



GLOBAL COMPACT PROGRESS REPORT 2016 WACKER CHEMIE AG

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1 Statement of Continued Support (Message from the CEO)

Ladies and Gentlemen,

At WACKER, entrepreneurial success is not based solely on key financial indicators. It also depends on the answer to the question How sustainably are we performing? Accordingly, sustainable management is one of our five strategic goals. In everything we do, we aim to bring economic, ecological and social factors into equilibrium

Sustainability has long been central to WACKER's business model, especially with regard to generating, storing and transporting environmentally friendly energy WACKER not only offers solutions for generating and storing energy It also consumes a great deal of energy Consequently, energy efficiency is a decisive factor in advancing our competitiveness We are constantly on the lookout for ways of making more efficient use of raw materials and reducing our energy consumption Our integrated production system gives us a tremendous advantage, with its closed material and energy loops. We take the by-products of one production step and use them as the starting material for other chemical processes The same applies to waste heat, which we take from one process and use for later production steps.

The key engine of WACKER's success is its workforce To sustain our success in the future, we are committed as a company to maintaining our employees' performance and to remaining an attractive employer To this end, we established a new, globally valid talent-management process in 2013. It enables us to identify our employees' competencies early on and develop their potential, so that WACKER can fill important positions with highly-qualified in-house candidates in the medium and long term

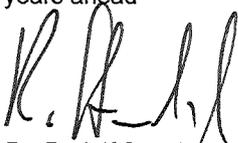
We are also adopting future-oriented working-time models Employees now have access to a variety of leave options and part-time models for personal situations, such as providing care for family members with serious health conditions, pursuing further education or taking a sabbatical As a result, employees can better harmonize their private plans with their careers WACKER, in turn, can retain dedicated employees

Internationalization is an additional WACKER success factor Our company is active across the globe, with people from over 60 nations working for WACKER We are increasingly taking account of this in managerial appointments Our policy in recent years has been to fill regional leadership positions with local applicants And we want to continue promoting this diversity Similarly, we intend to increase the number of women in technical and leadership positions Therefore, the company joined the German nationwide Diversity Charter initiative

WACKER achieved a turnaround as regards workplace safety, cutting the number of occupational accidents per million hours worked by more than 40 percent across the Group within two years. Our safety program, WACKER Safety Plus, was bearing fruit We do not intend to stop here For us, success is an incentive to become even better

The same applies to our supply chain In 2015, we joined the "Together for Sustainability" (TfS), whose goal is for its member chemical companies to exercise global responsibility when purchasing goods and services and to improve the ecological and social standards of their suppliers

With our measures, we achieved – and in some cases even exceeded – the sales and earnings targets we had set ourselves for fiscal 2015 For the first time in our company's history, sales passed the five-billion-euro mark The virtues that enabled WACKER to succeed during its first 100 years are entrepreneurial spirit and the courage to reinvent itself And we intend to remain committed to these values in promoting sustainable business practices in the years ahead



Dr. Rudolf Staudigl

President & CEO of Wacker Chemie AG

April 2016

2 Practical Actions

With the UN's Global Compact, we are anchoring social responsibility in our business.

WACKER's Code of Conduct contains important principles, rules and behavioral guidelines that the company abides by. Every employee is obliged to observe these regulations. They serve as a guide for our employees alongside our existing contractual and company rules, regulations and compliance programs of individual Group companies.

The Code of Conduct defines the fundamental principles of our conduct. These principles are the basis for our work. They aim to avoid situations that could lead to our conduct's integrity being questioned. We see the Code of Conduct as an active regulation that's updated and improved in line with legal and social changes.

We expect all employees to observe not only the internal regulations described here, but also all standards of conduct and laws applicable in the countries where they work. We do not tolerate violations of the Code of Conduct's principles.

In our General Terms and Conditions for Purchase we share the rules of the Global Compact with our suppliers.

Regional Sustainability-Management Focus

In 2015, the Americas were the focal region of WACKER's sustainability management. Our focus involved an inspection of individual sites, including the new plant in Charleston (Tennessee, USA), with regard to EHS. In 2016, the focus will be on Europe.

2.1 Human Rights

Diversity Charter

Globalization, demographic change and new regulatory requirements are making diversity and inclusion increasingly important issues. In 2015, WACKER started a groupwide initiative to promote diversity and inclusion in the workforce. The company joined the German nationwide Diversity Charter initiative. WACKER Germany is focusing on gender, age /experience and cultural background.

