statement of income	**–**	**–**	**–**	**–5.7**	**–**	**–**	**–5.7**
Changes in exchange rates	**–**	**–**	**–116.2**	**–**	**–**	**–**	**–116.2**
Dec. 31, 2023	**–4.6**	**0.1**	**142.7**	**29.8**	**–126.4**	**–3.7**	**37.9**
Attributable to non-controlling interests							
Jan. 1, 2022	–	–	–5.3	–	–	–	–5.3
Changes in exchange rates	–	–	–9.6	–	–	–	–9.6
Dec. 31, 2022	–	–	–14.9	–	–	–	–14.9
Jan. 1, 2023	**–**	**–**	**–14.9**	**–**	**–**	**–**	**–14.9**
Changes in exchange rates	**–**	**–**	**–8.8**	**–**	**–**	**–**	**–8.8**
Dec. 31, 2023	**–**	**–**	**–23.7**	**–**	**–**	**–**	**–23.7**

Segment Information by Division

January 1 to December 31

€ million	Silicones	Polymers	Biosolutions	Polysilicon	Other	Consolidation	Group
2023							
External sales	2,741.3	1,562.0	337.2	1,599.3	162.4	–	6,402.2
Internal sales	0.1	17.8	–	–	–	–17.9	–
Total sales	2,741.4	1,579.8	337.2	1,599.3	162.4	–17.9	6,402.2
EBIT	101.6	203.0	–20.1	203.3	–82.4	–0.5	404.9
Depreciation/amortization	134.8	50.1	26.6	117.3	89.9	–	418.7
EBITDA	236.4	253.1	6.5	320.6	7.5	–0.5	823.6
EBIT includes: result from investments in joint ventures and associates	3.9	–	–	–	45.4	–	49.3
Impairment of fixed assets	–	–	–	–	–	–	–
Asset additions[1]	241.4	74.1	155.5	165.1	73.5	–	709.6
Additions to financial assets	–	–	–	–	0.6	–	0.6
Asset additions	241.4	74.1	155.5	165.1	74.1	–	710.2
Assets (Dec. 31)	2,499.6	948.1	762.6	981.3	3,662.9	–0.1	8,854.4
Liabilities (Dec. 31)	1,079.4	402.6	239.1	761.6	1,791.9	–0.1	4,274.5
Net assets (Dec. 31)	1,420.2	545.5	523.5	219.7	1,871.0	–	4,579.9
Investments in joint ventures and associates included in net assets (Dec. 31)[2]	97.8	–	–	–	857.4	–	955.2
Research and development expenses	72.3	34.3	5.5	33.5	38.5	–	184.1
Employees (Dec. 31)	6,040	1,622	1,191	2,322	5,203	–	16,378
Employees (average)	6,087	1,612	1,109	2,298	5,145	–	16,251

[1] Intangible assets; property, plant and equipment; investment property; excluding right-of-use assets.

[2] Includes assets held for sale. The segment information by division is an integral part of the Notes to the Consolidated Financial Statements. For explanations of the key indicators, **see Note 22**.

€ million	Silicones	Polymers	Biosolutions	Polysilicon	Other	Consolidation	Group
2022							
External sales	3,452.8	1,967.7	331.1	2,287.2	170.5	–	8,209.3
Internal sales	0.1	28.5	–	–	–	–28.6	–
Total sales	3,452.9	1,996.2	331.1	2,287.2	170.5	–28.6	8,209.3
EBIT	752.8	238.3	–4.7	705.3	–13.5	0.6	1,678.8
Depreciation/amortization	123.6	50.4	21.4	120.4	86.3	–	402.1
EBITDA	876.4	288.7	16.7	825.7	72.8	0.6	2,080.9
EBIT includes: result from investments in joint ventures and associates	76.5	–	–	–	124.4	–	200.9
Impairment of fixed assets	–	–	–	–	–	–	–
Asset additions[1]	199.8	107.3	102.6	91.9	45.2	–	546.8
Additions to financial assets	–	–	–	–	0.5	–	0.5
Asset additions	199.8	107.3	102.6	91.9	45.7	–	547.3
Assets (Dec. 31)	2,699.5	1,021.3	469.5	991.8	4,219.4	–0.1	9,401.4
Liabilities (Dec. 31)	1,128.1	450.0	184.2	692.5	1,916.1	–0.2	4,370.7
Net assets (Dec. 31)	1,571.4	571.3	285.3	299.3	2,303.3	0.1	5,030.7
Investments in joint ventures and associates included in net assets (Dec. 31)	124.2	–	–	–	875.3	–	999.5
Research and development expenses	70.9	35.2	4.8	27.0	40.5	–	178.4
Employees (Dec. 31)	6,019	1,603	835	2,283	4,985	–	15,725
Employees (average)	5,790	1,595	790	2,207	4,880	–	15,262

[1] Intangible assets; property, plant and equipment; investment property; excluding right-of-use assets.

The segment information by division is an integral part of the Notes to the Consolidated Financial Statements. For explanations of the key indicators, **see Note 22.**

Segment Information by Region

January 1 to December 31

€ million	Germany	Rest of Europe	The Americas	Asia	Other regions	Consolidation	Group
2023							
External sales by customer location	**961.5**	**1,338.5**	**1,042.1**	**2,749.6**	**310.5**	**–**	**6,402.2**
External sales by Group company location	**4,794.1**	**925.1**	**1,470.6**	**1,308.6**	**14.2**	**–2,110.4**	**6,402.2**
Asset additions[1]	**505.5**	**52.4**	**56.0**	**95.6**	**0.1**	**–**	**709.6**
Additions to financial assets	**0.6**	**–**	**–**	**–**	**–**	**–**	**0.6**
Asset additions	**506.1**	**52.4**	**56.0**	**95.6**	**0.1**	**–**	**710.2**
Assets (Dec. 31)	**8,380.6**	**2,418.8**	**1,613.6**	**1,332.9**	**12.0**	**–4,903.5**	**8,854.4**
Liabilities (Dec. 31)	**4,276.2**	**332.4**	**341.3**	**495.4**	**7.3**	**–1,178.1**	**4,274.5**
Net assets (Dec. 31)	**4,104.4**	**2,086.4**	**1,272.3**	**837.5**	**4.7**	**–3,725.4**	**4,579.9**
Noncurrent assets[2]	**2,621.1**	**425.9**	**776.6**	**686.7**	**4.4**	**–**	**4,514.7**
Research and development expenses	**184.5**	**0.6**	**19.7**	**14.3**	**–**	**–35.0**	**184.1**
Employees (Dec. 31)	**10,621**	**1,082**	**1,977**	**2,632**	**66**	**–**	**16,378**
2022							
External sales by customer location	1,170.8	1,659.5	1,286.6	3,694.2	398.2	–	8,209.3
External sales by Group company location	6,421.8	641.5	1,659.0	1,656.2	14.4	–2,183.6	8,209.3
Asset additions[1]	329.1	48.7	30.8	138.1	0.1	–	546.8
Additions to financial assets	0.5	–	–	–	–	–	0.5
Asset additions	329.6	48.7	30.8	138.1	0.1	–	547.3
Assets (Dec. 31)	9,009.0	2,465.6	2,061.9	1,396.9	12.6	–5,544.6	9,401.4
Liabilities (Dec. 31)	4,294.5	252.5	670.1	544.8	7.7	–1,398.9	4,370.7
Net assets (Dec. 31)	4,714.5	2,213.1	1,391.8	852.1	4.9	–4,145.7	5,030.7
Noncurrent assets[2]	2,344.3	254.7	903.6	680.3	5.4	–	4,188.3
Research and development expenses	176.6	0.8	18.2	16.3	–	–33.5	178.4
Employees (Dec. 31)	10,424	776	1,879	2,582	64	–	15,725

[1] Intangible assets; property, plant and equipment; investment property; excluding right-of-use assets.

[2] Noncurrent assets as per IFRS 8 (excluding financial instruments, deferred tax assets and post-employment benefits).

The segment information by region is an integral part of the Notes to the Consolidated Financial Statements. For explanations of the key indicators, **see Note 22**.

Notes of the WACKER Group

Accounting Principles and Methods

The WACKER Group (WACKER) is a global chemical company with core activities in the fields of silicone and polymer chemistry, specialty and fine chemistry, and polysilicon production. The activities of the individual segments are explained in the Group management report. The Group's parent company, Wacker Chemie AG, is a listed company under the laws of the Federal Republic of Germany and has its headquarters in Munich, Germany (entered in Munich's commercial register under HRB 159705). Its registered office is at Hanns-Seidel-Platz 4, 81737 Munich, Germany.

The consolidated financial statements, the combined management report and any other documents subject to disclosure requirements are published in Germany's Company Register and on WACKER's website. KPMG AG Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements and the combined management report of Wacker Chemie AG and issued an unqualified audit opinion for them.

» **www.wacker.com/annual-report**

Wacker Chemie AG and its subsidiaries are included in the consolidated financial statements of Dr. Alexander Wacker Familiengesellschaft mbH, Munich. The consolidated financial statements of Dr. Alexander Wacker Familiengesellschaft mbH, Munich, are published in Germany's Company Register.

The Executive Board and Supervisory Board of Wacker Chemie AG have submitted the declaration concerning the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG) and made it accessible to the public on WACKER's website.

» **www.wacker.com/corporate-governance**

Wacker Chemie AG's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the supplementary rules in Section 315e (1) of the German Commercial Code (HGB). The interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were applicable in the year under review have also been implemented.

The fiscal year corresponds to the calendar year. Assets and liabilities are reported in the statement of financial position in line with their maturities. The Group classifies assets and liabilities as current if it expects to realize or settle them within 12 months of the reporting date. The statement of income is prepared using the cost-of-sales method. To improve the clarity of presentation, various items in the statement of income and in the statement of financial position have been combined. These items are shown and explained separately in the Notes.

The Group's reporting currency is the euro. Unless stated otherwise, all amounts are shown in millions of euros (€million). There may be slight deviations in the additions, as all amounts have been rounded up to the nearest whole number after the decimal point.

Material events occurring after the reporting date are described in detail in Note 25. The Executive Board of Wacker Chemie AG approved the consolidated financial statements on February 29, 2024. They were submitted to the Supervisory Board for approval at its meeting on February 29, 2024.

New Accounting Standards

No new accounting standards and interpretations that have a material effect on WACKER have been applied for the first time in these consolidated financial statements. Other standards and interpretations to be applied for the first time are not applicable due to the absence of relevant circumstances. The table below lists amendments to existing standards and new standards to be applied for the first time that are used by WACKER where they are of relevance to the company.

Standard/ interpretation		Mandatory from	Endorsed by EU	Impact on WACKER
IFRS 17 and IFRS 9	Insurance Contracts, Including Amendments to IFRS 17; Initial Application of IFRS 17 and IFRS 9 Comparative Information	Jan. 1, 2023	Nov. 19, 2021 and Sept. 8, 2022	The standard depicts the new accounting policies for insurance and reinsurance contracts. As WACKER does not constitute an insurer that issues insurance contracts, the standard's initial application will not affect existing accounting methods.
Amendments to IAS 1 and IFRS Practice Statement 2	Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	Jan. 1, 2023	March 2, 2022	The amendments clarify that entities are required to disclose their material accounting policies rather than their significant accounting policies. Information is "material" if it could influence decisions made by users of the balance sheet. WACKER already applies these materiality criteria in its published consolidated financial statements.
Amendments to IAS 12	Income Taxes (Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction)	Jan. 1, 2023	Aug. 11, 2022	The amendment removes the prohibition to recognize deferred taxes the first time an asset or a liability is recognized in a transaction, this transaction being neither a corporate acquisition nor impacting net income for the year or taxable earnings. WACKER's accounting policies already reflect this amendment and the consolidated financial statements will not be affected.
Amendments to IAS 12	Global minimum taxation: Pillar Two model rules	Jan. 1, 2023	Nov. 8, 2023	The amendment means that a temporary exemption from the obligation to recognize deferred taxes which result from the implementation of the Pillar-Two rules, as well as targeted disclosure obligations for affected companies will be covered by IAS 12. These are intended to enable users of financial statements to assess the impact of the Pillar-Two rules and the resultant income taxes on the company. WACKER assumes that the application of the Pillar-Two rules will lead to marginally higher income taxes. WACKER will make use of the exemption with regard to the recognition of deferred taxes.
Amendments to IAS 8	Definition of Accounting Estimates	Jan. 1, 2023	March 2, 2022	The amendment includes clarifications on the distinction between accounting policies and accounting estimates. Accounting estimates are monetary amounts reported in the financial statements that are subject to measurement uncertainty. WACKER does not expect its accounting policies to be affected.

Accounting Standards/Interpretations Not Applied Prematurely

The International Accounting Standards Board (IASB) has published standards, interpretations, and amendments to existing standards, the application of which is not yet mandatory and which WACKER is not applying earlier than required. WACKER evaluates every new standard to determine its impact on the consolidated financial statements.

As of year-end 2023, WACKER had identified the following new or amended standards or interpretations that would be of future relevance to the consolidated financial statements.

Standard/ interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated impact on WACKER
Amendments to IAS 7 and IFRS 7	Reverse-Factoring Agreements	May 25, 2023	Jan. 1, 2024	TBD	Additional explanatory notes are intended to increase the transparency of reverse-factoring agreements and their impact on liabilities, cash flows and liquidity risk in the financial statements of entities. WACKER will provide additional explanatory information on reverse-factoring agreements in its consolidated financial statements.

Scope of Consolidation

The consolidated financial statements include the financial statements of Wacker Chemie AG and all companies over which Wacker Chemie AG has direct or indirect control as defined in IFRS 10, or can exercise joint control as defined in IFRS 11. Depending on their structure, companies over which a WACKER Group company exercises joint control are either included proportionately as joint operations in the consolidated financial statements (line-by-line) or accounted for as a joint venture using the equity method. In the absence of other limiting contractual agreements, holding a majority of the voting rights usually leads to control. Joint control generally exists when voting rights are equally balanced, unless other (contractual) rights result in control by one shareholder. Currently, one company with joint control is accounted for using the equity method.

Associates over which WACKER can exercise significant influence as defined in IAS 28 are likewise accounted for using the equity method. Unless the opposite can be clearly demonstrated, significant influence is presumed if a WACKER Group company directly or indirectly holds 20 percent of the voting rights in the investment.

Structured entities are consolidated in the manner described in IFRS 10 if the economic substance of the relationship indicates the existence of control.

Companies in which Wacker Chemie AG has a shareholding of less than 20 percent or over which it does not exercise significant influence are shown as investments under noncurrent financial assets.

A detailed list of the companies included in the consolidated financial statements and of Wacker Chemie AG's entire shareholdings is shown in the Breakdown of Shareholdings section in accordance with Sections 285 and 313 of the German Commercial Code.

» **See Note 23**

Composition of the Group

Number	2023	2022
Fully consolidated subsidiaries (including parent company)	**47**	46
Germany	**8**	8
International	**39**	38
Associates and joint ventures	**3**	4
Germany	**1**	1
International	**2**	3
Non-consolidated companies	**1**	1
Germany[1]	**1**	1
International	**–**	–
Total	**51**	51
Germany	**10**	10
International	**41**	41
Structured entities	**1**	1
Germany	**1**	1
International	**–**	–

[1] The company in question is WBCP Advanced Medicines GmbH & Co. OHG, Munich, the influence of which on the Group's earnings, net assets and financial position is of minor significance.

As well as Wacker Chemie AG, a total of 50 companies were included in the consolidated financial statements as of December 31, 2023 (Dec. 31, 2022: 50 companies). In 2023, WACKER lost its significant influence over Nexeon Ltd, Abingdon, Oxfordshire, United Kingdom.

» **See Note 08**

Acquisitions

Since December 31, 2022, the scope of consolidation has been expanded to include another subsidiary.

Wacker Chemicals Finance B.V., Zaanstad, Netherlands, acquired 100 percent of the shares in ADL BioPharma S.L.U based in León, Spain, in a share deal on May 5, 2023. WACKER first purchased fermentation plants in the northern Spanish city of León back in 2016, and it now owns the entire site. Acquisition of the roughly 300 person-strong company expands WACKER's fermentation capacities by approximately 2,000 cubic meters (gross volume) and adds additional capacities for recovery and purification processes. WACKER will continue to pursue and develop existing customer relationships maintained by ADL BioPharma in its capacity as as a contract manufacturer organization (CMO) for fermentation-based products for the food, pharmaceutical and consumer goods industries. The purchase price of €153.1 million comprises a consideration of €113.8 million transferred to the seller, as well as a contingent consideration in the expected amount of €1.1 million and other acquisition-related transactions totaling €38.2 million. The transferred consideration of €113.8 million was paid in cash. The other transactions involve external loans paid back on behalf of the company by WACKER and a bonus payment made by the company to its employees.

WACKER acquired assets already recognized in the amount of €65.2 million and liabilities of €55.6 million. Cash and cash equivalents accounted for €2.9 million of the acquired assets. The difference between the transferred and contingent consideration and the acquired net assets of €9.6 million amounted to €105.3 million. The purchase price allocation resulted in the revaluation of property, plant and equipment, leases and inventories in the amount of €7.7 million. Intangible assets worth €4.2 million were identified, largely relating to the company's customer base. A favorable supply contract was capitalized under other assets in the amount of €4.3 million. The resulting goodwill of €89.1 million relates primarily to future WACKER business fields and to synergies with the existing biotechnology business. The purchase price allocation was concluded on December 31, 2023. The transaction costs were expensed and amounted to around €2 million. Since being acquired, the company has posted sales of €27.7 million and recognized EBITDA of €1.7 million. If the acquisition had taken place at the start of the year, sales would have amounted to €41.6 million and EBITDA to €3.4 million.

Restrictions and Regulatory Constraints on IP

Statutory, contractual or regulatory restrictions and protective rights concerning non-controlling interests can limit the Group in its ability to retain access to assets, to transfer these to or from other companies unhindered within the Group, or to settle Group debts. The distribution of dividends can be limited by the need to prioritize retirement of shareholder loans. As of the reporting date, there were no material restrictions due to protective rights to the benefit of non-controlling interests. For further details, please refer to the Notes (Equity / Non-Controlling Interests / Capital Structure Management).
» **See Note 12**

In certain countries, regulatory requirements or local corporate-law stipulations can limit the Group’s ability to transfer assets to or from other companies within the Group. Cash and cash equivalents are subject to local foreign-exchange restrictions in some Asian and South American countries. Capital may be exported from such countries only by means of capital measures (dividends, capital reductions) and only with prior approval from government authorities. There are no other significant limitations on the utility of assets within the Group.

Consolidation Methods

The consolidated financial statements include subsidiaries, joint operations, joint ventures and associates. The reporting date for all of these entities is December 31.

Business combinations are recognized by applying the acquisition method as defined in IFRS 3. The assets acquired and liabilities assumed are recorded at their respective fair values applicable on the date that WACKER gained control.

Goodwill is the amount on the acquisition date by which the acquisition costs exceed the Group’s share in the acquired entity’s net assets measured at fair value. The fair value is always calculated without reference to the magnitude of any non-controlling interests. Negative differences are recognized in profit or loss immediately after performing an additional review of the purchase price allocation.

For each acquisition, the individual option exists of measuring any shares not acquired either at fair value or at the proportionate share of the fair value of the acquired entity’s net assets. These non-controlling interests are recognized in the statement of financial position under the line item of the same name.

Costs associated with the business combination are recognized as other operating expenses insofar as they are not costs for issuing debt instruments or equity securities.

Investments accounted for using the equity method are initially measured at cost when the acquisition is made. If the cost exceeds the prorated share of the remeasured net assets, the difference (goodwill) is included in the carrying amount of the investment. The carrying amount has to be tested for possible impairment losses as of the reporting date. The carrying amounts of these entities are increased or decreased annually to reflect their prorated earnings, dividend payouts or other changes in equity. If there is any indication that the value of the investment has been permanently reduced, an impairment is recognized in profit or loss.

Interim results, sales, expenses, income, receivables and liabilities between the consolidated companies, as well as prorated profits and losses resulting from transactions with associates, are eliminated.

Estimates and Assumptions Used in Acquisitions and Consolidation

Determining the fair values of the acquired assets and liabilities requires certain estimates and assumptions, especially concerning the acquired intangible assets and property, plant and equipment, as well as the liabilities assumed and the useful lives of the acquired intangible assets and property, plant and equipment.

Measurement is based to a large extent on anticipated cash inflows and outflows. If actual cash inflows and outflows vary from those used to calculate fair values, this may affect future Group net income.

In the case of material business combinations, a purchase price allocation is performed with the assistance of independent third-party valuation specialists. The valuations are based on the information available at the acquisition date.

Discretionary Decision-Making in Consolidation

Discretionary decisions can be made whenever it is necessary to evaluate whether control, joint control or significant influence exists for entities in which WACKER holds less than 100 percent of the voting rights. Primarily in cases where WACKER holds 50 percent of the voting rights, it must be assessed whether there are additional contractual rights or, in particular, factual circumstances that could result in WACKER having the authority to make decisions regarding the potential subsidiary, or whether joint control exists.

Changes to the contractual agreements or factual circumstances are monitored and assessed in terms of their possible impact on the evaluation of whether control or joint control exists.

Foreign Currency Translation

In the Group companies' separate financial statements, all of the receivables and liabilities in foreign currencies are translated at the rate prevailing on the reporting date, regardless of whether or not they have been hedged. Forward contracts that, from an economic point of view, are used for hedging are reported at fair value. The resulting translation differences are recognized in profit or loss or, if cash flow hedges are in place, in other equity items.

The financial statements of consolidated companies that are prepared in foreign currencies are translated on the basis of the functional currency principle using the modified closing rate method. This means that items in the statement of financial position are translated from the functional currency to the reporting currency using the average rates of exchange prevailing on the reporting date, whereas items in the income statement are translated using the average exchange rates of the reporting period.

As the Group's subsidiaries conduct their business in financial, economic and organizational autonomy, their functional currencies are basically identical to their respective local currencies. Any net gains or losses arising from the translation of equity are recognized in other equity items. Translation differences resulting from divergent exchange rates in the statement of income are likewise included there. If Group companies are removed from the scope of consolidation, any corresponding translation difference is reclassified from equity to profit or loss. The exchange rates between the most important currencies reported in these financial statements and the euro were as follows:

	ISO-code	Exchange rate as of		Average exchange rate	
		Dec. 31, 2023	Dec. 31, 2022	2023	2022
US dollar	USD	**1.11**	1.07	**1.08**	1.05
Chinese renminbi	CNY	**7.86**	7.41	**7.66**	7.08

Estimates and Assumptions Used in Preparing Consolidated Financial Statements

The preparation of the consolidated financial statements in compliance with IFRS necessitates assumptions and estimates affecting the amounts and the disclosure of the recognized assets and debts, income and expenses, and contingent liabilities and contingent assets. These assumptions and estimates comply with the conditions and appraisals prevailing on the reporting date. In this regard, they also impact the amount of income and expenses recognized for the fiscal years in question. The assumptions on which the estimates are based relate primarily to the uniform determination of useful lives throughout the Group, the ascertainment of fair values of financial instruments, the recognition and measurement of provisions, the realizability of future tax relief, estimates relating to lease accounting, and the determination of discounted cash flows made in connection with impairment tests and purchase price allocations.

In individual cases, the actual values may differ from the assumptions and estimates that were made. Changes in value are recognized as soon as they become apparent and affect the net results of the period when the change occurred and, where applicable, of future reporting periods.

Intangible Assets Including Goodwill / Property, Plant and Equipment / Equity-Accounted Investments

The expected useful lives of intangible assets and of property, plant and equipment, together with their residual values and amortization/depreciation schedules, are based on past experience, planning and estimates. This includes estimates of the period and allocation of future cash inflows derived from the investments made, as well as future technical advancements and ongoing replacement and development cycles.

Impairment tests are performed for assets if specific indicators point to a possible impairment loss or reversal of an impairment loss. In the case of a possible impairment, an estimate must be made of the recoverable amount of the affected asset that corresponds to the higher of either the fair value less costs to sell or the value in use. To ascertain the value in use, it is necessary to determine the affected asset’s discounted future cash flows. The estimate of the discounted future cash flows contains significant assumptions, in particular those regarding future selling prices and sales volumes, production costs, maintenance capital expenditures and discount rates. These assumptions relate to a planning phase of at least five years and are based on past experience and on management’s expectations of market trends. Although WACKER assumes that the estimates of the relevant expected useful lives and of discounted future cash flows, as well as the assumptions regarding the general economic conditions and the development of the economic sectors, are reasonable, a change in the assumptions or circumstances might necessitate a change in the analysis.

The trends in the sales prices and volumes of WACKER products and in raw-material and energy prices will have the most significant impact on future cash flows, particularly at WACKER POLYSILICON due to its highly volatile selling prices. Prices are expected to decline from 2024 onwards, and this development has been incorporated in the relevant planning figures. Following the detailed planning stage, a constant, average price is assumed for polysilicon for solar applications. A change in the long-term price assumptions by one euro in either direction changes the value in use by plus/minus €130 million. The high energy prices in Germany are expected to decline only gradually and are not expected to match the levels seen in other regions in the foreseeable future. The planning figures do not include a bridge electricity price for German industry or similar subsidies (in particular subsidies under the US Inflation Reduction Act). This could result in significant deviations from the current assumptions, which could lead to additional recognition or reversals of impairment losses. WACKER POLYSILICON’s assets amount to €981.3 million (prior year: €991.8 million).

Goodwill impairment tests are performed on the basis of cash-generating units, which largely correspond to WACKER’s business units. Should impairment be required, the first step is to write off the existing goodwill in full, where necessary. If, subsequently, there is still a need for impairment, this is allocated to the other assets of the cash-generating units.
» **See Note 05**

Leases

Lease liabilities are accounted for on the basis of the contractual lease terms. Assumptions and estimates are necessary to determine the lease term and the underlying discount rate. The lessee is unaware of the interest rate contained in the lease, which is why WACKER calculates the incremental borrowing rate using a risk-free interest rate plus an extrapolated credit spread that reflects WACKER's refinancing level.

» **See Note 06**

Financial Instruments

Financial instruments are measured at fair value, while other financial assets and liabilities are disclosed at fair value in the notes to the financial statements. Calculation of the fair value of financial instruments may require making estimates, which may be more or less extensive depending on the extent to which unobservable inputs are taken into account. When calculating fair value, WACKER strives to include as many observable inputs as possible and to keep the use of unobservable inputs to a minimum. If the fair value cannot be calculated reliably, the carrying amount is taken as an approximate figure to determine it.

In accordance with IFRS 13, financial instruments that are measured or recognized at fair value in the consolidated financial statements must be measured and classified in accordance with the fair value hierarchy. This hierarchy consists of three levels, to which the inputs are assigned according to the extent to which they are observable as part of the corresponding valuation methods.

» **See Note 20**

Impairments of Financial Assets

Impairments of financial assets are based on credit-default risk and expected loss rates. When preparing these assumptions and selecting inputs to calculate impairment, WACKER exercises discretion on the basis of past experience, current market conditions and forward-looking estimates as of the end of the reporting period. The most important assumptions and inputs are based on credit ratings and credit insurance, as well as on macroeconomic analyses, all of which provide the basis for classification in risk classes.

» **See Note 10**

Provisions

Significant risks inherent in environmental protection provisions and in provisions for damages and onerous contracts include possible changes in future cost/benefit estimates, changes in the likelihood of their utilization, and expanded statutory rules concerning the elimination and prevention of environmental damage. Changes in the discount rate also lead to adjustments in noncurrent provisions, reflecting the interest-rate environment. A floor of zero applies to the discount rates used, meaning negative interest rates are not taken into account.

» **See Note 14**

Provisions for pensions and similar obligations are accounted for in accordance with actuarial valuations and assumptions regarding plan assets. The valuations are based on statistical and other factors in order to anticipate future events. The factors in question include the discount rate, expected salary and pension increases, the mortality rate and rate increases for preventive health care. Property valuations are used for measuring the plan assets, while fair values are the basis for loans, fixed-interest securities, stocks and funds. If market and economic conditions change, these assumptions could vary considerably from actual developments, consequently leading to major changes in pension and similar obligations, as well as in associated future expenses.

» **See Note 13**

The pension obligation is determined by discounting the WACKER-specific expected future cash flows. The discount rate is derived from the yield curve of high-grade fixed-interest corporate bonds with maturities matching the pension obligations, as calculated at the reporting date. The bonds are all denominated in the same currency as their underlying pension obligations. In Germany, WACKER uses Markit iBoxx EUR AA Corporate Bond Index bonds. Moreover, it applies the composite yield curve of four countries' government bonds (Austria, Belgium, Finland and France), which are currently rated AA and have a maximum maturity of about 100 years. Any negative discount rate derived from these parameters is taken into account when determining the present value of the pension provisions and other long-term employee benefits, such as anniversary provisions.

WACKER is active worldwide and subject to local tax laws. Although we believe we have reasonably assessed tax uncertainties, we cannot ensure that the actual outcome will match the original assessment. If the actual results diverge from this assessment, this could impact the tax liabilities and deferred taxes in the specific period of recognition. Tax liabilities contain uncertain tax positions for cases where it might not be possible to realize the amounts stated in tax returns.

Deferred Taxes
At each reporting date, the Group assesses whether the probability of future tax benefits being realized is sufficient to recognize deferred tax assets. Among other things, this requires management to evaluate the tax benefits resulting from currently available tax strategies and future taxable income, and also to take additional positive and negative factors into account. In the case of entities that, in the past, reported tax losses within the meaning of IAS 12, deferred tax assets are capitalized only in exceptional cases, where there is convincing evidence that they can be realized.

Climate Protection and Sustainable Development
WACKER has new, ambitious sustainable development goals for addressing climate-change risks up to 2030.
» **See Non-Financial Performance Indicators in the Group Business Fundamentals section of the combined management report**

The new targets to cut greenhouse gases are science-based because they are consistent with the goal of keeping the global rise in temperature below 1.5 degrees Celsius and therefore comply with the Paris Agreement. The chemical industry is resource-intensive. Integrated production clearly dictates the most efficient and responsible use of resources possible as well as the application of circular-economy principles. Ambitious targets for reducing carbon emissions and the utilization of renewable and recycled raw materials are core components of WACKER’s strategy. WACKER is continually working to improve its production processes. That is why current developments and measures as regards climate change and sustainability have not fundamentally changed our expectations in relation to the useful lives or value of noncurrent assets such as property, plant and equipment. Nor have they resulted in any need to adjust our provisions for environmental or demolition/dismantling obligations. In isolated cases, however, facilities may have to be shut down where it is deemed necessary to protect the environment.

At present, WACKER sees a risk that the EU Taxonomy – with its fragmentary rules on reporting sustainable products and activities – will not enable the company to adequately present the importance of its products for climate change mitigation. In 2023, there were no material activities that WACKER could report as being in alignment with the EU Taxonomy Regulation. Even polysilicon, a vital raw material for producing solar modules, cannot be defined as taxonomy-eligible, since polysilicon activities are not cited in the EU regulation. This could be disadvantageous if this key factor influences financing decisions of investors or government subsidy programs. In its decisions regarding capital expenditures, WACKER assumes there will be enough reasonably priced green energy available in the future. There is a risk that both the quantity and the price of energy will diverge from what is expected. Higher electricity and gas prices have been factored into WACKER’s planning and are taken into account when remeasuring the value of its noncurrent assets.

The latest sustainability figures are disclosed in the Non-Financial Statement in this Annual Report.

Further details about estimates, accounting and valuation principles, and their effects on these consolidated financial statements, are contained in the individual sections of the Notes.

Accounting and Valuation Principles

The financial statements of Wacker Chemie AG and its German and international subsidiaries are prepared in accordance with uniform accounting and valuation principles.

The accounting and valuation methods correspond to those used for the last consolidated financial statements as of the end of the previous fiscal year. They have been supplemented by new accounting standards to be applied for the first time in the reporting year. The Group's consolidated financial statements are based on acquisition and production costs (historical costs), with the exception of items measured at fair value, which include financial assets, derivatives, and plan assets within the scope of pension obligations.

Sales

Sales comprise revenue from contracts with customers and from other sources. The consideration expected to be received in exchange for transferring goods or services to a customer in the ordinary course of business is reported as revenue from contracts with customers. Revenue is recognized when a performance obligation has been satisfied and the customer has obtained control of the goods or services. A prerequisite is the customer's willingness to acknowledge and accept performance. Revenue recognition can occur either over a period of time or at a point in time and involves a five-step system. First, a contract with a customer and its performance obligations are identified. Then, the transaction price is determined and allocated. Revenue must be recognized for each individual performance obligation when the customer obtains control of the goods or services. In certain transport clauses, transport costs represent a separate performance obligation since the freight/transport performance is not concluded until control has been transferred to the customer. Revenue recognition usually takes place when the goods are transferred to the customer or as stipulated in the agreed transport terms. Certain revenues from services are generated over a period of time, during which the services are rendered and documented in accordance with contractual milestones. Revenue recognition takes place when a milestone is completed, at which point the right to payment arises.

Other revenue concerns the proceeds of sales that are not from contracts with customers; revenue of this kind is recognized at the fair value of the consideration received or receivable for the goods or services sold.

Revenue is reported net of VAT and other taxes incurred in connection with the sales and after accounting for discounts and price reductions. Sales are not reported if there are risks attached to the receipt of the consideration. In the case of risks from returns of finished goods and merchandise, warranties and other complaints, provisions are recognized using the principle of individual evaluation.

When a contracting party (customer or supplier) has fulfilled its contractual obligations, an entity must present the contract as a contract asset or contract liability depending on whether the entity has completed performance or the customer has made payment. An entity must show every unconditional right to receive consideration as a separate receivable. WACKER recognizes contract liabilities in its statement of financial position. These liabilities include advance payments made by customers for polysilicon deliveries and advance payments made by WACKER BIOSLOUTIONS customers. Customer-specific discount accruals are also reported as contract liabilities. Discount accruals are contractually agreed discounts that are granted when certain thresholds are exceeded and that reduce sales in the current period. These accruals are estimated on the basis of past experience and usually settled in the following period at the latest. At WACKER BIOSOLUTIONS, assets required for the provision of services are recognized as contract assets.

Functional Costs

The cost of goods sold shows the cost of the products, merchandise and services sold. It includes not only directly attributable costs, such as material costs, personnel expenses and energy costs, but also indirect costs, such as depreciation/amortization, impairments and inventory write-downs. It also includes the cost of outward freight. Selling expenses include costs incurred by the sales organization as well as the cost of advertising and market research. This item also includes commission expenses. General administrative expenses include the prorated payroll and costs of corporate control functions, human resources, accounting and information technology, unless they have been charged as an internal service to other cost centers and thus, in certain circumstances, to other functional areas.

Research and Development Expenses

Research expenses also include costs incurred in the development of products and processes. Research costs in the narrow sense are recognized as expenses when they are incurred and are not capitalized. Development costs are capitalized only if all the prescribed recognition criteria have been met, the research phase can be separated clearly from the development phase, and the costs incurred can be allocated to the individual project phases without any overlaps. There must also be sufficient certainty that future cash inflows will take place.

Income Taxes

Income taxes include all domestic (German) and international taxes that are based on taxable earnings. They include both current income taxes and deferred taxes. Current income taxes are calculated based on the taxable earnings and the applicable tax regulations in each country in the reporting year. Income taxes also contain adjustment amounts for any tax payments or tax refunds arising from outstanding tax returns from prior years and as a result of tax audits.

Income tax liabilities are recognized to cover cases in which it might not be possible to realize the amounts stated in tax returns (uncertain tax positions). Their amount is calculated using the best possible estimate of the expected tax payment for the specific item (the most likely value of the tax uncertainty). Income tax receivables from uncertain tax positions are recognized if it is likely that they can be realized. No income tax liability or income tax receivable is posted for these uncertain tax positions if, and only if, a tax loss carryforward or an unused tax credit exists. In all other cases, the uncertain tax position is offset against the unused tax loss carryforward or the unused tax credit, insofar as no restrictions apply to the offset.

Deferred tax assets and liabilities are recognized for temporary differences between tax bases and carrying amounts, and for consolidation measures recognized in the statement of income. With regard to leases, WACKER recognizes deferred tax assets for lease liabilities and deferred tax liabilities for right-of-use assets separately. Deferred tax assets include tax relief entitlements resulting from the anticipated use of existing loss carryforwards in future years, the realization of which is sufficiently probable. Deferred taxes are determined on the basis of the tax rates which, under current law, will be applicable or are anticipated in the individual countries when they are realized. Deferred tax assets and liabilities are netted out only to the extent possible under the same tax authority. Deferred tax assets and liabilities are recognized in the statement of income. In cases where profits or losses are recognized directly in equity, the deferred tax asset or liability is likewise posted under other equity items.

Tax effects that might result from the future application of the global minimum tax regulations (Pillar Two) were not included when calculating the amounts recognized for deferred tax assets and liabilities.

Intangible Assets

Pursuant to IAS 38, acquired and internally generated intangible assets are capitalized if it is probable that a future economic benefit can be associated with the use of the asset and the costs of the asset can be determined reliably. They are measured at cost and, if their useful lives can be determined, amortized on a straight-line basis. The useful life is taken to be between 3 and 15 years unless indicated otherwise, e.g. by the life of a patent. The useful life is reviewed annually and, if necessary, adjusted to correspond to the latest expectations. Amortization of intangible assets is allocated to the functional areas that use the assets. Intangible assets with indefinite useful lives undergo an annual impairment test. At present, no intangible assets with indefinite useful lives have been capitalized.

Goodwill is not amortized. Existing goodwill undergoes an annual impairment test. If the impairment test indicates a recoverable amount that is lower than the carrying amount, the goodwill is reduced to its recoverable amount and an impairment loss is recognized. An impairment test is also performed when events or circumstances indicate a possible impairment. Impairments of goodwill are disclosed under other operating expenses. Impairment losses on goodwill are not reversed. The recoverable amount is determined in each case by applying the value in use. Planning approved by management and the related cash flows for the next five or more years are used where there are legitimate grounds for extending the detailed-planning period. For the time period thereafter, a terminal value was calculated by extrapolating the last detailed planning year as a perpetual annuity. Planning is based on experience, current business performance and management's best possible estimate of future development of specific influencing factors, such as raw-material prices and profit margins. Macroeconomic and industry-specific sources are consulted when making assumptions on market trends such as market growth.

Any cash-flow discounting required by impairment tests is done using the weighted post-tax cost of capital as determined by the capital asset pricing model. Components of the formula used in this model are the risk-free interest rate, the market risk premium and an adjustment of the credit risk based on the specific peer group (spread).

Property, Plant and Equipment

Property, plant and equipment is capitalized at (acquisition or production) cost and depreciated on a straight-line basis over its expected economic life. A residual value is determined in exceptional cases only. The useful life is reviewed annually and, where necessary, adjusted to correspond to expectations. Acquisition costs include not only the purchase price, but also incidental acquisition costs as well as any costs incurred in the demolition, dismantling and/or removal of the relevant asset from its site, and in the restoration of that site. Any reductions in the price of acquisition reduce the acquisition costs. The (production) cost of internally generated assets includes all costs directly attributable to the production process as well as an appropriate portion of the production-related overheads. Financing costs that were incurred in connection with particular qualifying assets and can be attributed directly or indirectly to them are capitalized as part of acquisition or production costs until the assets are used for the first time.

Day-to-day maintenance and repair costs are expensed as incurred. Costs for replacing parts or carrying out major overhauls of property, plant and equipment are capitalized if future economic benefits are likely to accrue to the Group and if the costs can be measured reliably.

Grants from third parties reduce acquisition and production costs. Unless otherwise indicated, these grants (investment subsidies or development loans) are provided by government bodies. Income grants for which there are no future expenses are recognized as income. Grants are recognized as separate assets until receipt of the funds.

WACKER recognizes assets under construction for as long as the asset or a component thereof is being built or when advance payments are made prior to delivery of services charged. Property, plant and equipment under construction is not depreciated. Depreciation commences when the assets are ready for operation, at which time they are reclassified as property, plant and equipment. This occurs independently of when WACKER actually commissions the items.

If property, plant and equipment is permanently retired, sold or given up, the acquisition or production costs are derecognized, along with the corresponding cumulative depreciation.

Any gain or loss resulting from the difference between the sale proceeds and the residual carrying amount is recognized under other operating income or expenses.

Depreciation of property, plant and equipment is generally based on the following useful lives:

In years	Useful life
Buildings and similar rights	10–40
Technical equipment and machinery	6–12
Factory and office equipment	3–12

An impairment test is carried out when relevant events or changes in circumstances indicate that it might no longer be possible to realize the net carrying amount of intangible assets, or property, plant and equipment. At the end of each reporting period, WACKER checks whether there are triggering events for recognizing (or reversing) impairments. An impairment loss is then recognized in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of either the fair value less costs to sell or the value in use. The value in use is calculated based on the present value of the estimated future cash flows from the use of the asset, taking into account pre-tax interest rates that have been adjusted to reflect the segment-specific risk. In order to determine the cash flows, assets are combined at the lowest level for which cash inflows can be identified separately (cash-generating units). If the reasons for recognizing impairments no longer exist, impairment losses are reversed. The revised amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized. Impairments are reported under other operating expenses and reversals of impairment losses under other operating income.

Government Grants

If their inflow is sufficiently certain, government grants for assets are deducted from the asset’s carrying amount and recognized as income using a reduced depreciation/amortization charge over the depreciable/amortizable asset’s useful life. Provided their inflow is sufficiently certain, government grants that compensate the Group for incurred expenses are deducted from the corresponding expenses in the same period in which the expenses to be compensated are incurred.

Investment Property

Like property, plant and equipment, investment property is measured at cost and depreciated on a straight-line basis. It consists of land and buildings that are held to earn rental income or for capital appreciation. The fair value of this property is regularly measured by means of independent property appraisals. This item in the statement of financial position also includes right-of-use assets from long-term subleases.

Leases

At the start of a contract, WACKER assesses whether the agreement constitutes or contains a lease. This is the case if the agreement grants control over the use of an identifiable asset against payment of a fee for a specific term. When the agreement is concluded or modified, the agreed fee must be divided up into a lease component and a non-lease component. WACKER does not perform this separation, however, since all its identified leases are solely of a lease-fee nature.

WACKER recognizes a right-of-use asset, which is initially measured at cost. The cost of this asset includes the lease liability, as well as lease payments made prior to the transfer of use, incremental contract-closing costs and dismantling costs. The right-of-use asset is then amortized on a straight-line basis over the lease term. If WACKER assumes control of the asset at the end of the lease, or if the lease liability contains a purchase option, the asset is amortized over its useful life.

The lease liability is initially measured at the present value of the remaining lease payments as of the date of availability and discounted at the Group's incremental borrowing rate. To calculate its incremental borrowing rate, WACKER uses interest rates from various external financing sources with a similar rating to Wacker Chemie AG in certain maturity bands. In the case of property leases, adjustments are made due to the leased property's security-related function. The evaluation includes both fixed and variable lease payments. The latter are tied to an index or interest rate, and calculated for the first time on the date of availability. Lease payments from extension options or payments from purchase options are included only if it is sufficiently certain they will be exercised. Penalty payments from premature termination are recognized if WACKER is certain premature termination will take place.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured if the contract is modified or the estimates regarding exercise of the options are amended.

Right-of-use assets are shown as a separate line item in the statement of financial position. Lease liabilities are recognized under financing liabilities. WACKER has decided not to recognize right-of-use assets and lease liabilities if the assets in question are of low value or the leases are short term (including for IT equipment). The lease payments are recognized as expenses. Leased company cars for employees are not recognized as subleases, but rather as salary components under IAS 19 "Employee Benefits."

If it is the lessor, WACKER classifies a lease as being either a finance lease or an operating lease. WACKER acts as a lessor where property subleases are concerned. This classification takes account of indicators such as whether the lease comprises the predominant part of the economic use of the asset or right-of-use asset. The Group recognizes main leases and subleases separately if it acts as an intermediary lessor. It classifies a sublease on the basis of the right of use from the corresponding main lease.

Investments, Associates and Joint Ventures

Shares in non-consolidated affiliated companies and investments are measured and recognized at market value or at cost. Changes in market value are recognized in the consolidated statement of income upon realization through disposal or if the market value falls below the acquisition cost. Loans granted are measured at amortized cost, except for non-interest-bearing and low-interest loans, which are recognized at their present value.

Investments in joint ventures and associates are accounted for using the equity method, with the carrying amount reflecting the Group's prorated share of equity. Prorated net profits and losses are recognized in the consolidated statement of income, and the carrying amount is increased or decreased accordingly. Any changes in equity recognized directly in the investee's equity are also recognized directly in equity in the consolidated financial statements. Dividends paid by joint ventures and associates reduce their equity and are therefore deducted from the carrying amount without affecting profit. If a joint venture or associate faces losses that have exhausted its equity, no further losses are taken into account. Exceptions can be made if there are noncurrent unsecured receivables against the company, or the Group has entered into additional obligations or made payments for the company. The carrying amount is not increased until the loss carryforward has been compensated for and the equity is positive again.

In addition, an impairment test is carried out in the presence of corresponding indications and, where necessary, an impairment loss is recognized. The recoverable amount is determined in accordance with IAS 36. If the reasons for an impairment loss no longer apply, it is reversed. Impairment losses and reversals of impairment losses are recognized in the result from investments in joint ventures and associates.

Financial Instruments

Financial assets and liabilities are recognized in the consolidated financial statements when WACKER becomes a contracting party to the financial instrument. They are derecognized when the contractual rights or liabilities are fulfilled or rescinded, or when they expire.

In the case of normal market purchases or sales, however, the settlement date – i.e. the date on which the asset is delivered to or by WACKER – is relevant for initial recognition and derecognition. As a rule, financial assets and financial liabilities are not netted. A net amount is presented in the statement of financial position if, and only if, the entity currently has a right to net the recognized amounts and intends to settle on a net basis.

Financial instruments are measured at fair value on initial recognition. The transaction costs directly attributable to the acquisition must be taken into account for all financial assets and liabilities not subsequently measured at fair value through profit or loss. The fair values recognized in the statement of financial position generally correspond to the market prices of the financial assets and liabilities. If these are not directly available, they are calculated using standard measurement models on the basis of current market parameters.

Financial assets at WACKER include, in particular, cash and cash equivalents, trade receivables and derivatives, as well as financial assets that are held to collect or held for trading. As a general rule, financial liabilities must be settled using cash or another financial asset. Financial liabilities include the Group’s own bonds and other securitized liabilities, trade payables, liabilities to banks, lease liabilities, promissory notes (German Schuldscheine) and derivative financial liabilities. WACKER does not elect to measure financial assets and liabilities at fair value through profit or loss on initial recognition (fair value option).

Subsequent measurement of financial assets and financial liabilities depends on the measurement categories of IFRS 9.

IFRS 9 stipulates that each financial asset must be classified and measured on the basis of the entity’s business model for managing the financial assets and the asset’s contractual cash flow characteristics. On initial recognition, each financial asset is classified as measured either at fair value through profit or loss (FVPL), at amortized cost or at fair value through other comprehensive income (FVOCI).

The “held to collect” and “held to collect and sell” business models both require that the cash flows from the financial instrument be solely payments of principal and interest (SPPI). Subject to use of the fair value option, which is still available under certain circumstances, instruments that satisfy the SPPI test are measured at amortized cost in the “held to collect” business model, and at fair value through other comprehensive income (FVOCI) in the “held to collect and sell” business model. Financial instruments that fail the SPPI test are measured at fair value through profit or loss (FVPL) and classified under the “trading” business model. IFRS 9 provides for an exception for interests that are not held for trading, such as company stock. Since they do not meet the SPPI test criteria, equity instruments must be measured at fair value, but upon initial recognition there is an irrevocable election to present subsequent changes in fair value in other comprehensive income. WACKER currently makes no use of this election.

At WACKER, trade receivables, as well as other financial receivables, certain securities, fixed-term deposits, and cash and cash equivalents, are assigned to the “held to collect” business model and measured at amortized cost. If it is both intended and, in economic terms, to be expected with sufficient certainty that securities or fixed-term deposits will be held to collect, they are measured at amortized cost using the effective interest method. Otherwise, securities are measured at fair value provided they meet the SPPI criteria, with changes in fair value recognized in other comprehensive income (FVOCI). Unrealized gains and losses are recognized in other equity items after adjusting for deferred taxes. When financial instruments are derecognized, the cumulative gains and losses recognized in equity are recognized in profit or loss.

As fund shares and investments generate cash flows from dividends and other distributions, and thus do not satisfy the SPPI criterion, they are assigned to the “trading” business model and measured at fair value through profit or loss (FVPL). The investments in question are primarily small, regional investments in non-profit organizations operating infrastructure facilities, as well as investments in start-ups. As no active market values are available for these companies, they cannot be measured at fair value. WACKER considers the historical cost of these equity instruments to be the best approximation of their fair value. Derivative financial instruments do not fall into any measurement category: they are measured at fair value through profit or loss. If they are intended for strategic hedging relationships, they are accounted for directly in equity.

Primary financial liabilities are subsequently measured at amortized cost using the effective interest method. Under reverse-factoring agreements, WACKER places its trade payables on a platform for its suppliers, enabling them, where necessary, to initiate payment of their invoices earlier than the agreed payment date. The items in question are still recognized as trade payables because the original payment deadlines are unchanged. WACKER is not exposed to any liquidity risk, as no extended payment deadlines are agreed with the factor and no other changes are made to the original liability. In the case of reverse-factoring agreements, liabilities with long payment deadlines outside the normal business cycle are reclassified to financial liabilities.

Impairments of Financial Assets

IFRS 9 stipulates that, with the exception of derivative financial instruments, trade receivables and other financial assets must be recognized at amortized cost. Securities are measured at fair value or amortized cost either through other comprehensive income or through profit or loss. Risk provisioning takes place in the form of loss allowances. Loss allowances are recognized for receivables on initial recognition of the financial assets on the basis of the potential losses expected at that point in time. If the credit risk is not significantly higher on the reporting date than it was on initial recognition, WACKER recognizes a loss allowance in the amount of the 12-month expected credit losses (Level 1) – meaning the credit losses that can be expected to arise from possible default events within the next 12 months. IFRS 9 requires recognition of a loss allowance in the amount of the default of receivables expected over the full remaining term to maturity for those financial assets whose credit risk has become significantly higher (Level 2) and of assets that are defaulted as of the reporting date (Level 3). WACKER considers the credit risk to have become significantly higher if the counterparty’s credit rating has been downgraded substantially and the receivable is more than 30 days past due. The main indicators WACKER uses to determine whether an asset has become defaulted (Level 3) are insolvency, internal dunning level 4 and more than 90 days past due. Regardless of this, each case must be assessed individually in line with the credit management process. In this process, the assets – particularly trade receivables – are assigned to internally defined risk classes. The internal credit classes contain forward-looking information and take account of both macroeconomic factors and payment behavior history.