People from 70 different nations work for WACKER. At the end of 2015, 41 of a total of 190 executive personnel groupwide were of non-German nationality – which corresponds to 22 percent of the total. Overall, 16 nationalities were represented at the executive level.

Social Security

Good social benefits, competitive compensation and motivating tasks make WACKER an attractive employer. This explains our high level of employee loyalty. The average length of service in Germany (permanent staff) was 18.4 years (2014: 18.1 years). In 2015, the groupwide employee turnover rate remained virtually constant at 4.6 percent (2014: 4.1 percent), while in Germany it was only 1.1 percent (2014: 0.8 percent). At non-German sites, the rate was 14.6 percent (2014: 13.8 percent).

As viewed by its own managerial employees, WACKER was once again one of the most popular chemical-sector employers in Germany in 2015. In the annual satisfaction survey conducted by Germany's Association of Chemical-Industry Executives (VAA), Wacker Chemie AG returned to the top ten of German chemical and pharmaceutical companies. WACKER ranked eighth with a score of 2.9 (with 1 being the highest and 5 the lowest), up from twelfth place in 2014, and performed above the average grade of 3.1 that managerial employees from 23 companies gave their respective employers.

Demographic Change

WACKER has been addressing demographic change for many years. The average age of the Group's workforce at the reporting date was 42.8. Employees at non-German sites are younger (average age: 39.5) than in Germany (44.0). The age structure abroad varies greatly from region to region. Staff at Asian sites are comparatively young (average age: 34.8), while staff at US locations have an average age of 45.3. Regional variations in age structure are not exclusive to WACKER; they reflect the age structures of the populations in the respective continent or country.

Health Management

To maintain WACKER's long-term innovative and competitive strength, we have set ten strategic goals. Long-term measures for the workforce range from training opportunities to health programs. WACKER's health management program focuses on five fields. Our goal is to prevent spinal disorders and cardiovascular diseases in our workforce, increase mental resilience, ensure that tasks are age-appropriate and find suitable jobs for staff with health restrictions. In 2015, Health Services continued the groupwide initiative for back health it had initiated in the previous year. This campaign aims to raise awareness and introduce prevention programs. At WACKER, back problems are the leading cause of sick days.

In 2015, the Fit for Your Shift project included Siltronic AG employees for the first time. In this health program tailored to shift workers, participants are taught habits that can help them deal better with the pressures of shift work in the long term. The evaluation of two years of practical experience demonstrated that participants reduced risk factors such as being overweight and improved their fitness and quality of sleep.

At our main site in Burghausen, we opened a new health center: a modern, efficient facility for providing occupational and emergency medical care to about 10,000 employees.

Transferring Knowledge and Personnel Development

WACKER will remain innovative and competitive as long as it has highly-skilled employees, which is why we offer all of our employees opportunities for additional training. At least once a year, employees and supervisors discuss development measures during performance reviews. This approach applies to all levels of the corporate hierarchy. In 2015, our employees completed about 66,000 e-learning sessions (2014: about 74,000), and more than 16,500 participants (2014: more than 16,400) attended seminars, advanced training programs and conventions, or received tutoring.

In 2015, we launched two new types of development programs for experienced managerial employees. The Learning Company seminar allows participants to assume different leadership roles as part of a model organization and obtain feedback on their performance from experienced instructors. During the External Peer Reflection program, our managers can exchange ideas with executives of the same hierarchical level from other companies.

In the reporting year, WACKER completed the second cycle of the talent-management process launched in 2013, culminating in the Executive Board conference on succession planning. The aim of talent management is to identify and encourage talent at an early stage, so that WACKER can fill challenging positions, too, with highly qualified in-house candidates in the medium and long term. In the reporting year, we surveyed the group targeted by talent management – above-standard pay scale employees and OFK executive personnel. Three-quarters of participants considered the process to be logical, and two-thirds felt the talent management goals were worthwhile.

Overall, WACKER invested € 7.7 million in personnel-development measures and advanced training in 2015 (2014: € 7.0 million).