WACKER applies the simplified approach when calculating impairments of trade receivables. Under this approach, the loss allowance is determined immediately upon origination on the basis of the lifetime expected credit losses. Further changes in the credit risk (expected credit losses, ECL) do not need to be tracked. The expected credit losses are determined using a provision matrix, which defines fixed default rates per past-due category on the basis of the risk classes of the past-due receivables.

The lifetime expected credit losses reflect all possible default events that could occur until the expected maturity of the financial asset. WACKER determines the expected credit loss by taking into account the entire contractual period during which the Group is exposed to the credit risk.

WACKER applies three key parameters to assess the expected credit loss for noncurrent and current interest-bearing receivables (loans and fixed-interest securities): the probability of default (PD), the loss given default (LGD) and the estimated exposure at default (EAD). In the case of loans and fixed-interest securities, WACKER determines a loss allowance equivalent to the 12-month expected credit losses, as the former are financial instruments with a low credit risk.

A financial asset is derecognized if the company no longer has any expectation of receiving the corresponding outstanding cash flow. Before a receivable is derecognized, a special assessment of the individual case is carried out. That includes offsetting against the gross value of the receivable – and thus utilizing – any impairments recognized. Expenses from expected impairments are reported under other operating expenses.

Cash and cash equivalents comprise cash in hand, demand deposits, and financial assets that can be converted into cash at any time, are subject to only slight fluctuations in value and have a term of up to three months. They are measured at amortized cost, which is equivalent to their nominal values.

The general impairment model is applied to bank deposits and fixed-term deposits. These are classified as financial instruments with a low credit risk, given that WACKER enters into banking relationships only with investment-grade counterparties. Impairments are not recognized for deposits with banks participating in Germany’s Deposit Protection Fund because these deposits are secured via the fund in adherence to statutory requirements.

If the contractual conditions of an asset are modified and the modification does not result in its derecognition under IFRS 9, a gain or loss is recognized in the income statement. The amount recognized is the difference between the original contractual cash flows and the modified cash flows (both discounted using the original effective interest rate). For WACKER, however, modifications of this kind are exceptional, and none have arisen to date.

Derivative Financial Instruments
Derivative financial instruments are used solely for hedging purposes, the aim being to reduce both the Group’s exposure to exchange-rate, interest-rate and commodity-price risks arising from operating activities and the resulting financing requirements. Derivative financial instruments are recognized as of the trade date. They are always recognized at fair value, irrespective of the purpose or intention for which they were concluded. Positive fair values are recognized as receivables and negative fair values as liabilities. Differences are recognized in profit or loss separately from hedge accounting.

Where derivative financial instruments are used to hedge risks stemming from future cash flows or to hedge items in the statement of financial position, WACKER applies hedge accounting in accordance with the requirements of IAS 39. Changes in the market values of financial instruments used to hedge risks stemming from cash flows (cash flow hedges) are recognized in other equity items – taking deferred taxes into account – until the hedged item has been realized. When the hedged item is realized, the profit contribution of the hedging transaction is recognized in the statement of income under other operating income/expense or under net interest income. If such a derivative is sold or the hedging relationship is discontinued, the change in its value continues to be recognized in other equity items until the underlying transaction occurs. Ineffective parts of the hedging transaction are recognized immediately in profit or loss. Fair value hedges of recognized assets or liabilities and/or unrecognized fixed contractual obligations entail the recognition in profit or loss of market value changes for both the hedged item and the financial derivative (as the hedging instrument). At the moment, WACKER does not hedge any net investments in foreign operations.

Contracts concluded for the purpose of receiving or delivering non-financial goods in accordance with WACKER's own needs are not recognized as derivatives, but rather as pending transactions. In exceptional cases, contract clauses may result in a contract being treated as a derivative financial instrument. Such instruments are recognized at fair value under other operating income/expense in the statement of income. Hedge accounting is applied if the prerequisites for it are met.

Currency hedges for planned sales are recognized under other operating income and expenses, while interest rate hedges are recognized under net interest income. Currency hedges from intra-Group financing and foreign-exchange derivatives concluded to hedge financing liabilities in foreign currencies are shown under other financial result. Changes in the fair value of commodity hedges are recognized under cost of goods sold.

Inventories

Inventories are measured at cost using the average cost method. Lower net realizable values or prices as of the reporting date are taken into account by writing down inventories to their fair value less costs to sell. The cost of goods sold includes directly attributable costs, appropriate portions of indirect material and labor costs, and straight-line depreciation. Costs for the company pension plan and voluntary social benefits are also included if they are production-related. Due to the relatively short-term nature of the production processes, no financing costs are recognized. For production-related reasons specific to the chemical industry, unfinished and finished goods are reported together. Raw materials and supplies also include spare parts for the day-to-day maintenance of production facilities. They are measured in accordance with their periods of storage and potential usability.

Emission Allowances

Emission certificates allotted free of charge by the German Emissions Trading Authority (DEHSt) or a comparable authority in other countries are recognized in the statement of financial position at a nominal value of zero. Emission certificates purchased on the market are carried at cost under inventories. Moving averages are used for the ongoing evaluation. Causing emissions gives rise to an obligation to surrender emission allowances. They are surrendered at a specified point in time after the end of the fiscal year. The annual utilization of emission allowances required as a result of the emissions caused is calculated using a moving average of the value of certificates, whether they were allotted free of charge or acquired against payment, and recognized pro rata as an obligation under other provisions on the basis of quarterly emissions. The expense is recognized under cost of goods sold. If the fair value is lower as of the reporting date, the carrying amount is reduced accordingly.

Guarantees of Origin

Guarantees of Origin (GoOs) for renewable electricity are recognized at cost under inventories. On utilization, they are expensed under cost of goods sold. There is no obligation to surrender these guarantees.

Income Tax Receivables and Other Non-Financial Assets

Income tax receivables and other non-financial assets are recognized at amortized cost. Changes in income tax receivables are posted under income taxes in the statement of income. Income tax receivables also contain uncertain tax positions. Noncurrent receivables that are non-interest-bearing or low-interest-bearing are discounted.

Provisions for Pensions and Similar Obligations

Defined-benefit pension plans are measured in accordance with the projected unit credit method. This method takes account not only of known pensions and entitlements to future pensions as of the reporting date, but also of expected increases in salaries and pensions. Moreover, measurement is based on actuarial valuations and takes account of biometric and financial calculation principles. The fair value of the plan assets is subtracted from the present value of the pension obligations (defined benefit obligation, DBO), resulting in either a net liability or net asset of the defined benefit plans. The prior year's underlying DBO assumptions are used to determine the current service cost. The net interest cost for the fiscal year is determined by applying the discount rate set at the beginning of the year to the net liability calculated at the same time. The net interest from the net pension liability is the difference between the calculated interest income from plan assets and the interest expense from the defined benefit obligation. Remeasurements comprise actuarial gains and losses stemming from the difference between the estimate at the start of the period and actual developments during the period – or a newer estimate as of the reporting date – in relation to probable mortality rates, retirement and salary trends, or discount rates. Remeasurements are recognized directly in other comprehensive income. Similarly, differences between the interest income from plan assets calculated at the start of the period and the actual income from plan assets determined at the end of the period are recognized in other comprehensive income.

If the present value of a defined benefit obligation changes due to a plan amendment or curtailment, WACKER recognizes the resulting effect as past service cost. This is recognized in profit or loss as soon as it occurs. The profits and losses resulting from settlement are also recognized in the statement of income as soon as settlement takes place. Administrative expenses that are not related to the management of plan assets are also recognized in profit or loss when incurred.

The expense from current and past service cost is allocated to the costs of the functional areas concerned. The net interest is shown under other financial result.

Provisions for phased early retirement and anniversaries are measured and recognized in accordance with actuarial appraisals. Owing to their structure, provisions for phased early retirement also constitute other noncurrent employee benefits in accordance with IAS 19, since they are linked to the rendering of future service. WACKER uses only a block model when structuring phased-early-retirement agreements. The corresponding provisions are recognized pro rata over the service period of the claim during the work phase.

Provisions

Provisions are recognized in the statement of financial position for present legal or constructive obligations toward third parties if an outflow of resources to settle these obligations is probable and its amount can be estimated reliably. The amounts recognized are those estimated to be required to cover the Group's future payment obligations, identifiable risks and contingencies.

Noncurrent provisions are measured at the discounted settlement value as of the reporting date. The discount rate applied is the market interest rate for risk-free investments with terms corresponding to the residual term of the obligation to be settled. Expected refunds, provided that they are sufficiently secure or legally enforceable, are not offset against provisions. Instead, they are capitalized as separate assets if their realization is virtually certain.

Provisions for restructuring costs are recognized if a detailed formal plan for restructuring has been drawn up and conveyed to the affected parties. Provisions for contingent losses arising from onerous contracts are recognized if the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the contractual obligations. Provisions for environmental protection are recognized if future cash outflows for complying with environmental legislation or for cleanup measures are likely, the costs can be estimated with sufficient accuracy and no future acquired benefit can be expected from the measures.

If an amended estimate results in a reduction in the scope of the obligations, a proportion of the provision is reversed and the earnings are allocated to the functional area originally charged with the expense when the provision was recognized.

Financing Liabilities and Other Financial Liabilities

On initial recognition, primary financial liabilities are measured at fair value less any transaction costs incurred. They are subsequently measured at amortized cost using the effective interest method. Derivative financial instruments are recognized at fair value. Lease liabilities are shown as financing liabilities at the present value of the future lease installments.

Contingent Liabilities / Contingent Assets

Contingent liabilities are potential obligations toward third parties or existing obligations for which an outflow of resources is unlikely or the amount of the obligation cannot be estimated with sufficient certainty. Contingent liabilities are not recognized in the statement of financial position.

Contingent assets are potential assets resulting from past events and whose existence will not be confirmed until the occurrence of one or more uncertain future events that are beyond the Group's influence.

01 Revenues from Contracts with Customers

Revenues from sales comprise those from contracts with customers and those from other sources:

Breakdown of Revenues

€ million	2023	2022
Revenues from contracts with customers		
Proceeds from deliveries of products and merchandise	**6,222.8**	8,032.0
Proceeds from other services	**173.0**	172.8
Total revenues from contracts with customers	**6,395.8**	8,204.8
Other revenues	**6.4**	4.5
Total revenues	**6,402.2**	8,209.3

WACKER recognizes the majority of its sales at specific delivery dates. WACKER's customary business model is to sell chemical products on the basis of binding individual orders from customers with or without framework agreements. Customer orders usually result in a specific performance obligation, which is satisfied at a point in time. Revenue is recognized when economic control has been transferred to the customer in accordance with Incoterms. WACKER POLYSILICON also uses medium- and long-term supply contracts for predefined purchase quantities and advance payments. Here, too, revenues are recognized at a point in time.

In the case of customer-specific orders at WACKER BIOSOLUTIONS, sales are partly recognized over time. Its business model entails providing development services to the pharmaceutical industry under service contracts that are fulfilled and documented using milestones. The right to payment arises when a milestone is reached. The division also manufactures customer-specific products in connection with supply contracts for pharmaceutical intermediates. The right to payment in this case arises on acceptance by the customer and refers to a specific point in time. In certain cases, customers make advance payments before a product is delivered or provision of a service commences. WACKER BIOSOLUTIONS also concludes medium-term contracts. To a minor extent, income is realized through the licensing of process know-how.

No long-term payment terms exist that could qualify as a financing component. As a general rule, payment is due within 30 to 120 days. Deliveries to customers with poor credit ratings are contingent upon advance payment or provision of a bank guarantee. The statutory warranty obligations for quality defects apply at WACKER, and exact specifications are defined in framework agreements with customers.

The majority of services are posted under WACKER's "Other" segment and comprise the supply of media to, and the administration of, chemical-industry parks on behalf of third-party companies, particularly at the site in Burghausen, Germany. Sales of salt and lye are another component of the revenues recognized under "Other." For both media supply and deliveries of salt and lye, revenues are recognized at a specific point in time, namely on delivery.

At WACKER, the sales revenue per segment corresponds to the Group's different product categories. The differences between chemical products, and also between market and customer groups, are evident in the segments.

The particular region to which WACKER supplies its products also has a major impact on revenue. The following table shows the breakdown of revenues:

Breakdown of Revenues

€ million	WACKER SILICONES 2023	WACKER SILICONES 2022	WACKER POLYMERS 2023	WACKER POLYMERS 2022	WACKER BIOSOLUTIONS 2023	WACKER BIOSOLUTIONS 2022	WACKER POLYSILICON 2023	WACKER POLYSILICON 2022	Other/ consolidation 2023	Other/ consolidation 2022	Total 2023	Total 2022
Revenue by region												
Europe	**1,161.6**	1,489.1	**687.3**	881.9	**158.0**	140.0	**149.9**	177.7	**143.2**	141.6	**2,300.0**	2,830.3
The Americas	**482.2**	618.7	**444.1**	519.9	**92.9**	110.5	**22.8**	37.4	**0.1**	0.1	**1,042.1**	1,286.6
Asia	**905.6**	1,115.8	**337.1**	440.3	**79.2**	66.0	**1,426.6**	2,072.1	**1.1**	–	**2,749.6**	3,694.2
Other regions	**192.0**	229.3	**111.3**	154.1	**7.1**	14.6	**–**	–	**0.1**	0.2	**310.5**	398.2
Total	**2,741.4**	3,452.9	**1,579.8**	1,996.2	**337.2**	331.1	**1,599.3**	2,287.2	**144.5**	141.9	**6,402.2**	8,209.3
Revenues outside of IFRS 15	**1.1**	0.8	**–**	–	**–**	–	**–**	–	**5.3**	3.7	**6.4**	4.5
Time of revenue recognition												
Point in time	**2,741.4**	3,452.9	**1,579.8**	1,996.2	**275.3**	278.4	**1,599.3**	2,287.2	**144.5**	141.9	**6,340.3**	8,156.6
Over time	**–**	–	**–**	–	**61.9**	52.7	**–**	–	**–**	–	**61.9**	52.7
Total	**2,741.4**	3,452.9	**1,579.8**	1,996.2	**337.2**	331.1	**1,599.3**	2,287.2	**144.5**	141.9	**6,402.2**	8,209.3

Trade receivables mainly comprise receivables from contracts with customers.

» **For further details, see Note 10.**

The contract liabilities recognized by WACKER in its statement of financial position include customers' advance payments for polysilicon deliveries, advance payments by customers of WACKER BIOSOLUTIONS and advance payments by customers to the "Other" segment for chemical-industry park infrastructure projects. When an individual polysilicon delivery is made to the customer, a specified share of the advance payment received by WACKER POLYSILICON is recognized as revenue, thereby reducing the liability. At WACKER BIOSOLUTIONS, customer advance payments are recognized upon the achievement of designated milestones. Sales shown in the "Other" segment are realized from orders within the term of medium- or long-term customer contracts.

Advance payments received mainly comprise those from customers for polysilicon deliveries taking place over periods of up to 11 years. In addition, discount accruals are recognized as contract liabilities. Discount accruals are contractually agreed discounts that are granted when certain thresholds are exceeded and that reduce sales in the current period. These accruals are estimated on the basis of past experience and usually settled in the following period at the latest.

Development of Contract Liabilities

€ million	Advance payments received	Discount accruals	Total
As of Jan. 1, 2023	**305.2**	**11.0**	**316.2**
Revenues recognized as advance payments in prior period	**–67.9**	**–**	**–67.9**
Revenues less discounts	**–**	**6.2**	**6.2**
Reversals recognized in income	**–6.1**	**–2.0**	**–8.1**
Cash receipts (+)	**156.5**	**–**	**156.5**
Revenues recognized in 2020 from cash receipts (–)	**–81.7**	**–**	**–81.7**
Cash payments (–)	**–**	**–3.3**	**–3.3**
Exchange-rate differences	**–0.9**	**–0.3**	**–1.2**
Change in the scope of consolidation	**–**	**–**	**–**
As of Dec. 31, 2023	**305.1**	**11.6**	**316.7**

€ million	Advance payments received	Discount accruals	Total
As of Jan. 1, 2022	211.8	12.8	224.6
Revenues recognized as advance payments in prior period	–66.6	–	–66.6
Revenues less discounts	–	6.5	6.5
Reversals recognized in income	–22.6	–0.4	–23.0
Cash receipts (+)	219.2	–	219.2
Revenues recognized in 2022 from cash receipts (–)	–36.6	–	–36.6
Cash payments (–)	–	–7.9	–7.9
Exchange-rate differences	–	–	–
Change in the scope of consolidation	–	–	–
As of Dec. 31, 2022	305.2	11.0	316.2

Under multi-year framework agreements, WACKER guarantees some customers the availability of specific quantities per year. The actual quantities and prices are usually set for a maximum period of one year only and agreed in detailed negotiations that take place during the year. Minimum purchase quantities result in future performance obligations (orders on hand) with terms as shown in the following table:

Orders on Hand

€ million	Dec. 31, 2023	Dec. 31, 2022
Up to 2 years	**2,413.5**	3,248.6
Over 2 years to 3 years	**1,262.6**	1,090.5
Over 3 years to 4 years	**767.2**	1,091.2
Over 4 years to 5 years	**665.7**	616.8
Over 5 years	**1,270.2**	1,461.7
Total orders on hand	**6,379.2**	7,508.8

Contract performance costs were capitalized in the amount of €3.9 million (prior year: €1.5 million).

02 Cost of Goods Sold / Other Operating Income / Other Operating Expenses

€ million	2023	2022
Cost of goods sold	**–5,319.2**	–6,048.5
Cost of goods sold includes the following reversals (+) / recognitions (–) of valuation allowances on inventories	**–25.6**	–34.9
Other operating income		
Income from currency transactions	**74.2**	105.4
Income from reversal of provisions	**1.1**	4.6
Insurance compensation	**21.9**	0.5
Income from reversal of valuation allowances on trade receivables	**0.3**	–
Income from disposal of property, plant and equipment and financial assets	**0.3**	0.4
Income from incentives/grants	**9.8**	7.6
Income from the termination of long-term supply contracts/damages	**10.5**	29.1
Other operating income	**8.9**	29.0
Total	**127.0**	176.6
Other operating expenses		
Losses from currency transactions	**–73.1**	–120.9
Losses from valuation allowances on trade receivables	**–4.8**	–3.0
Losses from disposal of assets	**–12.3**	–4.4
Other operating expenses	**–67.0**	–27.9
Total	**–157.2**	–156.2

The functional costs included depreciation and amortization of €418.7 million (prior year: €402.1 million). No impairment losses were recognized in 2023.

At WACKER POLYSILICON, income of €10.5 million from the termination of long-term supply contracts (prior year: €29.1 million) and income from insurance compensation in the amount of €21.9 million (previous year: €0.5 million) were recognized in profit or loss under other operating income. Expenses resulting from additions to provisions for contingent losses were recognized in sundry operating expenses in the amount of €39.2 million.

03 Income from Investments in Joint Ventures and Associates / Other Investment Income / Net Interest Income / Other Financial Result

€ million	2023	2022
Result from investments in joint ventures and associates	**49.3**	200.9
Of which share of income from joint ventures	**1.0**	0.9
Of which share of income from associates	**48.3**	200.0
Other investment expenses/income	**1.9**	0.8
Total	**51.2**	201.7
Net interest income		
Interest income	**48.1**	10.1
Of which from financial instruments (FVOCI)	**–0.1**	–0.2
Of which from financial instruments (amortized cost)	**42.5**	10.0
Interest expenses	**–40.3**	–28.6
Of which from financing liabilities (excluding leases)	**–34.4**	–19.0
Total	**7.8**	–18.5
Other financial result		
Interest effect of interest-bearing provisions/liabilities	**–32.3**	–22.5
Other financial income	**93.9**	131.1
Othe financial expenses	**–87.3**	–152.7
Total	**–25.7**	–44.1

Income from investments in joint ventures and associates relates to the investments in Siltronic AG and to companies in Asia and the United Kingdom. It includes not only the prorated net income for the year, but also the effects of the elimination of prorated interim profits and losses, the effects of remeasurement gains/losses and other Group adjustments. The pro rata net income for the year of Siltronic AG included in this item amounts to €47.4 million (2022: €108.4 million). The impairment loss on the investment in Dow Siloxane (Zhangjiagang) Holding Co. Private Ltd., Singapore, was reversed in the previous year to account for debt reduction and improved cash inflows, returning the carrying amount to the Group's prorated share in the investment's equity. The reversal amounted to €72.4 million and was recognized under WACKER SILICONES.

Borrowing costs of €6.3 million were capitalized in the reporting period (prior year: €2.6 million), resulting in a corresponding improvement in the net interest result. The annual average borrowing interest rate applied by the Group in the reporting year was 2.8 percent (prior year: 2.1 percent).

The interest effect of interest-bearing provisions includes net interest expenses from the unwinding of discounted pension obligations and calculated returns from plan assets totaling €25.4 million (prior year: €21.9 million), and net interest expenses from the discounting of provisions and unwinding of discounted provisions in the amount of €6.9 million (prior year: €0.6 million).

Other financial income and expenses resulted primarily from interest-rate effects in connection with financial transactions and their hedging, the effects of remeasurement gains/losses on securities, and interest on tax positions.

04 Income Taxes

This item comprises income taxes paid or owed in the individual countries as well as deferred taxes. In Germany, in addition to a corporate tax of 15.0 percent (prior year: 15.0 percent), a solidarity surcharge of 5.5 percent applies (prior year: 5.5 percent). Trade income tax of 13.0 percent (prior year: 13.0 percent) must also be paid. It varies depending on the municipality in which a company is located.

As a result, deferred taxes of German companies are measured based on a total tax rate (including solidarity surcharge) of 28.8 percent (prior year: 28.8 percent). The current taxes of foreign subsidiaries are determined in accordance with domestic tax laws and rates valid in the country in which the respective company is based. The respective current income tax rates applied in each country for our foreign companies ranged from 9.0 percent (prior year: 9.0 percent) to 35.0 percent (prior year: 35.0 percent).

Deferred taxes on undistributed profits of subsidiaries were recognized only where distribution is planned. The amount of €711.3 million is available for distribution (prior year: €714.5 million). WACKER did not recognize a deferred tax liability of €10.2 million (prior year: €10.3 million not recognized) for the resultant temporary difference of €35.6 million (prior year: €35.7 million), as it is able to control the timing.

Income taxes include current tax expenses of €11.8 million from earlier years (prior year: €2.2 million) and current tax income of €46.7 million (prior year: €4.5 million). Deferred tax income from earlier years amounted to €11.8 million (prior year: €2.1 million).

Reconciliation of Actual Tax Result

€ million	2023	2022
Current taxes, Germany	**26.4**	–305.1
Current taxes, international	**–51.6**	–67.0
Current taxes	**–25.2**	–372.1
Deferred taxes, Germany	**–0.9**	–0.5
Deferred taxes, international	**–33.6**	38.0
Deferred taxes	**–34.5**	37.5
Income taxes	**–59.7**	–334.6
Derivation of the effective tax rate		
Income before taxes	**387.0**	1,616.2
Income tax rate for Wacker Chemie AG (%)	**28.8**	28.8
Expected tax income/expenses	**–111.6**	–465.5
Tax rate divergences	**17.2**	25.3
Tax effect of non-deductible expenses	**–24.4**	–19.1
Tax effect of tax-free income	**5.2**	6.8
Taxes relating to other periods (current result)	**46.7**	2.3
Effects of non-recognition of loss carryforwards / tax credits	**–30.7**	33.3
Effects of non-recognition of temporary differences	**23.6**	24.5
Group profit from investments in joint ventures and associates	**14.3**	57.9
Other differences	**–**	–0.1
Total income tax	**–59.7**	–334.6
Effective tax rate (%)	**15.4**	20.7

Of the deferred tax expense of €34.5 million in the reporting period (prior year: income of €37.5 million), an expense of €25.5 million (prior year: €45.4 million) resulted from valuation allowances recognized for deferred tax assets. Specifically, unlike in the previous year, deferred taxes at US subsidiaries on temporary differences totaling €10.2 million and on loss carryforwards (including tax credits) totaling €12.1 million were no longer capitalized in 2023. In 2022, tax income of €45.4 million had resulted from the capitalization of previously unrecognized deferred tax assets at these US subsidiaries.

Allocation of Deferred Taxes

€ million	2023		2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	**7.0**	**24.7**	8.5	28.1
Property, plant and equipment	**61.3**	**33.3**	66.4	38.1
Financial assets	**36.8**	**11.9**	3.5	18.0
Right-of-use assets	**–**	**54.4**	–	57.7
Sundry assets	**120.3**	**9.0**	139.5	2.1
Provisions for pensions	**55.5**	**6.0**	46.9	1.4
Other provisions	**37.0**	**–**	27.3	0.2
Lease liabilities	**56.6**	**–**	61.0	–
Other liabilities	**37.6**	**61.9**	18.3	2.8
Loss carryforwards/tax credits	**8.0**	**–**	14.3	–
Setting off for companies with group taxation	**–22.8**	**–22.8**	–1.1	–1.1
Total	**397.3**	**178.4**	384.6	147.3
Setoffs	**–152.1**	**–152.1**	–111.7	–111.7
Amount recorded in statement of financial position	**245.2**	**26.3**	272.9	35.6

The balance of deferred tax assets and liabilities decreased by €18.4 million in 2023 (prior year: €322.7 million). Of this amount, €34.5 million was recorded as an expense (prior year: income of €37.5 million), while income of €16.1 million (prior year: expense of €360.2 million) was recognized directly as changes in the other equity items.

The amounts recognized in other equity items primarily comprise deferred tax income from variations in actuarial gains and losses stemming from provisions for pensions in the amount of €21.9 million (prior year: expense of €327.5 million). Other tax expenses not recognized in the income statement result from securities in the amount of €2.1 million (prior year: income of €3.5 million) and from derivative financial instruments in the amount of €3.7 million (prior year: expense of €10.1 million).

The existing tax loss carryforwards can be used as follows:

€ million	2023	2022
Within 1 year	**–**	–
Within 2 years	**4.6**	–
Within 3 years	**4.7**	4.6
Within 4 years	**9.8**	4.7
Within 5 years or later	**210.6**	88.6
Total	**229.7**	97.9

The total loss carryforwards generated amounted to €229.7 million (prior year: €97.9 million). The increase resulted from the acquisition of ADL BioPharma S.L.U., Spain, which added €61.8 million, as well as from current losses at the US subsidiaries and at a number of subsidiaries in China. Tax losses of €200.3 million (prior year: €53.1 million) are unlikely to be realized. No deferred tax assets were recognized on that portion of the loss carryforwards. Had they been recognized, however, they would have amounted to €49.6 million (prior year: €14.0 million). Of the loss carryforwards that are not realizable for tax purposes, the amount of €158.6 million (prior year: €53.1 million) is unlimited as to time and amount.

In 2023, no loss carryforwards were utilized for which no deferred tax assets had been previously recognized (prior year: €50.7 million). The utilization of these loss carryforwards in the previous year had reduced actual tax expenses by €12.4 million. In 2023, valuation allowances of €12.1 million were recognized year over year for deferred taxes on loss carryforwards and tax credits.

As of December 31, 2023, no deferred tax assets were recognized for tax-deductible temporary differences in the amount of €411.1 million (prior year: €537.6 million). This year-over-year decrease was largely attributable to the smaller amount not recognized for temporary differences on the impairment of fixed assets. In theory, there would have been deferred tax assets of €90.6 million (prior year: €117.7 million). In 2023, valuation allowances of €10.3 million were recognized year over year for deferred taxes on temporary differences. In the previous year, these deferred tax assets had not been offset by a corresponding amount of deferred tax liabilities.

As of December 31, 2023, deferred tax assets were recognized on temporary differences and tax loss carryforwards in the amount of €245.2 million (prior year: €272.9 million). They were not offset by a corresponding amount of deferred tax liabilities. WACKER assumes that future taxable income will be sufficient to realize these deferred tax assets.

The WACKER Group is covered by the OECD Global Anti-Base Erosion Model Rules for international minimum taxation, known as the Pillar Two rules. In 2023, the EU directive implementing the Pillar Two rules was transposed into German law in the form of the German Minimum Tax Act (*Mindeststeuergesetz*). Its provisions came into force on January 1, 2024, and may increase current income tax expense in the future. Tax effects resulting from the future application of the Pillar Two rules for global minimum taxation were not included when calculating the amounts recognized for deferred tax assets and liabilities.

Some subsidiaries of Wacker Chemie AG in foreign countries have lower tax rates than the rate of 15 percent set out in the Minimum Tax Act. In some countries, foreign subsidiaries also receive temporary tax rebates on investments, and may be subject to minimum taxation. Had the Minimum Tax Act already entered into force in 2023, this would have resulted in higher income tax running into the low single-digit millions.

05 Intangible Assets and Property, Plant and Equipment

Intangible Assets

€ million	Goodwill	Customer base	Technology	Other intangible assets	Intangible assets
2023					
Balance as of Jan. 1, 2023	**83.5**	**158.6**	**68.1**	**63.9**	**374.1**
Additions	**–**	**–**	**–**	**6.0**	**6.0**
Disposals	**–**	**–**	**–**	**–6.0**	**–6.0**
Transfers	**–**	**–**	**–**	**7.1**	**7.1**
Changes in the scope of consolidation	**89.1**	**4.2**	**–**	**4.8**	**98.1**
Exchange-rate differences	**–4.3**	**–5.4**	**–2.6**	**–2.6**	**–14.9**
Gross carrying amount as of Dec. 31, 2023	**168.3**	**157.4**	**65.5**	**73.2**	**464.4**
Cumulative depreciation/amortization and impairments	**–**	**–97.2**	**–28.0**	**–45.7**	**–170.9**
Changes in the scope of consolidation	**–**	**–**	**–**	**–0.4**	**–0.4**
Carrying amount as of Dec. 31, 2023	**168.3**	**60.2**	**37.5**	**27.5**	**293.5**
Depreciation/amortization	**–**	**–8.8**	**–4.4**	**–6.0**	**–19.2**
Impairment losses	**–**	**–**	**–**	**–**	**–**
2022					
Balance as of Jan. 1, 2022	17.1	90.8	30.1	55.3	193.3
Additions	–	–	–	3.6	3.6
Disposals	–	–	–	–1.5	–1.5
Transfers	–	–	–	0.5	0.5
Changes in the scope of consolidation	69.7	73.1	39.9	5.5	188.2
Exchange-rate differences	–3.3	–5.3	–1.9	0.5	–10.0
Gross carrying amount as of Dec. 31, 2022	83.5	158.6	68.1	63.9	374.1
Cumulative depreciation/amortization and impairments	–	–89.9	–23.9	–47.3	–161.1
Changes in the scope of consolidation	–	–	–	–0.3	–0.3
Carrying amount as of Dec. 31, 2022	83.5	68.7	44.2	16.6	213.0
Depreciation/amortization	–	–7.1	–3.8	–4.2	–15.1
Impairment losses	–	–	–	–	–

Intangible assets include industrial property rights, software and similar rights, and other assets that are acquired against payment. These are initially recognized at cost and have useful lives of between three and five years. Business combinations lead to the purchase of technologies, customer bases and other assets, which are amortized over a period of three to 15 years. Any resulting goodwill is not amortized and is subject to annual impairment testing at the level of the cash-generating unit.

The annual goodwill impairment tests took place in the fourth quarter of 2023. The impairment test takes into account both the capital structure and the beta coefficient of the respective peer group as well as the average tax rate of each cash-generating unit. A weighted post-tax cost of capital was used for impairment testing.

The recoverable amounts for the BioPharma CGU, the BioIngredients CGU and the SICO Performance Material CGU were determined by applying the value in use for each CGU. The value in use was calculated on the basis of planning figures approved by management and corresponding cash flows for the next five to eight years. For the time period thereafter, a terminal value is calculated by extrapolating the last detailed planning year as a perpetual annuity. Planning is based on experience, current business performance and management's best possible estimate of future development of specific influencing factors, e.g. sales, raw-material and energy prices, profit margins and capital expenditures, all of which were used to calculate projected EBITDA and related EBITDA margins. Macroeconomic and industry-specific sources are consulted when making assumptions about the market and market growth in the relevant customer sectors. The value in use of the BioPharma business unit was calculated taking into account the dynamic market environment, especially the high margins in the first few years of planning due to the pandemic preparedness plan for the company in Germany. This is the reason for the extended planning horizon of eight years before the terminal value was determined.

The impairment tests did not reveal any indications of impairment.

After the recoverable amounts were calculated for the cash-generating units, none of the possible divergences from key assumptions was expected to cause the units' carrying amounts to exceed their respective recoverable amounts. Key assumptions are the cash-generating unit's EBITDA and the discount rate. A divergence is assumed to be material when EBITDA is more than 10 percent lower during the planning period or the weighted cost of capital rises by more than 1 percent.

Goodwill of the Cash-Generating Units

€ million	2023			2022		
Cash-generating unit	Goodwill	Weighted pretax cost-of-capital ratio %	Growth rates %	Goodwill	Weighted pretax cost-of-capital ratio %	Growth rates %
Business Unit BioPharma	**17.5**	**9.5**	**2.0**	18.1	8.8	2.0
SICO Performance Material (Shandong) Co., Ltd., Jining, China	**61.7**	**12.2**	**2.0**	65.4	10.6	2.0
Business Unit BioIngredients	**89.1**	**9.0**	**2.0**	–	–	–
Goodwill as of Dec. 31	**168.3**			83.5		

The weighted cost of capital before taxes was 10.9 percent for the BioPharma CGU (prior year: 10.8 percent), 14.9 percent for the SICO Performance Material CGU (prior year: 13.2 percent) and 11.1 percent for the BioIngredients CGU.

Property, Plant and Equipment

€ million	Land, buildings and similar rights	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Property, plant and equipment
2023					
Balance as of Jan. 1, 2023	**1,757.4**	**8,932.5**	**649.9**	**601.7**	**11,941.5**
Additions	**23.2**	**116.8**	**32.0**	**531.6**	**703.6**
Disposals	**–1.7**	**–62.3**	**–14.0**	**–0.7**	**–78.7**
Transfers	**61.0**	**193.7**	**6.8**	**–268.6**	**–7.1**
Changes in the scope of consolidation	**20.1**	**32.8**	**5.3**	**11.5**	**69.7**
Exchange-rate differences	**–38.8**	**–127.8**	**–5.4**	**–11.8**	**–183.8**
Gross carrying amount as of Dec. 31, 2023	**1,821.2**	**9,085.7**	**674.6**	**863.7**	**12,445.2**
Cumulative depreciation/amortization and impairments	**–1,151.6**	**–7,682.8**	**–572.4**	**–**	**–9,406.8**
Changes in the scope of consolidation	**–1.6**	**–8.9**	**–2.6**	**–**	**–13.1**
Carrying amount as of Dec. 31, 2023	**669.6**	**1,402.9**	**102.2**	**863.7**	**3,038.4**
Depreciation/amortization	**–40.5**	**–287.5**	**–32.4**	**–**	**–360.4**
Impairment losses	**–**	**–**	**–**	**–**	**–**
2022					
Balance as of Jan. 1, 2022	1,668.8	8,615.5	630.7	344.0	11,259.0
Additions	23.7	91.3	26.6	401.6	543.2
Disposals	–0.9	–24.5	–15.5	–0.9	–41.8
Transfers	29.1	120.9	5.0	–155.3	–0.3
Changes in the scope of consolidation	7.3	10.6	0.9	16.5	35.3
Exchange-rate differences	29.4	118.7	2.2	–4.2	146.1
Gross carrying amount as of Dec. 31, 2022	1,757.4	8,932.5	649.9	601.7	11,941.5
Cumulative depreciation/amortization and impairments	–1,130.7	–7,537.3	–555.6	–	–9,223.6
Changes in the scope of consolidation	–1.2	–3.3	–0.5	–	–5.0
Carrying amount as of Dec. 31, 2022	626.7	1,395.2	94.3	601.7	2,717.9
Depreciation/amortization	–40.1	–277.1	–30.8	–	–348.0
Impairment losses	–	–	–	–	–

As in the previous year, the acquisition costs for property, plant and equipment were not reduced by investment grants in 2023.

In the reporting year, borrowing costs of €6.3 million (prior year: €2.6 million) were capitalized as part of the acquisition or construction costs of qualifying assets. The average financing cost rate was 2.8 percent (prior year: 2.1 percent).

06 Leases

Right-of-use assets

The following table shows assets that are accounted for as right-of-use assets under lease agreements.

€ million	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Right-of-use assets
2023				
Balance as of Jan. 1, 2023	**306.6**	**78.6**	**42.5**	**427.7**
Additions	**12.7**	**1.9**	**11.0**	**25.6**
Disposals	**–5.8**	**–0.2**	**–3.3**	**–9.3**
Transfers	**–**	**–**	**–**	**–**
Changes in the scope of consolidation	**–**	**0.7**	**–**	**0.7**
Exchange-rate differences	**–6.9**	**–0.9**	**0.1**	**–7.7**
Gross carrying amount as of Dec. 31, 2023	**306.6**	**80.1**	**50.3**	**437.0**
Cumulative depreciation/amortization and impairments	**–110.4**	**–73.7**	**–30.4**	**–214.5**
Changes in the scope of consolidation	**–**	**–**	**–**	**–**
Carrying amount as of Dec. 31, 2023	**196.2**	**6.4**	**19.9**	**222.5**
Depreciation/amortization	**–28.4**	**–2.2**	**–8.5**	**–39.1**
Impairment losses	**–**	**–**	**–**	**–**
2022				
Balance as of Jan. 1, 2022	183.8	77.5	30.3	291.6
Additions	123.6	1.4	15.1	140.1
Disposals	–4.1	–1.5	–3.5	–9.1
Transfers	–	–0.3	0.1	–0.2
Changes in the scope of consolidation	–	–	–	–
Exchange-rate differences	3.3	1.5	0.5	5.3
Gross carrying amount as of Dec. 31, 2022	306.6	78.6	42.5	427.7
Cumulative depreciation/amortization and impairments	–86.7	–72.5	–25.3	–184.5
Changes in the scope of consolidation	–	–	–	–
Carrying amount as of Dec. 31, 2022	219.9	6.1	17.2	243.2
Depreciation/amortization	–28.2	–2.3	–8.5	–39.0
Impairment losses	–	–	–	–

As regards land and buildings, WACKER rents properties, including office space and storage areas. Right-of-use assets primarily concern technical machinery and other equipment such as rented operating equipment and infrastructure facilities. Rented factory and office equipment includes vehicles and transportation equipment such as tanks and railcars. Longer-term rental agreements exist, especially for property and operating equipment.

Leases may contain extension and termination options. Lease provisions are individually negotiated and contain a wide range of different terms and conditions. Extension options can result in future cash outflows. As of the reporting date, material extension options existed in the amount of €168 million that were not recognized in the statement of financial position. In connection with the rental of administration buildings, storage areas and production buildings, WACKER will recognize obligations of €9.7 million annually from 2024 onwards under leases that are yet to commence.

As in the previous year, WACKER made no lease prepayments

Lease Liabilities

€ million	2023 Total	2023 Of which noncurrent	2023 Of which current	2022 Total	2022 Of which noncurrent	2022 Of which current
Lease liabilities	**242.1**	**211.7**	**30.4**	261.1	228.0	33.1

In 2023, lease liabilities of €36.5 million were repaid (prior year: €36.2 million) and lease-related interest of €7.8 million was paid (prior year: €6.7 million) (see also Note 21, Notes to the Statement of Cash Flows).

As of the reporting date, future cash outflows totaled €306.2 million (prior year: €319.6 million). The following schedule for lease payments applies.

€ million	2023	2022
Lease payment within 1 year	**–39.7**	–39.6
Lease payment between 1 and 5 years	**–102.2**	–103.3
Lease payment over more than 5 years	**–164.3**	–176.7
Total	**–306.2**	–319.6

WACKER as a Lessor

WACKER acts as a lessor in connection with the sublease for its Munich headquarters. These leases were recognized as finance leases in the amount of €0.3 million (prior year: €0.9 million). WACKER bears the rental risk for the rented premises.

The statement of income includes the following expenses and income in relation to leases:

€ million	2023	2022
Sales		
Income from operating leases	**–**	–
Income from subleases	**1.1**	0.3
Income from sale and leaseback transactions	**–**	–
Functional costs		
Expenses from short-term leases	**–10.8**	–9.5
Expenses from leases of low-value assets	**–5.4**	–4.6
Expenses from variable lease payments	**–**	–
Other expenses from leases (incidental costs)	**–**	–
Amortization		
Amortization of right-of-use assets	**–39.1**	–39.0
Impairments of right-of-use assets	**–**	–
Financial result		
Interest expenses from lease liabilities	**–7.8**	–6.7
Income from foreign currency translation of lease liabilities	**–**	–
Expenses from foreign currency translation of lease liabilities	**–**	–

07 Investment Property

Wacker Chemie AG owns real estate at its production site in Cologne, Germany. This comprises land and infrastructure facilities (for energy, wastewater, etc.). The land is rented out or leased on a long-term basis. These properties and the associated infrastructure in Cologne are serviced, maintained and looked after by third parties, who charge any costs incurred directly to the tenants or leaseholders. WACKER has undertaken to carry out future maintenance measures to the extent necessary in the next few years. WACKER has also entered into sublease agreements for parts of its Munich headquarters.

€ million	2023	2022
Jan. 1	**11.1**	11.9
Additions	**0.1**	–
Disposals	**–**	–0.8
Gross carrying amount as of Dec. 31	**11.2**	11.1
Cumulative amortization	**–9.7**	–9.6
Carrying amount as of Dec. 31	**1.5**	1.5
Fair value	**17.5**	17.5
Rental income	**1.5**	1.7
Costs	**–1.0**	–2.4

The fair value of property at the production site in Cologne is based on an appraisal by an external expert and is updated periodically, most recently in 2022. The fair value was calculated as the market value based on the potential proceeds from liquidation of the business. Investment property measured at fair value is allocated to Level 2 of the fair value hierarchy. The residual carrying amount relates to the land. No changes have been made to the valuation process since the previous valuation date.

08 Investments in Joint Ventures and Associates Accounted for Using the Equity Method

The Group applies the equity method to account for joint ventures and associates. The equity-accounted investment in Siltronic AG and its subsidiaries is of a material nature.

The Siltronic Group is one of the world's leading producers of silicon wafers for the semiconductor industry. WACKER supplies Siltronic with polysilicon, the key base material for producing silicon wafers.

Material Investments in Associates

Company's name and registered office: Siltronic AG, Munich, Germany, and its subsidiaries	2023	2022
Ownership interest (%)	**30.83**	30.83
Proportion of voting rights (%)	**30.83**	30.83
Total non-controlling interests (units)	**9,250,000**	9,250,000
Xetra closing price at year-end (€)	**88.45**	68.15
Market capitalization of shares (€ million)	**818.2**	630.4
Dividends received (€ million)	**27.8**	27.7

Summarized Financial Information on Siltronic AG and Its Subsidiaries[1] on a 100-Percent Basis

€ million	2023	2022
Current assets	**1,005.5**	1,632.7
Noncurrent assets excluding goodwill	**3,619.1**	2,580.3
Current liabilities	**637.9**	525.7
Noncurrent liabilities	**1,802.6**	1,503.6
Net assets (100%)	**2,184.1**	2,183.7
Less share of non-controlling interests	**–200.3**	–188.6
Group's share of net assets	**611.7**	615.2
Elimination of unrealized interim profits and losses	**–**	–
Goodwill	**245.7**	245.7
Carrying amount of share in associate	**857.4**	860.9
Sales	**1,513.8**	1,805.3
Group net income for the year	**153.1**	351.6
Other comprehensive income	**–75.0**	394.4
Total	**78.1**	746.0

[1] Consolidated financial statements of Siltronic AG in accordance with IFRS

Reconciliation of the Equity Carrying Amount of Siltronic AG

€ million	2023	2022
Carrying amount of equity-accounted investments		
At the beginning of the year	**860.9**	659.0
Pro rata net income for the year	**47.4**	108.4
Other changes recognized in profit or loss	**0.2**	–0.4
Change recognized in profit or loss	**47.6**	108.0
Dividends	**–27.8**	–27.7
Change in other equity	**–23.3**	121.6
At the end of the year	**857.4**	860.9

Taken individually, the remaining joint ventures and associates are not material to the Group's earnings, net assets or financial position. The following table shows the reporting-period change in the total carrying amounts of investments:

Summarized Pro Rata Financial Information for Joint Ventures That Are Immaterial Individually

€ million	2023	2022
Carrying amount of equity-accounted investments		
At the beginning of the year	**10.7**	10.1
Pro rata net income for the year	**1.0**	0.9
Share of change in other equity	**–0.4**	–0.3
Overall result of the companies	**0.6**	0.6
Dividends	**–6.0**	–
Reclassification	**–5.3**	–
At the end of the year	**–**	10.7

Assets Held for Sale

In January 2024, WACKER Chemicals (China) Co., Ltd. sold its 50 percent stake in the joint venture WACKER Dymatic (Shunde) Co., Ltd. to the joint venture partner Dymatic Chemicals Inc. As of December 31, 2023, WACKER reclassified its investment of €5.4 million, which was accounted for using the equity method, to assets held for sale. This means that the investment is no longer accounted for using the equity method. The investment is recognized under WACKER SILICONES.

Summarized Pro Rata Financial Information for Associates That Are Immaterial Individually

€ million	2023	2022
Carrying amount of equity-accounted investments		
At the beginning of the year	127.9	39.8
Pro rata net income for the year	0.9	3.9
Share of change in other equity	–6.0	–2.0
Overall result of the companies	–5.1	1.9
Disposal/dilution	–12.7	13.8
Impairment loss reversal of equity-accounted investments	–	72.4
Dividends	–17.7	–
At the end of the year	92.4	127.9

Deviations between the share of net income and the result from investments in joint ventures and associates, and between the share of equity and the carrying amount of investments in joint ventures and associates accounted for using the equity method, are primarily the result of fair value adjustments and consolidation measures.

In 2023, WACKER lost its significant influence over Nexeon Ltd. This means that this investment is no longer accounted for using the equity method. The remaining shares are reported as a straightforward investment and measured at fair value through profit or loss.

The following shows the key figures for companies accounted for using the equity method.

€ million	2023		2022	
	Total	Attributable to WACKER	Total	Attributable to WACKER
Key figures for joint ventures				
Net income for the year	2.0	1.0	1.8	0.9
Other comprehensive income	–0.8	–0.4	–0.6	–0.3
Total	1.2	0.6	1.2	0.6
Key figures for associates				
Net income for the year	148.9	48.3	437.9	112.3
Other comprehensive income	–59.7	–17.4	384.7	119.7
Total	89.2	30.9	822.6	232.0

09 Inventories

€ million	2023	2022
Raw materials and supplies	**505.1**	554.0
CO_2 emission certificates	**69.6**	41.5
Unfinished and finished products, merchandise	**872.7**	1,058.6
Services not charged	**1.8**	1.7
Total	**1,449.2**	1,655.8
Of which recorded at net realizable value if lower	**263.3**	271.1

Cost of goods sold includes inventory expenses totaling €5.3 billion (prior year: €6.0 billion). Valuation allowances recognized as expenses increased by €25.6 million in the reporting period. In the previous year, they had increased by €34.9 million.

10 Financial and Non-Financial Assets / Receivables

Trade receivables mainly comprise receivables from contracts with customers.

Receivables are shown at amortized cost, which corresponds to their market value. Adequate loss allowances have been established to cover default risks, to the extent that these are not covered by insurance, bank guarantees or advance payments received.

WACKER takes the simplified approach when calculating loss allowances for trade receivables in accordance with IFRS 9. Under this approach, the loss allowance is determined immediately upon origination on the basis of the lifetime expected credit losses. Further changes in the credit risk (Expected Credit Loss, ECL) do not need to be tracked. The expected credit losses are determined using a provision matrix, which defines fixed default rates per past-due category on the basis of the risk classes of the past-due receivables.

€ million			2023			2022
	Total	Of which noncurrent	Of which current	Total	Of which noncurrent	Of which current
Trade receivables	**788.6**	**–**	**788.6**	916.2	–	916.2
Investments	**26.0**	**26.0**	**–**	12.7	12.7	–
Loans to associates	**21.9**	**21.3**	**0.6**	–	–	–
Receivables from associates	**0.3**	**–**	**0.3**	0.3	–	0.3
Loan and interest receivables	**4.6**	**–**	**4.6**	2.0	–	2.0
Derivative financial instruments	**42.1**	**33.2**	**8.9**	35.9	25.2	10.7
Receivables from suppliers	**38.1**	**–**	**38.1**	36.4	–	36.4
Deposits	**4.5**	**4.3**	**0.2**	3.9	3.5	0.4
Restricted cash and cash equivalents	**0.1**	**–**	**0.1**	0.1	–	0.1
Sundry assets	**26.5**	**0.5**	**26.0**	5.0	0.7	4.3
Other financial assets	**164.1**	**85.3**	**78.8**	96.3	42.1	54.2
Prepaid expenses	**25.7**	**1.2**	**24.5**	12.9	1.7	11.2
Plan assets	**51.5**	**46.7**	**4.8**	60.1	53.6	6.5
Advance payments made	**23.7**	**2.7**	**21.0**	45.6	6.1	39.5
Other tax receivables	**114.0**	**3.7**	**110.3**	151.2	5.5	145.7
Sundry assets	**15.7**	**–**	**15.7**	12.5	–	12.5
Other non-financial assets	**230.6**	**54.3**	**176.3**	282.3	66.9	215.4
Income tax receivables	**43.7**	**1.4**	**42.3**	46.6	–	46.6

The following table shows a breakdown of loss allowances and expected loss rates for trade receivables:

Development of Past-Due Trade Receivables as of Dec. 31, 2023

€ million	Carrying amount	Loss allowance	Expected loss rate (%)
Not past due	**699.3**	**–5.4**	**–0.77**
Up to 30 days past due	**68.0**	**–1.2**	**–1.76**
31 to 60 days past due	**11.6**	**–0.3**	**–2.59**
61 to 90 days past due	**3.0**	**–0.2**	**–6.67**
Individually impaired receivables	**29.4**	**–15.6**	**–**
Total as of Dec. 31, 2023	**811.3**	**–22.7**	**–2.80**

Development of Past-Due Trade Receivables as of Dec. 31, 2022

€ million	Carrying amount	Loss allowance	Expected loss rate (%)
Not past due	834.9	–5.6	–0.67
Up to 30 days past due	62.0	–1.2	–1.94
31 to 60 days past due	14.3	–0.6	–4.20
61 to 90 days past due	2.9	–0.2	–6.90
Individually impaired receivables	20.6	–10.8	–
Total as of Dec. 31, 2022	934.7	–18.4	–1.97

The lifetime expected credit losses reflect all possible loss events that could occur until the expected maturity of the financial asset. WACKER determines the expected credit loss by taking into account the entire contractual period during which the Group is exposed to the credit risk.