“Together for Sustainability” Initiative

WACKER desires to strengthen its commitment to sustainable business practices in the supply chain. To this end, we have now joined the “Together for Sustainability” (TfS) initiative. Established in 2011, the project aims at implementing a standardized global program for responsible procurement of goods and services in the chemical

industry and improving the ecological and social standards of suppliers. By joining “Together for Sustainability,” WACKER will be able to improve the sustainability of the entire supplier chain.

The initiative is based on established principles such as those subscribed to by United Nations Global Compact and Responsible Care[®], the chemical industry’s sustainability initiative. Together, the TfS members organize supplier evaluations using questionnaire analyses and audits, whereby the suppliers’ sustainability performance is assessed by independent auditing bodies based on criteria tailored to the chemical industry. Aspects that are assessed range from the environment, health and safety, labor and human rights to ethical company management. The audits include on-site checks, particularly in risk regions.

Since the start of the TfS initiative, the sustainability performance of 4,600 suppliers has been rated within the TfS initiative based on EcoVadis assessments and 446 TfS audits have been conducted by means of the TfS Audit Program. In 2015, a total of 2,580 sustainability assessments has been shared among TfS Members and 179 new TfS audit reports were received by the TfS initiative.

At the end of 2015, WACKER also conducted a re-assessment and confirmed its Gold-status. Beginning of 2016, we will conduct a social audit according to TfS standard at our site in Burghausen.

Social Responsibility: Supporting Science Education and Social Projects

A company can be successful only if it enjoys the trust of the public, which is why we take our social responsibilities seriously, especially in communities around our sites. Training young people in the natural sciences is especially important to us because we need dedicated scientists and engineers in order to remain competitive.

WACKER’s own Burghausen Vocational Training Center (BBiW) accommodated four unaccompanied adolescent refugees from Afghanistan in its youth guest house in 2015. Along with the eight African refugees taken in by WACKER in 2014, the company is now helping to integrate twelve displaced young people. The refugees are taking intensive German lessons to help them in their new life in Germany. They are also taking an integration class at the Mühldorf vocational school with the goal of obtaining the necessary educational qualification for vocational training.

WACKER provides the Liangfeng Senior High School in Zhangjiagang with funding for 25 students and six teachers who distinguish themselves through outstanding academic achievements. In particular, the WACKER scholarship provides financial support for students from disadvantaged backgrounds. Additionally, WACKER experts share their know-how at the high school by giving specialized classroom instruction on industrial silicone applications.

Additionally, WACKER once again sponsored the Dresden / East Saxony regional heat of Young Scientists in 2015.

School recruiting and experiment kit

In its personnel development activities, WACKER also relies on vocational training. In 2015, 178 young people began their training at WACKER or at the Burghausen Vocational Training Center (BBiW). In total, the company employed 597 trainees, slightly fewer than a year earlier (2014: 635). At 4.7 percent, the percentage of trainees (ratio of trainees to Group employees in Germany) is slightly below the previous year’s level (2014: 4.9 percent). 514 trainees are in scientific and technical disciplines and 83 in business-related fields. In 2015, WACKER offered jobs to the majority of suitable trainees -182 graduates – hiring 74 of them on temporary contracts and 108 on permanent contracts. The BBiW also provides training for 18 partner companies. The public foundation set up by WACKER thus satisfies an intercompany training mandate – in 2015, partner companies sent 55 trainees to start courses at the BBiW.

WACKER continued work on its CHEM₂DO experiment kit during the reporting year. After two years of seeing how the kit was used in practice, we adapted the 2012 edition to better reflect both the situation in the schools and the students’ prior knowledge. The new edition has been available since autumn of 2015. Germany’s federal SCHULEWIRTSCHAFT association presented Wacker Chemie AG with first place for the 2015 SCHULEWIRTSCHAFT “That has potential!” award in the Beginners – Large Companies category for its CHEM₂DO Experiment Kit. This network awards its prize to active companies committed to improving job prospects for students.

Social projects

We attach particular importance to projects that help children and young people. In 2007, we began supporting Die Arche (The Ark), a Munich-based Christian charity for children and adolescents. The initiative, which works with around 400 children and young people from socially disadvantaged families, including refugee children, provides children with hot meals and extra tutoring, organizes leisure activities and offers counseling. In the reporting year, WACKER presented its ninth annual donation of € 100,000 to the charity's Munich branch.