WACKER applies three key parameters to assess the expected credit loss for noncurrent and current interest-bearing receivables (loans and fixed-interest securities): the probability of default (PD), the loss given default (LGD) and the estimated exposure at default (EAD). In the case of loans and fixed-interest securities, WACKER determines a loss allowance equivalent to the 12-month expected credit losses, as the former are financial instruments with a low credit risk.

Valuation allowances and past-due debts developed as follows:

Development of Loss Allowances for Trade Receivables

€ million	2023	2022
Opening balance of loss allowance as of Jan. 1 (as per IFRS 9)	**18.4**	15.0
Increase/decrease in loss allowances recognized in profit or loss	**4.3**	3.3
Receivables impaired as uncollectible	**–**	–
Change in scope of consolidation	**–**	–
Exchange-rate differences	**–**	0.1
As of Dec. 31	**22.7**	18.4

The loss allowances relate exclusively to revenue from contracts with customers. There was no material credit risk as of December 31, 2023.

We continuously monitor the creditworthiness of our debtors to assess the recoverability of the corresponding receivables; where appropriate, we take out credit default insurance. In addition, customers make advance payments and provide bank guarantees. The maximum default risk is equal to the carrying amount of the uninsured receivables. No loans or receivables were renegotiated to prevent an overdue debt or possible loss allowances. Based on past experience and on the conditions prevailing as of the reporting date, there are no restrictions with regard to credit quality.

11 Cash and Cash Equivalents / Securities / Liquidity

€ million	2023	2022
Securities and fixed-term deposits[1]	**408.2**	1,061.5
Of which current	**347.4**	877.1
Of which noncurrent	**60.8**	184.4
Cash and cash equivalents	**1,013.7**	894.7
Cash equivalents	**747.7**	497.3
Bank deposits, cash on hand	**266.0**	397.4
Total liquidity	**1,421.9**	1,956.2

[1] This item mainly comprises funds, bonds and fixed-term deposits of various issuers. **See Note 20**, Financial Instruments, for how these securities are assigned to the categories given in IFRS 9.

Bank deposits and cash on hand are shown at their nominal amounts. Cash equivalents comprise fixed-term deposits and commercial paper (from issuers with first-class credit standing) classified as “held to collect, amortized cost.” The general impairment model is applied to bank deposits and fixed-term deposits. These are classified as financial instruments with a low value risk, given that WACKER enters into banking relationships only with investment-grade counterparties. In the case of banks covered by Germany’s Deposit Protection Fund, no impairments are determined as these deposits are secured via the Fund. None of WACKER’s cash funds are subject to currency export restrictions.

Securities include fixed-term deposits assigned to the “held-to-collect and for sale” category. The IFRS 9 impairment model is applied to these financial instruments as well. As WACKER’s investment regulation states that the company may purchase only investment-grade securities, the impairment risk is low. Fund shares assigned to the “trading / FVTPL” category are not covered by the IFRS 9 impairment model.

12 Equity / Non-Controlling Interests / Capital Structure Management

The subscribed capital (capital stock) of Wacker Chemie AG amounts to €260,763,000 and comprises 52,152,600 no-par-value shares (total). This corresponds to a notional par value of €5 per share. All of the shares are common shares; no other share classes have been issued. As of the reporting date, no capital had been authorized for the issue of new shares. The Executive Board is authorized – in compliance with the provisions of Section 71 (1) No. 8 of the German Stock Corporation Act – to acquire treasury shares totaling a maximum of 10 percent of the capital stock.

The following table shows the development in the year under review and in the prior year:

Units	2023	2022
Shares outstanding at the start of the year	**49,677,983**	49,677,983
Shares outstanding at the end of the year	**49,677,983**	49,677,983
Treasury shares in portfolio	**2,474,617**	2,474,617
Total shares	**52,152,600**	52,152,600

For more information on Wacker Chemie AG’s shareholder structure, please refer to the Related Party Disclosures section.
» **See Note 24**

Capital reserves include the amounts exceeding the nominal value of shares issued in previous years, as well as other contributions and share-based payments made to equity.

Retained earnings include: the amounts of accrued reserves generated at Wacker Chemie AG in previous years; transfers from the Group’s earnings for the year; the earnings of the consolidated companies less amounts due to non-controlling interests; changes to consolidated items affecting income; and changes in the scope of consolidation.

Other equity items include the differences arising from currency translation of the financial statements of foreign subsidiaries using reporting currencies other than the euro, and the effects of the measurement of financial instruments, cash flow hedge accounting, pensions and effects of net investments in foreign operations.

Disclosure of Non-Controlling Interests

Information on each subsidiary of the Group with non-controlling interests before intra-Group eliminations.

€ million	Wacker Asahi Kasei Silicone Co. Ltd.	Wacker Metroark Chemicals Pvt. Ltd.	Wacker Chemicals Fumed Silica (ZJG) Holding Co.	SICO Performance Material (Shandong) Co. Ltd.
2023				
Percentage of non-controlling interests	50%	49%	49%	40%
Noncurrent assets	13.3	27.7	25.9	141.7
Current assets	25.9	135.8	43.3	62.7
Noncurrent liabilities	–6.5	–1.1	–	–21.9
Current liabilities	–19.7	–29.1	–13.9	–22.1
Net assets (100%)	13.0	133.3	55.3	160.4
Net assets of non-controlling interests	6.5	65.3	27.1	64.2
Sales (100%)	60.7	191.1	72.7	83.7
Net income for the year (100%)	2.7	28.1	4.9	–9.5
Other comprehensive income (100%)	–1.4	–5.3	–3.1	–10.1
Total comprehensive income	1.3	22.8	1.8	–19.6
Net income for the year attributable to non-controlling interests	1.3	13.8	2.4	–3.8
Dividends for the year attributable to non-controlling interests	2.0	6.7	–	–
Cashflow (100%)				
Cash flows from operational activities	5.4	36.9	6.5	2.8
Cash flows from investing activities	–3.2	–7.8	–8.2	–11.5
2022				
Percentage of non-controlling interests	50%	49%	49%	40%
Noncurrent assets	13.2	27.2	21.5	154.3
Current assets	35.7	128.7	42.9	69.2
Noncurrent liabilities	–8.7	–1.0	–	–29.4
Current liabilities	–24.4	–30.9	–11.1	–13.8
Net assets	15.8	124.0	53.3	180.3
Net assets of non-controlling interests	7.9	60.8	26.1	72.1
Sales	74.6	229.9	87.5	74.6
Net income for the year	5.1	44.8	3.9	10.4
Other comprehensive income	–1.3	–7.2	–1.6	–11.5
Total comprehensive income	3.8	37.6	2.3	–1.1
Net income for the year attributable to non-controlling interests	2.6	21.9	1.9	4.2
Dividends for the year attributable to non-controlling interests	2.2	7.0	–	–
Cashflow (100%)				
Cash flows from operational activities	–1.8	20.6	3.3	30.8
Cash flows from investing activities	–1.8	–1.8	–3.5	–24.3

For further information on individual companies, please refer to the Breakdown of Shareholdings section.

» **See Note 23**

Information on Capital Structure Management

The goal of the WACKER Group's capital structure management policy is to ensure that the company remains a going concern in the long term and to generate an appropriate return on capital employed for the company's shareholders. The capital structure management instruments employed to achieve this goal include dividend payments to shareholders and stock buybacks.

In managing the structure of its capital, Wacker Chemie AG complies with the statutory requirements regarding capital maintenance. The company's Articles of Association contain no requirements regarding capital. No special capital terminology is used. The Group's general dividend policy is to distribute about 50 percent of Group net income to shareholders, provided the business situation permits and the committees responsible agree.

Above and beyond this, WACKER actively manages its debt capital; this is aimed at achieving a balanced financing portfolio, diversified maturities profile and ample liquidity reserves as well as optimizing its cost of capital. WACKER raises funds by taking out long-term loans. In accordance with our policy of value-based management, net financial debt functions as a supplementary financial performance indicator.

» **See the Management Processes and Net Assets sections of the Group management report.**

As of the reporting date, the WACKER Group's capital structure was as follows:

Capital Structure

€ million	2023	2022
Equity attributable to Wacker Chemie AG shareholders	**4,416.8**	4,863.8
Share of total capital (%)	**74.6**	75.9
Noncurrent financing liabilities	**1,088.1**	1,085.6
Current financing liabilities	**417.5**	461.4
Total	**1,505.6**	1,547.0
Share of total capital (%)	**25.4**	24.1
Total capital	**5,922.4**	6,410.8

13 Provisions for Pensions

Various post-employment pension plans are available to WACKER Group employees. They depend on the legal, economic and fiscal conditions prevailing in the respective countries. These pension plans generally take account of the employees' length of service and salary levels.

Company pension plans are either defined contribution or defined benefit plans. Defined contribution plans lead to no further obligation for the company beyond paying contributions to special-purpose funds. WACKER has both defined contribution and defined benefit plans, which are partially funded by Pensionskasse der Wacker Chemie VVaG, by funds or by CTAs (contractual trust arrangements). Pension obligations result from defined benefit plans in the form of entitlements to future pensions and ongoing payments for eligible active and former employees of the WACKER Group and their surviving dependents. The various pension plans generally guarantee employees either a life-long pension on the basis of their average salary during employment at WACKER or lump-sum payments.

Pension entitlements in Germany are protected against insolvency by the pension guarantee fund (Pensionssicherungsverein a.G.). This insolvency insurance is capped.

The Group maintains the following retirement benefit plans.

Retirement Benefits Supplied by the Company Pension Fund

Employees at Wacker Chemie AG and other German Group companies are granted a basic pension model via Pensionskasse der Wacker Chemie VVaG, a legally independent German pension fund. The pension fund is financed by member and company contributions. The promised benefits include retirement, disability and surviving dependents' benefits.

The pension fund is a small mutual insurance company within the meaning of Section 210 of the German Insurance Supervision Act and is regulated by Section 233 (1) of that act. It is thus subject to the regulations that apply to German insurers and is monitored by the Federal Financial Supervisory Authority (BaFin). Statutory minimum financing obligations apply.

Employees who joined the pension plan before the end of 2004 receive guaranteed payments based on a defined benefit amount, which must be taken into consideration when determining pension obligations. The pension paid out does not depend on the employee's age when contributions are paid, nor on the interest generated from assets. A new basic-pension model applies to employees who joined the pension fund after 2004 and before 2022. Under that model, the benefits are based on guaranteed interest rates and the benefit amount depends on the age at which the employee pays contributions. Annual profit shares can increase the future payment.

In addition, employees in Germany may make voluntary payments to the "PK+" supplementary insurance fund of Pensionskasse der Wacker Chemie VVaG. The main items paid into the voluntary supplementary insurance fund comprise contributions in connection with retirement benefit plans governed by the collective bargaining agreements and concerning one-off payments and retirement benefits, and "Working Life and Demography."

Retirement Benefit Obligations of the WACKER Group

In addition to the pension fund commitments, employees in Germany receive direct commitments in the form of a supplementary pension. The supplementary pension covers that part of an employee's salary that exceeds the pension insurance contribution assessment ceiling. Employees who joined the company before the end of 2004 – and their surviving dependents – are entitled to receive a pension. The amount of that pension depends on the average salary earned during the period of employment with WACKER. In the case of employees who joined the company between 2005 and the end of 2021, WACKER contributes a percentage of the portion of the salary exceeding the pension insurance contribution assessment ceiling. The resulting capital accrues interest. The benefits may be paid out as a life-long pension or, in the case of commitments made from 2005 onward, as a lump sum. Employees and their surviving dependents are eligible to receive benefits. Employee entitlements are included when measuring pension obligations, regardless of whether the employees joined the company before the end of 2004 or after the beginning of 2005.

Employees joining the company since the beginning of 2022 are granted a direct pension commitment (up to the applicable contribution assessment ceiling for national pension insurance). The commitment is financed bilaterally by the employer and the employee, is dependent on capital market returns and is secured by a trust arrangement. For that portion of their salary above the contribution assessment ceiling, employees receive a solely employer-financed contribution to their company retirement benefits.

In addition to this, employees are free to set aside further amounts under the deferred-compensation model. The direct pension commitments are underpinned by what is known as a Contractual Trust Arrangement (CTA). A trust company that utilizes its assets solely for the purpose of financing the company's pension commitments invests the accrued pension capital in the capital markets. Under this arrangement, WACKER guarantees at least the amount of the respective pension contributions.

Capital market returns can increase the employees' pension capital. The CTA protects the pension assets against any corporate insolvency. Employees and their surviving dependents are eligible to receive benefits. They can draw the pension capital as a retirement benefit, either as a one-off payout or in annual installments (over a maximum of 20 years). Benefits are also payable in cases of disability.

Executive Board members are granted individual pension commitments. For more information on Executive Board member pension plans, please refer to the Compensation Report.

Employees in Germany with salaries above the standard pay scale may pay into an employee-financed pension plan (deferred compensation). This plan affords employees the option of converting part of their future salary claims into equivalent pension capital. Pension capital accrues interest based on the date the pension plan was entered into (commitment): at either 7 percent (1996–2001), 6 percent (2002–2010) or 5 percent (2011–2013). Plans bearing 7 percent or 6 percent interest may be drawn in the form of either a pension or a lump sum. Plans bearing 5 percent interest are paid out exclusively in lump-sum form. Since 2015, management employees have been able to contribute a portion of their salary to an employee-financed pension plan with a variable interest rate. The variable interest rate is linked to the five-year running yield on German bearer bonds and amounts to at least 2.5 percent and at most 5 percent. Disbursement is as a lump sum only. Pension commitments made before or on December 31, 2000, are measured (in accordance with the projected unit credit method) at m/nth of their present value, whereas any commitments made on or after January 1, 2001, are measured at the present value of the defined benefit obligation or at the equivalent of the accumulated capital.

Since 2021, a contractual trust arrangement (CTA) has been in place to finance and secure part of the pension obligations arising out of direct commitments and deferred compensation entered into before 2022.

Pension Commitments outside of Germany

Various pension plans are available to employees of foreign subsidiaries, subject to the statutory provisions applicable in the respective countries. Of these commitments, only the US pension plans are material to the Group.

In the US, defined benefit plans exist for employees of Wacker Chemicals Corporation, Adrian, Michigan. These plans were closed for new applications effective December 31, 2003, and remain in force for legacy policies only. Retirement benefits are paid out from age 65 in the form of a monthly pension and are based on the last average salary paid. Special rules apply to early retirement as of age 55 depending on the employee’s years of service. In view of their pension-like quality, obligations relating to medical care for retired employees and to severance payments are likewise included under pension provisions. New employees in the USA are offered only defined contribution plans.

The present value of defined benefit plans may be reconciled with the provisions recognized in the balance sheet as follows:

Net Liability of Defined Benefit Obligations

€ million			2023			2022
	Germany	International	Total	Germany	International	Total
Present value of the at least partially financed defined benefit obligations	**3,316.4**	**93.0**	**3,409.4**	3,024.7	93.6	3,118.3
Fair value of plan assets	**–2,513.0**	**–123.0**	**–2,636.0**	–2,359.5	–107.6	–2,467.1
Funded status	**803.4**	**–30.0**	**773.4**	665.2	–14.0	651.2
Present value of unfunded defined benefit obligations	**4.5**	**7.9**	**12.4**	1.0	10.5	11.5
Impact of asset ceiling	**–**	**2.4**	**2.4**	49.8	2.8	52.6
Net defined benefit liability	**807.9**	**–19.7**	**788.2**	716.0	–0.7	715.3
Surplus recognized as an asset	**19.1**	**27.6**	**46.7**	42.5	11.1	53.6
Provisions for pensions and similar obligations	**827.0**	**7.9**	**834.9**	758.5	10.4	768.9

Changes in the Net Liability of Defined Benefit Obligations

€ million	Present value of pension plan obligations	Market value of plan assets	Total
As of Jan. 1, 2022	4,379.5	–2,576.2	1,803.3
Current service cost	97.0	–	97.0
Interest expense/(income)	55.6	–33.7	21.9
Past service cost	–	–	–
Remeasurements			
Gains (–) / losses (+) from plan assets without amounts already recognized in interest income	–	147.0	147.0
Gains (–) / losses (+) from changes in demographic assumptions	–	–	–
Gains (–) / losses (+) from changes in financial assumptions	–1,484.5	–	–1,484.5
Gains (–) / losses (+) from experience adjustments	148.0	–	148.0
Effect of asset ceiling	–	51.9	51.9
Effects of exchange-rate differences	7.2	–7.4	–0.2
Contributions by			
Employer	–	–31.6	–31.6
Pension plan beneficiaries	23.0	–23.0	–
Transfers	–	–	–
Pension payments	–96.0	58.5	–37.5
As of Dec. 31, 2022	3,129.8	–2,414.5	715.3
Current service cost	**55.8**	**–**	**55.8**
Interest expense/(income)	**115.3**	**–89.9**	**25.4**
Past service cost	**0.2**	**–**	**0.2**
Remeasurements			
Gains (–) / losses (+) from plan assets without amounts already recognized in interest income	**–**	**–73.9**	**–73.9**
Gains (–) / losses (+) from changes in demographic assumptions	**–**	**–**	**–**
Gains (–) / losses (+) from changes in financial assumptions	**195.7**	**–**	**195.7**
Gains (–) / losses (+) from experience adjustments	**5.3**	**–**	**5.3**
Effect of asset ceiling	**–**	**–52.5**	**–52.5**
Effects of exchange-rate differences	**–3.9**	**3.8**	**–0.1**
Contributions by			
Employer	**–**	**–41.8**	**–41.8**
Pension plan beneficiaries	**24.4**	**–24.4**	**–**
Transfers	**–**	**–**	**–**
Pension payments	**–100.8**	**59.6**	**–41.2**
As of Dec. 31, 2023	**3,421.8**	**–2,633.6**	**788.2**

In 2022, the item “Gains (–) / losses (+) from experience adjustments” mainly comprised current and expected pension adjustments for the next two years.

Assumptions

The pension obligations are calculated by taking account of company-specific and country-specific biometric calculation principles and parameters. The calculations are based on actuarial reports that factor in the following parameters:

Actuarial Assumptions

%	2023	2022
Germany		
Discount rate	**3.30**	3.71
Salary growth rate	**3.00**	2.50
Pension growth rate[1]		
Basic and supplementary pension	**2,0 / 1,0**	2,0 / 1,0
Deferred compensation	**2,5 / 1,0**	2,5 / 1,0
USA		
Discount rate	**4.78**	4.98
Salary growth rate	**3.00**	3.00

[1] Varies according to the date on which the employee joined the company and/or the effective date of the different plan generations.

The life-expectancy calculations for Germany are based on Heubeck AG's "Richttafeln 2018G" generation tables. These take into account the latest life expectancy rates and socio-economic factors, and currently offer the best estimate of life expectancy. The mortality tables used in the USA are regularly updated to take account of the latest mortality data.

The discount rates and salary increase rates used in calculating the pension obligation were determined in line with general economic conditions and in accordance with uniform standards. The discount rate is based on a yield curve derived from the yields of country-specific, high-grade, fixed-interest corporate bonds with maturities corresponding to the pension obligations. It takes account of the WACKER-specific, expected future cash flows for these obligations.

Sensitivity Analysis

The following sensitivity analysis involves an adjustment of only one assumption – i.e. the other assumptions remain unchanged from the original valuation, so that the sensitivity of each individual assumption can be observed in isolation. As a consequence, possible correlation effects between the individual assumptions are not taken into consideration.

The table below shows the possible changes in the present value of pension obligations resulting from changes in the key actuarial assumptions.

Sensitivity Analysis

	Dec. 31, 2023		Dec. 31, 2022	
Effect on defined benefit obligation	Defined benefit obligation in € million	Change (%)	Defined benefit obligation in € million	Change (%)
Present value of pension obligations as of the reporting date	**3,421.8**		3,129.8	
Present value of pension obligations if				
the discount rate increases by 0.5 percentage points	**3,197.1**	**–6.6**	2,926.7	–6.5
the discount rate decreases by 0.5 percentage points	**3,675.3**	**7.4**	3,358.6	7.3
salaries increase by 0.5 percentage points	**3,435.7**	**0.4**	3,142.4	0.4
salaries decrease by 0.5 percentage points	**3,408.9**	**–0.4**	3,117.8	–0.4
future pension increases are 0.25 percentage points higher	**3,502.8**	**2.4**	3,201.8	2.3
future pension increases are 0.25 percentage points lower	**3,344.4**	**–2.3**	3,060.9	–2.2
life expectancy goes up by one year	**3,528.6**	**3.1**	3,224.2	3.0

Composition of Plan Assets

In Germany, Pensionskasse der Wacker Chemie VVaG invests plan assets in accordance with statutory requirements and the terms of its by-laws. The company pension fund invests around half of its assets in equity funds and fixed-income funds. The other half is invested directly in promissory notes (German Schuldscheine), real estate, real estate loans, private debt and private equity. The remainder is held as liquid assets. The investment strategy follows the investment guideline set down by the board of the pension fund.

The money paid to the contractual trust arrangements (CTAs) in Germany is invested in funds, stocks, bonds, and private equity or held in cash. Future investments will be made in accordance with the investment principles set out in the trust agreements and in the investment guidelines. The plan assets of pension funds set up in the US are invested mainly in stocks and funds in accordance with the applicable investment rules. The composition of the Group's plan assets is shown in the following table:

Composition of Plan Assets

€ million			Dec. 31, 2023			Dec. 31, 2022
	Quoted market prices in an active market	No quoted market prices in an active market	Total	Quoted market prices in an active market	No quoted market prices in an active market	Total
Real estate	**–**	**310.4**	**310.4**	–	317.0	317.0
Loans/fixed-interest securities	**640.5**	**507.1**	**1,147.6**	930.5	333.2	1,263.7
Shares/funds	**568.0**	**431.5**	**999.5**	422.3	400.9	823.2
Cash and cash equivalents	**–**	**178.4**	**178.4**	–	63.2	63.2
Total	**1,208.5**	**1,427.4**	**2,635.9**	1,352.8	1,114.3	2,467.1

Risks

In addition to the usual actuarial risks, the risk inherent in the defined benefit obligation relates in particular to financial risks in connection with plan assets. In Germany, substantial amounts of the defined benefit obligation are administered by the pension fund. An annual asset-liability study analyzes the current and future relationships between portfolio structure and obligations and makes projections. This results in the long-term return required of the pension fund, on the basis of which the pension fund defines a strategic target portfolio. In this way, the required return, company contributions of sponsoring entities and strategic asset allocation are reviewed annually and reconciled with each other.

Under the CTAs, capital is invested in trust companies that use their assets solely to finance the pension commitments. External specialists help ensure a balanced risk-opportunity profile for the investments.

All capital investments are exposed to market price fluctuation risks. These risks may comprise shifts in interest rates, share prices or exchange rates. WACKER aims to limit losses to a pre-defined amount by means of overlay management. In some cases, derivatives are used for hedging purposes.

The defined benefit plans in the US are subject not only to actuarial risks, but also to market-price fluctuation risks – because plan assets there are invested in stocks and funds.

Applicable statutes and by-laws require WACKER to reduce under-funding of pension plans by increasing the amount of company contributions in cash.

Further risks arise in particular in connection with the life expectancy of the beneficiaries, the interest rate guarantee, and the salary and pension growth rates. The interest rate guarantee risk is regularly monitored as part of the risk management process. It constitutes a major focus of the company pension fund when determining the long-term interest requirements and how to fulfill them. Interest rate guarantee risks also affect the deferred compensation plans.

Pension Plan Financing

In 2023, benefits in the amount of €94.0 million (prior year: €87.8 million) were paid under pension plans in Germany and €6.8 million (prior year: €8.2 million) under pension plans outside of Germany. WACKER anticipates that pension payments will reach approximately €105 million in the current year. Current employer contributions to plan assets will amount to around €40 million in 2024. The weighted duration of pension obligations as of December 31, 2023, was 14.9 years in Germany (prior year: 14.7 years) and 10.0 years in the United States (prior year: 10.2 years).

Expected Pension Payments Due

€ million	Dec. 31, 2023	Dec. 31, 2022
Less than one year	**–106.1**	–101.2
One to two years	**–119.9**	–110.7
Two to three years	**–128.2**	–122.0
Three to four years	**–133.3**	–126.2
Four to five years	**–137.4**	–131.4

Composition of Pension Expenses

€ million	2023	2022
Current service cost from defined benefit plans	**–55.8**	–97.0
Past service cost	**–0.2**	–
Net interest expense for defined benefit plans	**–25.4**	–21.9
Defined contribution plan expenses	**–7.4**	–8.9
Other pension expenses	**–7.9**	–3.1
Contributions to state pensions	**–76.2**	–70.1
Total	**–172.9**	–201.0

14 Other Provisions

€ million			2023			2022
	Total	Of which noncurrent	Of which current	Total	Of which noncurrent	Of which current
Personnel	**117.5**	**111.0**	**6.5**	112.1	104.7	7.4
Restructuring	**2.7**	**2.0**	**0.7**	3.3	2.6	0.7
Sales/purchasing	**42.9**	**3.3**	**39.6**	4.6	3.8	0.8
Environmental protection	**80.6**	**76.3**	**4.3**	74.2	74.2	–
Green house gas emission rights	**26.9**	**–**	**26.9**	14.2	–	14.2
Sundry	**36.5**	**25.5**	**11.0**	43.7	27.3	16.4
Other provisions	**307.1**	**218.1**	**89.0**	252.1	212.6	39.5

Provisions for Personnel

These include obligations for anniversary payments and funeral expenses as well as provisions for early-retirement and phased-early-retirement plans. Noncurrent provisions for anniversary payments and provisions for phased-early-retirement plans are utilized on a continuous basis. Interest-rate effects increased anniversary-payment provisions, while provisions for phased-early-retirement plans increased due to newly concluded agreements with employees still working for the company.

Provisions for Restructuring

Under a voluntary program as part of its Shape the Future project, WACKER offered employees in Germany redundancy packages. The majority of these were paid to employees in 2021. The remaining provision for the restructuring program concerns phased-early-retirement agreements that will be utilized over 2 years.

Sales/Purchasing Provisions

These provisions cover warranty and product-liability obligations as well as commissions payable to sales agents and contingent losses from contractual agreements. The greater part of these provisions is likely to be used for payouts in 2024. The increases comprise primarily the addition to provisions for contingent losses from outstanding delivery obligations for two months from 2023 and contractually specified delivery obligations for 2024. The amount of the provisions depends primarily on the underlying monthly price assumptions over the delivery period. These were derived from external market studies for 2024. The result is a provision for contingent losses for deliveries in the first quarter of 2024. If actual prices were to deviate from the price assumptions, this would have a substantial influence on the delivery volumes underlying the measurement of the provision and thus on the provision amount.

Provisions for Environmental Protection

Provisions for environmental protection are recognized for anticipated obligations regarding contaminated-site remediation, water pollution control, the recultivation of landfills, the clean-up of contaminated storage and production sites, and similar environmental measures. The noncurrent provisions for environmental protection are likely to be utilized within a period of 25 years. Additions to current provisions relate to the elimination of contamination issues at the newly acquired site of ADL BioPharma S.L.U, León, Spain, which will be remediated in 2024.

Greenhouse Gas Emission Allowances

The provision for the obligation to surrender greenhouse gas emission allowances covers the expected outflow of CO_2 certificates to meet the obligations under the German emissions trading system or comparable systems in other countries. The provision is calculated based on quarterly emissions and will lead to outflows in the following year.

Sundry Provisions

These provisions are formed for a multiplicity of identifiable individual risks and contingencies (e.g. damages, reimbursement claims, legal expenses). In addition to risks in connection with property and wealth taxes, they also cover risks stemming from interest and penalties not recognized under income taxes.

Depending on the situation in the individual countries, discount rates of up to 3.2 percent were used to determine the provisions, mainly those for phased early retirement and for anniversaries.

Other Provisions

€ million	Jan. 1, 2023	Utilization	Reversal	Addition	Interest effect	Exchange-rate differences	Changes in scope of consoli-dation, other[1]	Dec. 31, 2023
Personnel	112.1	–76.1	–0.5	74.8	5.9	–0.4	1.7	117.5
Restructuring	3.3	–0.7	–	–	–	–0.5	0.6	2.7
Sales/purchasing	4.6	–1.0	–	39.8	–	–0.1	–0.4	42.9
Environmental protection	74.2	–3.0	–1.1	6.4	0.5	–0.1	3.7	80.6
Greenhouse gas emission rights	14.2	–14.2	–	26.7	–	0.2	–	26.9
Sundry	43.7	–4.9	–12.4	9.4	0.4	0.1	0.2	36.5
Other provisions	**252.1**	**–99.9**	**–14.0**	**157.1**	**6.8**	**–0.8**	**5.8**	**307.1**

[1] “Other” includes the change of €-1.2 million (prior year €10,5 million) in plan assets for phased-early-retirement commitments within provisions for personnel.

15 Financing Liabilities

€ million	2023			2022		
	Total	Of which noncurrent	Of which current	Total	Of which noncurrent	Of which current
Liabilities to banks	**1,242.8**	**867.3**	**375.5**	1,079.6	848.4	231.2
Liabilities from lease obligations	**242.1**	**211.7**	**30.4**	261.1	228.0	33.1
Other financing liabilities	**20.7**	**9.1**	**11.6**	206.3	9.2	197.1
Financing liabilities	**1,505.6**	**1,088.1**	**417.5**	1,547.0	1,085.6	461.4

In 2023, WACKER repaid as planned two loans that were set to fall due on maturity, one in the amount of €150 million and another in the amount of €50 million. In January 2023, bilateral fixed-interest loans due on maturity (in 2028) were utilized in the amount of €200 million in total, with an agreement on €110 million having been signed in December 2022 and an agreement on a further €90 million having been signed in January 2023. Bilateral fixed-interest loans of €100 million and €50 million (both due on maturity in 2028) were agreed and disbursed in April and June 2023, respectively.

In addition, a bank loan in the amount of KRW 50 billion (€34.8 million) that will fall due on maturity was taken out, and an operating loan due on maturity in the amount of €17.7 million was repaid as planned.

No collateral exists for financing liabilities, nor are they secured through liens or similar rights. Some of the liabilities to banks are fixed-interest while others have variable interest rates. To hedge against rising interest rates on loans, since 2022 WACKER has hedged variable-interest loans in the amount of €405 million with payer swaps.

In certain cases, WACKER has fixed-interest loans with exercisable termination options. Due to the high penalties payable on early termination, these options currently have no notional positive value and their fair value is negligible. WACKER does not recognize these for reasons of immateriality. Some of the liabilities to banks were granted on condition of compliance with particular covenants.

There were no payment arrears or defaults or contract breaches in connection with loans payable in 2023.

The liabilities to banks comprise the following:

€ million	2023				2022			
	Currency	Carrying amount € million	Of which with variable interest rates	Maturity	Currency	Carrying amount € million	Of which with variable interest rates	Maturity
Bank loan	**EUR**	**290.0**	**290.0**	**2027**	EUR	290.0	290.0	2027
Promissory note (German Schuldschein)	**EUR**	**–**	**–**	**2023**	EUR	50.0	–	2023
Promissory note (German Schuldschein)	**EUR**	**–**	**–**	**2023**	EUR	150.0	45.5	2023
Promissory note (German Schuldschein)	**EUR**	**150.0**	**43.0**	**2025**	EUR	150.0	43.0	2025
Promissory note (German Schuldschein)	**EUR**	**226.0**	**66.5**	**2024**	EUR	226.0	66.5	2024
Promissory note (German Schuldschein)	**EUR**	**74.0**	**5.5**	**2026**	EUR	74.0	5.5	2026
Promissory note (German Schuldschein)	**EUR**	**110.0**	**–**	**2028**	EUR	–	–	2028
Promissory note (German Schuldschein)	**EUR**	**90.0**	**–**	**2028**	EUR	–	–	2028
Promissory note (German Schuldschein)	**EUR**	**100.0**	**–**	**2028**	EUR	–	–	2028
Promissory note (German Schuldschein)	**EUR**	**50.0**	**–**	**2028**	EUR	–	–	2028
Bank loan	**KRW**	**34.8**	**–**	**2024**	KRW	–	–	2024
Bank loan	**EUR**	**100.0**	**–**	**2024**	EUR	100.0	–	2024
Operating loan	**BRL**	**–**	**–**	**2023**	BRL	17.7	17.7	2023
Other		**18.0**	**1.6**			21.9	8.6	
Total		**1,242.8**	**–**			1,079.6	–	
Fair value		**1,235.9**	**–**			1,053.1	–	

Other financing liabilities comprise the following:

€ million	2023				2022			
	Currency	Carrying amount € million	Of which with variable interest rates	Maturity	Currency	Carrying amount € million	Of which with variable interest rates	Maturity
Private placement (3rd installment)		**–**	**–**		USD	187.4	–	2023
Sundry other financing liabilities		**20.7**	**–**			18.9	–	
Total		**20.7**	**–**			206.3	–	
Fair value		**20.7**	**–**			204.5	–	

The carrying amounts of current financing liabilities correspond to the repayment amounts. With the exception of other lines of credit in the amount of €1.6 million (prior year: €8.6 million), all loans fall due on maturity.

The following table shows the future redemption and interest payments for the bank liabilities and other financing liabilities.

€ million	2024	2025	2026	2027	2028
Repayment	387.1	153.4	76.3	289.2	355.9
Interest	33.2	28.7	27.9	18.5	2.5

There are unused long-term lines of credit amounting to €750 million (prior year: €600 million).

They include two syndicated loans of €200 million and €400 million that serve as backup loans for the Group and have not been drawn down at present. In 2023, the term of both credit lines was extended by one year until 2028. In addition, a bilateral loan of €150 million was concluded in December 2023. It has not yet been utilized and can be drawn down until May 2025.

16 Financial and Non-Financial Liabilities

€ million	2023			2022		
	Total	Of which noncurrent	Of which current	Total	Of which noncurrent	Of which current
Trade payables	**878.9**	**–**	**878.9**	885.6	–	885.6
Derivative financial instruments	**17.2**	**10.8**	**6.4**	22.5	12.7	9.8
Sundry financial liabilities	**48.1**	**9.2**	**38.9**	43.9	12.2	31.7
Other financial liabilities	**65.3**	**20.0**	**45.3**	66.4	24.9	41.5
Payables relating to social security	**11.6**	**–**	**11.6**	9.6	–	9.6
Payroll liabilities	**9.4**	**–**	**9.4**	7.3	–	7.3
Variable compensation	**61.0**	**–**	**61.0**	189.3	–	189.3
Other personnel liabilities	**28.8**	**–**	**28.8**	29.2	–	29.2
Other tax liabilities	**38.9**	**–**	**38.9**	36.5	–	36.5
Deferred income	**1.8**	**1.3**	**0.5**	3.1	1.2	1.9
Sundry non-financial liabilities	**43.6**	**–**	**43.6**	41.5	–	41.5
Other non-financial liabilities	**195.1**	**1.3**	**193.8**	316.5	1.2	315.3
Advance payments received	**305.1**	**222.8**	**82.3**	305.2	224.4	80.8
Discount accruals	**11.6**	**–**	**11.6**	11.0	–	11.0
Contract liabilities	**316.7**	**222.8**	**93.9**	316.2	224.4	91.8
Income tax liabilities	**144.6**	**100.0**	**44.6**	182.4	90.2	92.2

Trade payables include receivables in the amount of €87.2 million (prior year: €163.8 million) submitted by the supplier to the factor under reverse factoring agreements. These were not reclassified as financial liabilities as they have payment deadlines within the customary business cycle.

Income tax liabilities contain amounts for current income tax obligations as well as for uncertain tax positions.

Payables relating to social security refer in particular to social-insurance contributions that have yet to be paid.

Other personnel liabilities include, in particular, vacation and flextime credits, as well other HR-related liabilities.

The advance payments received relate primarily to future deliveries of polysilicon.

No collateral exists for other liabilities, nor are they secured through liens or similar rights.

17 Contingent Liabilities, Contingent Assets, Other Financial Obligations and Other Risks

The values of contingent liabilities correspond to the extent of the liability as of the reporting date. At WACKER, contingent liabilities primarily concern agreed guarantees totaling €0.5 million (prior year: €0.7 million). It is unlikely that the guarantees will be utilized.

Obligations from orders for planned investment projects (commitments) amounted to €350.0 million (prior year: €420.1 million) and concern the operating segments.

The Group ensures capacity utilization at its joint venture with Dow via long-term purchasing commitments for an annual amount of around €101 million (prior year: €125 million).

As regards its current raw-material supplies, WACKER has entered into long-term agreements to purchase strategic raw materials, electricity and gas. As a result, the company had, on balance, other financial obligations in the amount of €0.8 billion arising from material minimum-purchasing arrangements in the reporting period (prior year: €1.2 billion). The agreements have terms of between one and more than ten years.

The Group receives public grants and allowances for investing activities. These incentives are granted on condition that a certain number of jobs are created or maintained at certain sites. If these contractual commitments are not fulfilled, all or part of any funding received must be paid back. The Group has a limited time period during which to fulfill its contractual commitments.

Together with its partner CordenPharma, WACKER signed a pandemic preparedness contract with the German federal government to keep capacity available for the production of mRNA-based vaccines. WACKER and CordenPharma are expected to manufacture 80 million vaccine doses per year in the event of a pandemic. Both partners will receive an annual stand-by fee for keeping production capacity available. The stand-by phase starts in 2024, once the companies have created the necessary capacity, and ends in 2029. In order to create the necessary capacity, WACKER is investing around €150 million in new production capacity at the Halle site. WACKER and CordenPharma will keep production capacity available from 2024, the start of the stand-by phase. WACKER has thus committed to having the corresponding materials and employees ready for an emergency situation.

WACKER is occasionally involved in legal or arbitration proceedings as well as official investigations and actions. Pending proceedings can have a negative impact on WACKER's earnings, net assets and financial position. At the present time, WACKER does not expect any material negative effects from pending proceedings.

18 Other Disclosures

Social benefits comprise in particular the employer's share of social insurance contributions as well as contributions to the employers' liability insurance association. Pension expenses consist mainly of contributions to the statutory pension system and allocations to pension provisions. Related interest is shown in the financial result.

€ million	2023	2022
Cost of materials	**–3,260.8**	–3,960.3
Personnel expenses		
Wages and salaries	**–1,196.8**	–1,282.4
Social benefits and expenses for aid	**–211.7**	–203.6
State pension contributions	**76.2**	70.1
Social security contributions	**–135.5**	–133.5
Pension expenses	**–71.1**	–109.0
Contributions to state pensions	**–76.2**	–70.1
Pension expenses	**–147.3**	–179.1
Total personnel expenses	**–1,479.6**	–1,595.0

The auditors' fee in the amount of €1.3 million (prior year: €1.1 million) relates to KPMG AG Wirtschaftsprüfungs-gesellschaft. Of this amount, €1.1 million (prior year: €1.0 million) relates to services for the statutory audits of the consolidated financial statements of the WACKER Group and of the annual financial statements of Wacker Chemie AG, as well as for the audit review of the interim consolidated financial statements. An amount of 0.1 Mio. € (prior year: €0.1 million) is attributable to other assurance services. Other assurance services include attestations under energy law such as those pursuant to Section 64 of the German Renewable Energy Act (EEG), Section 17 of the German Energy Industry Act (EnWG), Article 25 (1) of the EU regulation on electricity price compensation, an audit pursuant to Section 20 of the German Securities Trading Act (WpHG in relation to EMIR), as well as an assurance service in relation to the Group non-financial report. In addition, quality assurance services were rendered in the implementation of regulatory requirements in relation to the EU Taxonomy Regulation.

€ million	2023	2022
Expenses for auditors' fees		
Audit services	**1.1**	1.0
Other attestation services	**0.1**	0.1
Tax consultation services	**–**	–
Other services	**0.1**	–
Total	**1.3**	1.1

19 Earnings per Share / Dividend

The diluted earnings per share were identical to the basic earnings in both the year under review and the previous year.

The dividend distribution for 2022 amounted to €596.1 million, or 12.00 € per dividend-bearing share. No allocations to retained earnings were made at Wacker Chemie AG for fiscal 2022.

The Executive Board of Wacker Chemie AG has proposed a dividend of 3.00 € per share for 2023. The dividend proposal relates solely to dividend-bearing shares, i.e. excluding treasury shares. Responsibility for accepting or rejecting this proposal rests with the Annual Shareholders' Meeting of Wacker Chemie AG. Subject to acceptance of the proposal, an amount of 149,033,949.00 € will be distributed to the 49,677,983 no-par-value shares not held by the company.

	2023	2022
Average number of outstanding common shares (units)	**49,677,983**	49,677,983
Number of common shares outstanding at the end of the year (units)	**49,677,983**	49,677,983
Dividend per dividend-bearing common share (€)	**3.00**	12.00
Distribution per dividend-bearing common share (€)	**3.00**	12.00
Net result for the year attributable to Wacker Chemie AG shareholders (€ million)	**313.6**	1,251.0
Earnings due to common shares (€ million)	**313.6**	1,251.0
Earnings per common share (average, €)	**6.31**	25.18
Earnings per common share (as of reporting date, €)	**6.31**	25.18

20 Financial Instruments

The following table shows financial assets and liabilities by measurement category and class. Lease liabilities and derivatives that qualify for hedge accounting are also shown even though they do not belong to any of the IFRS 9 measurement categories. WACKER has not pledged any financial assets as security.

The fair value of financial instruments measured at amortized cost is determined by means of discounting, taking into account market interest rates that are adequate to the inherent risk and correspond to the relevant maturity. The fair value of current items in the statement of financial position is their carrying amount, as there is no material difference between the two values.

Financial Assets and Liabilities by Measurement Category and Class as of Dec. 31, 2023

€ million		Measurement pursuant to IFRS 9			Measurement pursuant to IFRS 16	
	Carrying amount Dec. 31, 2023	(Amortized) cost	Fair value through profit and loss	Fair value through other comprehensive income	(Amortized) cost	Fair value as of Dec. 31, 2023
Trade receivables	**788.6**	**788.6**	**–**	**–**	**–**	**788.6**
Other financial assets	**164.1**	**96.0**	**29.0**	**39.1**	**–**	**164.1**
Loans and other financial assets, measured at amortized cost	**–**	**96.0**	**–**	**–**	**–**	**96.0**
Investments in equity instruments (FVPL)	**–**	**–**	**26.0**	**–**	**–**	**26.0**
Derivatives that do not qualify for hedge accounting (FVPL)	**–**	**–**	**3.0**	**–**	**–**	**3.0**
Derivatives that qualify for hedge accounting[1]	**–**	**–**	**–**	**39.1**	**–**	**39.1**
Securities and fixed-term deposits	**408.2**	**146.6**	**75.8**	**185.8**	**–**	**408.2**
Securities and fixed-term deposits (measured at amortized cost)	**–**	**146.6**	**–**	**–**	**–**	**146.6**
Securities (FVPL)	**–**	**–**	**75.8**	**–**	**–**	**75.8**
Securities (FVOCI)	**–**	**–**	**–**	**185.8**	**–**	**185.8**
Cash and cash equivalents (measured at amortized cost)	**1,013.7**	**1,013.7**	**–**	**–**	**–**	**1,013.7**
Total financial assets	**2,374.6**	**–**	**–**	**–**	**–**	**2,374.6**
Financing liabilities	**1,505.6**	**1,260.9**	**2.6**	**–**	**242.1**	**1,498.7**
Financing liabilities (measured at amortized cost)	**–**	**1,260.9**	**–**	**–**	**–**	**1,254.0**
Financial liabilities measured at fair value	**–**	**–**	**2.6**	**–**	**–**	**2.6**
Liabilities from lease obligations	**–**	**–**	**–**	**–**	**242.1**	**242.1**
Trade payables (measured at amortized cost)	**878.9**	**878.9**	**–**	**–**	**–**	**878.9**
Other financial liabilities	**65.3**	**48.1**	**16.9**	**0.3**	**–**	**65.3**
Financial liabilities measured at amortized cost	**–**	**48.1**	**–**	**–**	**–**	**48.1**
Derivatives that do not qualify for hedge accounting (FVPL)[2]	**–**	**–**	**16.9**	**–**	**–**	**16.9**
Derivatives that qualify for hedge accounting[1]	**–**	**–**	**–**	**0.3**	**–**	**0.3**
Total financial liabilities	**2,449.8**	**–**	**–**	**–**	**–**	**2,442.9**

[1] Derivatives with on-balance sheet hedging relationship are not subject to IFRS 9, but are reported under this measurement in order to reconcile to the total of the statement of financial position.

[2] Derivatives not designated as hedging instruments include the difference from the initial measurement of the physical PPA in the amount of €6.9 million.

Financial Assets and Liabilities by Measurement Category and Class as of Dec. 31, 2022

€ million				Measurement pursuant to IFRS 9	Measurement pursuant to IFRS 16	
	Carrying amount Dec. 31, 2022	(Amortized) cost	Fair value through profit and loss	Fair value through other comprehensive income	(Amortized) cost	Fair value as of Dec. 31, 2022
Trade receivables	916.2	916.2	–	–	–	916.2
Other financial assets	96.3	47.7	22.5	26.1	–	96.3
Loans and other financial assets, measured at amortized cost	–	47.7	–	–	–	47.7
Investments in equity instruments (FVPL)	–	–	12.7	–	–	12.7
Derivatives that do not qualify for hedge accounting (FVPL)	–	–	9.8	–	–	9.8
Derivatives that qualify for hedge accounting[1]	–	–	–	26.1	–	26.1
Securities and fixed-term deposits	1,061.5	591.1	290.8	179.6	–	1,060.2
Securities and fixed-term deposits (measured at amortized cost)	–	591.1	–	–	–	589.8
Securities (FVPL)	–	–	290.8	–	–	290.8
Securities (FVOCI)	–	–	–	179.6	–	179.6
Cash and cash equivalents (measured at amortized cost)	894.7	894.7	–	–	–	894.7
Total financial assets	2,968.7	–	–	–	–	2,967.4
Financing liabilities	1,547.0	1,283.2	2.7	–	261.1	1,518.8
Financing liabilities (measured at amortized cost)	–	1,283.2	–	–	–	1,255.0
Financial liabilities measured at fair value	–	–	2.7	–	–	2.7
Liabilities from lease obligations	–	–	–	–	261.1	261.1
Trade payables (measured at amortized cost)	885.6	885.6	–	–	–	885.6
Other financial liabilities	66.4	43.9	18.7	3.8	–	66.4
Financial liabilities measured at amortized cost	–	43.9	–	–	–	43.9
Derivatives that do not qualify for hedge accounting (FVPL)[2]	–	–	18.7	–	–	18.7
Derivatives that qualify for hedge accounting[1]	–	–	–	3.8	–	3.8
Total financial liabilities	2,499.0	–	–	–	–	2,470.8

[1] Derivatives with on-balance sheet hedging relationship are not subject to IFRS 9, but are reported under this measurement in order to reconcile to the total of the statement of financial position.

[2] Derivatives not designated as hedging instruments include the difference from the initial measurement of the physical PPA in the amount of €8.6 million.

Trade receivables, other loans and fixed-term deposits, as well as cash and cash equivalents, are recognized at amortized cost. Cash and cash equivalents in foreign currency are measured at the conversion rate prevailing on the reporting date. Their carrying amounts correspond to their fair values. The fair value of loans and borrowings corresponds to their present value, i.e. the present value of the expected future cash flows. Discounting is carried out on the basis of the interest rates applicable as of the reporting date. Certain securities (funds) and investments in equity instruments are classified as fair value through profit or loss (FVPL). Securities measured at amortized cost are recognized using the effective interest method. Investments in equity instruments are recognized at fair value, the best approximation of which is their historical cost, as no observable prices on active markets are available.

The carrying amount of trade payables and other financial liabilities corresponds to their fair value. The fair value of financing liabilities is calculated as the present value of the expected future cash flows. Discounting is carried out on the basis of the interest rates applicable as of the reporting date. Liabilities measured at fair value chiefly comprise future payments in connection with business combinations. All other financial liabilities are measured at cost, as no observable prices are available for them.

In 2023, WACKER lost its significant influence over the equity-accounted company Nexeon Ltd. This ended the use of the equity method and led to a transition to measurement pursuant to IFRS 9. The remaining shares were recognized at fair value. Cumulative aggregated results carried in other comprehensive income were derecognized as though the corresponding assets had been disposed of.

The following table shows the net gains and losses from financial instruments.

€ million	2023	2022
Net gains/losses from financial instruments		
Financial assets measured at amortized cost	**30.0**	40.2
Assets/liabilities measured at fair value through profit or loss (FVPL)	**6.4**	–21.1
Assets measured at fair value through OCI (FVOCI)	**0.1**	–0.3
Financial liabilities measured at amortized cost	**–42.9**	–60.5
Total	**–6.4**	–41.7

The net result of the category “Financial assets measured at amortized cost” primarily comprises: net losses/gains from foreign currency translation, interest income from financial assets, fixed-term deposits and bank deposits, and loss allowances on receivables.

The gains and losses from changes in the fair value of foreign-exchange, interest-rate and commodity derivatives that do not fulfill the requirements of IAS 39 for hedge accounting are posted in the category “Assets/liabilities measured at fair value through profit or loss.” This item also contains distributions from funds as well as fair value changes in investments.

Interest income from financial assets that are not recognized at fair value through profit or loss amounted to €48.1 million (prior year: €10.1 million). This income mainly comprised interest on bank deposits, fixed-term deposits and loans.