Large areas of Nepal were devastated by two severe earthquakes in the spring of 2015, and the country still has not recovered from the disaster. According to UNICEF estimates, 400,000 people, one-fourth of them children, were ill-prepared for the onset of winter, more than half a year after the earthquake.

WACKER HILFSFONDS, our foundation for disaster aid, asked employees last year to make a donation to Namaste Nepal S-GmbH, a student charity based in Freiberg, Germany. The project was founded in 2015 by students at Geschwister-Scholl-Gymnasium secondary school, with the aim of cooperating with a Nepalese aid organization in building schools and preschools in the Sindhupalchok province. Wacker Chemie AG is taking part in the fundraising campaign by making an initial donation of € 50,000 and then matching employees' donations.

2.2 Labor Standards

As a global company, WACKER operates in international markets and multicultural environments. Holding each employee's skills and dedication in high regard, we view human diversity as an asset. We oppose discriminatory or derogative treatment on account of gender, race, ethnicity, religion, ideology, disability, sexual orientation or age. These principles are valid across the WACKER Group and, as part of our corporate culture, are embodied in our Code of Teamwork & Leadership, drafted in 2012. Employees may report any discrimination to their supervisors, as well as to a compliance officer, the employee council or the designated HR contact person. The complaint will be investigated and the reporting employee will be informed of the results. We do not keep a log of discrimination cases.

Special arrangements are in place to help and promote WACKER employees who are disabled or suffer from long-term occupational disabilities. The company's integration management program provides for close cooperation between supervisors, employees, HR, disabled-employee representatives and Health Services to permit disabled employees to remain in their workplace or to change to a suitable job.

It goes without saying that we offer equality of opportunity to all employees, regardless of their gender. This approach also applies to compensation. The amount earned reflects in particular each job's specific demands and responsibilities. The average annual salary of female employees is marginally lower than that of male employees. The reason lies in the statistical analysis, where the figures had not been adjusted for parameters such as seniority, age and performance content of the salary.

In the reporting period, personnel expenses rose to € 1,350.1 million (2014: € 1,246.9 million), up 8.3 percent from the prior year. These expenses included outlays for social benefits and the company pension plan amounting to € 279.9 million (2014: € 238.8 million). The reasons for the rise in personnel expenses were the higher number of employees, the increase in the standard pay scale, and exchange-rate effects in the US-dollar area..

The IG BCE labor union and chemical-industry employers agreed on a new 17-month collective-bargaining agreement in March 2015. The standard pay scale increased by 2.8 percent, and it was agreed to raise the demographic sum per standard-pay-scale employee to € 550 as of 2016 and to € 750 as of 2017.

Employee Surveys at German Sites

WACKER conducted an inter-site employee survey in Germany in 2015. The goal was to identify the organization's strengths and areas for potential improvement. The survey is also intended as a tool for assisting managerial employees in improving performance in their areas of responsibility. The evaluation of all German site results showed that WACKER employees identify with their employer to a large degree.

80 percent of the respondents are proud to work for WACKER and 82 percent would recommend WACKER as an employer. 78 percent are willing to exert themselves and carry out tasks above and beyond what is required of them to contribute toward the Group's success. In addition, employees gave the Group a better-than-average rating for customer focus. 92 percent emphasized the fact that their tasks and what was expected of them were clearly defined. 90 percent responded that they are given work commensurate with their knowledge and abilities.

Employees felt that there was room for improvement regarding acknowledgment of their accomplishments, perceptions of appropriate compensation and opportunities for personal development. At the plants in particular, the employees expressed the wish to be included more in change processes and to learn together from mistakes.

WACKER implements Quota for Women

The German statute on equal opportunity for women and men in management that became law on May 1 has been implemented at WACKER as follows:

Executive Board: While Wacker Chemie AG attaches considerable importance to diversity as regards appointments to the Executive Board, expertise and qualifications remain the principal criteria for such appointments. In addition, there are no regular new appointments planned for the next available opening (June 30, 2017). Under these circumstances, the target for the proportion of women in the Executive Board for the period up to June 30, 2017, is zero.

Management levels below the Executive Board: WACKER is focusing its attention 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 have also decided to include only managerial employees from the highest above-standard pay scale or those who are OFK executive personnel with responsibility for managing employees.

We have also designated the period up to June 30, 2017 as the reporting period for the two management levels below the Executive Board. Because our numbers are based on the status quo as of June 30, 2015, we will have a two-year period to observe developments.

Proportion of women: We aim to increase the proportion of women in the first level of management from 8 percent to 10 percent. For the second level of management, we have set a goal of raising the proportion of women from 14.5 percent to 17.5 percent. This goal is ambitious, given the fact that WACKER is a technology-oriented company. As a rule there are fewer women in the scientific-technical professions that are important to WACKER. Furthermore, there is very little staff turnover in Germany, and new appointments to the first and second levels of management are usually the result of employees going into retirement.

2.3 Environment

All WACKER's processes focus on the need to protect the environment and to manufacture products safely. We attach particular importance to integrated environmental protection, which commences with product development and plant planning. In accordance with the core ideas of the Responsible Care® initiative, our environmental protection measures often go beyond what is legally required.

In many parts of the world, clean water is particularly scarce, and obtaining and purifying water is very expensive. As a global player, we take such conditions into account in our production processes and during transport. We use the Global Water Tool® (GWT) developed by the World Business Council for Sustainable Development (WBCSD) to analyze the annual relative water stress index of the countries where our main global production sites are located.

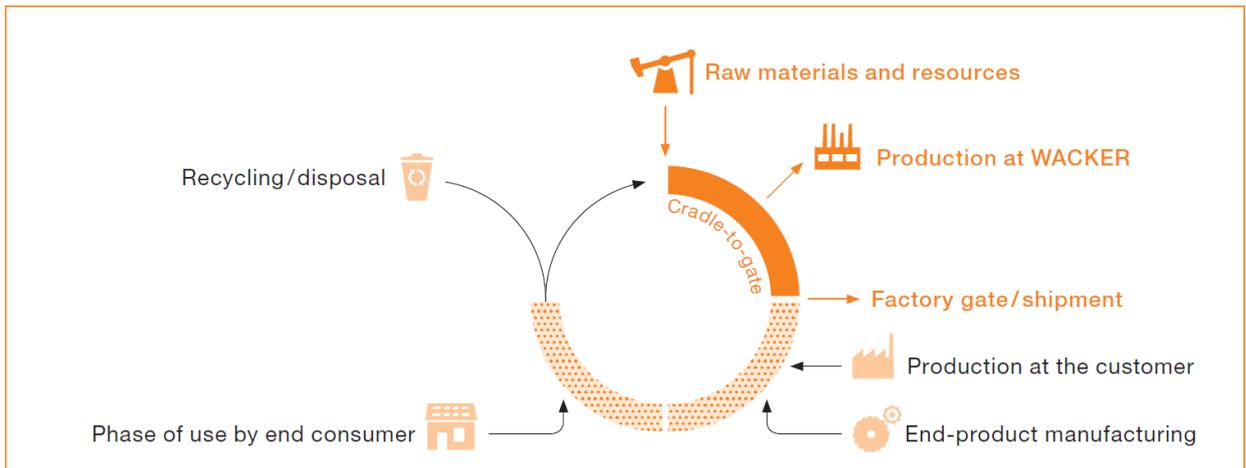
Product Stewardship

WACKER takes criteria for environmental and health protection as well as for safety into account at every stage of the product lifecycle. In research and development projects, we examine the sustainability aspects of our new products and processes, starting with the raw materials used. Energy plays a major role. Therefore, we focus on projects for

- energy from sun
- energy from wind and water
- storing and saving of energy

Our products are generally supplied to business customers for further processing – not directly to end customers. Our lifecycle assessments (LCAs) look at the environmental impact caused by a specific product family throughout its lifecycle – a “cradle-to-gate” assessment extending from manufacturing to the factory gate. They allow us to gauge the sustainability of our products and production processes, and to improve them accordingly.

Product Lifecycles



With the help of the WACKER EcoWheel®, we identify key sustainability topics and, together with our customers, set priorities for research projects.

Progress at production sites

We have established groupwide environmental protection standards that apply to all production sites and technical centers. The respective site managers monitor legal compliance in environmental issues and adherence to local environmental standards. The Group Coordinator for the Environment checks the implementation of environmental standards in practice at the sites and performs random checks to verify legal compliance.