Interest expense from financial liabilities that are not recognized at fair value through profit or loss amounted to €37.7 million (prior year: €28.5 million) and was mainly attributable to financing liabilities.

The net losses in the category “Financial liabilities measured at amortized cost” primarily comprise interest expense on bank liabilities and other financing liabilities, as well as net losses/gains from foreign currency translation.

Neither in the year under review nor in the previous year were there any reclassifications of financial assets between those recognized at amortized cost and those recognized at market value or vice versa.

The derecognition of financial assets measured at cost did not result in any material gains or losses.

The financial assets and liabilities measured at fair value in the statement of financial position were allocated to one of three categories in accordance with the fair value hierarchy described in IFRS 13. Allocation to these categories reveals which of the fair values reported were settled through market transactions and the extent to which the measurement was based on models in the absence of observable market transactions.

The following are the levels of the hierarchy.

Level 1

Financial instruments measured using quoted prices in active markets, the fair value of which can be derived directly from prices in active liquid markets and for which the financial instrument observable in the market is representative of the financial instrument being measured. These include fixed-interest securities and a mutual fund, both of which are traded in liquid markets.

Level 2

Financial instruments measured using valuation methods based on observable market data, the fair value of which can be determined using similar financial instruments traded in active markets or using valuation methods, all of whose parameters are observable. These include hedging and non-hedging derivative financial instruments, loans and financing liabilities.

Level 3

Financial instruments measured using valuation methods not based on observable parameters, the fair value of which cannot be determined using observable market data and which require the application of different valuation methods. The financial instruments belonging to this category have a value component that is not market-observable and has a major impact on fair value. These include over-the-counter derivatives, unquoted equity instruments and obligations arising out of business combinations.

The following table shows the categories in the fair value hierarchy to which the financial assets and liabilities measured at fair value in the statement of financial position are allocated. The table also shows financial assets and liabilities that are measured at cost in the statement of financial position and whose fair values are given in the Notes.

Fair Value Hierarchy 2023

€ million	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
As of December 31, 2023				
Financial assets measured at fair value				
Fair value through profit or loss				
Derivatives that do not qualify for hedge accounting (FVPL)	–	3.0	–	3.0
Securities – trading (FVPL)	75.8	–	–	75.8
Investments in equity instruments – trading (FVPL)	–	–	26.0	26.0
Fair value through other comprehensive income				
Derivatives that qualify for hedge accounting	–	39.1	–	39.1
Securities (FVOCI)	185.8	–	–	185.8
Total	261.6	42.1	26.0	329.7
Financial assets measured at amortized cost				
Loans – held-to-collect	–	21.3	–	21.3
Securities and fixed-term deposits (measured at amortized cost)	146.6	–	–	146.6
Total	146.6	21.3	–	167.9
Financial liabilities measured at fair value				
Fair value through profit or loss				
Derivatives that do not qualify for hedge accounting (FVPL)	–	2.7	14.2	16.9
Financial liabilities (FVPL)	–	–	2.6	2.6
Fair value through other comprehensive income				
Derivatives that qualify for hedge accounting	–	0.3	–	0.3
Total	–	3.0	16.8	19.8
Financial liabilities measured at amortized cost				
Financial liabilities	–	1,254.0	–	1,254.0
Total	–	1,254.0	–	1,254.0

Fair Value Hierarchy 2022

€ million	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
As of December 31, 2022				
Financial assets measured at fair value				
Fair value through profit or loss				
Derivatives that do not qualify for hedge accounting (FVPL)	–	9.8	–	9.8
Securities – trading (FVPL)	290.8	–	–	290.8
Investments in equity instruments – trading (FVPL)	–	–	12.7	12.7
Fair value through other comprehensive income / through profit or loss				
Derivatives that qualify for hedge accounting	–	26.1	–	26.1
Securities (FVOCI)	179.6	–	–	179.6
Total	470.4	35.9	12.7	519.0
Financial assets measured at amortized cost				
Loans – held-to-collect	–	–	–	–
Securities and fixed-term deposits (measured at amortized cost)	589.8	–	–	589.8
Total	589.8	–	–	589.8
Financial liabilities measured at fair value				
Fair value through profit or loss				
Derivatives that do not qualify for hedge accounting (FVPL)	–	9.6	9.1	18.7
Financial liabilities (FVPL)	–	–	2.7	2.7
Fair value through other comprehensive income / through profit or loss				
Derivatives that qualify for hedge accounting	–	3.8	–	3.8
Total	–	13.4	11.8	25.2
Financial liabilities measured at amortized cost				
Financial liabilities	–	1,255.0	–	1,255.0
Total	–	1,255.0	–	1,255.0

WACKER regularly reviews whether its financial instruments are still allocated to the appropriate fair-value-hierarchy levels. As was the case in the previous year, no reclassifications were carried out within the fair value hierarchy in 2023.

In the period under review, WACKER measured only financial assets and liabilities at fair value. The market values were calculated using market information available as of the reporting date and based on counterparties' quoted prices or via appropriate valuation methodologies (discounted cash flow or well-established actuarial methodologies, such as the par method or Black-Scholes formula).

Derivative financial instruments and financial assets (trading and held-to-collect and for sale) are recognized at fair value and are thus subject to a recurring fair value assessment.

The fair value of derivative financial instruments used for currency and interest hedging transactions is calculated based on market data such as exchange rates or yield curves in accordance with market-specific valuation methodologies.

Fair value calculations contain our own and the counterparty's default risk, using maturity-matching and market-observable CDS values. The fair value of financial assets (trading and held-to-collect and for sale) can be derived from prices listed in active markets.

The financing liabilities are recognized at amortized cost, except for financing liabilities stemming from earn-out clauses in business combination agreements, which are recognized at fair value and allocated to Level 3 of the fair value hierarchy. The fair values of all these items must be disclosed in the Notes.

The fair value of financing liabilities is determined using the net present value method and is based on standard market interest rates. Financing liabilities arising out of business combinations are calculated using the discounted cash flow method and taking the weighted average cost of capital into account. The corporate-planning EBITDA figures of the acquired company form the basis for calculation.

Derivatives that do not qualify for hedge accounting that were allocated to Level 3 of the fair value hierarchy include a physical power purchase agreement (physical PPA).

The physical PPA is based on sourcing electricity from two solar farms in Germany with an output of 34 megawatts. The physical PPA provides for an actual delivery of electricity at a fixed price for a fixed amount. No certificates will be bought for the “green” aspect of this electricity (Guarantees of Origin). The fair value allocated to Level 3 is calculated as the present value of the difference between the agreed fixed price and the expected market price for electricity. The main parameters in this calculation are the expected electricity price and the expected output.

Sensitivities of the Physical PPA (€ million)

Change in expected electricity prices Fair Value Derivative		Change in expected production output Fair Value Derivative	
+10%	–10%	+10%	–10%
–1.2	1.2	0.3	–0.3

The transaction price on conclusion of the contract, and thus on initial recognition, was zero. At the time of initial recognition, the fair value of the physical PPA as calculated using a measurement model exceeded the transaction price by €9.3 million. Because Level-3 fair values were involved, the difference of €9.3 million was deferred and amortized on a straight-line basis over the contract term. The deferred difference is recognized in the statement of financial position under derivative financial instruments together with the positive fair value of the agreement according to the measurement model. The fair value changes of the derivative are recognized in the statement of income under other operating income and other operating expense. At year-end, the fair value of the derivative was €-7.2 million (prior year: €0.6 million) and the related other operating expense was €7.8 million (previous year: €8.8 million). The income resulting from the deferred difference is recognized in profit or loss together with the change in the fair value of the derivative. At year-end, the value of the deferred difference was €6.9 million (prior year: €8.6 million) and income of €1.7 million (prior year: €0.7 million) was recognized.

WACKER measured equity instruments not held for trading in the amount of €26.0 million (prior year: €12.7 million) at fair value pursuant to IFRS 9 and allocated these to Level 3 of the fair value hierarchy. The equity instruments concerned are small, regional investments in non-profit companies that operate infrastructure facilities. No fair value exists for these companies since no active market values are available. WACKER reviews the carrying amounts of investments in equity instruments once a year to counter the risk of a change in value. WACKER had no intention of selling any of the shares reported as of December 31, 2023.

The unilateral call option (Level 3 of the fair value hierarchy) held by WACKER for the purchase of 1 percent of the shares in the subsidiary Wacker Asahikasei Silicone Co. Ltd., Japan, was recognized at cost as of December 31, 2023. The acquisition cost best reflects the option’s fair value.

No changes were made to the valuation methodology compared with the previous year.

Management of Financial Risks

In the normal course of business, WACKER is exposed to credit, liquidity and market risks from financial instruments. The aim of financial risk management is to limit risks from operations and the resultant financing requirements by using certain derivative and non-derivative hedging instruments.

The risks connected with the procurement, financing and selling of WACKER's products and services are described in detail in the management report. In order to counter financial risks, WACKER has put in place a risk management system, which is monitored by the Supervisory Board. The fundamental purpose of this system is to identify, analyze, coordinate, monitor and communicate risks in a timely manner. The Executive Board receives regular analyses on the extent of these risks. The analyses focus on market risks, in particular on the potential impact of raw-material price risks, foreign-exchange risks and interest-rate risks on both EBITDA and the interest result.

Credit Risk (Risk of Default)

In terms of financial instruments, the Group is exposed to a default risk should a contractual party fail to fulfill its commitments. The maximum risk is therefore the amount of the respective financial instrument's positive fair value. To limit the risk of default, particularly for investments of securities and cash, transactions are conducted only within defined limits and with partners of very high credit standing. To ensure risks are managed as efficiently as possible, market risks are controlled centrally within the Group. The transactions are concluded and managed in compliance with internal credit-risk principles and are subject to monitoring procedures that take account of the separation of duties. In the area of operations, outstanding receivables and default risks are continually monitored and hedged by means of trade credit insurance, advance payments and bank guarantees. Customer credit ratings and limits are based on generally available information from rating agencies and internal documents. No collateral exists for financial instruments. Receivables from major customers are not high enough to represent an extraordinary concentration of risks. Default risks are accounted for by loss allowances, taking advance payments received into account. For information on default risks, please refer to the Accounting and Valuation Principles and the Notes to the individual items of the statement of financial position.

Liquidity Risk

A liquidity risk means that a company may not be able to meet its existing or future financial obligations due to inadequate funds. To ensure uninterrupted solvency and financial flexibility, the Group holds not only long-term lines of credit at financial institutions with high credit ratings, but also liquid funds based on multiyear financial planning and rolling liquidity planning.

To limit liquidity risk, WACKER keeps liquid reserves in the form of current investments and unused lines of credit. WACKER has also concluded agreements with a number of banks for long-term syndicated loans and bilateral loans. For information on the maturity analysis for non-derivative financial liabilities, please refer to the note on Financing Liabilities.
» **See Note 15**

Market Risk

Market risk refers to the risk that the fair value or future cash flow of a primary or derivative financial instrument could fluctuate due to changing risk factors.

Foreign-Exchange Risk

The potential currency exposure to be hedged with derivative financial instruments is determined on the basis of the company's major foreign-currency income and expenditure. The greatest risk results from the US dollar. US-dollar income is taken to mean all sales invoiced in US dollars, while all purchases in US dollars as well as site costs incurred in US dollars are reported under US-dollar expenditure. Since the largest share of foreign-currency cash flows is in US dollars, that currency is the only relevant risk variable for the sensitivity analysis as defined in IFRS 7. By comparison, increases in the euro exchange rate against the Chinese renminbi (CNY) and Japanese yen (JPY) have a minor impact. In determining sensitivity, we simulate a 10-percent US-dollar devaluation against the euro, taking as a starting point the exchange rate used in the forecast. Such a devaluation would have had an effect on EBITDA of €-24 million as of December 31, 2023, and of €-16 million as of December 31, 2022. The effect from items designated as cash flow hedges would have increased equity before income taxes by €12.1 million (prior year: €12.5 million). The Group's currency exposure amounted to €239 million as of December 31, 2023 (Dec. 31, 2022: €159 million).

Interest-Rate Risk

The interest-rate risk results mainly from financing liabilities and interest-bearing investments. The Executive Board determines the mix of fixed- and variable-interest financial debt. Interest rate derivatives are concluded as required, taking account of the given structure. Depending on whether the instrument in question has a fixed or variable interest rate, the interest rate risks are measured on the basis of either market-value sensitivity or cash-flow sensitivity. As financing liabilities and fixed-interest investments are measured at amortized cost, under IFRS 7 they are not subject to any interest-rate risk. Fixed-interest securities are measured at either fair value or amortized cost. Due to their short maturities, they are fundamentally not subject to a significant risk of changes in interest rates. Hedging transactions were concluded to fix the interest rates of several loans with variable interest rates. Hedge accounting was applied in these cases. Changes in the market interest rates of interest-rate derivatives affect the financial result, and are consequently included in any earnings-related sensitivity analysis. In terms of variable interest rates, assets were greater than liabilities as of December 31, 2023. As a result, if the market interest rate on December 31, 2023, had been 100 base points higher (Dec. 31, 2022: higher), the interest result would have been €10.6 million higher (prior year: €12.6 million; higher). If, on the other hand, the market interest rate on December 31, 2023, had been 100 base points worse (Dec. 31, 2022: worse), the interest result would have been €10.6 million lower (prior year: €12.6 million; lower).

Raw-Material and Energy Price Risks

In general, the company is faced with the risk that its supplies of raw materials, electricity and gas may be inadequate and that potential price increases could threaten its earnings. For WACKER's energy-intensive sites, which account for over 90 percent of its energy consumption, the company secures future energy costs by means of purchasing agreements with gradually increased volumes over the four years prior to actual consumption. These purchases are made within a procurement corridor delimited by what are referred to as the minimum and maximum coverage. The corridor is agreed with the Executive Board and adhered to during periods where prices are extremely high. At numerous smaller, less energy-intensive sites, standard supply contracts are also in place with monopoly regional utilities that charge on the basis of state-regulated tariffs. Raw-material risks are covered by long-term contracts. This item is recognized in profit or loss under the cost of goods sold.

In 2022, WACKER concluded an agreement for heating oil deliveries, to ensure the site's supply of steam and electricity in case of a disruption in gas supplies under existing gas agreements. The duration of the contract is one year. The price was hedged with hedging transactions that were recognized as derivative financial instruments.

Derivative Financial Instruments

Financial risks are also hedged using derivative financial instruments. The raw-material price risks that WACKER hedges against stem principally from ongoing energy procurement. Electricity-supply prices are hedged via contracts for which the “own-use exemption” rules of IFRS 9 can generally be invoked. WACKER has also signed long-term contracts to purchase green electricity certificates – known as Guarantees of Origin (GOs) – which are also intended for the company’s own use. These contracts, which are concluded for the purpose of receiving or delivering non-financial goods in accordance with WACKER’s own needs, are not recognized as derivatives, but rather as pending transactions.

In 2022, WACKER concluded a physical Power Purchase Agreement (physical PPA) for solar power in Germany. The agreement runs until the end of 2027. Under this physical PPA, WACKER will purchase electricity at a fixed price from 2023 onward. As the own use exemption rules do not apply to this physical PPA, it is accounted for as a derivative.

In those cases where WACKER hedges against currency risks, it uses derivative financial instruments, in particular foreign-exchange forwards, swaps and options. Derivatives are used only if they are backed by positions, cash deposits and funding, or scheduled transactions arising from operations. The scheduled transactions also include anticipated, but not yet invoiced, sales in foreign currencies. Foreign exchange hedging is used in particular for the US dollar and Japanese yen. Potential interest rate hedges are based on the maturities of the underlying transactions.

Operational foreign-exchange hedging relates to receivables and liabilities already recognized, and generally covers time horizons of between two and three months. The time horizon for strategic hedging is between three and a maximum of 21 months. In the case of the Japanese yen, hedges were concluded that run until 2033. The hedged cash flows impact the statement of income at the time the sales are realized. The cash inflows are usually recorded shortly afterward, depending on the payment deadline. As well as receivables from and liabilities to third parties, intercompany financial receivables and liabilities are hedged.

The fair values refer to the redemption values (repurchase values) of the financial derivatives as of the reporting date and are calculated using recognized actuarial methods.

The derivatives are recognized at fair value, irrespective of their stated purpose. They are reported in the statement of financial position under other financial assets or other financial liabilities. Where permissible, cash flow hedge accounting is carried out for the strategic hedging of currency risks from future foreign-exchange positions. For further details, please refer to the explanations regarding the accounting and valuation principles. Depending on the nature of the underlying transaction, the hedges are posted in the statement of income either under the operating result or, if financing liabilities are being hedged, under interest result or other financial result.

The hedging strategy aims for a hedging ratio of around 50 percent of the expected net exposure in US dollars. The expected net exposure for 2024 is about 60 percent hedged. The average hedging ratio for operational hedging in US dollars is around 50 percent. The hedging ratio for sales in Japanese yen until 2033 is roughly 25 percent.

In 2023, the accumulated income and expenses recorded directly in equity included a pre-tax result from cash flow hedges amounting to €12.3 million (prior year: €36.2 million). During 2023, €-5.7 million was reclassified to the statement of income (prior year: €18.5 million). WACKER determines the effectiveness of the economic relationship between the hedged underlying transaction and the hedging instrument based on maturities, currencies and nominal amounts, with the hedge ratio between the hedging instrument and underlying transaction always being 100 percent in hedge accounting. WACKER uses the hypothetical derivative method to monitor whether the designated derivatives effectively hedge the cash flows of underlying transactions. The credit risk of counterparties and changes in the timing of the highly probable future transactions hedged represent possible sources of ineffectiveness. No gains or losses from ineffective hedge accounting were recorded in the result for the period, as the hedging relationships were almost entirely effective and the changes in value of hedging instruments were thus almost contrary to those of the underlying transactions.

The following table shows the effects on the Group's earnings and net assets of the strategic hedging of currency risks from future foreign-currency positions and the hedging of the interest-rate risks inherent in the variable-interest financing liabilities associated with hedge accounting.

€ million	Dec. 31, 2023	Dec. 31, 2022
Forward exchange contracts for strategic hedging, USD		
Carrying amount liability	**–0.3**	–1.4
Carrying amount receivable	**4.4**	2.7
Nominal amount	**–222.6**	–123.1
Of which noncurrent	**–10.5**	–46.2
Change in value of hedged underlying transaction used to determine the effectiveness of hedging relationship	**–**	1.3
Average hedging rate USD/€	**1.08**	1.07
Forward exchange contracts for strategic hedging, JPY		
Carrying amount liability	**–**	–2.5
Carrying amount receivable	**22.9**	1.3
Nominal amount	**–197.4**	–199.0
Of which noncurrent	**–187.2**	–199.0
Change in value of hedged underlying transaction used to determine the effectiveness of hedging relationship	**–**	–1.3
Average hedging rate JPY/€	**119.4**	119.5
Forward contracts for interest hedging		
Carrying amount liability	**–**	–
Carrying amount receivable	**11.8**	22.2
Nominal amount	**400.0**	400.0
Of which noncurrent	**333.0**	400.0
Change in value of hedged underlying transaction used to determine the effectiveness of hedging relationship	**–10.4**	–22.2
Average hedging interest (%)	**2.4**	2.4

Foreign exchange derivatives mainly comprised forwards, options and swaps amounting to US$596.4 million, JPY 24.8 billion and CNY 1.2 billion (prior year: US$442 million, JPY 25.6 billion, CNY 1.2 billion and KRW 70 billion). Derivatives with market values of €+7.2 million fall due in 2024.

The other derivatives relate to the physical power purchase agreement classified as a derivative, which has a nominal volume of €15.4 million and a term of five years.

€ million		Dec. 31, 2023		Dec. 31, 2022
	Nominal values	Market values	Nominal values	Market values
Forward exchange contracts	**757.8**	**28.1**	692.0	–4.6
Foreign exchange swaps	**111.3**	**0.4**	120.4	6.9
Foreign exchange options	**14.2**	**0.2**	30.5	–0.3
Interest rate derivatives	**480.0**	**10.3**	570.0	20.3
Other derivatives	**15.4**	**–7.2**	43.7	–0.4
Total	**1,378.7**	**31.8**	1,456.6	21.9
Market values of derivative financial instruments used for hedge accounting	**–**	**38.8**	–	22.3

The following table contains information on the netting of financial assets and liabilities in the consolidated statement of financial position. In addition to the financial instruments complying with the provisions on netting pursuant to IAS 32, the table also includes those financial instruments that are subject to netting agreements or master netting agreements but may not be netted pursuant to IAS 32.

Financial Assets/Liabilities Subject to Netting Agreements, Enforceable Global Netting Agreements and Similar Agreements

€ million	Dec. 31, 2023		Dec. 31, 2022	
	Derivatives with a positive market value	Derivatives with a negative market value	Derivatives with a positive market value	Derivatives with a negative market value
I **Gross amounts of recognized financial assets/liabilities**	**43.3**	**–4.1**	36.0	–13.5
II Gross amounts of recognized financial assets/liabilities netted out in the statement of financial position	**–1.0**	**1.0**	–0.1	0.1
I + II **Net amounts of financial assets/liabilities presented in the statement of financial position**	**42.3**	**–3.1**	35.9	–13.4
Related amounts not netted out in the statement of financial position	**–2.6**	**1.7**	–13.1	13.1
Net amount	**39.7**	**–1.4**	22.8	–0.3

As a part of its strategic hedging activities, WACKER closes out forward-exchange contracts prior to maturity by means of offsetting transactions. The strategic forward-exchange contract and the corresponding offsetting forward-exchange transaction are recognized as a net amount in accordance with IAS 32 criteria. In addition, general offsetting agreements, which apply only in cases of insolvency, have been concluded with a number of banks.

The net amount shows the amount of financial assets or liabilities that, despite netting and global netting agreements, is not received or must be paid in the event of insolvency.

21 Notes to the Statement of Cash Flows

Cash flow from operating activities is calculated using the indirect method, which adjusts the relevant changes in statement-of-financial-position items for any effects of currency translation or changes in the scope of consolidation. This means that changes to the relevant statement-of-financial-position items cannot be reconciled with the corresponding values on the basis of the published consolidated statement of financial position.

Construction-related borrowing costs that have to be capitalized were deducted from the interest payments recognized in cash flow from operating activities. These construction-related borrowing costs increased the capital expenditure included in cash flow from investing activities by €6.3 million (prior year: €2.6 million).

In the case of cash flow from investing activities, the actual outflows of funds are reported. That is why these figures, too, cannot be reconciled with the additions to investments in the consolidated statement of financial position. If subsidiaries or business activities are acquired or sold, the cash flows arising from these transactions are shown as separate items in the statement of cash flows. Investments in securities falling due in more than three months are reported separately under cash flow from investing activities because, in line with IFRS reporting, these transactions are not considered to form part of liquidity.

The Group’s financing is provided predominantly by means of bank loans granted in the form of loan commitments. Within the defined approval limits for loan commitments, the utilization of credit may be subject to fluctuations both within a given year and over several years. Loans raised and repaid in foreign currencies are converted at the exchange rate prevailing on the transaction date. The following table shows a reconciliation of all cash inflows and outflows as well as other non-cash changes in financing liabilities:

Cash and Non-Cash Changes in Financing Liabilities

€ million	Jan. 1, 2023	Cash changes	Non-cash changes			Dec. 31, 2023
			Acquisitions/ disposals	Exchange-rate-related changes	Other	
Liabilities to banks	**1,079.6**	**136.3**	**32.4**	**–3.1**	**–2.4**	**1,242.8**
Liabilities from lease obligations	**261.1**	**–36.5**	**23.2**	**–5.7**	**–**	**242.1**
Other financing liabilities	**206.3**	**–183.1**	**–**	**–5.5**	**3.0**	**20.7**
Financing liabilities	**1,547.0**	**–83.3**	**55.6**	**–14.3**	**0.6**	**1,505.6**

The Acquisitions / disposals column includes liabilities to banks resulting from the ADL acquisition in the amount of €32.4 million, which WACKER repaid as part of the purchase transaction.

Please see Note 11 for more details on the composition of funds comprising cash and cash equivalents.
» **See Note 11**

22 Explanatory Notes on Segment Reporting

At WACKER, resource allocation and assessing the profitability of the business segments are the responsibility of the Executive Board as the chief operating decision-maker. The Group's segment reporting is aligned with the internal organizational and reporting structure (management approach). WACKER reports on four operating segments (SILICONES, POLYMERS, BIOSOLUTIONS and POLYSILICON), which are organized and managed autonomously on the basis of the type of products they offer and their different risk and income structures. For a detailed description of the segments' products and organization, please refer to the management report. Business segments are not combined. Any activities or results not assigned to an operating segment are shown under "Other," including the income from the equity-accounted investment in Siltronic. Foreign currency gains and losses are also shown under "Other." Sales are generated, among other things, from site services and deliveries to companies at the Burghausen site. WACKER's "Other" segment includes the site management and employees of the infrastructure units in Burghausen and Nünchritz, and of the Group's corporate departments.

Items in the statement of financial position and statement of income are assigned to the operating segments in accordance with the economic power of disposal. Assets used jointly by several segments are generally shown under "Other" if they cannot be assigned clearly to a particular segment. A similar approach is adopted for external financing. The carrying amount of the strategic investment in Siltronic, which is accounted for using the equity method, is also recognized under "Other." For the geographical regions, assets and liabilities are assigned in accordance with where the respective Group company's site is located. Sales are classified in accordance with both the customer's location and the respective Group company's site. Income from, and the carrying amount of, the equity-accounted investment in Siltronic are assigned to the region "Germany."

WACKER measures the segments' success using the segment profitability variable EBITDA. EBITDA is calculated by adding back depreciation and amortization, impairments, and reversals of impairments to EBIT. EBIT consists of the gross profit from sales, selling and general administrative expenses, research and development expenses, and other operating income and expenses, including income from investments in joint ventures and associates and other income from investments.

Asset additions refer to intangible assets, to property, plant and equipment, to investment property and to financial assets. In addition to intangible assets, property, plant and equipment and investment property, depreciation, amortization and impairments also refer to right-of-use assets. Internal sales show the sales that are generated between the segments. They are settled mainly on the basis of market prices or the planned cost of sales. Segment information is based on the same presentation and accounting methods used for the consolidated financial statements. Receivables and liabilities, provisions, income, expenses, and results between the segments are eliminated in the course of consolidation.

The assets reported for the segments generally comprise all the assets of each segment. Financial receivables, cash and cash equivalents, current tax receivables and deferred tax assets, however, are allocated to the "Other" segment.

The liabilities shown for the segments represent all of their liabilities – except current and deferred tax liabilities, which are shown under "Other." The Group's financing liabilities are allocated to individual segments in proportion to the segment assets. Provisions for pensions are allocated in accordance with Group personnel ratios. Advance payments received are allocated directly to the individual segments.

Non-cash expenses and income are divided up between the individual segments as follows:

Other Non-Cash Expenses (+) and Income (–)

€ million	2023	2022
SILICONES	**–1.2**	18.0
POLYMERS	**0.9**	1.8
BIOSOLUTIONS	**–2.1**	0.9
POLYSILICON	**15.1**	4.3
Other	**14.5**	28.9
Total	**27.2**	53.9

Material valuation changes not recognized through profit or loss concern changes in the market value of derivative financial instruments (cash flow hedging) and changes in value from the remeasurement of defined benefit pension plans.

Changes in the market value of derivative financial instruments from cash flow hedging were attributable to WACKER SILICONES, at €0.0 million (prior year: €-0.3 million), and to the "Other" segment, at €10.7 million (prior year: €19.7 million). A change of €-2.1 million (prior year: €6.7 million) in derivative financial instruments from the investment in Siltronic was also recognized under "Other."

The changes in value due to the remeasurement of defined benefit plans are allocated to the segments as follows:

Changes in Value from the Remeasurement of Defined Benefit Pension Plans

€ million	2023	2022
SILICONES	**–19.0**	326.2
POLYMERS	**–5.1**	101.8
BIOSOLUTIONS	**–0.9**	19.9
POLYSILICON	**–13.7**	170.0
Other	**–45.1**	611.7
Total	**–83.8**	1,229.6

Apart from Germany, the only countries in which WACKER generates significant sales from a Group standpoint are the USA and China. Measured in relation to the headquarters of the selling unit, sales amounted to €772.5 million in the USA (prior year: €933.8 million) and €663.7 million in China (prior year: €846.7 million). Measured by the customer location in the USA and in China, the respective sales generated were €792.9 million (prior year: €956.5 million) and €1,287.2 million (prior year: €2,333.1 million). WACKER has no major customer whose sales it is obliged to disclose. As well as in Germany, the WACKER Group has material noncurrent assets in the USA and China. In the USA, the noncurrent assets amount to €757.2 million (prior year: €884.6 million), while in China, they amount of €519.4 million (priori year: €511.5 million).

The reconciliation of the segments' aggregate results with the net income for the year is shown in the following list:

Reconciliation of Segment Results (EBIT)

€ million	2023	2022
Operating result of reporting segments	**405.4**	1,678.2
Consolidation	**–0.5**	0.6
Group EBIT	**404.9**	1,678.8
Financial result	**–17.9**	–62.6
Income before taxes	**387.0**	1,616.2
Income taxes	**–59.7**	–334.6
Net income for the year	**327.3**	1,281.6

23 Breakdown of Shareholdings

Unless otherwise stated, the following figures for international subsidiaries were calculated in accordance with IFRS.

Serial number	Activity	Identifier*	Equity in € '000	Net income for the year in € '000	Capital share in %	Held by serial number 1
Affiliated Companies						
Germany						
1 Alzwerke GmbH, Munich	Other	a), b)	7,289	–	100.00	0
2 DRAWIN Vertriebs-GmbH, Hohenbrunn-Riemerling	Silicones	a), b)	5,029	–	100.00	0
3 Wacker-Chemie Versicherungsvermittlung GmbH, Munich	Other	a), b)	30	–	100.00	0
4 Wacker Biotech GmbH, Jena	Biosolutions	a), b)	290	–	100.00	0
5 Wacker-Chemie Achte Venture GmbH, Munich	-	a), b)	2,753	–	100.00	0
6 Wacker-Chemie Elfte Venture GmbH, Munich	-		23	–	100.00	0
7 Wacker-Chemie Zwölfte Venture GmbH, Munich	-		24	–	100.00	0
Rest of Europe						
8 Wacker Chemicals Finance B. V., Zaanstad, Netherlands	Holding		2,024,616	–114,203	100.00	0
9 Wacker Chemicals Ltd., Bracknell, United Kingdom	Sales and distribution		536	422	100.00	0
10 Wacker Chemie Italia S. r. l., Segrate, Italy	Sales and distribution		18,283	3,909	100.00	0
11 Wacker-Chemie Benelux B. V., Zaanstad, Netherlands	Sales and distribution		227	209	100.00	0
12 Wacker Chimie S. A. S., Lyon, France	Sales and distribution		3,948	2,078	100.00	0
13 Wacker-Kemi AB, Solna, Sweden	Sales and distribution		480	414	100.00	0
14 Wacker Química Ibérica, S. A., Barcelona, Spain	Sales and distribution		3,649	1,958	100.00	0
15 Wacker-Chemie, s. r. o., Plzeň, Czech Republic	Sales and distribution, Silicones		3,503	183	100.00	0
16 Wacker-Chemia Polska Sp. z o. o., Warsaw, Poland	Sales and distribution		3,057	1,509	100.00	0
17 Wacker Chemie Hungary Kft., Budapest, Hungary	Sales and distribution		631	436	100.00	0
18 LLC Wacker Chemie Rus, Moscow, Russia	Sales and distribution		990	–93	100.00	0
19 Wacker Chemicals Norway AS, Holla, Hemne, Norway	Silicones		179,192	76,985	100.00	8
20 Wacker Kimya Tic. Ltd. Sti., Istanbul, Turkey	Sales and distribution		294	330	100.00	8
21 Wacker Biosolutions León, S. L. U., León, Spain	Biosolutions		15,917	1,262	100.00	8
22 ADL BioPharma S.L.U.,León, Spain	Biosolutions		110,020	–3,759		8
23 Wacker Biotech B. V., Amsterdam, Netherlands	Biosolutions		–8,257	–4,651	100.00	8

Serial number	Activity	Identifier*	Equity in € '000	Net income for the year in € '000	Capital share in %	Held by serial number 1
The Americas						
24 Wacker Química do Brasil Ltda., Jandira, São Paulo, Brazil	Silicones, Polymers, Biosolutions		70,160	–3,119	99,90 0,10	0 2
25 Wacker Mexicana S. A. de C. V., Mexico, D. F., Mexico	Sales and distribution		818	–303	99,87 0,13	0 26
26 Wacker Chemical Corp., Ann Arbor, Michigan, USA	Silicones, Polymers, Biosolutions		1,545,399	–62,157	100.00	8
27 Wacker Polysilicon North America, L.L.C., Cleveland, Tennessee, USA	Polysilicon		1,307,750	51,247	100.00	26
28 Wacker Colombia S. A. S., Bogotá, Colombia	Sales and distribution		229	70	100.00	8
29 Wacker Biotech US Inc., San Diego, California, USA	Biosolutions		–28,638	–29,848	100.00	26
Asia						
30 Wacker Asahikasei Silicone Co. Ltd., Tokyo, Japan	Silicones		13,165	2,686	50,00[3]	0
31 Wacker Chemicals (South Asia) Pte. Ltd., Singapore	Sales and distribution		3,096	1,541	100.00	0
32 Wacker Chemicals Hong Kong Ltd., Hongkong, China	Sales and distribution		2,798	256	100.00	0
33 Wacker Metroark Chemicals Pvt. Ltd., Kolkata, India	Silicones		133,313	28,143	51.00	0
34 Wacker Chemicals Korea Inc, Seongnam-si, South Korea	Silicones, Polymers		207,191	30,736	100.00	8
35 Wacker Chemicals East Asia Ltd., Tokyo, Japan	Sales and distribution		120	36	100.00	0
36 Wacker Chemicals Fumed Silica (Zhangjiagang) Holding Co. Private Ltd., Singapore	Holding		49,390	–27	51.00	0
37 Wacker Chemicals Fumed Silica (Zhangjiagang) Co., Ltd., Zhangjiagang, China	Silicones		55,261	4,933	100.00	36
38 Wacker Chemicals (Zhangjiagang) Co., Ltd., Zhangjiagang, China	Silicones		115,627	11,520	100.00	39
39 Wacker Chemicals (China) Co., Ltd., Shanghai, China	Sales and distribution		294,505	–19,415	100.00	0
40 Wacker Chemicals (Nanjing) Co., Ltd., Nanjing, China	Polymers, Biosolutions		117,028	5,093	100.00	39
41 Wacker Chemie India Pvt. Ltd., Mumbai, India	Sales and distribution		8,654	1,481	99,90 0,10	8 0
42 PT. Wacker Chemicals Indonesia, Tangerang, Indonesia	Sales and distribution		224	24	99,00 1,00	8 2
43 Wacker Chemicals Malaysia SDN. BHD., Kuala Lumpur, Malaysia	Sales and distribution		276	22	100.00	8
44 SICO Performance Material (Shandong) Co., Ltd, Jining, China	Silicones		222,185	–9,469	60.00	39
Other Regions						
45 Wacker Chemicals Australia Pty. Ltd., Mulgrave, Melbourne, Australia	Sales and distribution		468	161	100.00	0
46 Wacker Chemicals Middle East FZE, Dubai, UAE	Sales and distribution		4,205	1,469	100.00	0

Serial number	Activity	Identifier*	Equity in € '000	Net income for the year in € '000	Capital share in %	Held by serial number 1
Joint Ventures / Associates						
47 Dow Siloxane (Zhangjiagang) Holding Co., Private Ltd., Singapore[2]	Silicones		369,593	11,578	25.00	0
48 Wacker Dymatic Silicones (Shunde) Co., Ltd., Foshan, China	Silicones		10,732	1,577	50.00	39
49 Siltronic AG, Munich[2]	Other		2,100,051	184,486	30.83	0
50 WBCP Advanced Medicines GmbH & Co. OHG, Munich[4]	Biosolutions		-10	-65	71.99	0
Special Purpose Entity						
51 LBBW AM-WMM (special investment fund), Stuttgart[5]	Other		194,682	–190	100.00	0

* Identifier:

a) Wacker Chemie AG has concluded profit and loss transfer agreements with these entities.

b) The shareholders have agreed not to disclose the financial statements of these entities (Section 264 (3) of the German Commercial Code).

[1] Serial number 0: Wacker Chemie AG

[2] Only direct holdings in the relevant parent companies are listed; figures from consolidated financial statements in accordance with IFRS

[3] Control on the basis of potential voting rights

[4] The influence of the company on the net assets, financial position and results of operations of the Group is of minor significance.

[5] Shares in trust (Sondervermögen); figures in accordance with IFRS

24 Related Party Disclosures

IAS 24 stipulates that a person or entity which controls, or is controlled by, Wacker Chemie AG must be disclosed unless the party in question is already included in Wacker Chemie AG's consolidated financial statements as a consolidated company. If a shareholder has more than half of the voting rights in Wacker Chemie AG or, by virtue of provisions in the Articles of Association or contractual arrangements, has the possibility of controlling the financial and business policy of the WACKER Group's Executive Board, that shareholder is deemed to have control.

In the current reporting year, the WACKER Group is affected by the disclosure obligations under IAS 24 with respect to the business relations with Wacker Chemie AG's major shareholders and its Executive Board and Supervisory Board members. The principles of IAS 24 also apply to all transactions with non-consolidated subsidiaries, associates and joint ventures, since Wacker Chemie AG exercises significant influence over them.

Dr. Alexander Wacker Familiengesellschaft mbH, Munich, informed Wacker Chemie AG on June 7, 2006, that it holds over 50 percent of the voting shares in Wacker Chemie AG. Blue Elephant Holding GmbH, Pöcking, informed Wacker Chemie AG on April 12, 2006, that it holds over 10 percent of the voting shares in Wacker Chemie AG.

The WACKER Group is controlled by its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, which holds over 50 percent of the voting shares in Wacker Chemie AG.

The provision of services between Wacker Chemie AG and its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, as well as with the shareholders of Dr. Alexander Wacker Familiengesellschaft mbH and their close family members, is of subordinate importance. It concerns the renting of office space and exchange of services, and is of a limited extent. These transactions are conducted at arm's length.

Further, WACKER Group companies have not conducted any material transactions with members of Wacker Chemie AG's Executive or Supervisory Boards or with any other key management personnel or with companies of whose executive or supervisory bodies these persons are members. The same applies to close family members of the aforementioned persons.

WACKER's pension fund, Pensionskasse der Wacker Chemie VVaG, is also considered a related party pursuant to IAS 24. Provision of services takes place between the two entities in the area of company pension plan benefits.

WACKER makes payments to the pension fund's plan assets to cover pension obligations. Wacker Chemie AG further guarantees coverage of the target value for the pension fund's guarantee assets, as well as coverage of the pension fund's solvency capital requirement, up to an amount of €115.0 million. These guarantees are not expected to be utilized at this time. In the previous year, Wacker Chemie AG had rented the headquarters building and the land on which it stands at Hanns-Seidel-Platz in Munich from a subsidiary of Pensionskasse der Wacker Chemie VVaG. The pension fund sold the building in September 2022. In 2021, WACKER concluded a long-term rental agreement for a new headquarters building. WACKER's pension fund concluded a purchase agreement for the building in 2022. As of December 31, 2023, legal ownership has not yet been transferred to the pension fund. Once it does, Pensionskasse der Wacker Chemie VVaG will become a party to the existing rental agreement. WACKER will move into the new headquarters building after its completion in 2024. Liabilities of €1.9 million (Dec. 31, 2022: €9.9 million) related mainly to outstanding contributions. In December 2023, Wacker Chemie AG made an advance payment of €22.0 million (prior year: €21.0 million) for future contributions to the pension fund.

Further detailed information has been published in Germany's Company Register.
» **www.unternehmensregister.de**

Business with joint ventures and associates, the pension fund, and non-consolidated subsidiaries is conducted under conditions that are customary between outside third parties (arm's length transactions). Contractually agreed transfer-price formulas have been defined for joint-venture and associated-company product shipments.

Related Party Disclosures

€ million				2023				2022
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associates	**212.9**	**151.6**	**23.0**	**26.6**	206.7	199.3	20.9	40.0
Joint ventures	**2.0**	**1.6**	**0.6**	**0.4**	4.0	2.0	0.8	0.3

Transactions with joint ventures and associates relate to such supplies and services that arise in the normal course of business (for example in connection with sales revenue, license revenue and administrative expense allocations). Joint ventures and associates submitted invoices for material purchases and commissions. WACKER received payments for future services under long-term contracts. Any guarantees or other security pledges are reported under Other Financial Obligations.

In addition, there was a loan to an associate totaling €21.9 million (prior year: €0.0 million), €0.6 million of which is classified as current.
» **See Note 17**

Information Regarding Compensation for the Executive and Supervisory Boards:

Compensation for the Executive and Supervisory Boards

€	Fixed compensation	Short-term incentives (STI)	Long-term incentives (LTI)	Retirement benefit plan[1]	Total
Executive Board compensation 2023	**3,015,041**	**1,048,701**	**2,297,033**	**664,993**	**7,025,768**
Executive Board compensation 2022	2,561,218	2,167,500	3,008,760	540,166	8,277,644
Pension commitments for active members of the Executive Board 2023					**11,843,493**
Pension commitments for active members of the Executive Board 2022					16,732,019
Compensation for former members of the Executive Board and their surviving dependents 2023					**3,391,882**
Compensation for former members of the Executive Board and their surviving dependents 2022					2,732,610
Pension commitments for former members of the Executive Board and their surviving dependents 2023					**46,743,267**
Pension commitments for former members of the Executive Board and their surviving dependents 2022					39,770,479
Supervisory Board compensation 2023[2]	**2,532,534**	**–**	**–**	**–**	**2,532,534**
Supervisory Board compensation 2022[2]	2,481,438	–	–	–	2,481,438

[1] The compensation for retirement benefits is based on service cost. Interest expense amounted to €378,490, after €293,192 in the prior year.

[2] In addition, employee representatives on the Supervisory Board continue to receive their regular salaries in line with their respective employment contracts.

Total compensation to active members of the Executive Board amounted to €6,360,775 (prior year: €7,737,478).

In addition to the provision for pensions, a provision also exists as of December 31, 2023, for outstanding competitive-restriction compensation payable to a former Executive Board member in the amount of €282,922.

The variable compensation for the Executive Board comprises short-term incentives (STI) and long-term incentives (LTI). Both components incentivize a sustainable corporate policy and encourage profitable growth as well as sustainable growth in the company's value. Whereas an STI is paid out in cash, the arithmetic net payout of an LTI is invested in company stock and held in a blocked personal account for each Executive Board member for a period of three years. No further obligation exists regarding a board member's period of service for the company. Each Board member bears the risks and opportunities associated with changes in the value of the stock and with the right to receive dividends. The number of shares purchased for the LTI is determined by the Xetra closing price of the company's stock on the first trading day following the Annual Shareholders' Meeting for the relevant business year. Further details of Executive Board compensation are provided in the Compensation Report, which is published on Wacker Chemie AG's website (**https://wacker.com**).

In terms of the net payout, an LTI is a share-based payment within the meaning of IFRS 2. As a "shares to the value of" agreement, the arithmetic net payout is recognized at fair value. For this reason, the expense as well as the acquisition and allocation of the shares are recognized in equity.

The LTI recognized at fair value in capital reserves amounted to €1.2 million (prior year: €1.5 million). As in the previous year, no members of the Executive Board or Supervisory Board were granted advances or loans in 2023.

Other business relations with members of the Executive and Supervisory Boards comprise the purchase and sale of shares in Wacker Chemie AG. Such transactions take place on customary market terms and conditions. These transactions were published in Germany's Company Register and on the Wacker Chemie AG website.

The members of Wacker Chemie AG's Supervisory Board and Executive Board are listed in the Further Information section.

25 Events after the Reporting Date

No major events subject to reporting requirements occurred between the reporting date (December 31, 2023) and the date of authorization of the consolidated financial statements (February 29, 2024). There were no material or fundamental changes in the WACKER Group's overall economic and business environment. WACKER's legal and organizational structure remained largely unchanged in the reporting year.

Munich, February 29, 2024
Wacker Chemie AG

Christian Hartel

Christian Kirsten

Tobias Ohler

Angela Wörl

Declaration by the Executive Board on Accounting Methods and Auditing

The Executive Board is responsible for preparing Wacker Chemie AG's consolidated financial statements and combined management report. WACKER's consolidated financial statements were prepared in compliance with the rules published in London by the International Accounting Standards Board (IASB) and endorsed by the European Union. WACKER has set up effective internal monitoring and management systems to guarantee that the combined management report and the consolidated financial statements comply with the applicable rules and procedures of proper corporate reporting. The internal auditing department continuously examines the reliability and functionality of the monitoring and management systems worldwide. KPMG AG Wirtschaftsprüfungsgesellschaft has audited Wacker Chemie AG's consolidated financial statements and Group management report, and given an unqualified audit opinion. WACKER's consolidated financial statements, its combined management report and the auditors' report were discussed in detail by the Supervisory Board's Audit Committee at its meeting on February 20, 2024. For information about the Supervisory Board's audit, please refer to its report.

Assurance by the Legal Representatives in Accordance with Sections 297 (2) and 315 (1) of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the Group's net assets, earnings and financial position, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, and describes the principal opportunities and risks associated with the Group's expected development.

Munich, February 29, 2024
Wacker Chemie AG

Christian Hartel

Christian Kirsten

Tobias Ohler

Angela Wörl

Reproduction of the Independent Auditor's Report

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent Auditor's Report

To: Wacker Chemie AG, München

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Wacker Chemie AG, München and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income , consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2023 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Wacker Chemie AG for the financial year from January 1, 2023 to December 31, 2023. In accordance with German legal requirements we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

— the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2023, and of its financial performance for the financial year from January 1, 2023 to December 31, 2023, and

— the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor´s report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2023 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Valuation of property, plant and equipment in the WACKER POLYSILICON segment

For information on the WACKER POLYSILICON segment in the fiscal year, please refer to the "Segment Data by Division" section in the consolidated financial statements and the "Segment Reporting" section in the combined management report. For information on the accounting policies applied, please refer to the "Accounting Estimates and Assumptions" and "Accounting and Valuation Principles" sections in the notes to the consolidated financial statements. With regard to sales market risks, please refer to the "Risk Report" section in the combined management report.

The Risk for the Financial Statements

The carrying amount of assets in the WACKER POLYSILICON segment amounted to EUR 981.3 million as at the reporting date. In the 2019 fiscal year, an impairment loss of EUR 760 million was recognized for the segment's property, plant and equipment. In addition to scheduled depreciation and amortization, no further impairment losses or write-ups have been recognized since then or in the 2023 fiscal year. The photovoltaic market, which is important for the segment, is characterized by high volatility and intense competition. As a result, business development in the WACKER POLYSILICON segment has been characterized by strong price fluctuations in the past. Sales in the WACKER POLYSILICON segment fell by 30% in the fiscal year, and the EBITDA margin declined significantly compared with the previous year. The main reasons for this development were lower prices and sales volumes in the solar-silicon segment and high energy prices.

Despite this negative development, the risk of significant overcapacity in the market and the associated further high price volatility is expected to continue in the future. Production facilities in Burghausen, Nünchritz and Charleston, which together form a cash-generating unit, are allocated to this segment.

Impairment tests must be carried out for property, plant and equipment if there are indications of possible impairment. Furthermore, an entity must assess at each reporting date whether there is any indication that an impairment loss recognized for an asset in prior periods may no longer exist or may have decreased. If such an indication exists or ceases to exist, the recoverable amount of the cash-generating unit's assets is to be estimated, which corresponds to the higher of fair value less costs to sell and value in use.

Operational planning, and thus the assessment of whether the WACKER POLYSILICON segment's property, plant and equipment is appropriately valued, involves judgment and requires assumptions about the discount rate and numerous forward-looking estimates - e.g. the future demand based on the expected expansion of photovoltaic systems and the development of the semiconductor market, which are the main sales markets for polysilicon, price trends, the global expansion of polysilicon production capacities and the resulting expected cash inflows and outflows. Against this backdrop, there is a risk for the consolidated financial statements that the property, plant and equipment reported by the WACKER POLYSILICON segment as of the reporting date has not been recognized in an appropriate amount.

Our Approach to the Audit
We obtained an understanding of the Company's process for identifying indications of impairment and reversals of impairment and determining the recoverable amounts through explanations provided by Corporate Accounting employees. We analyzed the indications of impairment identified by the Company and assessed them on the basis of the information obtained during our audit. We obtained the impairment test prepared by the Company for the WACKER POLYSILICON segment. In discussions with, among others, the Executive Board, representatives of the WACKER POLYSILICON segment and the Corporate Accounting department, we obtained an explanation of the valuation assumptions and parameters used and an understanding of the planning process. With the involvement of our valuation specialists, we assessed the valuation assumptions and parameters as well as the mathematical accuracy and IFRS conformity of the Company's valuation model. Furthermore, we assessed the appropriateness of the assumptions and parameters underlying the expected cash inflows and outflows by comparing them with the corporate planning approved by the Supervisory Board and by comparing them with general and industry-specific market expectations. The latter are based in particular on long-term external forecasts regarding the installation volume in the photovoltaic sector and the development of the semiconductor market.

We analyzed the accuracy of the planning using, among other things, information from prior periods and current interim results. In order to take into account the existing forecast uncertainty, we also examined the effects of possible changes in the discount rate and the expected EBITDA on the recoverable amount by recalculating alternative scenarios of the client and comparing them with the valuation results of the company (sensitivity analysis).

Our Conclusions
The assumptions and parameters used by the company to assess the valuation of property, plant and equipment in the WACKER POLYSILICON segment and the conclusions drawn from the impairment test based on these are appropriate.

Other Information

Management respectively supervisory board are responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

— the group non-financial statement of the group management report,

— the group corporate governance statement, included in section Governance of the group management report, and

— information extraneous to management reports and marked as unaudited.

The other information includes also the remaining parts of the annual report.

The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor’s report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the above-mentioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file „wackerchemieag-2023-12-31-de1.zip" (SHA256-Hashwert: 9f2de3e2e080fa8ba06513bc7f863f72e20816458755164809fd1384921bbde2) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1, 2023 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 17, 2023. We were engaged by the supervisory board on August 22, 2023. We have been the group auditor of the Wacker Chemie AG without interruption since the financial year 2006.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Prof. Dr. Bernd Grottel.