Packaging and transport

WACKER is keen to minimize the environmental impact of its packaging materials. For instance, the Siltronic division prefers reusable packaging such as the Hybox. We ship our 300 mm wafers in this type of reusable container, which is designed for transportation in hygienically sensitive areas. The Hybox has 30 percent less volume than cardboard packaging. Since the introduction of the Hybox in 2006, we have shipped 64,000 of them from the Burghausen and Freiberg sites. Thanks to this reusable design, we avoided a total of around 2,300 metric tons of waste from 2006 to 2014.

Safe Transport of Hazardous Materials

WACKER ensures that its products are safely transported and stored. We carefully inspect vehicles before loading them, especially if hazardous goods are involved. In 2015, we had inspections carried out on over 7,000 trucks. If a vehicle fails an inspection, we refuse to deploy it until the defects have been remedied. Failure rates have been low for years now. In 2015, the rate was about 1.5 percent for hazardous goods shipments in Germany (2014: 0.3 percent). WACKER regularly audits its hazardous goods shippers.

We also review aspects of transport safety with our logistics providers. If deficiencies are found, we agree on improvements and then follow up on their implementation. When selecting logistics service providers and evaluating their performance, WACKER uses in-house criteria and internationally recognized systems, such as the Safety and Quality Assessment System (SQAS) operated by the European Chemical Industry Council (Cefic). Through the use

of standards and specifications, WACKER ensures that even the subcontractors working for our logistics providers meet our stringent safety requirements.

For high-risk products, we use packaging and tanks that meet the highest quality standards – in some cases exceeding statutory requirements.

Climate-Neutral Transport

With the GoGreen certificate, our logistics service provider Deutsche Post DHL certifies the offsetting of greenhouse gas emissions generated by the transport of our parcels. The greenhouse gas emissions specified on the certificate of 3.18 metric tons CO₂e in 2014 include emissions from transport and logistics, as well as upstream emissions from fuel and energy generation (2013: 2.76 t CO₂e). CO₂ equivalents (CO₂e) include carbon dioxide (CO₂) and other greenhouse gases, such as methane (CH₄) and nitrous oxide (N₂O).

Deutsche Post DHL's carbon management is offsetting the greenhouse gas emissions generated during transport in the period under review through investments in global climate-protection projects.

Sustainable Fleet and Passenger Transport Strategy

In recognition of its integrated fleet and passenger transport strategy, Wacker Chemie AG has received the 2015 GreenFleet® Award at the International Motor Show (IAA) in Frankfurt am Main. The jury was impressed by WACKER's practical approach of minimizing passenger transportation and business trips, and its use of environmentally friendly vehicles to sustainably reduce harmful CO₂ emissions.

The German TÜV SÜD technical inspection authority bestows the GreenFleet® Award annually on companies with innovative mobility strategies and sustainable fleet management. The competition particularly takes into account CO₂ savings, as well as the strategy's overall potential, trailblazing character and innovative spirit.

The jurors found that the strategy can serve as an example for other companies: for instance, employees have access to nearly 4,000 on-site bicycles at the Burghausen (Bavaria) and Nünchritz (Saxony) plants. And CO₂-neutral shuttle buses with electric drives (0 g CO₂) are used for site tours. The company is also working to reduce commute-related greenhouse emissions. For its Burghausen site, WACKER has been offering an extensive shuttle service for many years now that totals 50 lines and covers a radius of some 50 kilometers around the plant. Some 3,500 employees take advantage of this service every day.

The company bundles trips between its sites via a carpooling service and scheduled shuttle taxis. To minimize the number of business trips to the greatest possible degree, the company set up dedicated communication rooms for video conferences. For a year now, fleet management has also been testing electric vehicles and cars with an emissions class of A+ as company pool vehicles to continually reduce emissions during business trips. Employees can complete eco driver training to practice fuel-efficient driving. What's more, the company ensures that the logistics providers it chooses, such as freight forwarders, take environmental protection into account.

2.4 Anti-Corruption

At WACKER, managerial and monitoring duties include ensuring that the company complies with legal requirements and that employees observe internal company regulations. WACKER's compliance management system is regularly reviewed and adapted.

These tasks are the responsibility of the compliance management department. The company has appointed and trained compliance officers in Germany, Norway, the USA, China, Japan, India, South Korea, Brazil, Mexico, Singapore, Russia, the United Arab Emirates and Taiwan, who hold regular training courses to inform employees of key legal provisions and internal regulations. They also serve as contacts whenever employees have questions or need advice about compliance. In 2015, one focus of the compliance management department remained the further improvement of communication with the company's international sites within the compliance organization and the training of the local employees at those sites.

3 Results

Group Certificate

Our Group certification program ensures that customer-driven specifications and our corporate standards are implemented at all WACKER sites. Almost all WACKER production sites are included in the Group certification program. Exceptions to this are the sites in Brazil, the Kolkata plant belonging to Wacker Metroark Chemicals Pvt. Ltd., India, and the WACKER BIOSOLUTIONS site in Halle, Germany. All these sites, however, have corresponding individual certificates. As of 2012, all sites belonging to Wacker Chemie AG, Siltronic AG and Alzwerke GmbH have been certified to ISO 50001 (energy management systems). Wacker Biotech GmbH, DRAWIN Vertriebs-GmbH and Wacker-Chemie Versicherungsvermittlung GmbH began introducing this standard during the reporting year. The silicone-producing sites in Burghausen and Nünchritz (Germany), Jandira (Brazil), Zhangjiagang (China) and Amtala (India) have been certified to ISO 22716 for the cosmetics industry.

Awards by Responsible Care

In 2015, the Association of International Chemical Manufacturers (AICM) in Beijing presented the Responsible Care® Chairman Award to WACKER Greater China for the second time.

The German Chemical Industry Association (VCI) held a Responsible Care® competition in 2015 on the theme of “We have good ideas for transport safety and sustainable logistics.” At the award ceremony in Hamburg, the VCI honored a WACKER project designed to optimize overseas freight shipments. WACKER had submitted a sustainable strategy for efficient container management. This has reduced the number of empty containers transported since 2011 by 20 percent, thereby cutting CO₂ emissions, too. The jury praised the “quantifiable success” and “optimization of the entire logistics chain.” Prior to this, the Bavarian branch of the VCI had already presented its Responsible Care® Award to WACKER for this project.

Greenhouse Gas Emissions

The Group's corporate CO₂ footprint report is an important tool for improving climate protection. We have been calculating our indirect greenhouse-gas emissions in accordance with the Greenhouse Gas Protocol Scope 3 Accounting and Reporting Standard since 2012. These emissions include all those generated along the supply chain, e. g. by suppliers or through waste disposal and the transportation of products. In 2015, we also started calculating downstream transportation routes in accordance with Scope 3. In addition, calculations of our carbon footprint now include the effects of procured products and handling of our sales products right to the end of the product lifecycle.

Sustainability Platform

In 2015, groupwide implementation of our new IT system for sustainability reporting (SPIRIT) was completed, thereby replacing various individual systems. We use this software to record environmental and safety-related events, for example, and to manage internal and external Integrated Management System (IMS) audits. Over 4,000 Group employees used SPIRIT during the year under review.

Sustainability Report Published

In 2015, WACKER published its Sustainability Report for 2013/2014. The company again published the report exclusively as an online version – also in the interests of environmental protection. The report fully meets the G3 guidelines set by the Global Reporting Initiative (GRI). GRI accorded the report an A, its highest application level.

Compliance Management Takes Aim at Cybercrime

WACKER's ethical principles of corporate management go above and beyond the legal requirements. There are 24 compliance officers available worldwide to answer employee inquiries. They are based in Germany, the USA, China, Taiwan, Japan, India, South Korea, Brazil, Mexico, Singapore, Russia and the United Arab Emirates. Compliance issues arising in countries other than those listed are handled in Germany by the Chief Compliance Officer. When Siltronic AG went public in the reporting year, a Chief Compliance Officer was also named for this Group subsidiary. We named a compliance officer for the new polysilicon site in Tennessee, USA, as well.

Employees are instructed to inform their supervisors, the compliance officers, the employee council or their designated HR contacts if they notice any violations. In 2015, Compliance Management consulted with the international sites to ensure that globally applicable measures comply with local requirements. Another focus was the continued prevention of cybercrime.

Workplace and Plant Safety – 1,600 machines inspected

Operating plants and processes in a manner that poses no risk to people or the environment is an important objective at WACKER. To this end, we have installed a groupwide safety management system that addresses both workplace and plant safety. In 2015, we completed alignment of our processes and workplace safety standards with the international OHSAS 18001 standard.