Munich, February 29, 2024

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

gez. Huber-Straßer Wirtschaftsprüferin [German Public Auditor]	gez. Prof. Dr. Grottel Wirtschaftsprüfer [German Public Auditor]

Sustainability Report and Non-Financial Report

Chapters

Sustainability Report and the Combined Separate Non-Financial Report for the WACKER Group and for Wacker Chemie AG

Information on the WACKER Group

| GRI 2-1 | GRI 2-2 | GRI 2-3 | GRI 2-5 | GRI 2-6 | GRI 2-14 | GRI 2-22 | GRI 2-29 | GRI 3-1 | GRI 3-2 |

About this Report

This report provides details of how Wacker Chemie AG strikes a balance between its economic, ecological and social responsibilities. With a view to our future sustainability reporting, we have integrated the Sustainability Report into the separate non-financial report, which forms part of our Annual Report. Unless indicated otherwise, what we state here applies to all our business divisions and sites around the world, as well as to those subsidiaries in which WACKER holds a majority stake.

About WACKER

WACKER is a global company with state-of-the-art specialty chemical products. The Group Business Fundamentals section of the combined management report describes the company's business model, legal structure, management and supervision as well as key products, services and business processes.

Sustainability has top priority at WACKER and has been a core component of our strategy for years. We are convinced that our future will be decided by the sustainability of our actions. For us, sustainable management stands or falls with the consistency of our actions – at all steps in the value-creation process. Without chemicals, it will not be possible to solve the problems of our time, and we are actively helping shape the transition to net zero. Our energy-intensive silicon production plant in Norway, which has completely switched over to green electricity, is a major building block in this regard. In the coming years, WACKER will be increasingly using renewable sources of carbon in production there.

In the Group Business Fundamentals section of the combined management report, we provide information on competitiveness and value trends, on products, services and business processes, and on corporate management, supervision and governance.

Risk and compliance management at WACKER as well as the major risk areas affecting its business are presented in the risk management report, which forms part of the combined management report. Overall, we see no serious risks that might arise from environmental concerns, personnel matters, social issues, human rights, corruption or bribery. We see no serious sustainability risks that might arise from our business relationships, our business activities or our products.

» **Management Report, Group Business Fundamentals (Business Model of the Group; Management and Supervision; Key Products, Services and Business Processes)**
» **Management Report, Management Processes, Value-Based Management**
» **Management Report, Further Information on R&D, Employees, Procurement and Logistics**
» **Management Report, Risk Management Report**
» **Management Report, Opportunities Report**

Review of the Separate Non-Financial Report

This is the separate non-financial report – as defined in Sections 315c and 289c through 289e of the German Commercial Code (HGB) – for both the WACKER Group and Wacker Chemie AG for fiscal 2023. The sections highlighted within the gray separation lines constitute the contents of the separate non-financial report for the WACKER Group and Wacker Chemie AG.

The report was reviewed by the Supervisory Board of Wacker Chemie AG and, on its behalf, by KPMG AG Wirtschaftsprüfungsgesellschaft in compliance with the International Standard on Assurance Engagements – ISAE 3000 (Revised): “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” to obtain limited assurance relating to the disclosures legally required in accordance with Section 315c in conjunction with Sections 289c through 289e HGB.

The references in this report relate to more detailed information, with the exception of those relating to the Group management report.

Reporting Criteria

This separate non-financial report combined for the WACKER Group and for Wacker Chemie AG is guided by the sustainability reporting standards of the Global Reporting Initiative (GRI). We also take into account other aspects relevant to WACKER’s sustainability concerns. In addition, we publish information on our commitment to sustainability on our website.

» **https://www.wacker.com/cms/en-de/about-wacker/sustainability/**

Defining Material Issues

Every two years, we conduct an analysis in order to determine the content that is material to sustainability reporting. In 2022, WACKER employees were asked in an online survey to assess which topics are of significance to those interest groups with whom they are in close contact. The survey included experts on stakeholders such as analysts and investors, customers, suppliers, employees and politicians, as well as representatives of government authorities and non-governmental organizations (NGOs). Those responsible for the environment, security, sustainability, energy management, health, product safety, hazardous goods, export controls, HR, compliance management and human rights were involved in this indirect survey of stakeholders.

The following five material topics were determined:

- Competitiveness and value trends
- Product safety
- Safety of production plants
- Sustainable products and innovations
- Energy efficiency

In the respondents’ view, the following topics have the biggest influence on WACKER:

- Competitiveness and value trends
- Product safety
- Safety of production plants
- Sustainable products and innovations
- Risk management

According to the survey, WACKER has the biggest influence on:

- Safety of production plants
- Sustainable products and innovations
- Energy efficiency
- Resource consumption
- Competitiveness and value trends

Respondents saw these areas as having the greatest potential for improvement:

- Competitiveness and value trends
- Sustainable products and innovations
- Energy efficiency
- Recruiting and retaining employees
- Environmental standards within the supply chain

CSR Directive Implementation Act and GRI

We report on topics that are material as defined by the German Corporate Sustainability Reporting Directive Implementation Act (CSR-RUG) and GRI. These included 12 of the 28 concerns we asked about in our 2022 materiality analysis. We also report on the issue of human rights in line with the statutory requirements. This non-financial report contains additional topics that are not defined as material by the CSR-RUG or GRI, but which we have included in order to ensure continuity of content.

The following twelve material topics, which were identified in the 2022 materiality analysis, were examined in relation to 2023. They take account of their relevance to the company and the impact of our business activities on them.

Relevant Issues Pursuant to the CSR-RUG and GRI

Material issues pursuant to CSR-RUG and GRI	CSR-RUG aspect	GRI standards reported
Occupational safety and employee health	Personnel matters	GRI 403-3.3 | 403-1 | 403-2 | 403-3 | 403-4 | 403-5 | 403-6 | 403-7 | 403-9
Recruitment and employees	Personnel matters	GRI 401-3.3 | 401-1
Competitiveness and value trends	Personnel matters	GRI 2-22 | 201-3.3 | 201-1
Safety of production plants	Personnel matters and environmental concerns	GRI 403-3.3 | 403-2 | 403-5
Waste and disposal	Environmental concerns	GRI 306-3.3 | 306-1 | 306-2 | 306-3 | 306-4 | 306-5
Greenhouse gas emissions	Environmental concerns	GRI 305-3.3 | 305-1 | 305-2 | 305-3 | 305-7
Energy efficiency	Environmental concerns	GRI 302-3.3 | 302-1 | 302-4
Sustainable products and innovations	Environmental concerns	GRI 2-6 | 2-22 | 301-3.3
Environmental standards in the supply chain	Environmental concerns	GRI 2-6 | 308-3.3 | 308-2
Product safety	Environmental concerns	GRI 416-3.3 | 416-1 | 417-3.3 | 417-1
Resource consumption	Environmental concerns	GRI 301-3.3 | 301-2
Risk management	Diverse topics	GRI 2-12 | 2-13 | 2-16

Management

Principles and Goals

| GRI 2-13 | GRI 2-23 |

Our corporate policy guidelines are based on three pillars: our purpose, our goals and strategies, and our ethical principles. These guide our actions and set the standards to which we hold our performance. We pursue strategic planning and value-based management in our development of intelligent solutions for sustainable growth.

Sustainability has been firmly entrenched in our business processes for years. At WACKER, we aim to balance economic, ecological and social factors in everything we do. The fact that sustainability appears in two of our five strategic goals underscores its importance.

Our corporate management is involved in issues of sustainability, including the managers in charge of Environment, Health and Safety (EHS), Product Safety (PS) and Sustainability. The Executive Board members sit on the Sustainability Council and are kept informed by the Chief Compliance Officer of issues discussed by the Human Rights Committee.

The WACKER Group's Purpose

In line with its purpose as an innovative chemical company – Our solutions make a better world for generations – WACKER makes an important contribution to improving the quality of life of people all around the world. We want to continue developing and supplying solutions that meet our own expectations – namely to add value for our customers, shareholders, employees and society, and to achieve sustainable growth.

We have described our vision and goals in detail in the Group management report.
» **Goals and Strategies**

WACKER's Sustainability Targets

Global warming due to rising greenhouse gas emissions is a socially and economically relevant environmental factor. We want to be at the vanguard in the fight against climate change and reduce both our own emissions as a company and those of our products. The sustainability targets we have therefore set are ambitious. For example, WACKER intends to cut its absolute greenhouse gas emissions (Scopes 1 and 2) by 50 percent by 2030 relative to 2020 and to achieve net zero by 2045.

WACKER is striving to ensure that its entire product portfolio meets defined sustainability criteria by 2030. We also expect all our key suppliers to meet defined sustainability standards by 2030. During the same period, we aim to reduce by 25 percent the emissions from the upstream products (Scope 3, Categories 1 and 3) that we use. In addition, WACKER has set targets for specific water withdrawal and specific energy consumption, striving to achieve a reduction of 15 percent in both by 2030.

The targets to cut greenhouse gases are science-based, meaning they are consistent with the "1.5 °C" target of the Paris Agreement. Not only the targets for 2030 but also our aim of achieving net zero by 2045 have been validated by the independent Science-Based Targets initiative (SBTi).

In addition, we have set ourselves diversity targets. By 2030, we would like women to hold about one in three management positions and around one in two management positions to be located outside of Germany.

Safety has top priority at WACKER. Our goal every year is to avoid experiencing any chemical accidents with missed workdays or severe plant-safety incidents.

Sustainability Strategy: SustainaBalance®

SustainaBalance® is WACKER's holistic sustainability strategy to achieve its medium- and long-term sustainability targets. This strategy is based on three pillars designed to promote the balance between ecological, social and economic factors: Value Up, Footprint Down and Collaboration Beyond.

SustainaBalance® is directly related to the 17 goals of the UN's 2030 Agenda for Sustainable Development.

WACKER's SustainaBalance® is a commitment to responsible stewardship and contributes to the implementation, in particular, of seven UN Sustainable Development Goals (SDGs):

The Three Pillars of SustainaBalance®

Value Up

By empowering our teams, we enable our customers to provide more sustainable solutions.

Footprint Down

We create efficient and safe processes, use resources responsibly, avoid waste and minimize our footprint.

Collaboration Beyond

As a contributing member of society, we strive for a sustainable value chain together with all our partners.

» **More information can be found in our fact sheets: Strategy and Roadmap, Sustainable Development Goals (SDGs)**

WACKER's Sustainability Targets

SustainaBalance®	Sustainable Development Goals (SDGs)	Sustainability indicator[1]	Base year	Target year	Target[2] (%)	Status 2023
Value Up, Footprint Down, Collaboration Beyond	4, 7, 8, 9, 12, 13, 17	Net Zero	2020	2045	–100	-28
Value Up	7, 9	Products meeting defined sustainability criteria[3]	2020	2030	100	94
Value Up	8	Management positions held by women	–	2030	~33	21
Value Up	8	Management positions outside of Germany	–	2030	~50	32
Footprint Down	12, 13	Absolute greenhouse gas emissions[4]	2020	2030	–50	-24
Footprint Down	12, 13	Specific energy consumption (per metric ton of net production)	2020	2030	–15	+3
Footprint Down	12	Specific water withdrawal (per metric ton of net production)	2020	2030	–15	+4
Footprint Down	8,12	Chemical accidents with missed workdays[5]	Annual target	Annual target	0	2
Footprint Down	8,12	Severe process safety incidents[5, 6]	Annual target	Annual target	0	0
Collaboration Beyond	4, 17	Key suppliers[7] meeting sustainability criteria	2020	2030	100	79
Collaboration Beyond	13, 17	Absolute greenhouse gas emissions in upstream supply chains[8]	2020	2030	–25	-38

[1] Gross production corresponds to the total production (target products and byproducts) of a plant or site. Net production is calculated by subtracting the internal reuse of products from the gross production of a plant or site.
[2] The target-related success level is not based on linear progression, but on individual projects that are implemented at different stages throughout the target period.
[3] In accordance with WACKER Sustainable Solutions.
[4] Scopes 1 and 2 in accordance with GHG Protocol, science-based target.
[5] Absolute target.
[6] In accordance with WACKER Process Safety Incidents, Severity Levels 1 and 2.
[7] Corresponds to 80 percent of the volume procured.
[8] In accordance with Scope 3 GHG emissions from purchased goods and services (Cat. 1) and fuel- and energy-related emissions (Cat. 3), science-based target.

Ethical Principles

GRI 2-23

Alongside our guiding principles and goals, our ethical principles form the third pillar of WACKER's corporate policy. In the year under review, we communicated four key value pairs that form the basis of our conduct and also the structure of our new Code of Conduct. These value pairs relate to Integrity & Example, Performance & Passion, Vision & Openness and Collaboration & Appreciation. These principles are supplemented by a number of regulations and directives. They are mandatory for all employees worldwide. Our ethical principles are described in detail in our Code of Conduct.

» **https://www.wacker.com/cms/en-de/about-wacker/wacker-at-a-glance/corporate-strategy-and-policy-guidelines/ethical-principles.html**

Voluntary Commitments

GRI 2-23

Our actions are guided by voluntary initiatives, which form the basis for sustainable corporate management at WACKER.

Responsible Care®

WACKER has been an active member of the Responsible Care® initiative since 1991. As a program participant, we must act to continually improve health, safety and environmental performance on a voluntary basis – even in the absence of statutory requirements. We attach equal importance to economic and social goals. This explains our strong focus on environmental protection, plant process safety (for both employees and neighbors), occupational safety and product safety (for customers and end users).

» **https://www.vci.de/themen/nachhaltigkeit/responsible-care/rc-initiative/uebersicht.jsp [German-language link only]**

UN Global Compact

As a member of the UN Global Compact, we support the goals of this initiative for responsible corporate management. The Global Compact addresses the protection of human rights, social and environmental standards, and the fight against corruption. We have undertaken to implement the Global Compact's 10 principles. These are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development. Our progress report can be found on the UN Global Compact website. During the year under review, we joined the newly founded UN Global Compact Network Germany association.

» **https://www.unglobalcompact.org/what-is-gc/participants/10060-Wacker-Chemie-AG**
» **The latest progress report is also published on the WACKER website at: https://www.wacker.com/cms/en-de/about-wacker/sustainability/global-compact/detail.html**

UN Race To Zero

WACKER's ambitious climate change mitigation targets are science-based. They are consistent with the goal of keeping the global rise in temperature below 1.5 °C and are therefore compatible with the Paris Agreement. Our targets have been validated by the independent Science Based Targets initiative (SBTi). WACKER is also a member of the UN "Race To Zero" initiative, thus making a voluntary commitment to meeting the "1.5 °C" target and undertaking to document its progress towards net zero by means of transparent reports.

» **https://sciencebasedtargets.org**
» **https://racetozero.unfccc.int**

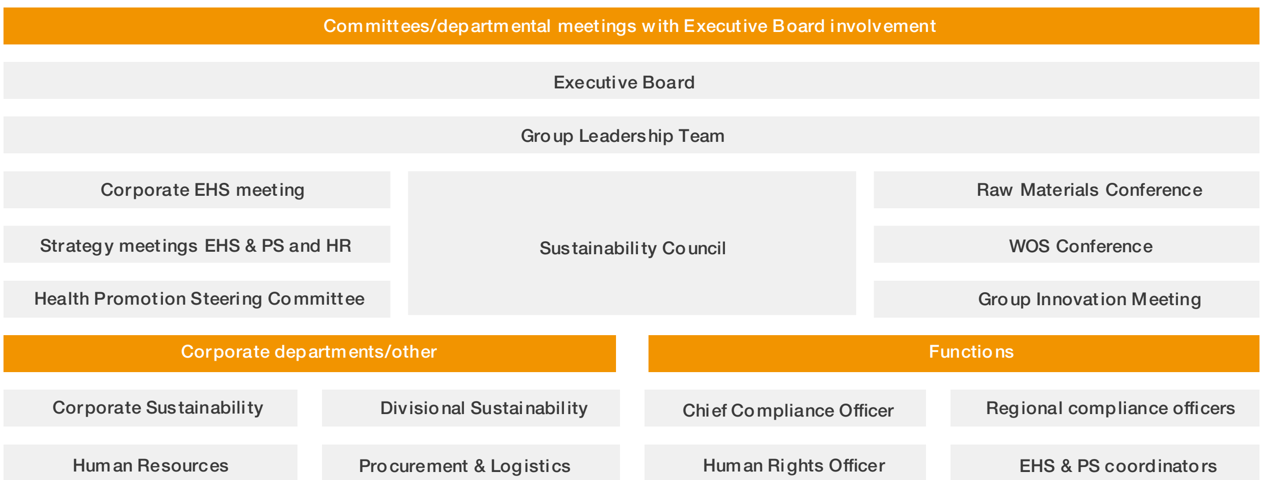
Organization

Management Structures

| GRI 2-9 | GRI 2-11 | GRI 2-12 |

Wacker Chemie AG's four-member Executive Board oversees the Group's strategies, resources, infrastructure and organizational structure. Below the Executive Board, which is highest decision-making authority, there are various committees whose membership spans several organizational sectors and legal entities. These committees ensure that corporate strategies are implemented groupwide.

Coordinating Sustainability at WACKER



The Group Leadership Team (GLT) discusses strategically important topics, analyzes possible trends affecting markets and our competitors, and discusses key topics not directly connected with day-to-day business. This also includes health and safety issues. The GLT comprises the Executive Board, business-division presidents and certain corporate-department heads.

The Executive Board has convened a Sustainability Council to monitor and coordinate the sustainability strategy. Its members, who are drawn from the business divisions and corporate departments, rate the company's sustainability performance. The Sustainability Council coordinates measures across different departments and reviews the progress made.

The main forums for environment, health, safety (EHS) and product safety (PS) are the annual Corporate Environment, Health, Safety & Product Safety (EHS & PS) Meetings and EHS & PS Strategy Meetings, led by the Executive Board member responsible for EHS & PS.

Personnel policies are dealt with monthly in the HR Strategy Meeting, while employee health is addressed once a year by the Health Promotion Steering Committee – both are chaired by WACKER's personnel director.

The Raw Materials Conference and the WOS (Wacker Operating System) Conference focus on the Group's productivity projects and goals. The Group Innovation Meeting deals with innovation strategies and projects.

At the operational level, dedicated units such as the corporate and divisional Sustainability departments, HR and Procurement & Logistics are responsible for managing sustainability issues. In addition, special functions are in place to manage individual issues such as compliance, EHS & PS, and human rights.

Personnel Responsibility

GRI 2-13

Our compliance organization focuses on compliance with legal requirements and internal company regulations. The Chief Compliance Officer supervises and supports a network of regional compliance officers.

Responsibility for the environment, health, safety, trade compliance, hazardous materials and product safety lies with the Group coordinators, who report directly to the Executive Board and define groupwide standards in the shape of goals and processes. Alongside the Group coordinators, WACKER has legally mandated officers for managing specific areas in the respective regions (for example, in Germany, there are incidents officers as well as liaison officers for disabled staff).

Occupational and plant safety are vitally important for WACKER. That is why WACKER defines safety targets for its executives in Germany (in upper and middle management) during its annual target-setting process. These are personal goals (mandatory mostly for executives in production-related areas) and are incorporated into performance assessments.

The Executive Board has appointed a Human Rights Officer, who plays a key role in elaborating and updating the company's human rights strategy, risk management system, general declaration and reporting system. The Human Rights Officer also advises the units in question and proposes corrective action. In exercising these functions, the Human Rights Officer is independent and not bound by any instructions.

Integrated Management System

GRI 3-3

We control operational processes via our integrated management system (IMS). This system defines uniform standards for quality, energy, environmental protection, and health and safety across the Group. We have our Group management system certified by an international certification organization to ensure its compliance with ISO 9001 (quality), ISO 14001 (environment) and ISO 50001 (energy). In the year under review, Wacker Chemicals Norway AS, Kyrksæterøra (Holla), Norway, was certified to ISO 50001 for the first time. We align our processes and standards relating to occupational health and safety with the international ISO 45001 standard. Our site in Jincheon, South Korea, has been certified to this standard.

Our Group certification program helps us adhere to statutory and customer-related requirements and to our own corporate standards at all of our sites. Almost every one of our production sites is included in the ISO 9001 (quality) and ISO 14001 (environment) Group certificates. Not included are: Wacker Biotech B.V., Amsterdam, Netherlands; Wacker Biotech US Inc., San Diego, California, USA; Wacker Biotech GmbH, Halle and Jena, Germany; and Wacker Dymatic Silicones (Shunde) Co., Ltd. at its Foshan City and Zhangjiagang City sites, China, for both of which it has its own certificate. There are corresponding single certificates for the Tsukuba site of Wacker Asahi Kasei Silicone Co., Ltd., Tokyo, Japan for compliance with ISO 9001 and ISO 14001. Our new production sites in Panagarh, India, and Shandong, China as well as ADL BioPharma, S.L.U. in León, Spain, which we acquired in the year under review, will be included in the Group standards in coming years. ADL BioPharma, S.L.U., León, Spain, has had its own ISO 50001 certificate since March 2023.

The WACKER SILICONES division has held additional certificates for conformity with automotive standard IATF 16949 since 2022 for the production of RTV silicone rubbers at its sites in Burghausen, Germany, and Zhangjiagang, China. In the year under review, the WACKER POLYSILICON division was successfully audited to this standard for the first time at its sites in Burghausen, Germany, and Charleston, Tennessee, USA. Further IATF certification is planned in Jincheon, South Korea, and Plzeň, Czech Republic. A TISAX® assessment to review information security for the automotive industry was also carried out in the reporting year.

Aside from these traditional management standards and the IATF 16949 automotive standard, WACKER has many individual products certified to the EFfCI GMP (cosmetics) and FSSC 22000 (food) standards. For example, our silicone-producing facilities in Burghausen and Nünchritz (Germany), Adrian, Michigan (USA), Jandira (Brazil) and Zhangjiagang (China), Wacker Metroark Chemicals, (West Bengal, India), and Tsukuba (Japan) have all been certified to the EFfCI cosmetics standard. As a result, these seven sites also meet the requirements of the ISO 22716 standard for the cosmetics industry. The sites in Burghausen and Nünchritz, Germany, and the sites in Eddyville, USA, in Nanjing, China, and in León, Spain, are all certified to the FSSC 22000 food standard. Certifying our products according to Islamic and Jewish dietary standards (halal and kosher) is becoming increasingly relevant.

Our mass-balance products are certified to the REDcert2 standard for the chemical industry. These products make a key contribution to sustainability since we manufacture them without fossil raw materials. As a member of the Roundtable on Sustainable Palm Oil (RSPO), which promotes sustainable palm-oil cultivation methods, we also have our products at the sites in Burghausen and Nünchritz, Germany, and in Jandira, Brazil, and Tsukuba, Japan, audited against the RSPO Supply Chain Certification Standard 2020. Our HDK® is licensed in accordance with the requirements of the V-Label, the European Vegetarian Union’s standardized seal of approval for vegetarian and vegan products and services. All certificates are available for download at:

» **www.wacker.com/certificates**
» **For more details about resource-efficient production and sustainable products, please refer to the section in the combined management report entitled Further Information on R&D, Employees, Procurement and Logistics.**

Controlling Instruments

| GRI 2-23 | GRI 2-25 |

At WACKER, 23 groupwide regulations govern topics of overarching significance for the company. They concern management, organization and collaboration, law and compliance, strategy and business processes as well as financing, controlling, accounting, taxes, and information security. Numerous other controlled documents regulate processes for environmental and health protection, plant and occupational safety, product safety and quality, at a Group, regional, site- and department-specific level.

We use our sustainability reporting system (SPIRIT) to record environmentally relevant and safety-related events, to plan and document internal and external audits and reviews and to coordinate the implementation of measures as part of our Integrated Management System (IMS).

Productivity Programs

High productivity is a key factor in WACKER’s success. WACKER boosts productivity along the entire supply chain via its Wacker Operating System (WOS) program. Our goal is to continue to reduce specific operating costs and CO_2 emissions every year. WOS results are regularly reported to the Executive Board. In recent years, we have worked through well over 1000 projects relating to our operating activities and corporate departments. The focus of WOS was on improving our

- Plant utilization levels
- Specific energy consumption
- Raw-material yields
- Labor productivity
- Specific maintenance costs
- Carbon footprint

Risk and Compliance Management

| GRI 2-12 | GRI 2-13 | GRI 2-16 |

Risk and compliance management are an integral part of corporate management at WACKER. As a global company, we are exposed to numerous risks directly attributable to our operational activities. Starting from an acceptable overall level of risk, the Executive Board decides which risks we should take to seize the opportunities available to the company.

We refer you to the Risk Management Report for a detailed description of corporate risk management and compliance management.

» **Management Report, Risk Management Report**
» **Management Report, Opportunities Report**

Data Protection

| GRI 2-27 | GRI 418-1 | GRI 418-3.3 |

We gather and process personal data of our employees and all external parties with whom we are in contact in compliance with data protection regulations and with the sole aim of meeting the intended purposes.

The European Union's General Data Protection Regulation (GDPR) provides a uniform basis for implementing privacy law throughout the EU and is directly applicable in all member states.

WACKER employees who collect, use or process personal data must always ask themselves whether this data is actually needed and has to be stored and, if so, for how long. All employees must ensure that no infringements of privacy law occur. Even before the GDPR took effect, we had introduced mechanisms to ensure compliance with existing data protection legislation.

Our employees undergo mandatory online training on data protection. We provide additional individual training in departments that are particularly affected. Our Compliance Regulation now contains a supplement that describes the main aspects of the GDPR.

Information about the GDPR is available on our website and intranet. We use a film, which can be viewed on our intranet, to sensitize employees groupwide about the proper conduct to adopt when dealing with internal or external inquiries related to data protection.

In addition to that, we have linked the topic of data protection to our whistleblower hotline. Employees as well as people from outside the company can address any questions or complaints they have in this regard directly to the responsible officers at WACKER.

There were no justified complaints relating to the violation of customers' privacy or the loss of customer data during the reporting period.

Customer Management

| GRI 2-29 |

» **Management Report, Further Information (Procurement, Production, Sales and Marketing)**

Sustainability Along the Supply Chain

| GRI 2-6 | GRI 308-3.3 | GRI 414-3.3 |

With production sites in Europe, the Americas and Asia, WACKER procures goods and services from numerous countries. As a member of both the United Nations Global Compact and the chemical industry's Responsible Care® initiative, we have long considered it vital that our suppliers fulfill generally accepted sustainability principles. Important aspects include social and ethical standards (especially human rights, working conditions, health and safety standards, responsible management of local resources such as water and energy, and environmental protection). These principles are anchored both in our terms and conditions and in our Supplier Code of Conduct. Furthermore, we ask all new suppliers whether they use a management system that meets the requirements of ISO 9001 (quality) and ISO 14001 (environmental protection) or those of certifications that exceed these standards, such as GMP (Good Manufacturing Practice).

» **https://www.wacker.com/cms/media/asset/about_wacker/procurement_and_logistics_1/suppliers/supplier_code_of_conduct.pdf**

WACKER has been a member of the Together for Sustainability (TfS) initiative since 2015. Launched by the chemical industry, this procurement initiative has developed a framework that allows member companies to audit and assess a supplier's sustainability performance. Its uniform standards and processes ensure that results of supplier assessments and audits are credible and transparent to all TfS members; audit reports are shared within the TfS initiative. The TfS Academy offers training courses on relevant sustainability topics for all TfS members' suppliers and purchasers. The head of our Corporate Procurement & Logistics department is a member of the TfS Steering Committee. During the reporting year, moreover, we were actively involved in implementing a common TfS standard for calculating product carbon footprints and specifically collected product carbon data from our suppliers in line with this standard.

» **https://tfs-initiative.com/**

The 2023 reporting year was the first time we took part in CDP Forest and achieved a score of C (on a scale from A to D, representing the levels Leadership (A), Management (B), Awareness (C) and Disclosure (D)). Registered CDP users can download the details.

» **https://www.cdp.net/en/data**

Processes and Tools

| GRI 308-2 | GRI 407-1 | GRI 414-2 |

WACKER expects all its key suppliers to demonstrate a positive sustainability performance at regular intervals (at least every three years). These defined key suppliers cover more than 80 percent of the entire global procurement volume. Their sustainability performance must be demonstrated in the form of an EcoVadis assessment with a minimum score of 46 and/or a TfS audit with no major findings. The areas we look at as part of our review include sustainability management, environmental practices, labor and human rights, ethics and sustainable procurement. All of our key suppliers must fulfill this minimum requirement by 2030. We follow up on our targets in monthly management reports.

Above and beyond key suppliers, we also conduct a sustainability assessment with those suppliers who were determined by an annual risk analysis.

In the event of unsatisfactory results, we consult with the supplier involved and agree on action to be taken to make improvements. We follow up on progress and status with supplier talks as part of the annual supplier assessment, with reassessments or follow-up audits. Results and actions are recorded and tracked in an internal WACKER dashboard. Consistently poor results and lack of cooperation have consequences and may ultimately lead to business relations being terminated.

Risk Management

Prioritization		Risk Evaluation		Measures		Documentation
— Key suppliers — Risk analysis — Media reports	→	— Assessments — Audits	→	— Improvement measures — Re-assessment/ re-audit — Escalation to Human Rights Officer; ending partnership as a last resort	→	— Dashboard for displaying and analyzing data

Supplier Assessment

| GRI 308-2 | GRI 407-1 | GRI 414-2 |

As of the year-end 2023 reporting date, a total of 1,044 suppliers have valid Ecovadis assessments, with 63 percent of suppliers having improved their rating compared to the previous assessment. The average Ecovadis score across all of WACKER's suppliers was 57 points.

Results

	2023	2022	Change in %
Valid assessments	**1,044**	992	5.2
Average score	**57**	53	7.5
Improvement rate (%)	**63**	64	–1.6

Key Suppliers

We particularly focus on key suppliers, because they cover more than 80 percent of our procurement volume. At the end of 2023, a valid TfS audit or assessment was available for 90 percent of this group. 79 percent of all key suppliers fulfilled our minimum requirements in the reporting year. Furthermore, over 90 percent committed to complying with our Supplier Code of Conduct during the year under review.

2030 Target: 100 Percent of Our Key Suppliers Meet Minimum Requirements

%	2023	2022	2021
Key suppliers with valid assessment or audit	**90**	86	77
Compliance with WACKER minimum criteria	**79**	72	60

Conflict-Free Minerals

| GRI 2-24 | GRI 414-2 |

The mining of minerals often entails above-average risks of human rights violations. That is why we are intensely involved in all of the issues surrounding mined raw materials, particularly when it comes to the four "conflict minerals": gold, tantalum, tungsten and tin (3TG). WACKER takes care to ensure that raw materials containing 3TG are procured from mines complying with the Responsible Minerals Initiative (RMI) standard.

» **Link to RMI**

At least once a year, our suppliers conduct a regular inspection of their source mines and confirm this using a CMRT (Conflict Minerals Reporting Template). The CMRT form was designed by the RMI (formerly the Conflict-Free Sourcing Initiative). It simplifies the transfer of information along the entire supply chain about a material's country of origin through the smelter and refiners.

Based on feedback, we have no evidence suggesting that the raw materials from our suppliers come from non-compliant mines.

Palm (Kernel) Oil

Palm (kernel) oil is facing criticism for its association with frequent violations of human rights and environmental protection guidelines during its recovery. Even though WACKER does not procure large quantities of palm (kernel) oil derivatives, we want to make sure that we obtain this renewable raw material from sustainable, certified sources. WACKER uses palm (kernel) oil in the form of different fatty acids/alcohols or their derivatives.

The RSPO initiative campaigns for sustainable practices in the global palm oil industry. In order to become certified, manufacturers have to demonstrate that they have a material-flow control system. In addition, certified producers commit to complying with human rights standards, to reducing emissions and to refraining from clearing forests for plantations and from planting in peatlands with biotopes for protected species.

We obtained RSPO certification for the first time in 2021. We furthermore increasingly use RSPO-certified raw materials in order to step up the proportion of certified palm (kernel) oil. We aim to use 100-percent certified palm (kernel) oil by 2030. Raw materials with very low quantities of palm (kernel) oil are excluded from this. We report on our progress annually through an ACOP (Annual Communication on Progress).

Sustainability and Compliance in Logistics

We are continuously working on optimizing shipments and logistics processes in our logistics chains. Major logistics chains, especially the supply of raw materials and also overseas shipping of containers, have been pivoted onto railway networks as far as possible. We employ analysis tools to regularly seek out optimization potential within our current logistics network in order to continuously reduce the number of shipments of our products to customers and thus also any associated emissions.

Our specialist departments provide comprehensive training, information and monitoring services to ensure compliance with legal standards governing customs, export controls and the transport of hazardous goods. Some of WACKER's internal standards even go beyond legal requirements.

WACKER as a Supplier

As a TfS member, WACKER not only evaluates its suppliers in terms of sustainability, but also has its own performance as a supplier examined by EcoVadis in an external assessment. We achieved an overall rating of 73 points in the reporting year, which puts us in the top four percent of all companies assessed in our category.

In addition, we are examined by way of social audits at our major production sites. Proceeding according to the SMETA (Sedex Members Ethical Trade Audit) or TfS process, auditors investigate issues such as working conditions, occupational health and safety, environmental management and corporate ethics. We make the results available to interested customers via TfS or in the Sedex database.

Production

Environmental Protection

| **GRI 301.3-3** | **GRI 302.3-3** | **GRI 305.3-3** | **GRI 306.3-3** |

WACKER attaches particular importance to integrated environmental protection, which begins right in the product-development and plant-planning stage. WACKER constantly strives to improve its production processes in order to conserve resources. A key task is to close material loops and recycle byproducts from other areas back into production. This enables us to reduce or prevent energy and resource consumption, emissions and waste, and to integrate environmental protection into our production processes. At WACKER, we monitor resource and waste targets at site and divisional levels.

Our environmental protection measures often surpass statutory requirements – in the spirit of the central idea behind the Responsible Care® initiative. Responsible stewardship is one of the ways we contribute to the United Nations' Sustainable Development Goals (SDGs). In production, we focus on SDG 12 "Sustainable Consumption," SDG 13 "Climate Action" and SDG 17 "Partnerships for the Goals," for example.

Our groupwide standards for protecting the environment apply to all production sites and technical competence centers. The site managers ensure that environmental protection requirements and environmental standards are met at their particular locations. We register all our incidents across the Group in a timely manner in our sustainability-reporting IT system (SPIRIT) and assess them in terms of their environmental relevance. Just one incident assessed as environmentally relevant occurred in the reporting year, even though it involved neither a hazard nor damage. There were no environment-related compliance cases in 2023. Nor were there any incidents involving considerable fines or penalties (more than €10,000) or any non-monetary fines due to non-compliance with environment-related legislation.

Through a groupwide reporting system, our Group Coordinator for the Environment reviews how environmental standards and legal requirements are put into practice.

By setting quantifiable environmental targets, we aim to lower the environmental impact of our production activities. We have set ourselves targets with respect to reducing CO_2 emissions and specific energy and water consumption.

Environmental Protection Costs

€ million	2023	2022	2021
Operating costs	**98.2**	88.9	81.5
Capital expenditures	**24.0**	8.8	1.9

Areas covered by our investments in environmental protection include water-pollution control, waste management, emissions control, climate change mitigation, noise reduction, soil remediation and preservation of the natural landscape. A large portion of the capital expenditures on environmental protection went toward WACKER's central disposal facilities at the Burghausen site.

As part of our sustainability strategy, a special budget was introduced in 2022 with the aim of bringing sustainability projects to fruition quickly. Around €7.5 million of that budget was invested in the reporting year in projects with a positive impact on reaching our environmental targets.

To motivate our employees, we presented the WACKER Net Zero Award for the first time in 2022. This €10,000 prize is awarded annually and recognizes outstanding projects that reduce WACKER's product environmental footprint.

Integrated Production – Our Greatest Strength

| GRI 301-3-3 | GRI 301-2 |

The highly integrated material loops at its integrated production sites in Burghausen, Nünchritz, Charleston and Zhangjiagang give WACKER a key advantage. The basic principle of integrated production is to use the byproducts from one stage as starting materials for making other products. The auxiliaries required for this, such as silanes, are recycled in a closed loop. By taking waste heat from production processes and utilizing it for other chemical processes, we are reducing our consumption of energy and resources and using raw materials sustainably.

We are constantly working to optimize our integrated-production system. We also analyze and test ways of extending the circular economy so that we can feed materials from suppliers, customers and end consumers into this loop along with our own WACKER materials.

Our integrated production system encompasses the following:

— Integrated energy solutions in which waste heat generated in production is used in downstream chemical processes. Examples here include using waste heat to generate steam, preheating feed water for the production of deionized water and using integrated heat-recovery systems in distillation processes
— Integrated material systems, in which byproducts generated in a given process are treated and fed back into the production loop or serve as raw materials for other processes. Examples here include our integrated hydrogen chloride, silicon and acetic acid production systems.

Our integrated production system is primarily based on rock salt, silicon, methanol, acetic acid and ethylene as starting materials. In integrated processes, we optimize material efficiency by purifying byproducts and reusing them or making them available for external use.

— In our integrated ethylene production system, we use ethylene to obtain organic intermediates, which we then turn into polymer dispersions and dispersible polymer powders.
— Our integrated silicon production system operates along similar lines. Although comprising only a small number of raw materials – silicon, methanol and salt (sodium chloride) – this system enables us to manufacture over 2,800 different silicone products, as well as pyrogenic silica and polysilicon.

A focus of our integrated production is to minimize hydrogen chloride (HCl) consumption. HCl is an essential auxiliary deployed in the production of reactive intermediates from energy-poor natural materials. We then use these intermediates to make our end products. Hydrogen chloride production requires a great deal of energy, however. In our integrated material loop, we convert chlorine-containing intermediates to chlorine-free end products (such as silicones, hyperpure silicon or pyrogenic silica) and in the process we obtain heating steam, thus recovering some of the original energy expended. We also reclaim hydrogen chloride here, which we return to the production loop and reuse. This closed material loop lowers emissions and, due to lower raw-material consumption, reduces shipments as well.

We use a chloralkali membrane process to supply chlorine, hydrogen, caustic soda and hydrogen chloride as starting materials to our Burghausen site. One example of how our integrated production system has the potential to save resources: we recycle 93 to 96 percent of the hydrogen chloride that we use in the production loops at our Burghausen and Nünchritz sites. More information can be found in our fact sheet:

» **Integrated Production**

Energy

GRI 302-1 | GRI 302-3.3 | GRI 302-4

WACKER is constantly improving the energy efficiency of its processes. This enables us to remain globally competitive and at the same time contribute to climate protection.

Many chemical reactions generate heat that can be put to use in other production processes. In addition to recovering heat from these reactions, we also operate integrated heat-recovery systems, which we are continually developing and improving. In this way, we reduce the amount of primary energy (natural gas) consumed by our power plants. We are also continually optimizing our electricity consumption.

At this point, we still rely primarily on natural gas to generate electricity. At Burghausen, our largest site, we produce steam and electricity in a combined heat and power (CHP) plant. The site’s highly efficient, low-emission gas turbine can generate up to 137 megawatts of electricity. Combining this plant with the output of Burghausen’s hydroelectric plant and that of smaller generation facilities, we produced 1,130 GWh of our electricity ourselves in the reporting year (2022: 1,166 GWh), which corresponds to roughly 20 percent of our total electricity demand. With an output of 50 megawatts, our hydropower generator is one of Germany’s biggest industrial hydroelectric power plants. In keeping with its sustainability strategy, WACKER plans to further reduce its energy and gas consumption by pursuing energy-efficiency initiatives (e.g. electrifying steam generation).

Group Energy Consumption

GWh	2023	2022	2021
Electricity consumption	**5,749**	6,024	5,974
Of which			
From on-site generation (fossil)	**897**	948	1,063
From on-site generation (renewable)	**233**	218	232
Energy consumption[1]	**5,814**	5,927	6,010
Of which			
Natural gas[2, 3]	**4,183**	4,290	4,424
Solid fuels[4]	**1,320**	1,336	1,297
Heat supplied by third parties[5]	**311**	301	289

1 Excluding energy from electricity provided by third parties, self-generated renewable energy and recovered energy.
2 Includes natural gas used for on-site fossil-fuel-based electricity generation.
3 For reporting years beginning in 2020, heat consumption is no longer itemized separately; most of it is contained in the figure for natural gas consumption.
4 Coal, charcoal and wood; used as reducing agents at the silicon plant in Holla, Norway.
5 Steam and district heating.

Energy Consumption

In our continued efforts to reduce our specific energy consumption (the amount of energy per unit of net production output), we have set a target of cutting consumption by 15 percent by 2030 relative to our base year (2020).

2030 Target: Reduce Specific Energy Consumption by 15%

	2023	2022	2021
Specific energy consumption (%)	**102.9**	98.5	98.3
Change in % (vs. 2020)	**2.9**	–1.5	–1.7

With specific energy consumption 3 percent up relative to 2020, reductions in the reporting year were above the trajectory that had been mapped out. Despite energy savings, the substantial decline in plant-utilization rates and hence the lower unit of net production output, as well as the process of switching over to more energy-intensive products, have an adverse impact on the target value.

Emissions

GRI 305-1 | GRI 305-2 | GRI 305-3 | GRI 305.3-3 | GRI 305-7

Greenhouse Gases

Global warming due to rising greenhouse gas emissions is a socially and economically relevant environmental factor. We see a reduction in greenhouse gases as a key to ecologically effective climate protection.

The Group-wide greenhouse-gas accounting system – the tool we use for recording our greenhouse gas emissions – covers three different areas referred to officially as “Scopes”:

- Scope 1 covers direct greenhouse gas emissions from sources of emissions at WACKER sites worldwide. Examples of these include production facilities and power plants generating electricity and steam, as well as waste disposal systems and emissions from mobile combustion (vehicles)
- Scope 2 covers indirect greenhouse gas emissions produced by energy suppliers that generate the electricity, steam and heat that WACKER purchases.
- Scope 3 includes all greenhouse gas emissions in the supply chain that are produced upstream or downstream in relation to WACKER. Examples of such emissions include those created by the production or transportation of raw materials, the generation of fuels or by the disposal of end-of-life products. The GHG (Greenhouse Gas) Protocol divides these emissions into 15 categories, with WACKER reporting on those emissions that are relevant to its operations.

We report our indirect emissions from purchased energy (Scope 2) in accordance with both the location-based method (using the national energy mix) and the market-based method (using the supplier-specific energy mix). WACKER has been publishing Scope 3 data since its 2022 annual report.

In 2023, we once again forwarded our emissions data to CDP (formerly the Carbon Disclosure Project), which WACKER joined in 2007. In CDP’s Climate Change Report for the chemical sector, Wacker Chemie AG achieved a score of A for the first time (previous year: B, on a scale from A to D, representing the levels Leadership (A), Management (B), Awareness (C) and Disclosure (D)). Details can be found on the CDP website.

» **https://www.cdp.net/en/data**

Overview and Explanations of Greenhouse Gases

CO_2-equivalent emissions (kt CO_2e)[1]	2023	2022	2021
Total Scope 1 (direct emissions), of which:	**1,368**	**1,304**	**1,290**
CO_2-emissions (carbon dioxide)[2]	**1,237**	1,294	1,303
Of which fossil	**1,176.5**	1,226.6	1,247.0
Of which biogenic	**60.5**	67.4	56.0
CH_4 (methane)	**0.7**	0.7	0.7
N_2O (nitrous oxide)	**10.0**	10.6	10.6
HFCs (hydrofluorocarbons)[3]	**180.4**	66.2	31.6
PFCs (perfluorocarbons)	**–**	–	–
NF_3 (nitrogen trifluoride)	**–**	–	–
SF_6 (sulfur hexafluoride)	**0.1**	0.2	–
Scope 2 (indirect emissions):			
Location-based (kt)[4]	**1,368**	1,324	1,390
Market-based (kt)[5]	**1,387**	**1,930**	**2,357**
Total Scope 3 (indirect emissions), of which:	**5,358**	**6,614**	**6,915**
Upstream activities			
Category 1 – Purchased goods and services	**3,475**	4,549	4,844
Category 3 – Fuel and energy-related activities (not included in Scopes 1 and 2)[6]	**354**	382	458
Total of all other upstream activities [7]	**590**	269	278
Downstream activities			
Total of all downstream activities [8]	**939**	1,414	1,335

[1] CO_2e = CO_2 equivalents, as defined in the Greenhouse Gas Protocol. CO_2 emissions are measured on the basis of the Greenhouse Gas Protocol of the World Resources Institute and World Business Council for Sustainable Development, “A Corporate Accounting and Reporting Standard” (GHG Protocol).
Scope 1: direct CO_2 emissions.
Scope 2: indirect emissions from the consumption of purchased energy (converted into CO_2 equivalents for purchased electricity, steam and heat).
Scope 3: all greenhouse gas emissions in the value chain that occur upstream and downstream of WACKER.

[2] CO_2 emissions are split into fossil and biogenic sources in accordance with the GHG-Protocol. Biogenic emissions arise from the combustion or decomposition of renewable raw materials.

[3] The HFC category contains minor quantities of emissions from other partially halogenated HFCs which contribute to the greenhouse effect as well. The GWP factors of the individual substances were used as a basis for calculating the effects of hydrofluorocarbons. The factors range from 5.5 to 14,600 kg CO_2e/kg HFC.

[4] The electricity volumes supplied by the affiliated company Alzwerke GmbH are included in indirect CO_2 emissions in a climate-neutral manner due to the fact that they are not fed into the public electricity grid. The indirect CO_2 emissions have also included methane and nitrous oxide emissions converted into CO_2 equivalents. Purchased electricity volumes are converted into CO_2 emissions using emission factors from "CO_2 Emissions from Fuel Combustion, 2023 Edition," respectively, issued by the International Energy Agency (location based).

[5] The electricity volumes supplied by the affiliated company Alzwerke GmbH are included in the indirect CO_2 emissions in a climate-neutral manner due to the fact that they are not fed into the public electricity grid. Purchased electricity volumes are converted into CO_2 emissions using the emission factors of the electricity suppliers (market-based). If the emission factors for the respective suppliers are not available, the residual-mix emission factors are used or the emission factors of EEI (Edison Electric Institute), eGRID (United States Environmental Protection Agency) or the International Energy Agency.

[6] In the calculation of emissions from T&D losses in Scope 3, Category 3, there are slight retroactive changes for the years 2022 and 2021 aswell.

[7] Contains CO_2e emissions in the following categories: 2 (Capital Goods), 4 (Upstream transportation and distribution), 5 (Waste generated in operations), 6 (Business travel), 7 (Employee commuting) and 8 (Upstream leased assets). Due to their much smaller percentages, these are reported in consolidated form only. The significant increase in the figure for 2023 compared to previous years is due to a change in the accounting of outbound product shipments of products to customer countries, for which WACKER is responsible and pays. The emissions from these shipments were previously recognized in category 9 (downstream activities); from 2023, we will report them in category 4 (upstream activities), as required by the GHG Protocol.

[8] In the case of downstream activities, we report in the following categories: 9 (Downstream transportation and distribution), 12 (End-of-life treatment of sold products) and 15 (Investments). As a chemical company, WACKER does not – in line with the GHG Protocol – report any emissions in categories 10 (Processing of sold products) or 11 (Use of sold products). The following Scope-3 categories – 13 (Downstream leased assets) and 14 (Franchises) – are not relevant to WACKER and are consequently not recorded. Due to a recalculation of the Scope 1 and Scope 2 values of Siltronic AG for the years 2021 and 2022, there are increases in the emissions values for Scope 3, category 15, which result in an increase in emissions from downstream activities. The significant reduction in the 2023 figure compared with previous years is based on a change in the accounting of outbound transports of products to customer countries for which WACKER is responsible and pays. The emissions from these shipments were previously recognized in category 9 (Downstream activities); since 2023, we have recognized them in category 4 (Upstream activities), as required by the GHG Protocol.

Scope 1 Emissions

In the reporting year, direct emissions of CO_2e from fossil sources rose by around 5 percent year over year. Due to lower production-capacity utilization, the direct emissions from fossil combustion processes, particularly at the Burghausen, Nünchritz and Holla sites, dropped. In contrast, however, there were much higher greenhouse gas emissions from unexpected refrigerant emissions at the Charleston (USA), Nünchritz and Burghausen sites.

In the cooling units we use in our production processes at many sites, we have been gradually replacing existing refrigerants with alternative materials that pose as little global warming potential as possible. That helps us keep reducing greenhouse gas emissions from refrigerant leaks.

Scope 2 Emissions

In 2023, the indirect emissions from purchased energy (Scope 2, market-based) fell by about 28 percent year over year. This is attributable to the production-related drop in energy demand and to access to a lower-carbon electricity mix.

As regards location-based balancing, Scope 2 emissions rose during the reporting period due to a higher amount of electricity generated from fossil sources (particularly coal). This was especially the case in Germany.

Scope 3 Emissions

To calculate the indirect Scope 3 emissions relevant to WACKER, we use methods in line with the GHG Protocol (Corporate Value Chain Standard) based on WBCSD (World Business Council for Sustainable Development) guidance for chemical-sector companies.

At WACKER, indirect Scope 3 emissions belong predominantly to Category 1 (Purchased goods and services) and Category 3 (Fuel and energy-related activities (not included in Scopes 1 or 2)). In the reporting year, Category 1 indirect emissions fell by around 24 percent, mainly due to reduced quantities of raw materials and to raw-material purchases with smaller product carbon footprints. Category 3 emissions, moreover, were cut by about 7 percent, due to the production-related drop in purchased energy and due to access to a lower-carbon electricity mix. The other upstream (2, 4–8) and downstream categories (9, 12, 15) reported on are of minor importance and are thus presented as a single combined figure.

Reduction in Greenhouse Gas Emissions

As we pursue our goal of achieving net zero, we aim to reduce the Group's absolute greenhouse gas emissions (Scopes 1 and 2) to half of our 2020 value by 2030.

2030 Target: Reduce Absolute CO_2 Emissions (Scopes 1 and 2) by 50%

	2023	2022	2021
CO_2 emissions (kt CO_2)	**2,755**	3,235	3,660
CO_2 emissions in % (vs. 2020)	**76.0**	89.2	100.9
Change in % (vs. 2020)	**–24.0**	–10.8	0.9

The roadmap used to meet these targets comprises three key levers: Silicon production in Holla, Norway; process transformation; and the procurement of renewable energy.

During the year under review, emissions were down 24 percent, so that reductions in emissions were well above the linear trajectory that had been mapped out for a 15-percent reduction in 2023 relative to 2020. The decline in the amount of energy purchased and access to a lower-carbon electricity mix were the main contributing factors here.

WACKER is also committed to reducing its absolute greenhouse gas emissions from purchased goods and services, as well as fuel- and energy-related activities (Scope 3, Categories 1 and 3), by 25 percent between 2020 and 2030.

2030 Target: Reduce Absolute CO_2 Emissions (Upstream Scope 3, Categories 1 and 3) by 25%

	2023	2022	2021
CO_2 emissions (kt CO_2)*	**3,288**	4,262	4,587
CO_2 emissions in % (vs. 2020)	**62.1**	80.5	86.7
Change in % (vs. 2020)	**–37.9**	–19.5	–13.3

*The SBTi criteria for Scope 3 target setting entail a reduction of 2.5 percent a year relative to at least two-thirds of the total Scope 3 emissions in the base year. Categories 1 and 3 – chosen for the SBTi target – within WACKER's Scope 3 emissions in the 2020 base year have clearly exceeded the requisite two-thirds. Only 87 percent of Category 1 emissions and 75 percent of Category 3 emissions will, in line with SBTi criteria, therefore be used for target setting in 2020 and for the further monitoring of target achievement.

The most effective lever to meet this target is the procurement of low-carbon raw materials based on silicon or petrochemicals. By cutting emissions (Scope 3) by 38 percent relative to 2020, we surpassed not only the target of a 7.5-percent reduction as against 2020, but also the target for 2030. This was mainly due to the use of much lower quantities of raw materials and energy. In addition, the purchase of raw materials with a lower carbon footprint, together with the lower-carbon electricity mix, had a positive impact. We do not rate the substantial reduction in 2023 as a final target achievement, because this particular year was not representative in terms of the quantities procured. The validation of our net zero target made it necessary to review the target set for Scope 3. This meant that target achievement for 2021 and 2022 had to be corrected.

Air Pollutants

Overview and Explanations of Emissions of Airborne Pollutants

t	2023	2022	2021
NO_x (nitrogen oxides)	**2,190**	2,200	2,440
NMVOC (non-methane volatile organic compounds)	**980**	950	1,130
CO (carbon monoxide)	**527**	508	487
Dust	**418**	415	428
SO_2 (sulfur dioxide)	**1,038**	1,248	1,075

During the period under review, nitrogen oxide emissions and total dust emissions were at the prior-year level across the Group.

Groupwide emissions of volatile organic compounds (NMVOCs) rose 3 percent year over year, due to the commissioning of our new dispersion plant in Nanjing, China.

Water

GRI 303-1 | GRI 303-3 | GRI 303-4

Water plays an important role in many of WACKER's production processes, whether for cooling, cleaning or as a formulation component. Safe, cost-effective availability of water, in both the quality and quantity needed, has a substantial effect on the company's added value.

Climate change may increasingly lead to limitations on the available quantity and quality of water.

It follows that water stewardship is a significant part of our sustainability strategy. The water stewardship program we have developed and introduced groupwide takes a systematic approach to water stewardship at our production sites, committing our business divisions and sites to the responsible use of water resources throughout the entire supply chain.

Our water stewardship plays out at the local level, so that we can accommodate the unique circumstances and requirements of the areas where our sites are located. To this end, we focus on the following:

- Giving our production processes a secure supply of water, in a quantity and quality (temperature, substance loads) appropriate to demand – adapted to the ecological capacity of the water reservoir in question
- Treating wastewater safely and preventing harmful substances from entering waterways
- Meeting society's demands for sustainable water use and fulfilling legal and regulatory specifications for water consumption and wastewater/sewage disposal
- Ensuring our production sites can be adapted to physical and regulatory changes both to head off risks to sustainable development and to take advantage of economic opportunities
- Strengthening the degree to which the production portfolio supports our sustainability efforts by incorporating impacts on water into our WACKER Sustainable Solutions program

In doing so, we are gearing our efforts to international standards such as the EWS (European Water Stewardship), the AWS (Alliance for Water Stewardship) and the WASH (Water, Sanitation and Hygiene) standards.

We also began submitting water data to the CDP in 2018. In 2023, we scored an A- in the CDP's Water Security Report (on a scale from A to D, representing the levels Leadership (A), Management (B), Awareness (C) and Disclosure (D)). Registered CDP users can download the details.

» **https://www.cdp.net/en/data**

Overview and Explanations of Water Consumption and Emissions to Water

	2023	2022	2021
Water withdrawal (thousand m³)	**267,838**	**275,489**	**273,107**
Utilized by WACKER	**235,660**	241,383	237,479
Supplied to third parties	**32,178**	34,106	35,628
Cooling water volume (thousand m³)	**243,412**	**259,578**	**257,172**
Utilized by WACKER	**213,654**	228,084	224,293
Supplied to third parties	**29,758**	31,494	32,879
Wastewater volume (thousand m³)	**17,826**	**17,885**	**17,898**
WACKER	**12,229**	12,685	12,592
Third parties	**5,597**	5,200	5,306
COD (chemical oxygen demand) (t)	**1,161**	1,321	1,528
Heavy metals (t)	**1.5**	1.4	1.3
Total nitrogen (t)	**174**	203	207
Total phosphorus (t)	**7.3**	7.0	7.8

Groupwide water withdrawal dropped by almost 3 percent during the period under review; withdrawal for WACKER's own needs fell 2 percent across the Group. This was mainly due to a weather-related drop in the use of cooling water at the Burghausen site.
The Group's wastewater volume remained on par with the previous year.
We use more than 90 percent of the water withdrawn as cooling water that is then returned to the water cycle.

The discharge of residual organics in wastewater, expressed as chemical oxygen demand (COD), fell once more, this time by 12 percent, which is the result, on the one hand, of enhanced wastewater-treatment processes at the Burghausen and Nünchritz sites, and on the other, of lower production-capacity utilization across the Group.

To assess our water risks, we use the WWF (World Wildlife Fund) Water Risk Filter, which rated the maximum global basin risk of our production sites as 3.8 in 2023 (scale: 1 = no risk, 5 = high risk). The basin risk indicators prescribed by the WWF Water Risk Filter comprise several risk types (physical, regulatory, reputational) subdivided into twelve risk categories. We take the information from this classification into account when analyzing water usage at our sites.

» **https://waterriskfilter.panda.org/**

Reducing Specific Water Withdrawal

To help decrease the size of our water consumption footprint, we have set ourselves the target of reducing specific water withdrawal by 15 percent across the Group between 2020 and 2030.

2030 Target: Reduce Specific Water Withdrawal by 15%

	2023	2022	2021
Specific water withdrawal (%)	**104.4**	102.2	98.3
Change in % (vs. 2020)	**4.4**	2.2	–1.7

Our specific water withdrawal in the reporting year was up 4 percent relative to 2020, so that reductions were once again above the trajectory that had been mapped out. Despite less water being withdrawn, the substantial drop in plant-utilization rates and hence the lower unit of net production output had an adverse impact on the target value across the Group.

Waste

GRI 306-1 | GRI 306-2 | GRI 306-3 | GRI 306-3.3 | GRI 306-4 | GRI 306-5

In integrated production, we minimize waste by feeding byproducts back into the production loop. WACKER endeavors to avoid waste throughout the product's entire life cycle. Groupwide, we record the volume of waste we generate according to the criteria "to be recycled" and "to be disposed of," as well as "hazardous" and "non-hazardous."

When it comes to solid waste, we prioritize prevention over recycling over disposal. We see it as one of our ongoing tasks to identify new ways of suitably recycling materials within and outside our sites.

It is very important to us that waste is recycled, treated and disposed of in an environmentally compatible and legally compliant manner. To this end, we monitor the disposal companies that we work with for recycling and disposal, performing regular audits.

The amount of waste rose 14 percent groupwide. This rise is due primarily to the increase in production-related non-hazardous waste, resulting mainly from the commissioning of our new Jining site in China and from the acquisition of ADL at our León site in Spain.

Waste

Waste by type, in metric tons (t)	2023	2022	2021[1]
Total	**220,163**	192,741	181,628
Recycled	**186,978**	160,538	150,702
Hazardous	**57,770**	60,692	64,310
Non-hazardous	**129,208**	99,846	86,392
Disposed of	**33,185**	32,203	30,926
Hazardous	**11,620**	11,612	11,414
Non-hazardous	**21,565**	20,591	19,512
Hazardous	**69,390**	72,304	75,724
Non-hazardous	**150,773**	120,437	105,904

Recycled waste in the reporting year, in metric tons (t)*	Onsite	Offsite	Total
Hazardous waste			
Preparation for reuse	–	866	**866**
Recycling	1	8,886	**8,887**
Other recovery processes	23,082	24,934	**48,016**
Total	23,083	34,687	**57,770**
Non-hazardous waste			
Preparation for reuse	–	30,416	**30,416**
Recycling	–	24,614	**24,614**
Other recovery processes	4,464	69,713	**74,177**
Total	4,464	124,744	**129,208**

Waste disposed of in the reporting year, in metric tons (t)*	Onsite	Offsite	Total
Hazardous waste			
Incineration (with energy recovery)	1	1,042	**1,043**
Incineration (without energy recovery)	4,515	2,458	**6,973**
Landfill	1,665	1,392	**3,057**
Other waste-treatment processes	26	521	**547**
Total	6,207	5,414	**11,620**
Non-hazardous waste			
Incineration (with energy recovery)	0	540	**541**
Incineration (without energy recovery)	2,936	258	**3,195**
Landfill	3,861	13,081	**16,943**
Other waste-treatment processes	84	803	**887**
Total	6,882	14,683	**21,565**

[1] First-time reporting of waste treatment in accordance with GRI 306 in 2021.

* Deviations due to summation based on rounding off possible.

Soil and Groundwater

GRI 413-2 | GRI 413-3.3

Like many other long-standing chemical companies, WACKER has some on-site soil contamination.

To remediate this legacy of contamination, WACKER has been extracting air from the soil at the Burghausen site since 1989. This predominantly removes volatile halogenated hydrocarbons from the soil, which are then disposed of properly.

In addition, since 2003 we have been using a groundwater stripping plant to treat an area of localized groundwater contamination east of the Burghausen site, reducing the concentration of harmful substances there to a tenth of the original concentration. In order to reduce the discharge of hexachlorobutadiene into the tailrace at the Burghausen site, we are continuing groundwater treatment of the site’s contaminated areas.

The results of our annual fish contaminant survey at Burghausen indicate that fish from the Salzach river continued to be quite safe to eat in the year under review. The fish were monitored by BNGF GmbH – specialists in nature conservation, waterways and fisheries.

There is likewise some groundwater contamination at our Nünchritz site, which predates WACKER’s takeover of the site. Removal was already underway as a part of short-term projects. Pilot measures involved examining purification methods and commencing groundwater treatment. This was followed by an investigation aimed at devising a strategy for further remediation measures; we continued this investigation during the current period under review. In this and in flood protection at the Nünchritz site, we are collaborating closely with local authorities.

Nature Conservation

GRI 304-1 | GRI 304-2 | GRI 304-3

We promote biodiversity through our environmental protection efforts to conserve resources and restore habitats. We also devise strategies to limit land use. We have implemented a site development plan containing a renaturation proposal so as to ensure that we also make use of open spaces, vacant lots and old plants. We carefully assess the impact that site expansions may have on nature and biodiversity and – in consultation with the authorities – implement environmental mitigation programs to offset these impacts.

Covering 232 hectares, our Burghausen plant borders an EU Habitats Directive site along the Salzach river. To check whether the operation of our facilities has any effect on this nature reserve, we regularly monitor our air pollution levels (e.g. nitrogen oxide emissions, NO_x). In this regard, we had an external consultant compile an environmental-exposure register for the site. For the period under review, the results again show that operation of our plant does not impact the preservation and development goals of the reserve near the site.

We are cooperating with the Bavarian State Agency for the Environment in monitoring the presence of the protected Aesculapian snake on our Burghausen site premises. Aesculapian snakes have only been sighted at five locations in Germany, one of which is the Salzach region near Burghausen.

In 2019, WACKER began working with the Landschaftspflegeverband Altötting (Altötting Landscape Conservation Association) in a community project to promote biodiversity at the Burghausen site.

An area of 30,000 square meters along a one-and-a-half-kilometer stretch of the Alz canal between Burgkirchen and Hirten was restored into a habitat where flowers and insects can thrive. Suitable land areas within our sites have likewise been turned into flourishing meadows as a nourishing habitat for insects. For example, additional land totaling some 3,000 square meters at the Nünchritz site was designated as flourishing meadows in the reporting year.

WACKER and seven other ChemDelta Bavaria companies have joined forces within the Verein Naturnahe Alz (Natural Alz Association), an organization supporting the Bavarian authorities in renaturalizing the Alz river and enhancing its ecosystem in the long term.
» **https://www.naturnahe-alz.de/ (in German only)**

WACKER is a founding member of the Bavarian Environmental and Climate Pact, in which the Bavarian state government and Bavaria's industry associations have come together to break a lance for environmental protection and climate change mitigation.

Plant and Transport Safety

| GRI 2-25 | GRI 403-2 | GRI 403-3 | GRI 403-4 | GRI 403-5 | GRI 403-7 |

Incident Management and Prevention

An important goal at WACKER is to operate plants and processes in a manner that poses no risk to people or the environment. Our Group safety management system addresses occupational and plant safety and crisis management.

The main focus is on prevention. Nevertheless, safety-critical incidents cannot always be prevented. Each WACKER site has an emergency response plan in place for coordinating internal and external emergency response teams and working with the authorities.

The first step in ensuring the safety of our plants is to systematically identify and assess risks. Here we analyze the energy used in processes (e.g. pressure and heat), as well as the effects that individual errors might have on a chain of events that could culminate in the release of a substance or lead to an accident. Using the results of our analyses, we specify safety measures to prevent the occurrence of undesirable incidents.

Across the Group, we promptly record any incident relevant to safety, health or the environment in the IT system we use for sustainability reporting (SPIRIT), evaluate these reports and track the measures taken. We use incident reports that provide learning experience for the Group's other divisions or sites to inform corporate units with similar hazard potential and, if possible, identify measures for improvement. In particular, we continued the prevention program on hard-to-detect hazards caused by stress corrosion cracking that was launched in 2022.

What is more, all the incidents detected undergo an assessment in line with European Chemical Industry Council (Cefic) criteria for plant safety and are suitably reported. 2023 saw a considerable decline in relevant plant-safety incidents compared to prior years.

Relevant Plant-Safety Incidents – WACKER Group

	2023	2022	2021
Number of plant-safety-related incidents[1], Group	**21**	35	39
Plant-safety-related incidents per 1 million hours worked[2], Group	**0.8**	1.5	1.7

[1] Pursuant to the criteria of the European Chemical Industry Council (Cefic Guidance for Reporting on the ICCA Globally Harmonized Process Safety Metric, June 2016).
[2] WACKER Process Safety Incident Rate (WPSIR).

WACKER attaches particular importance to providing its safety experts with ongoing training. We enhance our experts' knowledge of explosion-damage protection by holding interactive online training courses. We conduct regular training sessions on plant safety and explosion-damage protection, for example.

Once a year, the plant fire departments in Burghausen and Nünchritz conduct emergency drills in tandem with local fire and emergency services. These drills provide a practical opportunity for rehearsing a major emergency response. Afterward, the exercise is analyzed to identify and eliminate any weak points. Training drills are likewise regularly carried out at our major non-German sites, e.g. in China and in the USA.

WACKER's plant fire department in Burghausen also trains fire departments from the local area. It invites the fire departments of other companies and municipalities to WACKER sites, where they can prepare their response to accidents involving dangerous goods. As and when needed, our plant fire department at the Nünchritz site also supports local firefighters responding to major emergencies.

The German chemical industry established its Transport Accident Information and Emergency Response System (TUIS) to provide assistance in the event of chemical accidents. Our experts support this network, which is part of the chemical industry's Responsible Care® initiative.

Safe Transport of Hazardous Materials

WACKER ensures that its products are transported safely, especially where hazardous materials are involved. All sites at which WACKER produces and ships goods must comply with locally and internationally applicable transport regulations, as well as with WACKER's own strict safety standards. We ensure their consistent application by means of a groupwide directive on transport safety for chemicals and hazardous goods. An essential element of transport safety is our personnel, who are well trained both in handling hazardous goods and securing loads.

We have similarly high expectations of our logistics providers – above and beyond statutory regulations, we impose additional requirements in our contracts and comprehensive requirements profiles. If our contractors should deviate from our requirements, we issue formal complaints and demand corrective action to ensure a continuous improvement process.

For products with a high hazard potential, we use packaging and tanks that meet the most demanding quality standards. Some 163,000 metric tons of hazardous materials were shipped from our German sites in the reporting year. We recorded not a single reportable transport incident involving hazardous goods.

When monitoring the distribution of our products, we also record any transport incidents that do not involve hazardous goods, as well as those that have no negative impact on people or the environment. Such incidents are an important factor in the annual assessment of our logistics providers.

Transport Incidents in Germany

Number of reportable accidents	2023	2022	2021
Road	–	–	1
Rail	–	–	–
Sea	–	–	–
Inland waterways	–	–	–
Air	–	–	–

Products

Our portfolio includes more than 3,200 products. Our customers come from virtually every major sector. In line with our corporate purpose, we develop intelligent solutions and trailblazing technologies with the aim of improving people's quality of life around the world. The goal of achieving net zero by 2045 plays an important role here. Responsible stewardship is one of the ways we contribute to the United Nations' Sustainable Development Goals (SDGs) and we use our products to support, in particular, SDG 7 "Affordable and Clean Energy," SDG 9 "Industry, Innovation and Infrastructure," SDG 12 "Responsible Consumption and Production" and SDG 13 "Climate Action."

Sustainable Products

GRI 2-6

Thanks to its diverse array of products, WACKER is helping preserve natural resources and reduce greenhouse gases. We are developing not only modern products for the world of tomorrow, but also pioneering solutions, so that these products make a positive contribution to sustainability throughout the entire life cycle. In this way, we are supporting issues affecting the future of our planet, such as renewable energy sources, the future of construction, digitalization, electromobility, nutrition, health and quality of life. Our products can be found in solar modules, cars and building materials, not to mention a great many everyday objects and consumer goods. Our contribution enables our customers to provide even more sustainable solutions for the end market, thereby jointly advancing the transformation toward a more sustainable economy and society.

Transforming the supply chain to create a circular economy will play an increasing role here. We have used the mass balance approach to begin the transformation toward a net zero circular economy. This process allows us to save fossil resources while preserving the quality of our products. Collaboration with customers and business partners is essential to the development of products compatible with the circular economy.

A selection of our sustainable products can be found along with additional information in our online app WACKER City.

» **https://www.wacker.com/cms/en-de/sustainability/sustainable-products/wacker-city.html**

Product Assessment Based on Sustainability Criteria

| GRI 2-23 | GRI 2-25 | GRI 303-1 | GRI 3-3 (301, 302, 303, 304, 305) |

When assessing the sustainability of our products, we take account of economic, environmental and social aspects throughout the entire product life cycle. The tool we use to evaluate our product portfolio is the WACKER Sustainable Solutions program. We also make use of the WACKER ECOWHEEL® and perform life cycle assessments. These enable us to track the progress of a product from its manufacture through to when it leaves the factory gate.

— We use the WACKER ECOWHEEL® to identify key sustainability topics at a qualitative level and, together with our stakeholders, set priorities for research projects. Our evaluations factor in a product's material, water and energy consumption, as well as its ecotoxicity, over the entire life cycle.

— In the WACKER Sustainable Solutions program, we assess the sustainability aspects of our product portfolio in line with the standards set by the World Business Council for Sustainable Development (WBCSD). We study the life cycles of products and their usage under specific regional requirements. PARCs – Product-Application-Region Combinations – form the basis for the evaluation. We examine toxicological classification, regulatory and social criteria, controversial industries and raw materials, as well as sustainability-related aspects across the entire product life cycle. Every assessed PARC unit is assigned to one of five sustainability categories.

Our target is for 100 percent of our products to fulfill defined sustainability criteria by 2030. In the reporting period, WACKER earned 94 percent of its sales with sustainable products. For the majority of the remaining products we have defined measures to either improve sustainability performance or replace the product.

» **https://www.wbcsd.org/Programs/Circular-Economy/Resources/Chemical-Industry-Methodology-for-Portfolio-Sustainability-Assessments**

2030 Target: 100% of our Products Fulfill Sustainability Criteria

%	2023	2022	2021
Share of sales from products meeting defined sustainability criteria	**94**	90	89

— Our life cycle assessments (LCAs) quantify the environmental impact of our products from their manufacture through to the moment they leave the factory gate. Such analyses allow us to evaluate the sustainability of our products and production processes, and to improve them accordingly. When preparing an LCA, we take account of all relevant, potentially harmful effects on soil, air and water, as well as all material flows associated with the system in question. That includes raw-material consumption and emissions from supply and disposal processes, from power generation and from transport.

To this end, we launched a groupwide project that will allow WACKER to automatically calculate the carbon footprint of all of its products and to update this information annually. Calculations will be carried out in compliance with the rules of the Product Carbon Footprint standard defined in the Together for Sustainability initiative.

» **https://www.tfs-initiative.com/app/uploads/2024/02/TfS_PCF_guidelines_2024-EN_pages-low.pdf**

Product Safety

GRI 416-1 | GRI 416-3-3 | GRI 417.3-3 | GRI 417-1

WACKER ensures that all of its products, if used correctly, are free of any risk to human health or the environment. We seek to identify possible risks to health and the environment throughout a product's entire life cycle – from the R&D stage through to production, use and disposal.

WACKER provides information on the safe use of its products. When manufacturing them, we work continually to prevent or reduce the use of any substances harmful to human health and the environment. WACKER also complies with the chemical legislation applicable in the countries to which it ships its products.

As a guide for our product developers, we maintain a list of substances that WACKER products may no longer contain. In addition to prohibited and restricted chemicals (such as materials listed in Annexes XIV and XVII to the REACH Regulation), the list includes substances that many companies find undesirable. As far as possible, we avoid substances on the European Chemicals Agency's List of Substances of Very High Concern (SVHC).

Evaluating the sustainability of our products also includes the application of "Identifying Substances and Mixtures of Concern" (ISC), a database-based system for systematically assessing the raw materials used in our products. We use ISC to evaluate and improve our product portfolio in terms of health, environmental compatibility and avoiding potential risks (such as SVHCs). We also follow chemical-policy discussions so that we can factor in future changes when developing products and optimizing ingredients.

Product Information

We continually update our product information and promptly incorporate new findings into our risk assessments, which are based on factors such as safety and environmental impact. When REACH requires us to include new findings in the chemical safety report, we adapt our risk assessments accordingly.

When advertising our products and services, we make sure that our brochures, for example, contain verifiable data and precise, legally compliant terminology and wording that reflect current scientific knowledge.

Only some 50 percent of WACKER products require a material safety data sheet (MSDS) by law. We go beyond these requirements and compile these sheets for all our sales products – not just for those classified as hazardous substances.

REACH

The REACH Regulation, which came into force in 2007, governs the registration, evaluation, authorization and restriction of chemicals within the European Union.

Under REACH, WACKER had submitted 834 new or revised registration dossiers to the European Chemicals Agency (ECHA) from the start of registrations in 2008 through to the end of 2023. In the course of its regular evaluation activities, ECHA required additional information for many of the dossiers, all of which we provided on time in 2023.

WACKER maintains intense contact with the companies that supply its chemical substances. We refer to our data when verifying the registration status and, where necessary, request information to ensure that we use only REACH-compliant raw materials.

To contribute to the safe use of chemicals, ECHA provides substance information on the internet in "Infocards" containing the data from the registration dossiers.

» **https://echa.europa.eu/information-on-chemicals**

REACH requires a broad range of information on the properties of chemical products, which necessitates an increase in legally mandated animal testing. WACKER makes every effort to avoid animal testing to the greatest possible extent and contracts only those tests that are required by ECHA. Whenever possible, we use recognized alternative methods, such as in vitro tests. We classify substances with similar properties into groups for testing and work within REACH consortia to exchange scientific data with other companies.

As of January 2021, companies within Europe that commercially distribute hazardous substances must supply the ECHA notification system with comprehensive information for poison control centers. The European Commission, ECHA and the chemical industry have been working on technical solutions to this end. WACKER has set up an automatic notification tool and registered roughly 1,093 notifications to ECHA's PCN (Poison Centre Notification) portal as of late 2023.

Nanomaterials

WACKER identifies these materials on the basis of the EU Recommendation on the Definition of Nanomaterial (2011/696/EU). This definition, in turn, is based on standard ISO TC 229 ("Nanotechnologies").

We have recorded all the nanomaterials that we produce or use and assess their hazards and risks in accordance with statutory requirements. We have created an internal measurement strategy to characterize products based on uniform standards.

Most of these products are nanostructured – a classification that includes materials whose internal structures are nanoscale (between 1 and 100 nanometers), but whose external dimensions are greater than the nano-range. Except for their surface-dependent properties, nanostructured materials generally behave similarly to non-nanoparticles.

Nanostructured products include our HDK® pyrogenic silica, a powder that we have sold as a thickening agent, filler and flow enhancer for over 40 years and which we use ourselves. The HDK® product group is part of the synthetic amorphous silica (SAS) substance class. We have collaborated with external scientific institutes to examine its physicochemical properties in detail, and extensive toxicological, eco-toxicological and epidemiological data are available. Due to their solubility, SAS are eliminated effectively from the lung and, consequently, do not exhibit any overloading of the lung's cleaning function or lasting negative effects in the lung.

Genetic Engineering

WACKER exploits the potential of modern molecular biology and genetic engineering methods to produce high-value specialty and performance chemicals right through to complex proteins based on renewable raw materials. For instance, we use a genetically optimized *E.coli* system (ESETEC®) to produce pharmaceutical proteins as highly specific active ingredients for drugs.

We also prioritize safety when using genetically modified techniques, in that we comply with laws and regulations, industry-wide standards and our own rigorous internal safety provisions. We handle genetically engineered organisms solely in closed systems, which almost prevents anything from being released into the atmosphere. WACKER itself does not make any genetically modified substances, nor does it distribute them.

Research and Development

GRI 2-6

» **Management Report, Further Information on R&D, Employees, Procurement and Logistics**

Employees

WACKER's success is a team effort, involving the whole workforce. Skilled, committed people keep WACKER innovative and competitive. It is important to us that all our employees enjoy equality of opportunity. We offer attractive compensation, good promotion prospects and a share in our company's success.

Personnel matters are dealt with by the corresponding Executive Board committees.

We have defined goals in order to maintain our long-term innovative and competitive strength, and to recruit and retain highly qualified employees. These are:

- Systematically promote health
- Maintain and enhance WACKER's appeal
- Advertise and recruit for professions critical to WACKER's success
- Align in-house vocational training to meet future needs
- Encourage civic engagement, for example by encouraging young people to explore science and engineering

In the spirit of further developing our corporate culture, we defined four key value pairs in the year under review that form the compass for our actions and provide the structure for our revised Code of Conduct:

- Integrity & Example: We respect the relevant rules and set a good example.
- Performance & Passion: We deliver outstanding performance and are passionate about our work.
- Vision & Openness: We act in the interest of present and future generations, and are open to new ideas.
- Collaboration & Appreciation: We work together constructively and value each other.

What is more, the open-plan design at WACKER House, our new headquarters in Munich's commercial and residential Werksviertel district, which we are set to move into in 2024, reflect these values.

Employment Structure, Compensation and Social Benefits

| GRI 2-7 | GRI 2-8 | GRI 201-1 | GRI 401-1 | GRI 401-3.3 | GRI 402-1 | GRI 402-3.3 |

The company pursues a flexible personnel-planning strategy in order to deal with production peaks and economic downturns, while at the same time protecting its permanent staff. If measures to reduce personnel costs become necessary, these are decided in close consultation with employee representatives. WACKER regularly informs its employees of current trends within and outside of the Group that could affect business development. Employees receive timely, comprehensive information on material changes in operations, with the company observing its respective national and international duties of disclosure.

Of all employees, 65 percent work in Germany, and 35 percent in other locations worldwide. Information on the number of employees, personnel costs and retirement benefits is included in the combined management report.

» **"Further Information on R&D, Employees, Procurement and Logistics"**

Personnel costs included outlays for social benefits and the company pension plan totaling €282.8 million (2022: €312.6 million). Aside from a base salary, employees usually receive variable compensation. This voluntary payment to both payscale and non-payscale employees is tied to the attainment of corporate goals.

In order to ensure that compensation is non-discriminatory, it is based on gender-neutral criteria related to the duties required by the position in question. WACKER is determined to pay all of its employees throughout the world appropriately. For this purpose, a global survey and review were carried out for the first time in 2024.

Jobs

	2023	2022	2021
Number, groupwide	**16,378**	15,725	14,406
Germany	**10,621**	10,424	10,006
International	**5,757**	5,301	4,400
International (%)	**35.2**	33.7	30.5
New recruits groupwide	**1,930**	2,541	1,340
New recruits groupwide (%)	**11.8**	16.2	9.3

	2023	2022	2021
Employment contracts, groupwide	**16,378**	15,725	14,406
Permanent employment contracts	**15,211**	14,504	13,873
Temporary employment contracts	**1,167**	1,221	533

	2023	2022	2021
Temporary workers, groupwide	**186**	188	150
Of which Germany	**142**	122	114
Of which international	**44**	66	36
Ratio[1] of temporary workers, groupwide (%)	**1.1**	1.2	1.0
Ratio of temporary workers, Germany (%)	**1.3**	1.2	1.1
Ratio of temporary workers, international (%)	**0.8**	1.2	0.8

[1] Ratio of temporary workers to employees, groupwide.

Employee Turnover

Good social benefits, competitive compensation and motivating work make WACKER an attractive employer. That is evident in our employees' many years of service with us. The average length of service in Germany (permanent staff) was 16.5 years (2022: 17.4 years). The average length of service of WACKER's executive personnel was 21.2 years.

Employee Turnover Rate

%	2023	2022	2021
Germany	**1.1**	1.1	2.5
International	**7.4**	9.5	11.0
Group	**3.1**	3.7	5.0

In its annual satisfaction survey of chemical-industry executives, the VAA (German Chemical Industry Association of Academic and Management Employees) ranked WACKER 5th out of the 23 companies assessed. In the reporting year, VAA member executives gave WACKER an overall score of 2.7, with 1.0 being the highest (in the previous year, WACKER had taken 12th place with a score of 2.9). The average grade for all of the companies surveyed was 3.0 (previous year: 2.8).

Personnel Development

GRI 201-1 | GRI 404-3 | GRI 404. 3-3

In the spirit of the UN's Sustainable Development Goal (SDG) 8 – Decent Work and Economic Growth – WACKER encourages its employees to realize their potential, assume responsibility and contribute their own ideas. We support their endeavors by providing basic and advanced training opportunities. We want to provide secure jobs, good employee benefits and a work culture that facilitates a positive work-life balance. It is important to us that all our employees enjoy equality of opportunity. A further aim is to ensure that any employees who are disabled or have chronic health issues are integrated in the workplace over the long term.

In 2023, WACKER invested a total of €9.2 million in Germany in personnel-development activities and advanced training (2022: €7.9 million).

Each employee spent an average of 26 hours in training in the year under review, with everyone taking part in at least one training event.

Each Group employee participates in an annual performance review and development meeting with their supervisor. The talent management conference cycle was revived in the year under review after having been suspended in the previous year.

All WACKER employees have a personal email address. This means that services can be accessed conveniently via a portal on the intranet and also individually on mobile devices.

Vocational training is a key component of WACKER's personnel-development activities and has always been a focus of its HR strategy. In 2023, 193 young people began apprenticeships at WACKER or at the Burghausen Vocational Training Center (BBiW). The company employs a total of 576 apprentices (2022: 574). At 5.1 percent, the percentage of trainees (ratio of trainees to Group employees in Germany) is slightly below the previous year's level (2022: 5.2 percent). The Burghausen Vocational Training Center also provides training for companies other than WACKER.

We continually adjust to demographic trends and offer young people long-term prospects. Under a company agreement for WACKER Germany effective until March 31, 2026, apprentices who successfully complete their training and demonstrate appropriate skills will be offered a job.

Trainees

	2023	2022	2021
Number of new trainees	**193**	174	172
Total number of trainees (all training years)	**576**	574	600
Number of trainees graduating	**173**	183	186
Of whom employed by WACKER[1]	**150**	154	148
Number of retrainees	**–**	–	–
Trainees / retrainees as a percentage of total WACKER Germany workforce (%)	**5.1**	5.2	5.7

[1] In most cases where a trainee was not hired, this was their own preference, e.g. because they were continuing their education at college or university.

Diversity, Inclusion and Equal Opportunity

| GRI 2-7 | GRI 405-1 | GRI 405-3.3 | GRI 406. 3-3 |

WACKER's goal is an unbiased work environment, where every employee can contribute to the company's success – and where employees with disabilities or with an equivalent status are integrated over the long term. Diversity management at WACKER focuses not only on inclusion, but also on the issues of gender and cultural background. WACKER is a member of Germany's Diversity Charter initiative and constantly monitors awareness of the charter's seven dimensions of diversity.

We view human diversity as an asset. We oppose discriminatory or derogatory treatment, for instance, on the basis of gender, race, ethnicity, religion, ideology, disability, sexual orientation or age. These principles are valid throughout the WACKER Group and, as part of our corporate culture, are embodied in our Code of Conduct. Employees can report incidents of potential discrimination – even anonymously. Reports can be made to a supervisor, compliance officer, employee representative or designated HR contact person. Every complaint is investigated, and the reporting party is informed of the outcome. Discrimination incidents are recorded quarterly in the compliance report submitted to the Executive Board. They are also mentioned in the regular reports submitted to the Supervisory Board. We require all employees at our German sites to familiarize themselves with the country's General Equal Treatment Act (AGG) by completing an e-learning course.

In 2022, we set diversity targets for promoting women and internationality in management:

- By the year 2030, roughly one-third of management positions in the WACKER Group should be held by women.
- WACKER is planning to place around every second regional management position outside Germany by 2030.

2030 Targets: Management Positions – 33% Women, 50% Outside Germany

%	2023	2022	2021
Management positions held by women	**20.5**	20.6	18.5
Management positions outside of Germany	**32.3**	29.6	28.5

Regarding management positions outside Germany, we achieved a significant increase of 2.7 percentage points in the reporting year. This was due in part to our regional growth strategy, as this also had an impact on the number of management positions.

Diversity, Inclusion and Equal Opportunity

	2023	2022	2021
Workforce, groupwide	**16,378**	15,725	14,406
Of whom female	**4,082**	3,844	3,451
Female employees, groupwide (%)	**24.9**	24.4	24.0
Workforce in Germany	**10,621**	10,424	10,006
Of whom non-German	**1,054**	1,039	987
Non-German employees in Germany (%)	**9.9**	10.0	9.9
Employees in middle management, groupwide (managerial level 3)	**3,695**	3,451	3,252
Of whom female	**986**	891	824
Women in middle management, groupwide (%)	**26.7**	25.8	25.3
Executive personnel (OFK), groupwide[1]	**151**	150	159
Of whom female senior executives	**25**	27	27
Female senior executives, groupwide (%)	**16.6**	18.0	17.0

[1] Figures for executives (OFKs) exclude inactive employment contracts and the Executive Board of Wacker Chemie AG.

15 percent of Group employees are under 30 years of age; 58 percent are from age 30 to 50 years; 27 percent are over 50.

People from 84 nations work for WACKER. At the end of 2023, 45 out of a total of 151 executives groupwide were of non-German nationality, corresponding to 29.8 percent of the total. A total 16 different nationalities were represented at the OFK senior executive level.

The composition of our management personnel reflects the global nature of our business. In recent years, WACKER has increasingly filled leadership positions in its regions with local employees rather than with executives sent there on assignment from Germany. The main criterion for filling executive positions remains qualification. In Germany, the General Equal Treatment Act (AGG) forbids the selection of personnel based on ethnicity. A similar situation exists in other WACKER regions, such as China and the USA, where we make choices primarily on the basis of qualifications.

Women in Executive Positions

When calculating the proportion of women in management positions pursuant to Section 76 IV of the German Stock Corporation Act (AktG), WACKER focuses on the two levels of management below the Executive Board as depicted in the Wacker Chemie AG organizational chart. With regard to the second reporting level, we decided to include only managerial employees from the highest non-payscale level or those who are OFK executive personnel with responsibility for managing employees. The Declaration on Corporate Management contains information about the proportion of women in management and about how WACKER is implementing the German statute on equal opportunity for women and men in management. We defined a target for women in the first and second levels of management below the Executive Board. Our goal is to ensure that women account for 25 percent at both levels by 2026. The composition of Wacker Chemie AG's Supervisory Board meets legal requirements, with three women among the shareholder representatives and two women among the employee representatives. The Executive Board comprises one woman and three men, which complies with the German Act on Equal Opportunity in Management (FüPoG II).

The Culture & Diversity Committee, whose members are from different departments, has initiated activities for achieving diversity in the Group, for example with information booths and online events. We support the use of gender-sensitive German language usage in the Group and have published a reference document in the intranet that provides a guide for employees as well as a platform for inquiries and suggestions.

In addition, the WACKER Women's Circle, an initiative launched by women in the company, raises awareness for diversity issues throughout the Group, offering a platform for discussion in an atmosphere of trust.

Inclusion

At WACKER, special arrangements are in place for anyone who has disabilities, who has equivalent status or whose health is impaired. To provide targeted support in line with local laws and regulations, WACKER's system of workplace integration management calls for close cooperation between supervisors, employees, Human Resources, employee representatives, representatives of employees with disabilities, and Health Services.

For years, WACKER has employed more people with disabilities (or equivalent status) in Germany than required by law; in 2023, these individuals constituted 6 percent of the total workforce and 1.7 percent of management. Even so, we had to pay a low compensatory levy in the reporting year, as not every subsidiary achieved the five-percent target. 88 percent of employees with severe disabilities or with an equivalent status at WACKER Germany are remunerated on the basis of the standard payscale. The average age of disabled employees at WACKER is 51.4. The Burghausen site hired a disabled young person for an apprentice position in the reporting year and we offered regular employment to another disabled apprentice after he successfully completed his training.

Life-Phase-Oriented Work

WACKER offers its employees extensive opportunities to balance their private and professional lives. These include multiple work-time models in Germany, such as working on a trust basis (work-time autonomy); childcare assistance; school-vacation support at our major sites of Burghausen and Nünchritz; and one week of "family time" for parents of children under eight or for employees providing caregiving to relatives.

Because the modern economy demands flexible working arrangements, we have established company agreements on remote work at German sites. After obtaining approval from their supervisors, employees have the opportunity of performing an agreed portion of their work remotely.

Our employees have access to a variety of leave options and part-time models for personal situations, such as providing caregiving to family members, pursuing further education or taking a sabbatical. These arrangements are based on company agreements and on the "Working Life and Demography" collective-bargaining agreement, and offer employees a wide range of options for balancing their careers with different stages of their lives.

We actively support childcare services and a return to work after maternity/paternity leave, e.g. by offering reintegration workshops. At our German sites, a service provider either advises families in their search for spots in kindergartens and day-care centers or provides support in finding alternative care options. Whether employees themselves or family members fall ill or need caregiving, employees in Germany can obtain advice from a consultation service.

WACKER's membership in the "Familienpakt Bayern" (Family Pact Bavaria) network, sponsored jointly by the Bavarian government and Bavarian industry, highlights our goal to foster a family-friendly corporate culture.

Part-Time Employment and Leaves of Absence

	2023	2022	2021
Part-time employees, Germany[1]	**3,562**	3,379	3,327
Of whom women	**1,221**	1,136	1,099
Of whom men	**2,341**	2,243	2,228
Part-time employees, Germany (%)	**33.5**	32.4	33.3
Employees in phased early retirement	**1,467**	1,435	1,431
Of whom in the passive phase	**811**	669	522

[1] Working less than 100%.

	2023	2022	2021
Sabbaticals[1]	**88**	68	59
Additional qualifications[2]	**17**	20	19
Caregiving[3]	**6**	5	4
Total	**111**	93	82

[1] Time off for personal reasons.
[2] Advanced training either part-time alongside work or full-time.
[3] Leave to provide care for a family member.

Employee Representation

GRI 2-30

Our employees in Germany make use of their option to unionize. Every WACKER site in Germany has formally elected employee representation. WACKER actively nurtures constructive collaboration. In the interests of the company’s employees, relations between management and employee representatives are close and constructive. Innovative company agreements are one result of this dialogue.

WACKER employees abroad are free to unionize as well. At non-German sites where there is no (statutory or voluntary) employee representation, the HR department is the contact for employee interests.

Considering just five of the largest countries in which WACKER has a presence, more than 75 percent of the Group’s entire workforce are represented by collective-bargaining agreements or unions. In Germany, 100 percent of the company’s sites are bound to the collective-bargaining agreements of applicable industries.

Preventing Corruption and Bribery

| GRI 2-13 | GRI 205-1 | GRI 205-2 | GRI 205-3 | GRI 205-3.3 |

We explicitly commit ourselves to the UN Global Compact's Ten Principles. They include the principles on labor standards, namely upholding the freedom of association (Principle 3), eliminating all forms of forced labor (Principle 4), abolishing child labor (Principle 5) and eliminating discrimination (Principle 6). We also make commitments to our customers to uphold these same labor standards. The sanctions we impose for any proven misconduct in personnel matters are determined by the seriousness of the incident. There were no incidents of note in the reporting year.

Corruption and bribery have no place in our business model. Our principles on this are contained in our Code of Conduct and all WACKER employees are required to follow them. The Chief Compliance Officer reports directly to the president and CEO on compliance issues. The full Executive Board is informed on a quarterly basis of any relevant compliance issues in the Group. In urgent cases, the Executive Board is informed immediately. One principal objective is to avoid exposing either the company or its Executive Board or Supervisory Board to liability risk.

Compliance training raises employees' awareness of the relevant risks and informs them of rules of conduct applicable to their daily work. It is compulsory for all WACKER Group employees. Whistleblower hotlines provide a means for employees and business partners to report any breaches anonymously.

According to Transparency International's Corruption Perceptions Index (CPI), WACKER generates more than half of its sales in countries with lower risk of corruption (CPI ≥ 60).

Corruption and Bribery Incidents

	2023	2022	2021
Prevention			
Number of organizational units examined for corruption/bribery risks	**35**	29	27
Percentage of legal entities examined for corruption/bribery risks	**25**	35	24
Corruption and bribery incidents[1]			
Examined	**–**	–	–
Closed[2]	**–**	–	–
Measures taken in response to corruption and bribery incidents			
Written warnings	**–**	–	–
Termination of employment	**–**	–	–
Number of lawsuits	**–**	–	–
Level of major fines[2] and number of non-monetary penalties	**–**	–	–

[1] Only cases of corruption in the narrow sense (e.g. bribery) are taken into account.
[2] Major fine threshold: from €10,000.

Occupational Safety

GRI 403-1 | GRI 403-2 | GRI 403-3.3 | GRI 403-5 | GRI 403-7 | GRI 403-9

Occupational and plant safety are vitally important for WACKER. That is why WACKER defines safety targets together with its executives (upper and middle management) in Germany during its annual target-setting process. Systematic safety management includes regular evaluation of hazards and work-area monitoring. We align our processes and standards relating to occupational health and safety with the international ISO 45001 standard. Our site in Jincheon, South Korea, has been certified to this standard.

All our employees are given compulsory safety training tailored to their particular work areas. WACKER Germany, for example, offers over 40 online courses on occupational safety issues. Topics range from general safety guidelines for office and laboratory workers to instruction on safe behavior in potentially explosive atmospheres and the classification of hazardous materials.

The trend in occupational accidents is one of the most important non-financial performance indicators. We have set a goal of keeping the number of occupational accidents to below 2.0 per million hours worked groupwide. The Group's accident rate improved slightly in the reporting year, with 3.3 occupational accidents per million hours worked, compared with 3.5 in the previous year. Unlike the previous year, however, the Group's overall improvement in the accident rate was due entirely to improvements in Asia and the Americas, whereas the accident rate in Europe increased in 2023 to 4.6 (previous year: 4.3). As such, our Asian sites in particular continued to report substantially fewer occupational accidents than our sites in Europe. Very few accidents at WACKER involve chemicals. The most common causes are tripping, slipping, falling and lack of care when performing manual activities.

Occupational Accidents Involving Permanent Staff and Temporary Workers

	2023	2022	2021
Accident rate: Group			
Accidents[1] per million hours worked	**3.3**	3.5	3.6
Accident rate: Europe	**4.6**	4.3	4.7
Accident rate: The Americas	**1.1**	2.3	1.3
Accident rate: Asia	**0.4**	1.4	0.6
Chemical accidents with missed workdays[1]	**2**	10	4
Fatal accidents	**–**	1	–

[1] Accidents leading to at least one workday missed.

We are never satisfied with our accident rate, and we regularly update our occupational safety initiatives. In order to reverse the trend in Europe, we have continued to pursue safety initiatives begun last year at our Burghausen and Nünchritz sites, which include education days, inspections and checklists. We have also extended these initiatives to other German sites as well. We raise awareness of employees to help them identify and avoid unsafe behavior through our WACKER Safety Plus (WSP) program, in which we build on elements of successful safety strategies at sites with particularly low accident rates – such as safety patrols, emergency drills and holding discussions with the workforce. Employees in Germany can use our idea management system to quickly and easily report safety-critical situations. As a result, hazards can be identified and eliminated at an early stage before they lead to an accident. We give special recognition to plants and their employees for sustained periods of time without a reportable accident. Occupational Safety Committee meetings (ASAs as defined in Section 11 of the German Safety at Work Act (ASiG)) are held quarterly at all of our German sites, in order to discuss industrial safety issues together with company and employee representatives.

Health Management

GRI 403-3 | GRI 403-6

The health of our employees is important to us and one of our corporate goals is to protect it. What is more, WACKER has signed the Luxembourg Declaration on Workplace Health Promotion in the EU. In doing so, we have undertaken to promote health and to encourage employees to improve their health.

We continued to pay particular attention to measures that help prevent coronavirus infections at the workplace. In this context, our priorities have been safeguarding employee health and ensuring supply continuity for our customers by keeping up production. Wherever feasible, employees worked from home.

At our German sites, we implemented the SARS-CoV-2 Occupational Safety and Health Regulation issued by the Federal Ministry of Labor and Social Affairs in the form of site-specific hazard assessments relating to protection against infection until they ceased to apply in April of the reporting year. In work areas that are vital for integrated production and where the prescribed distance could not be kept, employees complied with the requirement to wear a mask valid at a particular time.

These measures proved successful throughout the entire pandemic, with very few transmissions reported at workplaces where employees followed standards for preventing infection. We distributed self-administered coronavirus tests and face masks for personal use to employees at our German sites and explained the advantages of vaccination to them. Physicians at our German sites provided Covid vaccinations in keeping with requirements stipulated by law and/or government agencies.

Health protection focuses on avoiding adverse influences on employees at the workplace, for example due to hazardous substances. In health promotion, we focus on

- Avoiding back complaints and cardiovascular diseases in our workforce
- Boosting psychological resilience
- Facilitating age-appropriate work
- Providing suitable workplaces for employees with disabilities

When it comes to employee health protection, we take account of the digital transformation of work processes and the higher number of employees working remotely from home or elsewhere. Employees in Germany, for example, are invited to participate in virtual fitness classes for both relaxation and for strengthening their musculoskeletal system.

The key instruments of occupational health and safety include health screenings and health-promotion programs. Health Services advises employees on health concerns, in particular their ability to work and to start work again, and provides intensive, long-term assistance to employees with chronic illness, back problems or mental health issues.

We offer comprehensive preventive checkups to all employees over 45 years of age at all of our sites in Germany. In addition to organ exams, the focus is also on consultations with company doctors to review employees’ general health as well as their working environment. Systematic evaluations of mental stress in the workplace – appraisals that take occupational psychology considerations into account as well – are a standard component of hazard assessments at WACKER.

The number of recognized occupational diseases at WACKER’s sites in Germany is at a very low level. In the past, respiratory diseases and cancer were the most frequent causes of illness; there are some isolated cases where previous exposure to asbestos has caused occupational diseases.

We collect health metrics via annual surveys conducted at production sites throughout the Group. One case of occupational disease was reported at WACKER Germany in the reporting period. The results of the global survey will be available in the second quarter of 2024.

Society

Social Responsibility

| GRI 2-28 | GRI 2-29 | GRI 203-1 | GRI 203-3.3 | GRI 203-2 | GRI 413-1 |

WACKER sees itself as a good corporate citizen – as part of the society in which we live and work. We practice social responsibility, especially in the regions where our sites are located.

Social Issues
Neighbors: corporate citizenship is based on good relations with local communities and neighbors. We are transparent about what happens behind our factory gates. All of our sites worldwide respond to inquiries from the public. Local residents who approach us with a concern receive prompt and clear answers. Local hotlines and central contact persons are available for such matters. We publish information about our sites in environmental reports and in other brochures.

At some of our sites, we offer local communities free services, such as the Household Hazardous Waste Day which WACKER organizes together with other companies, at our site in Adrian, Michigan (USA) and on which neighbors can bring in household chemical products free of charge that are not allowed in trash cans.

Donations and sponsorships: Our approach to sponsorship focuses on charitable activities, education and science. One example is our sponsorship of the TUM Venture Labs Initiative at the Technical University of Munich. Conceived as an incubator, this initiative helps students and doctoral candidates to set up technology-based start-ups where engineering, natural and life sciences, AI/IT and medicine cross.

In Munich, WACKER has sponsored a children's and youth charity, The Ark, since 2006, and, in the reporting year, made its 17 th regular donation of €100,000, taking the total donated (including special donations) to over €1.7 million. The Ark helps children and adolescents from socially disadvantaged families in the city's Moosach district.

The WACKER Relief Fund is dedicated to providing unbureaucratic, long-term aid, especially in the wake of natural disasters. The fund's board members and trustees work on a voluntary basis. So far, Wacker Chemie AG has matched all employee contributions to the fund. The relief fund uses its cent-donation program to finance ongoing operations at the schools it sponsors. Employees agree to round down their monthly paycheck to the next lower euro amount, and the company matches the cent amounts it collects, thereby doubling its contribution.

In the year under review, WACKER HILFSFONDS donated €150,000 to Aktion Deutschland hilft e.V., to help earthquake victims in Turkey and Syria. Around half of this donation came from the workforce. WACKER doubled the amount and rounded it up.

In 2023, WACKER paid €58,3 million in current taxes to governments throughout the world (2022: €392,3 million). In addition to these corporate taxes, governments also receive the personal taxes and social-security contributions paid by our employees.

Schools and universities: WACKER wants to encourage children and young people to explore technology and the natural sciences. We are a founding member of the Bavarian Educational Pact, a foundation in which the state of Bavaria collaborates with industry to modernize Bavaria's education system. Angela Wörl, our Personnel Director, is a member of the foundation's board of directors. WACKER's CHEM2DO® experiment kit helps us provide free advanced training to science teachers in Germany and Austria on how to experiment in the classroom with silicones and cyclodextrins. Digital chemistry classes are enriched with animations and explanatory videos on curriculum topics such as interactions, hydrophobization, crosslinking and properties of plastics and silicones.

» **www.chem2do.de (In German only)**

WACKER places great emphasis on fostering young scientific talent and maintaining close contacts with universities. Our researchers are invited to deliver presentations and lectures at universities. University groups visit our locations to gain insights into work at an industrial company. Students can write their bachelor's, master's or doctor's theses at WACKER, or work as interns or student employees.

Politics and NGOs

As set out in our Code of Conduct, we are committed to responsible actions and integrity – also in our dealings with political parties and NGOs.

We represent our political interests in a way that is consistent with the positions we have expressed publicly. In our work with political entities, we focus on concrete issues and are open to dialogue with any democratic parties. We regularly extend invitations to politicians for discussions and tours at our sites.

WACKER is involved in shaping energy, climate and industrial policies to ensure a solid financial and planning framework for transforming energy-intensive companies in the direction of a net zero carbon footprint by 2045.

Our ambitious climate change mitigation targets are compatible with the Paris Agreement. Validated by the Science Based Targets initiative (SBTi), they aim to limit the global rise in temperature to 1.5 °C.

» **https://sciencebasedtargets.org**

WACKER has joined the UN's Race To Zero initiative, thus making a voluntary commitment to meeting the "1.5 °C" target and undertaking to document its progress towards net zero by means of transparent reports.

» **https://unfccc.int/climate-action/race-to-zero-campaign**

As a globally active company, we support fair and free trade. As an industrial company with high gas and electricity consumption, we need globally competitive energy prices and a secure power supply.

We are involved in the Chemistry4Climate initiative of the German Chemical Industry Association. As a corporate sponsor of the KlimaWirtschaft foundation, we firmly acknowledge the importance of business's role in climate protection.

We work across sectors to find practical ways of putting corporate climate change mitigation into motion.

» **https://www.vci.de/themen/energie-klima/chemistry4climate/chemistry4climate.jsp (In German only)**
» **https://www.klimawirtschaft.org/**

Work in Associations

National and international associations serve as a platform for our expertise – in particular, Europe's Cefic (European Chemical Industry Council), Germany's VCI (Chemical Industry Association), the USA's ACC (the American Chemistry Council), and China's IPCIF (China Petroleum and Chemical Industry Federation). Our work with these entities examines issues ranging from plant, product and occupational safety, climate, energy, industrial and environmental policies, to sustainable finance. Our experts are active in trade associations such as Deutsche Bauchemie (German construction-chemicals association), where issues include sustainable construction.

Our Executive Board is represented in the leadership of the German Chemical Industry Association's Technical and Environment Committee, and we are active on the VCI's Sustainability Board and in its Chemie^3 initiative.

WACKER CEO Christian Hartel has held the positions of president of the Bavarian Chemical Associations since 2019, vice president of the Bavarian Industry Association vbw since 2020, and vice president of Germany's Chemical Industry Association (VCI) since 2023.

WACKER in Burghausen is a founding member of the ChemDelta Bavaria initiative, which champions improved regional infrastructure in that part of Bavaria. Key topics include double-track upgrades and electrification of local rail routes, as well as a sustainable, secure energy supply in ChemDelta Bavaria.

WACKER is involved in European solar associations such as Solar Power Europe (SPE) and the European Solar Manufacturer Council (ESMC) in various functions and working groups. We are committed to further expanding photovoltaics and to sustainable technologies and supply chains in this sector. The association particularly focuses on strengthening European photovoltaic manufacturing.

» **https://www.solarpowereurope.org**

Respect for Human Rights

We are committed to ensuring that our business activities do not violate, or have any adverse impact on, human rights. We are committed to the UN Global Compact's Ten Principles and thus to protecting human rights and avoiding complicity in human rights abuses. We condemn slavery and all other forms of forced or compulsory labor. We do not use physical violence, mental intimidation or any other form of abuse. In this respect, we follow the OECD Guidelines for Multinational Enterprises, the ILO Core Labor Standards, and the UN Guiding Principles on Business and Human Rights. In the reporting year, we reviewed and implemented changes in German law, in particular the Supply Chain Act (LkSG). Our standards were updated accordingly and we prepared for future requirements coming into effect, such as at European level.
We implemented or enhanced the following steps:

- We put our risk-management approach down in writing in the form of a manual and made it binding.
- We further anchored human rights due diligence in relevant business divisions and at all sites through training and the definition of responsibilities and reporting channels.
- We communicated the human rights officer position and function company-wide and explained the relevance of the law for various groups of employees through internal communication activities.
- We systematically introduced continuous risk analysis of the supply chain and of the WACKER Group and defined prevention measures and remedy processes in a more binding manner.
- We introduced a binding Supplier Code of Conduct.
- We optimized our whistleblower system by tailoring it to internal needs and then introduced it as a digital hotline platform for internal and external contacts.

Christian Hartel, our president and CEO, is also responsible for sustainability matters, including human rights. He signs our Policy Statement on the UK's Modern Slavery Act, as well as our UN Global Compact Progress Report, and in the future, will sign the yearly report to the relevant German authorities, as required by the Supply Chain Act (LkSG).

The Human Rights Officer monitors risk management and is largely responsible for preparing and improving our human rights strategy, Policy Statement and reporting. Whenever a risk is detected, contact is immediately made with the officer, who then consults with affected departments and recommends corrective measures. The Human Rights Officer reports directly to the president and CEO and presents a report on their activities once a year and as needed. The officer convenes the WACKER Human Rights Committee and nominates its members. This committee assists the officer in analyzing potential impacts on human rights at WACKER and throughout the supply chain. It is also responsible for checking existing management approaches in terms of mechanisms that fulfill a protective and monitoring function, as well as for identifying weak points and meeting the need for information. Experts in sustainable development, compliance, law, human resources, procurement, logistics, sales, and human rights meet in this committee at least four times a year. They review the results of audits and assessments and, where necessary, take action to make improvements.

The reporting period was the first time that all sites in the WACKER Group were subject to a human rights review (including reporting obligations) via an internal Human Rights Due Diligence (HRDD) report. In internal audits, the issue of human rights is covered by an optional list of questions. Furthermore, external social audits were carried out in accordance with SMETA or TfS standards at relevant sites, accounting for around 65 percent of the workforce. Findings were ascertained in areas including safety and human resources and these were discussed with the relevant managers. Improvement measures were implemented.

With the Together for Sustainability (TfS) initiative, we commit our supply chain to human rights aspects and provide training through the TfS Academy.

» **https://www.tfs-initiative.com/tfs-academy**

EU Taxonomy Regulation

The European Union's Action Plan on Financing Sustainable Growth set out to establish a classification system for sustainable economic activities, formalized in the EU Taxonomy Regulation. This system is intended to help companies subject to the obligation to publish a non-financial report to identify environmentally sustainable activities and standardize their reporting. The taxonomy is intended to play a role in the transition to sustainable finance by strengthening the reliability and comparability of sustainability information. EU delegated acts governing fiduciary duties, and investment and insurance advice are designed to advance the European Green Deal's goal of achieving net zero by 2050 by directing capital toward sustainable activities. In its Taxonomy Regulation, the EU has defined six environmental objectives which, in the EU's view, companies can use to determine which of their economic activities may be classified as sustainable. This section addresses the first two objectives that are obligatory for disclosure in the reporting year, namely "climate change mitigation" and "climate change adaptation," together with the four environmental objectives that need to be reported for the first time during the reporting year ("Substantial contribution to the sustainable use and protection of water and marine resources," "Substantial contribution to the transition to a circular economy," "Substantial contribution to pollution prevention and control" and "Substantial contribution to the protection and restoration of biodiversity and ecosystems").

In the 2021 reporting year, we already made these additional disclosures as required by the EU Taxonomy Regulation in line with our obligation to prepare and publish a non-financial report as defined in Sections 289c and 315c of the German Commercial Code (HGB). In accordance with Article 8 (2) of the EU Taxonomy Regulation, we disclosed the proportion of sales (in the sense of turnover as per Regulation (EU) 2021/2178), capital expenditure and operating expenditure classified as environmentally sustainable.

The methodology for the classification of economic activities follows Annex I of Commission Delegated Regulations (EU) 2021/2139, (EU) 2023/2485 and (EU) 2023/2086, Commission Delegated Regulations (EU) 2022/1214, 2023/3850 and (EU) 2023/3851 supplementing Regulation (EU) 2020/852, with the aid of the NACE codes cited.

The economic activities we have identified fall under the environmental objective "climate change mitigation." In the course of publication of four additional environmental objectives during the reporting period, we also identified activities under "environmental pollution." We did not identify any activities under "climate change adaptation," "water," "circular economy" or "biodiversity."

Because we identified only those eligible activities falling under the "climate change mitigation" and "pollution" objectives, there is no duplication of taxonomy-eligible sales, CapEx or OpEx in other environmental objectives. In addition, because these KPIs relate to consolidated figures, there is also no duplication across various economic activities.

Economic activities identified as taxonomy-eligible under the "climate change mitigation" objective included, in particular, those from the "Manufacture of plastics in primary form" category. This category covers economic activities performed by WACKER POLYMERS (finished products based on polyvinyl acetate), WACKER SILICONES (silicone-based products such as silicone sealants and pyrogenic silica as insulation material) and WACKER BIOSOLUTIONS (the sale of PVAc-based gum base for chewing gum). In this reporting period, we are also reporting the "Manufacture of active pharmaceutical ingredients" as an additional taxonomy-eligible economic activity in relation to the "pollution prevention" objective. This category covers activities in the BIOSOLUTIONS and SILICONES business divisions, which manufacture active pharmaceutical ingredients (APIs) as end products.

In addition to the above-mentioned economic activities that we classify as our core business — the production of chemical-pharmaceutical products — we have identified production-related services that can be attributed to the following activities defined in the EU Taxonomy: “Construction, extension and operation of waste water collection and treatment ,” “Electricity generation from hydropower,” “Electricity generation using solar photovoltaic technology,” “Construction, extension and operation of water collection, treatment and supply systems,” “Collection and transport of non-hazardous waste in source segregated fractions,” “Treatment of hazardous waste,” and “Remediation of contaminated sites and areas.” A cost-benefit analysis found all these production-related services to be insignificant and as a result they have not been reported on. By analogy, we have classified the only activity – “High-efficiency co-generation of heat/cool and power from fossil gaseous fuels” – identified in accordance with Commission Delegated Regulation (EU) 2022/1214 in relation to economic activities in certain energy sectors as being immaterial based on a cost-benefit analysis. That is why we will not be reporting on this separate template.

In the case of activities identified as taxonomy-eligible under the “climate change mitigation” objective, we assessed the taxonomy alignment of these activities, during the 2023 review period, using defined technical screening criteria. In this context, a company must prove, firstly, that the relevant activity makes a substantial contribution to “climate change mitigation.” If this substantial contribution can be demonstrated, the activity must meet additional DNSH (Do No Significant Harm) criteria to ensure that the activity does no significant harm to any other environmental objectives. The minimum safeguards defined in Art. 18 of Regulation 2020/852 could then, furthermore, be demonstrated. In accordance with Art. 18 (1), appropriate due diligence and remedy procedures must be implemented to ensure alignment with those CSR standards cited in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. In accordance with Art. 18 (2), it must be demonstrated as part of these due diligence and remedy procedures that account is taken of the principal adverse impact indicators on Employment and Social Affairs, Respect for Human Rights and Combating Bribery and Corruption.

For the new environmental objective “pollution prevention”, in line with Commission Delegated Regulation (EU) 2023/3850 supplementing Art. 10 of Commission Delegated Regulation 2021/2178, we are reporting only the proportion of sales, as well as capital expenditure and operating expenditure, attributable to taxonomy-eligible business for the current reporting year.

Proportion of Taxonomy-Eligible Sales

We assessed the sales figures in the statement of income for each Group company to determine whether, by means of taxonomy-eligible economic activities under Annexes I-V of corresponding Commission Delegated Regulations (EU) 2021/2139, 2022/1214, 2023/2485, 2023/2486, 2023/3850 and 2023/3851 supplementing Regulation (EU) 2020/852, they make a substantial contribution to the environmental objectives, and allocated the relevant proportions of sales to the taxonomy-eligible economic activities.

The sales KPI (in the sense of turnover KPI as per Regulation (EU) 2021/2178) required by the EU Taxonomy Regulation is the proportion of sales from taxonomy-eligible economic activities in relation to total sales in 2023. Taxonomy-eligible sales under Annex 1 (“Substantial contribution to climate change mitigation”) can be categorized in particular as the “Manufacture of plastics in primary form” at WACKER POLYMERS, WACKER SILICONES and WACKER BIOSOLUTIONS. A small proportion of sales under Annex 3 (“Substantial contribution to pollution prevention and control”) is obtained with regard to the “Manufacture of active pharmaceutical ingredients,” with this share of sales being allocated to WACKER BIOSOLUTIONS and WACKER SILICONES.

Currently, a large number of upstream products are not covered by the EU Taxonomy Regulation. Therefore, in this reporting period, too, the EU Taxonomy Regulation does not cover WACKER POLYSILICON, whose core product is hyperpure polysilicon – a fundamental building block for highly efficient solar cells and thus a raw material that plays a vital role in the energy transition.

Taxonomy-Eligible Investments

Taxonomy-eligible investments come from capital expenditure (CapEx) associated with an eligible economic activity or a credible plan for expanding or achieving an environmentally sustainable economic activity, or otherwise relating to the purchase of products and services from an eligible economic activity. To determine the reportable CapEx KPI, we calculate the ratio of taxonomy-eligible investments to the sum of additions to property, plant and equipment and intangible assets during the fiscal year before depreciation, amortization and remeasurements, including additions from business combinations.

We identify taxonomy-eligible investments using project descriptions of the additions to property, plant and equipment and intangible assets. The majority of taxonomy-eligible investments at WACKER are attributable to WACKER POLYMERS, WACKER SILICONES and WACKER BIOSOLUTIONS.

Taxonomy-Eligible Operating Expenditure

Taxonomy-eligible operating expenditure comprises the cost of maintenance and repairs of property, plant and equipment (including building refurbishment measures), non-capitalized R&D costs, and short-term leases for taxonomy-eligible economic activities. We calculate the OpEx KPI as the ratio of taxonomy-eligible operating expenditure to total direct, non-capitalized costs, which comprise those related to R&D, building refurbishment measures, short-term leases, maintenance and repair, and direct expenditures related to the maintenance of property, plant and equipment to retain functionality. The majority of taxonomy-eligible operating expenditure comprises servicing and maintenance costs at WACKER POLYMERS and WACKER SILICONES as well as in the WACKER BIOSOLUTIONS business division, and R&D expenditures. Taxonomy-eligible operating expenditure from the other economic activities for servicing and maintenance is of a subordinate nature.

Taxonomy-Aligned Economic Activities

Our taxonomy-eligible economic activities under Annex I of Commission Delegated Regulations (EU) 2021/2139, (EU) 2023/2485, (EU) 2023/2086 and (EU) 2023/2026 and Commission Delegated Regulations (EU) 2023/1214, 2023/3850 and (EU) 2023/3851 supplementing Regulation (EU) 2020/852 can be categorized in particular as the “Manufacture of plastics in primary form” at WACKER POLYMERS and WACKER SILICONES.

In this context, we were able to prove that the requirements for a substantial contribution to climate change mitigation are met as regards Criterion c) “manufactured... wholly or partially from renewable feedstock” for one part of the above-mentioned activity.

The corresponding DNSH (Do no significant harm) criteria were also assessed for the activities identified as taxonomy-aligned, with the result that these criteria were met as well.

It should be noted that, especially when we interpreted the DNSH criteria in Appendix C, the entire production process of each activity was taken into consideration. On the one hand, it could be proved that appropriate substances listed in Appendix C under points c) and/or e) and f) and used as such or as a raw-material component meet the exemption criteria mentioned. On the other, it could be proved that at the present moment in time, these base materials have no alternative substances or technologies, that with regard to the processes involved, these substances cannot be avoided and that they are used only under suitably controlled conditions. Furthermore, the requirements in accordance with Appendix C, point f) (2) are met as regards the end products examined. In general, the use of raw materials is subject to strict legal requirements. They are approved by the authorities and are used under controlled conditions or in compliance with defined specifications and requirements relating to occupational and plant safety.

The minimum safeguards defined in Art. 18 of Regulation 2020/852 could then, furthermore, be demonstrated. In accordance with Art. 18 (1), it was possible to implement appropriate due diligence and remedy procedures to ensure alignment with those CSR standards cited in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. In accordance with Art. 18 (2), it was demonstrated as part of these due diligence and remedy procedures that account is taken of the principal adverse impact indicators on Employment and Social Affairs, Respect for Human Rights and Combating Bribery and Corruption.

We have yet to prove alignment with the taxonomy for the activities identified as part of the new “pollution” environmental objective.

Taxonomy-Aligned Proportion of Sales, Capital Expenditure and Operating Expenditure

This section currently refers solely to those activities to be regarded as taxonomy-aligned in relation to “Plastics in primary form”:
The basis for calculation – as regards the activity identified as taxonomy-eligible (“Plastics in primary form”) – and disclosure of taxonomy-eligible proportions of sales, capital expenditure (CapEx) and operating expenditure (OpEx) in relation to the respective share in total Group sales or total Group capital expenditure or operating expenditure are applied analogously to taxonomy-aligned activities. That is, the individual taxonomy-aligned proportions of sales/CapEx/OpEx are compared with the respective proportion of sales, CapEx or OpEx for the entire Group.

As regards the activity identified as taxonomy-eligible (“Plastics in primary form”), the taxonomy-aligned proportion of sales to total sales of the Group is only 0.1 percent, whereas the proportion of sales from taxonomy-eligible activities is almost 66.9 percent.

There are various reasons for this:

- A proportion of taxonomy-eligible products is already based on renewable raw materials. As no fossil-based technology is being replaced, it is impossible to achieve taxonomy alignment.
- Renewable raw materials are not available in sufficient quantities and at competitive prices, making it currently impossible to substitute renewable for fossil-based raw materials.
- Given the large number of different products for a very wide variety of value chains, the large amount of time and effort needed to meet the technical assessment criteria can be provided only in stages.

The same applies to the taxonomy-aligned proportions of capital expenditures and operating expenditures as compared with the respective total figures calculated using a production volume key.

The taxonomy-aligned share of CapEx in total CapEx is 0.02 percent (mainly capital expenditure in plants), as compared with 31.0 percent for taxonomy-eligible CapEx.

At 0.02 percent, the taxonomy-aligned share of OpEx (including maintenance and servicing) in total OpEx is substantially lower than the taxonomy-eligible share of 47.9 percent.

A detailed comparison of these figures is presented in the tables below.

Proportion of sales from goods and services related to taxonomy-eligible economic activities – 2023 disclosure

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	Turnover* (3)	Proportion of Turnover*, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Turnover*, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		mEuro	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of plastics in primary form	CCM 3.17	6.4	0.10	Y**	N/EL**	N/EL**	N/EL**	N/EL**	N/EL**	Y	Y	Y	Y	Y	Y	Y	0.08	–	T
Turnover* of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		6.4	0.10	Y**	N/EL**	N/EL**	N/EL**	N/EL**	N/EL**	Y	Y	Y	Y	Y	Y	Y	0.08		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	
Of wich Transitional		–	–	100						Y	Y	Y	Y	Y	Y	Y	0.08		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of plastics in primary form	CCM 3.17	4,285.9	66.9	EL***	N/EL***	N/EL***	N/EL***	N/EL***	N/EL***								66.2		
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	105.4	1.65	N/EL***	N/EL***	N/EL***	EL***	N/EL***	N/EL***								–		
Turnover* of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,391.3	68.6	–	–	–	–	–	–								66.2		
A. Turnover* of Taxonomy-eligible activities (A.1 + A.2)		4,397.7	68.7	–	–	–	–	–	–								66.3		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover* of Taxonomy-non-eligible activities		2,004.5	31.3																
TOTAL (A + B)		6,402.2	100																

* Turnover (corresponds to "sales" in this report)
** Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL - not eligible, Taxonomy-non eligible activity for the relevant environmental objective
*** EL - Taxonomy-eligible activity for the relevant objective
N/EL - Taxonomy-non-eligible activity for the relevant objective

Proportion of CapEx from goods and services related to taxonomy-eligible economic activities – 2023 disclosure

Financial year 2023			Year	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, current year (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		mEuro	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of plastics in primary form	CCM 3.17	0.1	0.02	Y*	N/EL*	N/EL*	N/EL*	N/EL*	N/EL*	Y	Y	Y	Y	Y	Y	Y	0.01	–	T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0.1	0.02	Y*	N/EL*	N/EL*	N/EL*	N/EL*	N/EL*	Y	Y	Y	Y	Y	Y	Y	0.01		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	
Of wich Transitional		–	–	100						Y	Y	Y	Y	Y	Y	Y	0.01		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of plastics in primary form	CCM 3.17	275.7	31.0	EL**	N/EL**	N/EL**	N/EL**	N/EL**	N/EL**								32.6		
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	141.2	15.9	N/EL**	N/EL**	N/EL**	EL**	N/EL**	N/EL**								–		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		416.9	46.8	–	–	–	–	–	–								32.6		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		417.0	46.8	–	–	–	–	–	–								32.6		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		473.4	53.2																
TOTAL (A + B)		890.4	100																

* Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL - not eligible, Taxonomy-non eligible activity for the relevant environmental objective

** EL - Taxonomy-eligible activity for the relevant objective
N/EL - Taxonomy-non-eligible activity for the relevant objective

Proportion of OpEx from goods and services related to taxonomy-eligible economic activities – 2023 disclosure

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		mEuro	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of plastics in primary form	CCM 3.17	0.2	0.02	Y*	N/EL*	N/EL*	N/EL*	N/EL*	N/EL*	Y	Y	Y	Y	Y	Y	Y	0.01	–	T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0.2	0.02	Y*	N/EL*	N/EL*	N/EL*	N/EL*	N/EL*	Y	Y	Y	Y	Y	Y	Y	0.01		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	
Of wich Transitional		–	–	100						Y	Y	Y	Y	Y	Y	Y	0.01		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of plastics in primary form	CCM 3.17	363.1	47.9	EL**	N/EL**	N/EL**	N/EL**	N/EL**	N/EL**								52.3		
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	11.6	1.5	N/EL**	N/EL**	N/EL**	EL**	N/EL**	N/EL**								–		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		374.7	49.4	–	–	–	–	–	–								52.3		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		374.8	49.5	–	–	–	–	–	–								52.3		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		383.0	50.5																
TOTAL (A + B)		757.8	100																

* Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL - not eligible, Taxonomy-non eligible activity for the relevant environmental objective

** EL - Taxonomy-eligible activity for the relevant objective
N/EL - Taxonomy-non-eligible activity for the relevant objective

Scope of taxonomy eligibility and taxonomy conformity by environmental objective

2023	Proportion of turnover/Total turnover (%)		Proportion of CapEx/Total CapEx (%)		Proportion of OpEx/Total OpEx (%)	
	Aligned per objective	eligible per objective	Aligned per objective	eligible per objective	Aligned per objective	eligible per objective
CCM (Climate Change Mitigation)	0.10	66.9	0.02	31.0	0.02	47.9
CCA (Climate Change Adaption)	–	–	–	–	–	–
WTR (Water)	–	–	–	–	–	–
CE (Circular Economy)	–	–	–	–	–	–
PPC (Pollution Prevention and Control)	–	1.65	–	15.9	–	1.5
BIO (Biodiversity and Ecosystems)	–	–	–	–	–	–

Information on Wacker Chemie AG

In addition to the information on the WACKER Group provided in the combined non-financial report, the key indicators for Wacker Chemie AG are given below.

Wacker Chemie AG is the parent company of the WACKER Group and has its headquarters in Munich, Germany. It operates through four business divisions: WACKER SILICONES, WACKER POLYMERS, WACKER BIOSOLUTIONS and WACKER POLYSILICON. Wacker Chemie AG also has corporate departments, which provide services to the Group as a whole. The key performance indicators used in corporate management are implemented groupwide in the business divisions. Corporate goals are defined and reported for the divisions on a groupwide basis. Even though Wacker Chemie AG is an independent entity, no separate key performance indicators are defined or reported for it. That also applies to matters such as sustainability and non-financial performance indicators. For more information, please refer to the respective details provided for the WACKER Group as a whole.

Energy Consumption

GWh	2023	2022	2021
Electricity consumption	**3,884**	3,974	3,927
Of which			
From on-site generation (fossil)	**896**	948	1,062
From on-site generation (renewable)	**232**	218	232
Energy consumption[1]	**3,695**	3,834	4,098
Of which			
Natural gas[2, 3]	**3,674**	3,809	4,071
Solid fuels[4]	**–**	–	–
Heat supplied by third parties[5]	**22**	25	27

[1] Excluding energy from electricity provided by third parties, self-generated renewable energy and recovered energy.
[2] Includes natural gas used for on-site fossil-fuel-based electricity generation.
[3] For reporting years beginning in 2020, heat consumption is no longer itemized separately; most of it is contained in the figure for natural gas consumption.
[4] Coal, charcoal and wood; used as reducing agents at the silicon plant in Holla, Norway.
[5] Steam and district heating.

Greenhouse Gas Emissions

CO_2-equivalent emissions (kt CO_2e)[1]	2023	2022	2021
Total Scope 1 (direct emissions), of which:	**744**	**751**	**780**
CO_2emissions (carbon dioxide)[2]	**687**	705	756
Of which fossil	**687**	705	756
Of which biogenic	**–**	–	–
CH_4 (methane)	**0.3**	0.3	0.4
N_2O (nitrous oxide)	**9**	9.8	9.8
HFCs (hydrofluorocarbons)[3]	**48**	36.0	14.2
PFCs (perfluorocarbons)	**–**	–	–
NF_3 (nitrogen trifluoride)	**–**	–	–
SF_6 (sulfur hexafluoride)	**0.1**	0.2	–
Scope 2 (indirect emissions):			
Location-based (kt)[4]	**962**	879	911
Market-based (kt)[5]	**1,070**	**1,540**	**1,622**

[1] CO_2e = CO_2 equivalents, as defined in the Greenhouse Gas Protocol CO_2 emissions are measured on the basis of the Greenhouse Gas Protocol of the World Resources Institute and World Business Council for Sustainable Development, "A Corporate Accounting and Reporting Standard" (GHG Protocol).
Scope 1: direct CO_2 emissions
Scope 2: indirect emissions from the consumption of purchased energy (converted into CO_2 equivalents for purchased electricity, steam and heat).
[2] CO_2 emissions are split into fossil and biogenic sources in accordance with the GHG Protocol. Biogenic emissions arise from the combustion or decomposition of renewable raw materials.
[3] The HFC category contains minor quantities of emissions from other partially halogenated HFCs which contribute to the greenhouse effect as well. The GWP factors of the individual substances were used as a basis for calculating the effects of hydrofluorocarbons. The factors range from 5.5 to 14,600 kg CO_2e/kg HFC.
[4] The electricity volumes supplied by the affiliated company Alzwerke GmbH are included in indirect CO_2 emissions in a climate-neutral manner due to the fact that they are not fed into the public electricity grid. Since 2020, indirect CO_2 emissions have also included methane and nitrous oxide emissions converted into CO_2 equivalents. Purchased electricity volumes are converted into CO_2 emissions using emission factors from "CO_2 Emissions from Fuel Combustion, 2023 Edition, respectively" issued by the International Energy Agency (location-based).
[5] The electricity volumes supplied by the affiliated company Alzwerke GmbH are included in the indirect CO_2 emissions in a climate-neutral manner due to the fact that they are not fed into the public electricity grid. Purchased electricity volumes are converted into CO_2 emissions using the emission factors of the electricity suppliers (market-based). If the emission factors for the respective suppliers are not available, the residual-mix emission factors are used or the emission factors of EEI (Edison Electric Institute), eGRID (United States Environmental Protection Agency) or the International Energy Agency.

Emissions of Air Pollutants

t	2023	2022	2021
NO_x (nitrogen oxides)	**344**	315	350
NMVOC (non-methane volatile organic compounds)	**400**	440	540
CO (carbon monoxide)	**91**	126	107
Dust	**13**	17	23
SO_2 (sulfur dioxide)	**2**	2	3

Water Use and Emissions to Water

	2023	2022	2021
Water withdrawal (thousand m^3)	**233,757**	**241,145**	**239,815**
Utilized by WACKER	**201,595**	207,061	204,211
Supplied to third parties	**32,162**	34,084	35,604
Cooling water volume (thousand m^3)	**214,182**	**229,696**	**228,081**
Utilized by WACKER	**184,423**	198,202	195,202
Supplied to third parties	**29,758**	31,494	32,879
Wastewater volume (thousand m^3)	**15,695**	**15,965**	**16,098**
WACKER	**10,103**	10,771	10,800
Third parties	**5,592**	5,194	5,298
COD (chemical oxygen demand) (t)	**600**	794	1,010
Heavy metals (t)	**1.5**	1.4	1.3
Total nitrogen (t)	**170**	202	206
Total phosphorus (t)	**6.5**	6.4	7.2

Waste

Waste by type, in metric tons (t)	2023	2022	2021[1]
Total	**137,426**	130,959	124,575
Recycled	**123,010**	116,476	110,805
Hazardous	**56,618**	58,800	62,567
Non-hazardous	**66,392**	57,676	48,238
Disposed of	**14,416**	14,483	13,770
Hazardous	**8,794**	9,507	9,377
Non-hazardous	**5,622**	4,976	4,393
Hazardous	**65,412**	68,307	71,944
Non-hazardous	**72,014**	62,652	52,631

Recycled waste in the reporting year, in metric tons (t)*	Onsite	Offsite	Total
Hazardous waste			
Preparation for reuse	–	281	**281**
Recycling	–	8,420	**8,420**
Other recovery processes	23,082	24,834	**47,916**
Total	23,082	33,536	**56,618**
Non-hazardous waste			
Preparation for reuse	–	–	**–**
Recycling	–	20,017	**20,017**
Other recovery processes	4,510	41,865	**46,375**
Total	4,510	61,882	**66,392**

Waste disposed of in the reporting year, in metric tons (t)*	Onsite	Offsite	Total
Hazardous waste			
Incineration (with energy recovery)	1	322	**323**
Incineration (without energy recovery)	4,515	617	**5,132**
Landfill	1,877	1,221	**3,098**
Other waste-treatment processes	–	241	**241**
Total	6,393	2,401	**8,794**
Non-hazardous waste			
Incineration (with energy recovery)	0	16	**16**
Incineration (without energy recovery)	2,936	0	**2,936**
Landfill	391	2,195	**2,586**
Other waste-treatment processes	84	–	**84**
Total	3,411	2,211	**5,622**

[1] First-time reporting of waste treatment in accordance with GRI 306 in 2021.

* Deviations due to summation based on rounding off possible.

Related Plant-Safety Incidents

	2023	2022	2021
Number of plant-safety-related incidents[1], Wacker Chemie AG	**11**	19	28
Plant-safety-related incidents per 1 million hours worked[2], Wacker Chemie AG	**0.7**	1.2	1.8

[1] Pursuant to the criteria of the European Chemical Industry Council (Cefic Guidance for Reporting on the ICCA Globally Harmonized Process Safety Metric, latest version: June 2016).
[2] WACKER Process Safety Incident Rate (WPSIR).

Occupational Accidents Involving Permanent Staff and Temporary Workers

	2023	2022	2021
Accidents[1] per million hours worked	**4.7**	4.0	4.6
Reportable accidents[2] per million hours worked	**2.8**	2.1	2.8
Chemical accidents with missed workdays[1]	**1**	8	3
Fatal accidents	**–**	–	–

[1] Accidents leading to at least one workday missed
[2] Accidents leading to over three workdays missed

Number of Employees and Temporary Workers

	2023	2022	2021
Employees	**10,207**	10,073	9,724
Temporary workers	**142**	122	114

TCFD Index (Not Audited)

Topic	Recommended disclosure	Annual Report 2023 – section/note	Other publicly accessible information
Governance	Oversight of the Supervisory Board regarding climate-related risks and opportunities	- For Our Shareholders – Executive Board and Report of the Supervisory Board	- CDP questionnaire – Climate Change 2023, see sections C1.1a, C1.1b, C1.3a
Corporate management disclosure of climate-related risks and opportunities	Role of the Executive Board and senior executives in assessing and managing climate-related risks and opportunities	- Management Report – Goals and Strategies - Non-Financial Report – Management (Sustainability Strategy and Goals)	- CDP questionnaire – Climate Change 2023, see sections C1.2, C1.3a - CDP questionnaire – Water Security 2023, see section W6 - WACKER's Strategy fact sheet - WACKER's Climate Protection / CO_2 fact sheet
Strategy	Short-, medium- and long-term climate-related risks and opportunities for the company	- Management Report – Goals and Strategies - Management Report – Risk Management Report - Non-Financial Report – Management (Sustainability Strategy and Goals) - Non-Financial Report – Organization (Risk and Compliance Management) - Non-Financial Report - Production - Non-Financial Report – Products	- CDP questionnaire – Climate Change 2023, see sections C2.1a, C2.2a, C2.3, C2.3a, C2.4, C2.4a - CDP questionnaire – Water Security 2023, see sections W4, W7 - WACKER's Strategy fact sheet - WACKER's Climate Protection / CO_2 fact sheet
Disclosure of actual and potential effects of climate-related risks and opportunities on strategy, business operations and financial planning	Effects of climate-related risks and opportunities on strategy, business operations and financial planning	- Management Report – Goals and Strategies - Management Report – Risk Management Report - Non-Financial Report – Management (Sustainability Strategy and Goals) - Non-Financial Report – Organization (Risk and Compliance Management) - Non-Financial Report - Production - Non-Financial Report – Products	- CDP questionnaire – Climate Change 2023, see sections C2.3a, C2.4a, C3.1, C3.2a/b, C3.3, C3.4 - CDP questionnaire – Water Security 2023, see sections W7.1, W7.3 - WACKER's Sustainable Products fact sheet
	Resilience of the company's strategy in the face of different climate scenarios (including a 2°C increase or more ambitious scenarios)	- Management Report – Goals and Strategies - Management Report – Risk Management Report - Non-Financial Report – Management (Sustainability Strategy and Goals) - Non-Financial Report – Organization (Risk and Compliance Management)	- CDP questionnaire – Climate Change 2023, see section C3.1

Topic	Recommended disclosure	Annual Report 2023 – section/note	Other publicly accessible information
Risk management	Processes for identifying and assessing climate-related risks	- Management Report – Risk Management Report - Non-Financial Report – Management (Sustainability Strategy and Goals) - Non-Financial Report - Production	- CDP questionnaire – Climate Change 2023, see sections C2.1, C2.1a, C2.2, C2.2a - CDP questionnaire – Water Security 2023, see section W3.3a/b
Disclosure of processes for identifying, assessing and managing climate-related risks	Processes for managing climate-related risks	- Management Report – Risk Management Report - Non-Financial Report – Management (Sustainability Strategy and Goals) - Non-Financial Report – Organization (Risk and Compliance Management) - Non-Financial Report - Production	- CDP questionnaire – Climate Change 2023, see sections C2.2, C2.2a - CDP questionnaire – Water Security 2023, see section W3.3a/b
	How processes for identifying, assessing and managing climate-related risks are integrated into the general risk management process	- Management Report – Risk Management Report - Non-Financial Report – Management (Sustainability Strategy and Goals) - Non-Financial Report – Organization (Risk and Compliance Management) - Non-Financial Report - Production	- CDP questionnaire – Climate Change 2023, see section C2.2 - CDP questionnaire – Water Security 2023, see section W3.3a/b
KPIs and goals	KPIs for assessing climate-related risks and opportunities in accordance with the risk management strategy/processes	- Management Report – Risk Management Report - Non-Financial Report – Management (Sustainability Strategy and Goals) - Non-Financial Report – Organization (Risk and Compliance Management) - Non-Financial Report - Production - Non-Financial Report – Products	- CDP questionnaire – Climate Change 2023, see sections C2.1a, C2.1b, C2.3a, C2.4a - WACKER's Climate Protection / CO_2 fact sheet - CDP questionnaire – Water Security 2023, see sections W4.1, W4.2, W4.3 - WACKER's Water Stewardship fact sheet - WACKER`s Sustainable Products fact sheet
Disclosure of KPIs and goals for assessing climate-related risks and opportunities	Scope-1, Scope-2 and Scope-3 greenhouse gas emissions and related risks	- Management Report – Risk Management Report - Non-Financial Report – Management (Sustainability Strategy and Goals) - Non-Financial Report – Organization (Risk and Compliance Management) - Non-Financial Report - Production - Non-Financial Report – Products	- CDP questionnaire – Climate Change 2023, see sections C6, C7 - WACKER's Climate Protection / CO_2 fact sheet - WACKER's Energy Management fact sheet
	Goals for managing climate-related risks and opportunities, including level of goal achievement	- Management Report – Risk Management Report - Non-Financial Report – Management (Sustainability Strategy and Goals) - Non-Financial Report – Organization (Risk and Compliance Management) - Non-Financial Report - Production - Non-Financial Report – Products	- WACKER's Strategy sheet - CDP questionnaire – Climate Change 2023, see sections C4, C8 - WACKER's Climate Protection / CO_2 fact sheet - CDP questionnaire – Water Security 2023, see section W.8 - WACKER's Water Steward fact sheet - WACKER Sustainable Products fact sheet

GRI Index

Wacker Chemie AG has reported on the information given in this GRI content index for the period January 1, 2023 to December 31, 2023, with reference to the GRI Standards. GRI 1: Foundation 2021 was used to compile this report. We use this content index to refer to GRI indicators that are mentioned in the various sections of this report.

We report on those measures we use to implement the principles of the UN Global Compact and to contribute toward the UN Sustainable Development Goals (SDGs). We use this content index to refer to topics of relevance to the Global Compact and SDGs.

GRI 1: Foundation (2021)		**References**	**Global Compact Principles**	**Sustainable Development Goals (SDG)**
Applicable GRI sector standards.	There is no sector standard available.			

GRI 2: General Disclosures (2021)		**References**	**Global Compact Principles**	**Sustainable Development Goals (SDG)**
THE ORGANIZATION AND ITS REPORTING PRACTICES				
GRI 2-1	Organizational details	Information on the WACKER Group		
GRI 2-2	Entities included in the organization's sustainability reporting	Information on the WACKER Group		
GRI 2-3	Reporting period, frequency and contact point	Information on the WACKER Group		
GRI 2-4	Restatements of information	There were no retroactive restatements of information in the reporting year.		
GRI 2-5	External assurance	Information on the WACKER Group		
ACTIVITIES AND WORKERS				
GRI 2-6	Activities, value chain and other business relationships	Information on the WACKER Group; Sustainability along the Supply Chain; Research and Development; Sustainable Products		
GRI 2-7	Employees	Employment Structure; Compensation and Social Benefits; Diversity, Inclusion and Equal Opportunity		8.5, 10.3
GRI 2-8	Workers who are not employees	Employment Structure; Compensation and Social Benefits		8.5

GRI 2: General Disclosures (2021)		References	Global Compact Principles	Sustainable Development Goals (SDG)
GOVERNANCE				
GRI 2-9	Governance structure and composition	Management Structures		5.5, 16.7
GRI 2-10	Nomination and selection of the highest governance body	Declaration on Corporate Management		5.5, 16.7
GRI 2-11	Chair of the highest governance body	Management Structures		16.6
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Management Structures; Risk and Compliance Management		16.7
GRI 2-13	Delegation of responsibility for managing impacts	Management; Management Structures; Personnel Responsibility; Risk and Compliance Management; Preventing Corruption and Bribery		
GRI 2-14	Role of the highest governance body in sustainability reporting	Information on the WACKER Group		
GRI 2-15	Conflicts of interest	Declaration on Corporate Management		
GRI 2-16	Communication of critical concerns	Risk and Compliance Management		
GRI 2-17	Collective knowledge of the highest governance body	Declaration on Corporate Management		
GRI 2-18	Evaluation of the performance of the highest governance body	Declaration on Corporate Management		
GRI 2-19	Remuneration policies	Declaration on Corporate Management		
GRI 2-20	Process to determine remuneration	Declaration on Corporate Management		
GRI 2-21	Annual total compensation ratio	Declaration on Corporate Management		
STRATEGY, POLICIES AND PRACTICES				
GRI 2-22	Statement on sustainable development strategy	Information on the WACKER Group		
GRI 2-23	Policy commitments	Principles and Goals; Ethical Principles; Voluntary Commitments; Controlling Instruments; Product Assessment Based on Sustainability Criteria	7, 10	16.3
GRI 2-24	Embedding policy commitments	Conflict-Free Minerals		
GRI 2-25	Processes to remediate negative impacts	Controlling Instruments; Plant and Transport Safety; Product Assessment Based on Sustainability Criteria		
GRI 2-26	Mechanisms for seeking advice and raising concerns	Voluntary Commitments; Risk Report		16.3
GRI 2-27	Compliance with laws and regulations	Data Protection		
GRI 2-28	Membership associations	Social Responsibility		
STAKEHOLDER ENGAGEMENT				
GRI 2-29	Approach to stakeholder engagement	Information on the WACKER Group; Social Responsibility; Customer Management		
GRI 2-30	Collective bargaining agreements	Employee Representation	3	8.8

GRI 3: Material Topics (2021)		References	Global Compact Principles	Sustainable Development Goals (SDG)
GRI 3-1	Process to determine material topics	Information on the WACKER Group		
GRI 3-2	List of material topics	Information on the WACKER Group		
GRI 3-3	Management of material topics	Integrated Management System		

GRI 200: Economic		References	Global Compact Principles	Sustainable Development Goals (SDG)
GRI 201: ECONOMIC PERFORMANCE (2016)				
GRI 3-3	Management of material topics	Annual Report 2023: Business Model of the Group; Annual Report 2023: Risk Management Structures and Tools; Annual Report 2023: Strategy of the WACKER Group; Annual Report 2023: Value-Based Management Is Integral to Our Corporate Policies		
GRI 201-1	Direct economic value generated and distributed	Annual Report 2023: Statement of Income; Employee Structure; Compensation and Social Benefits; Personnel Development		8.1, 8.2, 9.1, 9.4, 9.5
GRI 201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2023: Notes of the WACKER Group – Notes to the Statement of Financial Position		
GRI 203: INDIRECT ECONOMIC IMPACTS (2016)				
GRI 3-3	Management of material topics	Social Responsibility		
GRI 203-1	Infrastructure investments and services supported	Social Responsibility		5.4, 9.1, 9.4, 11.2
GRI 203-2	Significant indirect economic impacts	Social Responsibility		1.2, 1.4, 3.8, 8.2, 8.3, 8.5
GRI 205: ANTI-CORRUPTION (2016)				
GRI 3-3	Management of material topics	Preventing Corruption and Bribery		
GRI 205-1	Operations assessed for risks related to corruption	Preventing Corruption and Bribery	10	16.5
GRI 205-2	Communication and training about anti-corruption policies and procedures	Preventing Corruption and Bribery	10	16.5
GRI 205-3	Confirmed incidents of corruption and actions taken	Preventing Corruption and Bribery	10	16.5

GRI 300: Environmental		References	Global Compact Principles	Sustainable Development Goals (SDG)
GRI 301: MATERIALS (2016)				
GRI 3-3	Management of material topics	Production/Environmental Protection; Integrated Production – Our Greatest Strength; Product Assessment Based on Sustainability Criteria		
GRI 301-2	Recycled input materials used	Integrated Production – Our Greatest Strength	8	8.4, 12.2, 12.5
GRI 302: ENERGY (2016)				
GRI 3-3	Management of material topics	Production/Environmental Protection; Energy; Product Assessment Based on Sustainability Criteria		
GRI 302-1	Energy consumption within the organization	Energy	7, 8	7.2, 7.3, 8.4, 12.2, 13.1
GRI 302-4	Reduction of energy consumption	Energy	8, 9	7.3, 8.4, 12.2, 13.1
GRI 303: WATER AND EFFLUENTS (2018)				
GRI 3-3	Management of material topics	Water; Product Assessment Based on Sustainability Criteria		
GRI 303-1	Management approach: Interactions with water as a shared resource	Water; Product Assessment Based on Sustainability Criteria		6.3, 6.4, 6.a, 6.b, 12.4
GRI 303-3	Water withdrawal	Water		6.4
GRI 303-4	Water discharge	Water		6.3
GRI 304: BIODIVERSITY (2016)				
GRI 3-3	Management of material topics	Nature Conservation; Product Assessment Based on Sustainability Criteria	7	
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Nature Conservation		6.6, 14.2, 15.1, 15.5
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	Nature Conservation		6.6, 14.2, 15.1, 15.5
GRI 304-3	Habitats protected or restored	Nature Conservation	8	6.6, 14.2, 15.1, 15.5
GRI 305: EMISSIONS (2016)				
GRI 3-3	Management of material topics	Production/Environmental Protection; Emissions; Product Assessment Based on Sustainability Criteria	8	
GRI 305-1	Direct (Scope 1) GHG emissions	Emissions	7, 8	3.9, 12.4, 13.1, 14.3, 15.2
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Emissions	7, 8	3.9, 12.4, 13.1, 14.3, 15.2
GRI 305-3	Other indirect (Scope 3) GHG emissions	Emissions	7, 8	3.9, 12.4, 13.1, 14.3, 15.2
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emissions	7, 8	3.9, 12.4, 14.3, 15.2

GRI 300: Environmental		**References**	**Global Compact Principles**	**Sustainable Development Goals (SDG)**
GRI 306: WASTE (2020)				
GRI 3-3	Management of material topics	Production/Environmental Protection; Waste		
GRI 306-1	Management approach: Waste generation and significant waste-related impacts	Waste	8, 9	3.9, 6.3, 6.6, 11.6, 12.4, 12.5
GRI 306-2	Management approach: Management of significant waste-related impacts	Waste	8, 9	3.9, 6.3, 8.4, 11.6, 12.4, 12.5
GRI 306-3	Waste generated	Waste	8, 9	3.9, 6.6, 11.6, 12.4, 12.5, 15.1
GRI 306-4	Waste diverted from disposal	Waste	8, 9	3.9, 11.6, 12.4, 12.5
GRI 306-5	Waste directed to disposal	Waste	8, 9	11.6, 12.4, 12.5, 15.1, 3.9, 6.6
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)				
GRI 3-3	Management of material topics	Sustainability along the Supply Chain		
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Processes and Tools; Supplier Assessment	7	

GRI 400: Social		References	Global Compact Principles	Sustainable Development Goals (SDG)
GRI 401: EMPLOYMENT (2016)				
GRI 3-3	Management of material topics	Employment Structure; Compensation and Social Benefits		
GRI 401-1	New employee hires and employee turnover	Employment Structure; Compensation and Social Benefits	6	5.1, 8.5, 8.6, 10.3
GRI 402: LABOR/MAN AGEMENT RELATIONS (2016)				
GRI 3-3	Management of material topics	Employment Structure; Compensation and Social Benefits		
GRI 402-1	Minimum notice periods regarding operational changes	Employment Structure; Compensation and Social Benefits	3	8.8
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)				
GRI 3-3	Management of material topics	Occupational Safety		
GRI 403-1	Management approach: Occupational health and safety management system	Occupational Safety		8.8
GRI 403-2	Management approach: Hazard identification, risk assessment, and incident investigation	Plant and Transport Safety; Occupational Safety		8.8
GRI 403-3	Management approach: Occupational health services	Plant and Transport Safety; Health Management		8.8
GRI 403-4	Management approach: Worker participation, consultation, and communication on occupational health and safety	Plant and Transport Safety		8.8, 16.7
GRI 403-5	Management approach: Worker training on occupational health and safety	Plant and Transport Safety; Occupational Safety		8.8
GRI 403-6	Management approach: Promotion of worker health	Health Management		
GRI 403-7	Management approach: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Plant and Transport Safety; Occupational Safety		8.8
GRI 403-9	Work-related injuries	Occupational Safety		3.6, 3.9, 8.8, 16.1
GRI 404: TRAINING AND EDUCATION (2016)				
GRI 3-3	Management of material topics	Personnel Development		
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Personnel Development	6	5.1, 8.5, 10.3
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)				
GRI 3-3	Management of material topics	Diversity, Inclusion and Equal Opportunity		
GRI 405-1	Diversity of governance bodies and employees	Diversity, Inclusion and Equal Opportunity	6	5.1, 5.5, 8.5
GRI 406: NON-DISCRIMINATION (2016)				
GRI 3-3	Management of material topics	Diversity, Inclusion and Equal Opportunity		
GRI 406-1	Incidents of discrimination and corrective actions taken	We do record discrimination cases within the Compliance Reports to the Executive Board	6	5.1, 8.8
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)				
GRI 3-3	Management of material topics	Voluntary Commitments		
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Representation; Processes and Tools; Supplier Assessment	3	8.8

GRI 400: Social		**References**	**Global Compact Principles**	**Sustainable Development Goals (SDG)**
GRI 413: LOCAL COMMUNITIES (2016)				
GRI 3-3	Management of material topics	Soil and Groundwater		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Social Responsibility		
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Soil and Groundwater	1	1.4, 2.3
GRI 414: SUPPLIER SOCIAL ASSESSMENT (2016)				
GRI 3-3	Management of material topics	Sustainability along the Supply Chain		
GRI 414-2	Negative social impacts in the supply chain and actions taken	Processes and Tools; Supplier Assessment; Conflict-Free Minerals	1, 2	5.2, 8.8, 16.1
GRI 416: CUSTOMER HEALTH AND SAFETY (2016)				
GRI 3-3	Management of material topics	Product Safety		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Product Safety		
GRI 417: MARKETING AND LABELING (2016)				
GRI 3-3	Management of material topics	Product Safety		
GRI 417-1	Requirements for product and service information and labeling	Product Safety		12.8
GRI 418: CUSTOMER PRIVACY (2016)				
GRI 3-3	Management of material topics	Data Protection		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Protection		16.3, 16.10

Limited Assurance Report of the Independent Auditor Regarding the Combined Separate Non-Financial Report

To the Supervisory Board of Wacker Chemie AG, Munich

We have performed an independent limited assurance engagement on the combined separate non-financial report of Wacker Chemie AG, Munich (further "the Company" or "Wacker Chemie AG") and the Group (further "Combined Separate Non-Financial Report") for the period from January 1 to December 31, 2023.

The external documentation sources, expert opinions or information not within the gray separation lines mentioned in the Combined Separate Non-Financial Report are not the subject of our audit. Only the sections highlighted within the gray separation lines constitute the contents of the Combined Separate Non-Financial Report.

Management's Responsibility

The management of Wacker Chemie AG is responsible for the preparation of the Combined Separate Non-Financial Report in accordance with Section 315c in conjunction with Sections 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 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 Regulation" of the Combined Separate Non-Financial Report.

This responsibility of the management includes the selection and application of appropriate methods to prepare the combined separate non-financial report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of the Combined Separate Non-Financial Report that is free from material misstatement due to fraudulent behavior (that is, manipulation of the non-financial statement) 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 Regulation" 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 on the Part of the Auditing Firm

In performing this engagement, 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).

Assurance Practitioner's Responsibility

It is our responsibility to express a conclusion on the Combined Separate Non-Financial Report based on our work performed within a limited assurance engagement.

We conducted our 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, other than the external sources of documentation, expert opinions, or information that is not within the gray separation lines, mentioned in the Combined Separate Non-Financial Report, are not prepared, in all material respects, in accordance with Section 315c in conjunction with Sections 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 Regulation" of the Combined Separate Non-Financial Report in the reporting period from January 1 to December 31, 2023.

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.

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

- Assessment of the overall presentation of the disclosures
- Inquiries of Group-level personnel in order to understand the processes for identifying relevant economic activities according to the EU Taxonomy Regulation
- Understanding the design and implementation of systems and processes for the identification, processing and monitoring of turnover, capital expenditure and operating expense disclosures for taxonomy-eligible 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 Wacker Chemie AG for the period from January 1 to December 31, 2023 has not been prepared, in all material respects, in accordance with Section 315c in conjunction with Sections 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 Regulation” of the Combined Separate Non-Financial Report.

We do not express an assurance opinion on the external sources of documentation, expert opinions, or information not within the gray separation lines mentioned in the Combined Separate Non-Financial Report.

Restriction of Use / Clause on General Engagement Terms

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

Our assignment for the Supervisory Board of Wacker Chemie 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/aab_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, February 29, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Grottel	Vogl
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Additional Information

Chapters

Supervisory Board

Dr. Peter-Alexander Wacker[1,2,3]

Chair
Bad Wiessee
Former President & CEO of
Wacker Chemie AG, businessman

Chair of the Administrative Council
Blue Elephant Energy GmbH

Chair of the Administrative Council and Board of Trustees
ifo Institute – Leibniz-Institut für Wirtschaftsforschung an der Universität München e.V.
(until June 29, 2023)

Manfred Köppl[*,1,2,3]

Deputy Chair
Kirchdorf
Chair of the Employee Council, Burghausen Plant
Wacker Chemie AG

Prof. Andreas Biagosch

Munich
Managing Director of Impacting I GmbH & Co. KG and Impact GmbH

Member of the Board of Directors
Ashok Leyland, Chennai, India

Member of the Supervisory Board
Aixtron SE

Chair of the Advisory Council
ATHOS Service GmbH

Dr. Gregor Biebl

Munich
Director General
Bavarian State Chancellery

Matthias Biebl[2]

Munich
Attorney

Prof. Patrick Cramer

(since May 17, 2023)
Munich
President of the Max Planck Society, Munich

Stefan Entholzner*

(since May 17, 2023)
Kirchdorf
Deputy Chair of the Employee Council, Burghausen Plant
Wacker Chemie AG

Markus Hautmann*

Schwandorf
District Chair of the IG BCE labor union for Altötting

Member of the Supervisory Board
Siltronic AG

Ingrid Heindl*

Reischach
Member of the Group and General Employee Councils
Wacker Chemie AG
Member of the Employee Council, Burghausen Plant
Wacker Chemie AG

Franz-Josef Kortüm[1,2,3]

(until May 17, 2023)
Munich
Former Chair of the Executive Board of Webasto SE

Chair of the Advisory Council
Brose Fahrzeugteile GmbH & Co. KG

Member of the Board of Directors
Autoliv Inc., USA

Barbara Kraller[*, 1]

Taching
Chair of the Group and General Employee Councils
Wacker Chemie AG

Dr. Benedikt Postberg*

(since May 17, 2023)
Neuötting
Vice President, Engineering & Maintenance Services
Wacker Chemie AG

Beate Rohrig*

(until September 30, 2023)
Glashütten
Project manager at the IG BCE labor union, Bavaria

Member of the Supervisory Board
Adidas AG

Andreas Schnagl*

(until May 17, 2023)
Ismaning
Chair of the Employee Council, Munich Headquarters
Wacker Chemie AG

Member of the Supervisory Board
Pensionskasse der Wacker Chemie VVaG

Dr. Birgit Schwab*

(until May 17, 2023)
Burghausen
Head of Quality Management
WACKER BIOSOLUTIONS

Harald Sikorski*

(since October 1, 2023)
Munich
Regional head of the IG BCE labor union, Bavaria

Member of the Supervisory Board
Gesellschaft zur Sicherung von Bergmanns-Wohnungen mbH
RAG AG
Vivawest GmbH
Vivawert Wohnen GmbH

Reinhard Spateneder*

Simbach
Member of the Employee Council, Burghausen Plant
Wacker Chemie AG

Ann-Sophie Wacker

Munich
Attorney and in-house lawyer/
investment manager at Athos KG

Member of the Board
RedDress Ltd., Israel
(until May 24, 2023)

Member of the Advisory Board
Temedica GmbH

Prof. Anna Weber[3]

Burghaun
Auditor/tax advisor
Professor for General Business Studies
specializing in financial accounting
Heilbronn University of Applied Sciences

Member of the Supervisory Board
Aixtron SE

Dr. Susanne Weiss

Munich
Attorney and a partner in the law firm
Weiss Walter Fischer-Zernin

Chair of the Supervisory Board
ROFA INDUSTRIAL AUTOMATION AG

Member of the Supervisory Board
Porr AG, Austria
UBM Development AG, Austria
Spielvereinigung Unterhaching
(until February 28, 2023)

* Employee representative; subject to the rules of the German Trade Union Confederation (DGB) and of the Association of Employed Academics and Executives in the Chemical Industry (VAA) concerning the transfer of supervisory board compensation.
[1] Mediation Committee (Chair: Dr. Peter-Alexander Wacker)
[2] Executive Committee (Chair: Dr. Peter-Alexander Wacker)
[3] Audit Committee (Chair: Prof. Anna Weber)

Executive Board

Dr. Christian Hartel

President & CEO

WACKER POLYSILICON
WACKER BIOSOLUTIONS
Corporate Development
Corporate Communications
Corporate Auditing
Legal & Compliance
Research & Development

Chair of the Supervisory Board
Pensionskasse der Wacker Chemie VVaG
(until May 1, 2023)

Dr. Tobias Ohler

Chief Financial Officer

Accounting & Tax
Corporate Controlling
Finance & Insurance
Investor Relations
Procurement & Logistics
Information Technology
IT Security
Data Protection
Region: The Americas

Chair of the Supervisory Board
Siltronic AG

Member of the Supervisory Board
Pensionskasse der Wacker Chemie VVaG

Auguste Willems
(until April 30, 2023)

WACKER SILICONES
Sales & Distribution
Site Management (Burghausen and Nünchritz)
Research & Development
Corporate Security
Environment, Health, Safety
Product Stewardship
Regions: Europe, Middle East

Dr. Christian Kirsten
(since May 1, 2023)

WACKER SILICONES
Sales & Distribution
Site Management (Burghausen and Nünchritz)
Corporate Security
Environment, Health, Safety
Product Stewardship
Regions: Europe, Middle East

Angela Wörl

Personnel Director

WACKER POLYMERS
Human Resources
Intellectual Property
Engineering
Retirement Benefits
Diversity
Regions: Asia-Pacific, India

Member of the Supervisory Board
Pensionskasse der Wacker Chemie VVaG
(until May 1, 2023)

Chair of the Supervisory Board
Pensionskasse der Wacker Chemie VVaG
(since May 1, 2023)

Declaration on Corporate Management

Corporate governance is an important part of a company's success and of responsible corporate management and supervision. Wacker Chemie AG attaches great importance to the rules of proper corporate governance. In this Declaration, the Executive Board provides details – also for the Supervisory Board – on corporate governance in accordance with Principle 23 of the German Corporate Governance Code, as amended April 28, 2022, and Sections 289f and 315d of the German Commercial Code (HGB).

Declaration of Conformity 2023 Issued by the Executive Board and Supervisory Board of Wacker Chemie AG

As every year, in 2023 the Executive Board and Supervisory Board conducted an in-depth review of the company's corporate governance and the recommendations of the Code. The Executive and Supervisory Boards resolved in December 2023 to issue the following Declaration of Conformity. It is available to the general public on the company's website and can be accessed – together with other declarations of conformity that are no longer current – for a period of at least five years.

1. General Declaration Pursuant to Section 161 of the German Stock Corporation Act

Pursuant to Section 161 of the German Stock Corporation Act, in December 2022 the Executive Board and Supervisory Board of Wacker Chemie AG issued their most recent declaration of conformity with the German Corporate Governance Code (the "Code") as amended on April 28, 2022. Since that time, Wacker Chemie AG has complied with the recommendations of the German Corporate Governance Code (the Code) as amended on April 28, 2022, with the exceptions listed in the following, and will continue to comply with the recommendations of the Code in said version, with the following exceptions.

2. Exceptions

a) Disclosure of the Implementation Status of the Skills and Expertise Profile in the Form of a Qualification Matrix (Recommendation C.1)

The Supervisory Board in its entirety meets the requirements of the agreed skills and expertise profile. The Supervisory Board collectively possesses the stature, skills, knowledge and experience to exercise effective oversight of the company and provide the Executive Board with qualified advice. The Supervisory Board proposes to the Annual Shareholders' Meeting candidates for positions on the Supervisory Board who, in its opinion, are suitable and have the requisite skills and expertise. Shareholders and interested parties can make their own judgment regarding the education, background and suitability of Supervisory Board members and candidates by viewing their CVs published on the company's website. In our view, the creation and publication of a qualification matrix do not serve to add any further information. Instead, such a matrix is merely a source of additional red tape and expense for the Supervisory Board and the company.

b) No Simultaneous Appointment of an Executive Board Member as Supervisory Board Chair of a Non-Group Listed Company (Recommendation C.5)

Our Executive Board member Dr. Tobias Ohler is chair of the Supervisory Board of Siltronic AG. Prior to its deconsolidation in March 2017, Siltronic AG was a subsidiary and a business division of Wacker Chemie AG, and Dr. Ohler had specific responsibility for it on the Executive Board. The workload resulting from that function was at least as high then as the workload associated with his activity as Supervisory Board chair is now. We therefore have no reason to assume that Dr. Ohler cannot dedicate sufficient time to either of his two offices. We also consider it appropriate for a representative of Siltronic AG's biggest shareholder to occupy the chair of that company's supervisory board.

c) More Than Half of Shareholder Representatives to Be Independent from the Company and Its Executive Board (Recommendation C.7)
As precautionary measure, we declare our departure from this recommendation. One aspect applied by the Code in assessing the independence of shareholder representatives is whether they or one of their close family members have been on the Supervisory Board for more than 12 years. Following the Supervisory Board elections conducted by the Annual Shareholders' Meeting held in May 2023, it is now the case that only four of the eight shareholder representatives on the Supervisory Board fulfill this criterion of "excessively long" membership in the Supervisory Board of Wacker Chemie AG – with one shareholder representative fulfilling this criterion merely by attribution because, even though she herself only joined the Supervisory Board in 2018, she is a close family member of another person who has been on the Supervisory Board for more than 12 years. We consider it misguided to assume that being a member of a supervisory board for more than 12 years means a person lacks independence from the company and its executive board. In our opinion, long membership in a supervisory board does not necessarily cause a substantial – and not merely temporary – conflict of interest, which should indeed remain a key criterion for assessing independence, particularly not when such a long membership is merely "attributed" by way of a family relationship. We hold the opposite to be true, namely that it is highly desirable for our Supervisory Board members to stay with us for a long time. When they do, they gain the indispensable in-depth understanding of the company and its business, competitive environment, opportunities and risks, which in turn fosters advisory and control activities aimed at sustainable, long-term objectives. None of the other indicators of a lack of independence from the company and its executive board apply to any of the shareholder representatives.

d) Independence of the Chair of the Supervisory Board and the Chair of the Executive Committee (Recommendation C.10)
The Chair of the Supervisory Board, who is simultaneously Chair of the Executive Committee, has been a member of the former for more than 12 years. For this reason we declare, as a precautionary measure, our departure from Recommendation C.10. Despite this long membership in the Supervisory Board, we see no indication of impending substantial – and not merely temporary – conflicts of interest. Rather, the Supervisory Board and the Executive Committee benefit from the many years of experience contributed by the person occupying their chairs.

e) Time Limit Placed on Applications for the Judicial Appointment of a Supervisory Board Member (Recommendation C15)
Pursuant to this recommendation, applications for the appointment of a supervisory board member by the court should be limited in time up to the next annual shareholders' meeting. We do not comply with this recommendation. Proposals for candidates to be appointed by the court are in any case agreed with the majority shareholder beforehand. In view of the majority situation, the election of this same candidate at the next Annual Shareholders' Meeting would merely constitute a confirmation of his/her appointment, which we consider redundant.

f) Formation of a Nomination Committee within the Supervisory Board (Recommendation D.4)
A supervisory board is required to establish a nomination committee that is composed exclusively of shareholder representatives and whose task it is to name suitable candidates to the supervisory board for its proposals to the annual shareholders' meeting. We do not comply with this recommendation because, in view of our shareholder structure, we do not believe that the formation of such a committee is appropriate. Due to the majority situation, nominations to the Supervisory Board must in any case be agreed with the majority shareholder, so that an additional nomination committee would not serve to increase efficiency.

g) Specification of Performance Criteria Governing Variable Compensation for the Forthcoming Fiscal Year (Recommendation G.7)
We believe it makes sense to determine variable compensation for a given fiscal year at the same Supervisory Board meeting that decides on variable compensation for the past fiscal year. That meeting is the first meeting of the Supervisory Board in the new year. It is also the meeting at which the performance criteria governing variable compensation for the new fiscal year are specified. This procedure has proven its worth in the past, and we believe it is not efficient to deal with the decision on performance criteria and the decision on target and maximum variable compensation at two separate meetings. For this reason, we do not comply with the recommendation that the performance criteria for all variable compensation components should be specified for the forthcoming fiscal year.

Compensation Report / Compensation System

The website **https://www.wacker.com/cms/de-de/about-wacker/investor-relations/corporate-governance/overview.html** provides public access to the current compensation system for members of the Executive Board pursuant to Section 87a (1) and (2) sentence 1 of the German Stock Corporation Act, which was approved by the Annual Shareholders' Meeting on May 17, 2023, as well as to the compensation system for members of the Supervisory Board, which was approved by the Annual Shareholders' Meeting on May 20, 2022. The same website provides access to the compensation report for 2023 and the auditor's report pursuant to Section 162 of the German Stock Corporation Act.

Corporate Governance Reporting

Shareholders and Annual Shareholders' Meeting

Transparent Information for Shareholders and the Public

WACKER's aim is to inform all of the company's target groups – shareholders, shareholder representatives, analysts and the media – as well as the interested general public promptly and without preference. We regularly publish important company dates in a financial calendar published in our Annual Report, Interim Report and interim statements, and on our website. Our Investor Relations team maintains close contact with analysts and other capital-market players. We inform investors and analysts about the current and future development of business in telephone conferences held whenever a quarterly report is published. These conference calls are held in English, are open to the public and can be streamed after the event on our website. We regularly attend conferences and roadshows, and actively maintain contact with institutional investors. With the support of the Investor Relations team, the Executive Board took part in a total of 17 conferences/roadshows in 2023. Important presentations are freely available on the internet, where interested parties can also access press releases and ad-hoc disclosures in both German and English, the online version of our Annual Report, Interim Report and interim statements, the Sustainability Report, Wacker Chemie AG's Articles of Association and the Supervisory Board's Rules of Procedure. Further information is provided by our online customer magazine, media library and Podcast Center.

» **www.wacker.com**

Annual Shareholders' Meeting

The Annual Shareholders' Meeting is an efficient forum for providing shareholders with comprehensive information on the company's situation. Even before the Annual Shareholders' Meeting begins, shareholders receive key information about the previous fiscal year in the Annual Report. The agenda items are described and the conditions of attendance explained in the invitation to the Annual Shareholders' Meeting. The notice of the Annual Shareholders' Meeting – together with all legally prescribed reports and documents, including the Annual Report (of which the consolidated financial statements, the combined management report and the non-financial report form part) – and the annual financial statements of Wacker Chemie AG are also available on our website. After the Annual Shareholders' Meeting, we publish the attendance figures and the results of the votes online. All these communication activities are part and parcel of the regular exchange of information with our shareholders. WACKER helps its shareholders exercise their voting rights by giving them the option of casting their vote either in person or by proxy. Proxies are available to exercise shareholders' voting rights as instructed and can also be contacted during the Annual Shareholders' Meeting.

Working Methods of the Executive and Supervisory Boards

Wacker Chemie AG has a dual management system as prescribed by the German Stock Corporation Act. It consists of the Executive Board, which manages the company, and the Supervisory Board, which monitors and advises the Executive Board in its management of the company. These two bodies are kept strictly separate from one another with regard both to their membership and to their spheres of competence. The Executive and Supervisory Boards collaborate closely, however, to ensure WACKER's sustainable long-term success. Their common goal is to ensure the company's sustainable growth and to enhance its value. The Executive Board reports to the Supervisory Board and the latter's Audit Committee regularly, promptly and comprehensively on all relevant issues of strategy (including the ESG/sustainability strategy), planning, business development, risk exposure, risk management (including IT security) and compliance. In the periods between meetings as well, the Supervisory Board chair maintains contact with the Executive Board, in particular with the president and CEO, consulting with that body on the above-mentioned issues. The Executive Board explains any deviations from approved business plans and objectives to the Supervisory Board and gives reasons for these deviations.

The Rules of Procedure for Wacker Chemie AG's Executive Board stipulate that certain measures require the consent of the Supervisory Board before their implementation. These include approving the annual budget (including financial and investment planning), acquiring and disposing of shares in companies, establishing new production/business units or suspending existing ones, and concluding sizable long-term loans.

Executive Board

The Executive Board bears direct responsibility for managing the company and represents Wacker Chemie AG in all dealings with third parties. Its actions and decisions are driven by the company's interest and the aim of achieving a lasting increase in the company's value. With this in mind, the Executive Board determines the WACKER Group's strategic direction, and steers and monitors this by allocating funds, resources and capacities, and by supporting and overseeing the operating units. It ensures compliance with the statutory requirements and puts in place an appropriate and effective internal control system and risk management system, both of which also take account of sustainability-related aspects.

While the members of the Executive Board bear joint responsibility for managing the company, each individual member is directly responsible for managing his/her respective Board department. All Executive Board decisions require a simple majority. In the case of a tie of votes, the president and CEO has the deciding vote. However, he/she does not have the right to veto Executive Board resolutions.

Appointments to the Executive Board

The Executive Board currently consists of four members. Together with the Executive Board, the Supervisory Board ensures that a system of sustainable, long-term succession planning for the Executive Board is in place in order to guarantee competent leadership at all times and enable appropriate responses to sudden absences or departures. The Supervisory Board's Executive Committee, which is tasked with preparing the Supervisory Board's personnel decisions, regularly discusses the topic of long-term succession planning for the Executive Board and, in doing so, takes account of the company's executive planning in dialogue with the Executive Board members. The Committee also complies with the provisions of the German Stock Corporation Act and the Code, and with those aspects of the diversity strategy adopted by the Supervisory Board that are relevant to the Executive Board's composition. The Executive Committee prepares a requirements profile, taking account of the criteria mentioned, entrepreneurial needs and specific qualifications. On this basis, the Executive Committee discusses and names a number of potential successors for each Executive Board position. The Executive Board participates in identifying and appointing such candidates. To enable appropriate succession planning, the Supervisory Board and Executive Board also have recourse to the results of assessments made of the company's other management levels so that they can identify suitable persons on an ongoing basis. When a position is to be filled, the Executive Committee prepares a shortlist of available candidates as soon as possible, interviews them, and then submits a well-grounded proposal and a recommendation to the Supervisory Board for adoption. The key aspect here is always the company's interest, with the circumstances of each specific case also being factored in. Depending on the situation, personnel consultants participate in this work, helping to validate the individual views of Supervisory Board members and to achieve a complete picture of the pool of eligible candidates.

Diversity Strategy for the Executive Board

The Executive Board of Wacker Chemie AG must be composed in such a way that all its members have the knowledge, skills and experience required to manage a chemical company active in international markets. We are convinced that only a diverse group of individuals can do justice to this task. The decisive factor is achieving a balanced composition that reflects a cross-section of the duties involved.

Proceeding on this basis, the Supervisory Board takes the following main aspects of diversity into account when proposing new members for the Executive Board:

— High priority is accorded to different educational backgrounds and professional careers. The executive board of a chemical company must have members with scientific expertise and/or experience in the chemical industry. At the same time, knowledge and experience of accounting, financial management, corporate decision-making, planning and strategy are required, as is a profound understanding of the workings and requirements of the capital markets.
— What is more, in a global company like Wacker Chemie AG, different cultural backgrounds – or at least pronounced international and intercultural experience – are essential.
— A balanced age structure across the entire Executive Board is also important. The Supervisory Board's Rules of Procedure provide for a standard retirement age of 67, which must be taken into account when Executive Board members are appointed.
— We are convinced that mixed teams achieve better results – and that also means having women on the Executive Board. In this context, a whole range of measures has already been put in place across the company to raise the proportion of women in management positions. WACKER has had a woman on its Executive Board since May 2021, when it appointed Angela Wörl as Personnel Director.

The goal of the diversity strategy described above is to give the Executive Board an optimal composition so as to ensure the company is managed in both a successful and sustainable manner. A diverse composition guarantees that the Executive Board can assess all relevant issues with the appropriate expertise, view all material aspects from different standpoints and set the right priorities. The standard retirement age for Executive Board members ensures that the company can profit from the longstanding professional and life experience of individual members. At the same time, it enables younger managers to advance to the Executive Board and contribute new ideas and impetus.

The diversity strategy for the Executive Board is taken into account when Executive Board positions are filled.

The Executive Board's current composition is in line with the diversity strategy adopted by the Supervisory Board and complies with the applicable statutory requirement of Section 76 (3a) of the German Stock Corporation Act for publicly listed companies subject to co-determination, namely that an executive board with more than three members must include at least one woman and at least one man.

Supervisory Board

The Supervisory Board appoints, monitors and advises the Executive Board and is directly involved in any decisions of crucial importance to WACKER, including those relating to sustainability. Fundamental decisions on the company's development require Supervisory Board approval.

Composition of the Supervisory Board

The Supervisory Board comprises 16 members. In compliance with the German Co-Determination Act (MitbestG), it has an equal number of shareholder and employee representatives. Shareholder representatives are elected by the Annual Shareholders' Meeting and employee representatives by the employees, as stipulated by the German Co-Determination Act. As a rule, the term of office is roughly five years.

Length of Service of Supervisory Board Members

Name	Member of the Supervisory Board since
Wacker, Dr. Peter-Alexander (Chairman)	May 8, 2008
Köppl, Manfred (Deputy Chairman)	April 1, 2003
Biagosch, Prof. Andreas	January 26, 2015
Biebl, Dr. Gregor	May 8, 2013
Biebl, Matthias	May 8, 2008
Cramer, Prof. Patrick	May 17, 2023
Entholzner, Stefan	May 17, 2023
Hautmann, Markus	January 1, 2021
Heindl, Ingrid	May 9, 2018
Kortüm, Franz-Josef[1]	April 4, 2001
Kraller, Barbara	April 24, 2017
Postberg, Dr. Benedikt	May 17, 2023
Rohrig, Beate[2]	July 18, 2019
Schnagl, Andreas[1]	January 1, 2023
Schwab, Dr. Birgit[1]	October 1, 2020
Sikorski, Harald	October 1, 2023
Spateneder, Reinhard	January 1, 2023
Wacker, Ann-Sophie	May 9, 2018
Weber, Prof. Anna	May 20, 2022
Weiss, Dr. Susanne	May 8, 2008

[1] until May 17, 2023
[2] until September 30, 2023

Committees Increase the Supervisory Board’s Efficiency

The Supervisory Board has constituted three professionally qualified committees to help it perform its duties optimally. The committees regularly report on their work at Supervisory Board meetings.

The Executive Committee prepares the Supervisory Board’s personnel decisions, especially the appointment and dismissal of Executive Board members and the nomination of the president and CEO. In addition, it negotiates contracts with Executive Board members and develops a compensation system that the full Supervisory Board then uses as a basis for determining the compensation for Executive Board members. In 2023, the Executive Committee comprised the Chair of the Supervisory Board, Dr. Peter-Alexander Wacker, as Chair of the Committee, and Supervisory Board members Manfred Köppl and, until May 17, 2023, Franz-Josef Kortüm. Matthias Biebl has been a member of the Executive Committee since May 17, 2023.

The Audit Committee does the groundwork for the Supervisory Board’s decision on the adoption of the annual financial statements and the approval of the consolidated financial statements. To this end, the committee is obligated to pre-audit the annual financial statements, the consolidated financial statements, the combined management report and the proposal on appropriation of profits. It is also tasked with pre-auditing the separate non-financial report (pursuant to Sections 289b and 315b of the German Commercial Code). In addition, it discusses and examines the half-yearly financial reports and the quarterly figures. The Audit Committee gives the Supervisory Board a well-grounded recommendation as to which auditors it should propose to the Annual Shareholders’ Meeting. In accordance with the resolution of the Annual Shareholders’ Meeting, it awards the auditing contract to the auditors and determines the focus of auditing. It then monitors the audit, in particular the auditors’ independence and additional services they perform, and regularly reviews the quality of the auditing activities. It discusses and assesses with the auditors the audit risks, audit strategy, audit planning and audit results. The Chair of the Audit Committee regularly discusses the progress of the audit with the auditors and reports back to the Audit Committee. In addition, the Audit Committee meets with the auditors on a regular basis, sometimes without the Executive Board being present. Above and beyond that, the Audit Committee monitors the accounting process and the effectiveness of the internal control, risk management and auditing systems, as well as compliance-related issues. Prof. Anna Weber is Chair of the Audit Committee. Dr. Peter-Alexander Wacker and Manfred Köppl are the other Audit Committee members.

The members of the Audit Committee are, in their entirety, familiar with the industry in which the company operates. Under the German Stock Corporation Act, at least one Audit Committee member must have expertise in the field of accounting and at least one other must have expertise in the field of auditing. In accordance with the Code, expertise in the field of accounting consists of special knowledge and experience in the application of accounting principles and in internal control and risk management systems, and the expertise in the field of auditing should consist of special knowledge and experience in the auditing of financial statements, with both fields also covering sustainability reporting and auditing. Under the Code, the chair of the Audit Committee must have appropriate expertise in at least one of these two areas and also be independent. Prof. Anna Weber, the Chair of the Audit Committee, has expertise in both these areas and is also independent; she thus fulfills these requirements. Dr. Peter-Alexander Wacker has special knowledge and experience in the field of accounting, thus meeting the requirement that at least one other member of the Audit Committee have such expertise.

Prof. Anna Weber has many years' experience as a public auditor and tax advisor (including with a major auditing firm), holds a professorship in General Business Studies with special emphasis on financial accounting, and has served as a supervisory board member and chair of the audit committee of another capital market-oriented company. She therefore has comprehensive knowledge and experience in the application of accounting principles and in internal control and risk management systems as well as in the auditing of financial statements, including sustainability reporting and auditing.

Thanks to his many years of service both as the CEO of Wacker Chemie AG and as a member of the company's Audit Committee, Dr. Peter-Alexander Wacker has special knowledge and experience in the field of accounting and internal control and risk management systems. In addition, in his capacity as a member of the Audit Committee, he has for many years been involved in Wacker Chemie AG's sustainability reporting and auditing.

In addition, there is the Mediation Committee mandated by Section 27 (3) of the German Co-Determination Act (MitbestG). Its duties are to prepare proposals for the Supervisory Board concerning the appointment, and revocation of appointments, of Executive Board members in cases where they fail to achieve the required two-thirds majority of the votes of the Supervisory Board members in the first ballot. Up until May 17, 2023, the committee comprised Dr. Peter-Alexander Wacker (as chair), Manfred Köppl, Franz-Josef Kortüm and Barbara Kraller. Since May 17, 2023, the Mediation Committee has comprised the members Dr. Peter-Alexander Wacker (as chair), Manfred Köppl, Prof. Andreas Biagosch and Barbara Kraller.

Targets for the Composition and Skills Profile of the Supervisory Board of Wacker Chemie AG

WACKER has always attached importance to having highly qualified individuals sit on its Supervisory Board. In line with Recommendation C.1 of the Code, WACKER's Supervisory Board adopted the following objectives for its composition (including a skills profile for the entire Supervisory Board), taking into account the recommendations of the Code:

The Supervisory Board shall be composed in such a way that all its members have the knowledge, skills and professional experience required to properly perform their duties.

(I) Targets for Composition

1. International Expertise
In view of the international nature of the company’s business activities, the Supervisory Board must have an appropriate number of members – but at least one – with international experience.

2. Prevention and Handling of Conflicts of Interest
The Supervisory Board’s Rules of Procedure already contain extensive provisions on members’ conflicts of interest. In addition, the Supervisory Board actively strives to prevent conflicts of interest that are substantial and not merely of a temporary nature, and takes this goal into consideration when making recommendations to the Annual Shareholders’ Meeting.

3. Age Limit for Supervisory Board Members
The Supervisory Board’s Rules of Procedure provide for a standard retirement age of 80 for its members.

4. Diversity
As regards the diversity of its composition, the Supervisory Board strives to take account of different professional experience, expertise and educational backgrounds and, in particular, to ensure appropriate representation of women and men. In accordance with Section 96 (2) of the German Stock Corporation Act, at least 30 percent of the members of a supervisory board must be women and at least 30 percent men.

(II) Skills Profile

When filling the positions on our Supervisory Board, we strive to achieve a mix of young and old, industry insiders and those from other sectors, as well different professional backgrounds and diverse international experience. We expect all members to be willing and able to make the necessary commitment to their Supervisory Board duties. Beyond that, the Supervisory Board as a whole must have the skills, knowledge and experience that are important to the WACKER Group’s business activities and that enable it to properly oversee the company and provide professional advice to the Executive Board. This includes the following:

- The Supervisory Board in its entirety should possess the necessary expertise in corporate management, accounting, financial controlling, risk management, corporate governance, compliance and sustainability issues of importance to the company (including energy consumption, greenhouse gas emissions, science-based targets, electrification/defossilization of production processes, climate neutrality, a sustainable product portfolio, environmental protection, water, biodiversity, human rights in the supply chain and safety).
- The Supervisory Board in its entirety must be familiar with the chemical industry (Section 100 (5) of the German Stock Corporation Act).
- At least one member of the Supervisory Board must have expertise in the field of accounting and at least one other in the field of auditing (Section 100 (5) of the German Stock Corporation Act).

The Supervisory Board takes into account the objectives it has set as well as its skills profile when making its nomination proposals to the Annual Shareholders’ Meeting. The current composition of the Supervisory Board complies with the objectives set and with the skills profile.

Diversity Strategy for the Supervisory Board

The diversity that the Supervisory Board wishes to see in its own composition is reflected in the goals and the skills profile it adopted.

Accordingly, the diversity criteria of international and intercultural experience, a balanced age structure, and different professional experience, expertise and educational backgrounds are considered when positions on the Supervisory Board are filled. In addition, the Supervisory Board's Rules of Procedure provide for a standard retirement age of 80 for its members. In accordance with the statutory requirements, the Supervisory Board must also comprise at least 30 percent female members and 30 percent male members, and must have an equal number of shareholder and employee representatives.

The goal of the diversity strategy is to ensure that the Supervisory Board as a whole is able to effectively monitor and advise the Executive Board. A Supervisory Board whose members are diverse in line with above-mentioned criteria is better placed to assess topics from different standpoints, and to scrutinize in a constructive and comprehensive manner the Executive Board's management of the company, its decisions and its strategy. The retirement-age provision enables members to contribute their longstanding professional and life experience for the good of the company. At the same time, it ensures that younger individuals can advance to the Supervisory Board at regular intervals.

The Supervisory Board takes the diversity strategy described above into account when making its nomination proposals to the Annual Shareholders' Meeting. In addition, as part of its regular self-assessments, the Supervisory Board evaluates its composition, including with regard to the diversity criterion.

The Supervisory Board fulfills the targets as regards its composition and complies with both the skills profile and the diversity strategy. There are currently seven women on the Supervisory Board, three as shareholder representatives and four as employee representatives; this surpasses statutory requirements.

For the reasons given in the Declaration of Conformity of December 2023, we do not comply with Recommendation C.1 sentence 4 of the Code regarding disclosure of the status of implementation of the skills and expertise profile in the form of a qualification matrix.

Independence

In view of the shareholder structure, the group of shareholder representatives considers that its four independent members constitute an adequate number of such members on the Supervisory Board. The Code as amended December 16, 2019, contains specific criteria for judging whether supervisory board members are independent. Accordingly, members who have been on a supervisory board for more than 12 years are not considered to be independent from the company and its executive board. Four shareholder representatives – Prof. Andreas Biagosch, Dr. Gregor Biebl, Prof. Patrick Cramer and Prof. Anna Weber – meet this criterion of independence from the company and its Executive Board. We also consider Ann-Sophie Wacker to be independent from the company and its Executive Board. According to the definition given in the Code, it is presumed that she is not independent because a close family member of hers (Dr. Peter-Alexander Wacker) has been on the Supervisory Board for more than 12 years. However, after due consideration of all the circumstances, the Supervisory Board's shareholder representatives believe that this situation does not mean she lacks independence. It cannot be assumed that she will be influenced by her father in exercising her duties as a member of the Supervisory Board – especially given that Dr. Peter-Alexander Wacker's own lack of independence from the company and its Executive Board stems solely from his long membership of the Supervisory Board and he otherwise has no particular personal or business relations with the company or the Executive Board that could constitute a conflict of interest that is substantial and not merely of a temporary nature. Especially in regard to the criterion of length of service, we deem the general assumption that a lack of independence could rub off on a close relative to be misguided.

The following shareholder representatives are independent from the controlling shareholder: Prof. Andreas Biagosch, Dr. Gregor Biebl, Prof. Patrick Cramer and Prof. Anna Weber.

Dr. Susanne Weiss, Dr. Peter-Alexander Wacker and Matthias Biebl belong to the controlling shareholder's management team and, in accordance with Recommendation C.9 of the Code, are irrefutably not independent. The same applies to Ann-Sophie Wacker, whose lack of independence from the controlling shareholder under the Code results solely from the fact that she is Dr. Peter-Alexander Wacker's daughter. In our opinion, the Code goes too far in this respect because it does not take into account the special circumstances of family businesses. In our specific case, the controlling shareholder is a family holding company whose sole purpose consists in holding the shares in Wacker Chemie AG. Thus, above and beyond holding the equity investment in Wacker Chemie AG, the controlling shareholder does not engage in any other entrepreneurial activities and thus has no further interest linking it to the company. In the case at hand, there is thus no danger of a typical conflict of interest arising under the laws governing corporate groups.

Self-Assessment of the Supervisory Board

Once a year, the Supervisory Board assesses how efficiently it has performed its duties, in both its plenary sessions and in its committees. At its December 2023 meeting, the Supervisory Board assessed the efficiency of its activities by means of a general discussion of the topic. The discussion and assessment were based on defined criteria, such as the frequency and length of (committee) meetings, preparation and conduct of the Supervisory Board and committee meetings, the quality and promptness of the information provided to the Supervisory Board members, the composition of the Supervisory Board and its committees, the handling of conflicts of interest and other conflicts within the body, and the Supervisory Board's general ability to monitor the company's Executive Board and advise it appropriately. The self-assessment confirmed the professional and constructive nature of the collaboration within the Supervisory Board and its committees as well as with the Executive Board. The Supervisory Board members came to the conclusion that, in particular, the material provided in advance of the meetings was comprehensive, of high quality and very easy to understand, thus making for thorough and efficient meeting preparation and for candid discussions during the meetings. The Supervisory Board members also found the separate preparatory meetings of employee and shareholder representatives in advance of the meetings of the full Supervisory Board to be particularly expedient and conducive to candid discussions. They did not identify any need to make fundamental changes. Any suggestions made in the course of the year will be addressed and implemented accordingly.

Key Corporate Management Practices

Compliance as a Key Managerial Duty of the Executive Board

At WACKER, managerial and monitoring duties include ensuring that the company complies with its legal requirements and that employees also observe company regulations. WACKER's compliance management system is regularly reviewed and adapted. These tasks are the responsibility of the global Compliance Management department. For a detailed description of compliance management, please refer to the Risk Management Report on page 92. The company has appointed and trained compliance officers in Germany, the USA, China, Japan, India, South Korea, Brazil, Mexico, Norway, Singapore, Russia, Turkey, Czechia, Hungary, Spain, the Netherlands and the United Arab Emirates. In some countries, for example in Italy, the Compliance function is also performed by external service providers. They hold regular training courses to inform employees of key legal requirements and internal regulations. They are also the contact persons for employees who have questions or need advice, information or training in compliance matters.

WACKER has a global whistleblower system that enables employees and third parties to inform the company of any breaches of compliance. If desired, reports can be made anonymously, while retaining the possibility of communicating with the whistleblower.

Principles of Corporate Ethics

Code of Conduct: WACKER published a new Code of Conduct at the end of 2023, replacing the five codes that applied previously. The new Code of Conduct contains four corporate value pairs, each featuring a guiding principle and a core message:

- Integrity & Example: We respect the relevant rules and set a good example.
- Performance & Passion: We deliver outstanding performance and are passionate about our work.
- Vision & Openness: We act in the interest of present and future generations and are open to new ideas.
- Collaboration & Appreciation: We work together constructively and value each other.

» **https://www.wacker.com/cms/media/en/asset/about_wacker/wacker_at_a_glance/corporate_strategy_and_policy_guidelines/ethical_principles/wac_code_of_conduct.pdf**

Responsible Care® and the Global Compact – Integral Parts of Corporate Management

Two voluntary global initiatives form the basis of sustainable corporate management at WACKER: the chemical industry's Responsible Care® initiative and the UN's Global Compact. WACKER has been an active member of the Responsible Care® initiative since 1991. Program participants undertake to continually improve health, safety and environmental performance on a voluntary basis – even in the absence of statutory requirements. The same is true of the UN's Global Compact initiative. We observe the Global Compact's ten principles, which address social and environmental standards, anticorruption and the protection of human rights. We also expect our suppliers to respect the principles of the Global Compact, and we evaluate them on this point in our risk assessments.

Ambitious Sustainability Goals

In 2021, WACKER set itself new, ambitious goals to achieve climate neutrality by 2045. By 2030, WACKER plans to lower its absolute greenhouse gas emissions by 50 percent relative to 2020. The new goals to cut greenhouse gases are science-based because they are consistent with the goal of keeping the global rise in temperature below 1.5 degrees Celsius and therefore comply with the Paris Agreement. Since 2021, WACKER has also been a member of the UN's initiative to achieve climate neutrality – the Race To Zero. Under this initiative, WACKER has made a voluntary commitment to the 1.5 °C target and undertaken to issue transparent progress reports on its course toward climate neutrality by 2045.

WACKER's other sustainability goals for the period until 2030 are:

- All WACKER products to meet defined sustainability criteria (in accordance with WACKER Sustainable Solutions)
- 15-percent reduction in specific energy consumption
- 100 percent of WACKER's key suppliers to meet defined sustainability standards
- 25-percent reduction in absolute upstream greenhouse gas emissions
- 15-percent reduction in specific water withdrawal
- Annual number of chemical accidents with missed workdays and process-related accidents to be cut to zero, and
- 15-percent reduction in production-specific waste by 2030.

All these activities are being overseen by Corporate Sustainability, which forms part of Corporate Development and thus reports directly to the CEO.

Engagement with Society

Companies can be commercially successful only if they enjoy the public's trust. Consequently, WACKER is serious about its social responsibilities toward communities near its sites and wherever people are in need around the world. We regularly promote and support a wide variety of charitable projects, organizations and initiatives. Our commitment covers activities relating to science, education, sports and various charities.

Further Information on Corporate Governance at WACKER

Compliance with the Provisions of Art. 17 of MAR

We comply with the provisions of Art. 17 of MAR (EU Regulation No. 596/2014 – Market Abuse Regulation). For a number of years, we have maintained a unit for ad-hoc publicity coordination, where representatives of various specialist areas examine issues for their ad-hoc relevance. In this way, we guarantee that potential insider information is handled in accordance with the law. Employees who have access to insider information as part of their jobs are included in insider lists.

Share Dealings by the Executive and Supervisory Boards

Persons discharging managerial responsibilities – at Wacker Chemie AG, these are members of the Executive and Supervisory Boards – as well as persons closely associated with them are obligated under Art. 19 of MAR to notify the German Financial Supervisory Authority (BaFin) and the company within three business days of transactions conducted on their own account relating to the shares or debt instruments of that company or to derivatives or other financial instruments linked to them. A reporting obligation exists, however, only where the total volume of the transactions made by the person concerned reaches or exceeds €20,000 within a calendar year.

» **www.wacker.com/cms/en-de/about-wacker/investor-relations/corporate-governance/directors-dealings.html**

Dealing Responsibly with Opportunities and Risks

Dealing responsibly with risks is an important part of good corporate governance. WACKER has in place an opportunity and risk management system to regularly identify and monitor material risks and opportunities. Its objective is to recognize risks at an early stage and minimize them through systematic risk management. The Executive Board informs the Supervisory Board regularly about existing risks and how they are developing. The Audit Committee regularly reviews the accounting process and the effectiveness of the internal control, risk management and auditing systems, while the full Supervisory Board is also regularly informed about the compliance management system and the Group's internal control systems. Both bodies are also involved in auditing the financial statements. The opportunity and risk management system is continuously being enhanced and adapted to meet changing conditions.

Accounting and Auditing

As stipulated by the Code, we have agreed with the auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, that the Chair of the Supervisory Board is to be informed without delay during the audit about any grounds for disqualification and/or bias. In addition, the auditors must immediately report all material findings and events that concern the Supervisory Board's duties. If, in the course of their audit activities, the auditors establish facts that reveal errors in the Executive and Supervisory Boards' Declaration of Conformity to the Code pursuant to Section 161 of the German Stock Corporation Act, the Supervisory Board is notified accordingly and/or a note included in the audit report.

D&O Insurance

WACKER has concluded a financial liability insurance policy (D&O insurance) that covers the activities of the Executive Board and Supervisory Board members. This insurance provides for a statutory deductible for the members of the Executive Board.

Disclosures on Compliance with the Minimum Participation Requirement When Filling Positions on the Supervisory Board and Executive Board; Target Values for the Proportion of Women in the two Management Levels Below the Executive Board

At least 30 percent of the members of the Supervisory Board of Wacker Chemie AG must be women and at least 30 percent men, and the Supervisory Board as a whole must comply with this gender ratio unless the representatives of either the shareholders or the employees object thereto pursuant to Section 96 (2) of the German Stock Corporation Act. By way of the resolution passed on December 7, 2023, the representatives of the employees and shareholders both objected to compliance with this ratio by the Supervisory Board as a whole. As a result, on both the employee and shareholder representative side, the Supervisory Board must include at least two women and two men.

Wacker Chemie AG meets these legal requirements, with three women among the shareholder representatives and two women among the employee representatives.

The Executive Board of Wacker Chemie AG must include at least one woman and one man among its members (Section 76 (3a) of the German Stock Corporation Act).

Since Angela Wörl joined the four-member Executive Board of Wacker Chemie AG on May 12, 2021, the company has complied with the statutory requirement.

Section 76 (4) of the German Stock Corporation Act requires Wacker Chemie AG's Executive Board to specify target values for the proportion of women in the two management levels below the Executive Board. In November 2022, the Executive Board of Wacker Chemie AG set new targets of 25 percent for both management levels below the Executive Board, to be reached by December 31, 2026.

Multiyear Overview

€ million	2023	Change in %	2022	2021	2020	2019
Sales	**6,402.2**	–22.0	8,209.3	6,207.5	4,692.2	4,927.6
Income before taxes	**387.0**	–76.1	1,616.2	1,093.6	217.9	–591.2
Net income for the year	**327.3**	–74.5	1,281.6	827.8	202.3	–629.6
EBITDA	**823.6**	–60.4	2,080.9	1,538.5	666.3	783.4
EBIT	**404.9**	–75.9	1,678.8	1,134.3	262.8	–536.3
Fixed assets	**4,551.5**	8.7	4,186.3	3,372.7	3,136.5	3,494.1
Intangible assets	**293.5**	37.8	213.0	45.9	21.1	29.4
Property, plant and equipment	**3,038.4**	11.8	2,717.9	2,466.9	2,393.2	2,652.6
Right-of-use assets	**222.5**	–8.5	243.2	138.8	110.8	119.8
Financial assets	**997.1**	–1.5	1,012.2	721.1	611.4	692.3
Current assets, incl. deferred taxes + prepaid expenses	**4,302.9**	–17.5	5,215.1	4,761.6	3,814.0	2,996.9
Liquidity[1]	**1,421.9**	–27.3	1,956.2	1,983.3	1,338.0	545.2
Equity	**4,579.9**	–9.0	5,030.7	3,100.4	1,691.8	2,029.0
Subscribed capital	**260.8**	–	260.8	260.8	260.8	260.8
Capital reserves	**158.6**	–0.2	158.9	157.4	157.4	157.4
Treasury shares	**–45.1**	–	–45.1	–45.1	–45.1	–45.1
Retained earnings, consolidated net income, other equity items	**4,042.5**	–10.0	4,489.2	2,645.4	1,252.1	1,593.8
Non-controlling interests	**163.1**	–2.3	166.9	81.9	66.6	62.1
Borrowed capital	**4,274.5**	–2.2	4,370.7	5,033.9	5,258.7	4,462.0
Provisions	**1,142.0**	11.9	1,021.0	2,082.9	3,016.0	2,525.0
Liabilities, incl. deferred taxes + deferred income	**3,132.5**	–6.5	3,349.7	2,951.0	2,242.7	1,937.0
Net financial debt (-) Net financial receivables (+)	**–83.7**	>100	409.2	546.5	–67.5	–713.7
Total assets	**8,854.4**	–5.8	9,401.4	8,134.3	6,950.5	6,491.0
Employees (average for the year)	**16,251**	6.5	15,262	14,352	14,401	14,751
Employees (Dec. 31)	**16,378**	4.2	15,725	14,406	14,283	14,658

[1] Securities, fixed-term deposits, cash and cash equivalents

€ million	2023	Change in %	2022	2021	2020	2019
Key profitability figures						
Return on sales (EBIT) = EBIT/sales (%)	**6.3**	–69.3	20.5	18.3	5.6	–10.9
Return on sales (EBITDA) = EBITDA/sales (%)	**12.9**	–49.2	25.4	24.8	14.2	15.9
Return on equity = net income for the year / equity (as of Dec. 31) (%)	**7.1**	–72.0	25.5	26.7	12.0	–31.0
ROCE - return on capital employed = EBIT / capital employed (%)	**6.9**	–80.2	34.7	28.3	5.6	–11.3
Key statement-of-financial-position figures						
Investment intensity of fixed assets = fixed assets / total assets (%)	**51.4**	15.4	44.5	41.5	45.1	53.8
Equity ratio = equity / total assets (%)	**51.7**	–3.3	53.5	38.1	24.3	31.3
Capital structure = equity / borrowed capital (%)	**107.1**	–6.9	115.1	61.6	32.2	45.5
Cash flow and capital expenditures						
Cash flow from operating activities	**936.3**	–16.8	1,125.5	1,064.4	873.7	605.0
Cash flow from long-term investing activities – before securities	**–770.7**	12.2	–686.7	–303.6	–176.0	–420.6
Cash flow from financing activities	**–688.1**	50.1	–458.5	–153.9	117.1	–26.2
Net cash flow = CF from operating activities + CF from investing activities – additions from finance leases	**165.6**	–62.3	438.8	760.8	697.7	184.4
Capital expenditures	**709.6**	29.8	546.8	343.8	224.4	379.5
Share and valuation						
Consolidated net income	**327.3**	–74.5	1,281.6	827.8	202.3	–629.6
Earnings per share (€) = consolidated net income / number of shares	**6.31**	–74.9	25.18	16.24	3.81	–12.94
Market capitalization (total number of shares without treasury shares)	**5,678.2**	–4.3	5,931.6	6,537.6	5,799.9	3,360.2
Number of shares	**49,677,983**	–	49,677,983	49,677,983	49,677,983	49,677,983
Price as of reporting date (Dec. 31)	**114.30**	–4.3	119.40	131.60	116.75	67.64
Dividend per share (€)	**3.00**	–75.0	12.00	8.00	2.00	0.50
Dividend yield (%)	**2.3**	–73.5	8.6	6.0	2.9	0.7
Capital employed	**5,192.3**	14.7	4,526.6	3,782.2	4,111.4	5,183.5

Financial Calendar

2024

APRIL 25	MAY 8	JULY 26	OCTOBER 29
Interim Statement on the 1st Quarter of 2024	**Annual Shareholders' Meeting**	Interim Statement on the 2nd Quarter of 2024	Interim Statement on the 3rd Quarter of 2024

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