Systematic workplace safety includes regular evaluation of hazards and work-area monitoring. The first step in ensuring plant safety is to systematically identify risks and assess them. This includes analyzing how well we control the energy present in a process (e. g. pressure, heat) and determining the effect that a single error might have on a chain of events that could lead to the escape of a substance or to an accident. On completion of this comprehensive analysis, we specify safety measures to prevent undesirable incidents.

One area of focus since 2013 has been on machine safety as part of our ANSIKO project. By the end of 2015, experts had inspected around 1,600 machines at all sites all over the globe. We then used their recommendations to make these machines even safer for our employees.

WACKER attaches particular importance to providing its safety experts with ongoing training. We hold regular training sessions on topics such as plant safety. During the reporting year, we conducted training for our specialists in Adrian (USA), in particular in the area of explosion damage protection. We also carried out safety inspections at the US sites in Adrian, Calvert City and Eddyville. Safety experts from Germany assisted with commissioning of the new Charleston site.

Our goal for occupational safety in 2015 was to reduce our groupwide accident rate (the number of workplace accidents per million hours worked) to below 2.0. We did not reach this target, having 2.6 workplace accidents with missed workdays per 1 million hours worked groupwide in the reporting year. In terms of reportable accidents (accidents with more than three days of absence), WACKER's numbers are far better than the German chemical industry average. The reportable accident rate in 2015 was 1.0 per 1 million hours worked (2014: 1.2), whereas in 2014, Germany's BG RCI (the statutory employer liability insurance carrier of the basic materials and chemical industries) registered 9.3 reportable accidents per 1 million hours worked in chemical companies. Very few of the accidents at WACKER are chemical in nature. The most common causes are tripping, slipping, falling, and inattentiveness during manual activities. Not satisfied with our accident rate, we are stepping up our occupational-safety efforts. We are systematically implementing our new WACKER Safety Plus (WSP) program, which incorporates elements of successful safety strategies at sites with particularly low accident rates. Such elements include safety patrols, discussions with the workforce and emergency drills. The goal of WACKER Safety Plus is to recognize and avoid unsafe behavior – on the way to and from work, in the office, at the plant, when operating machinery, or when handling chemicals.

At its German sites, WACKER placed particular emphasis in 2015 on reviewing and updating hazard assessments. As a consequence, we have improved protection strategies and safety measures in many areas. The program will be continued at all German sites in 2016.

Workplace Accidents Involving Permanent Staff and Temporary Workers

Number	2015	2014	2013	2012	2011	2010	2009
Accident rate for Group employees: accidents ¹ per 1 million hours worked	2.6	2.8	3.8	4.7	3.9	4.3	4.0
Accident rate for Group employees: reportable accidents ² per 1 million hours worked	1.0	1.2	1.4	2.1	1.4	1.2	1.2

¹ Accidents leading to at least one day off work
² Accidents leading to over three days off work

Environmental Protection

In 2015, WACKER invested € 5.7 million in environmental protection (2014: € 5.1 million). In the same period, environmental operating costs amounted to € 83.8 million (2014: € 88.2 million). Our silicon-metal plant in Holla (Norway), which we acquired in 2010, has been included in our environmental performance indicators since 2011. Metallurgical production at the site is quite different from WACKER's typical chemical operations with respect to environmental impact. Airborne emissions, in particular, have risen as a result of the acquisition. Accounting for environmental performance indicators has included consolidated reporting on the new pharmaceutical site in Halle since 2015. The Charleston site reported environmental performance indicators for the commissioning phase in 2015.

Carbon dioxide emissions (Scope 1) were reduced groupwide by 1.4 percent, while NOx emissions fell by around 4 percent. At the Freiberg site, Siltronic took a third stage of the NOx scrubber into operation. We modernized a burner stage of the steam generator in Nünchritz. We reduced our NOx emissions in Nünchritz by cutting the amount of waste that is thermally processed. Extending the operating time of the gas turbine in our Burghausen power plant had a positive effect on NOx emissions.

At WACKER BIOSOLUTIONS' Eddyville site in Iowa (USA), optimization of apparatus maintenance and solvent recovery has enabled us to continuously reduce NMVOC emissions since 2012 by 33 percent. NMVOC emissions rose groupwide due to increases in production.

At the Burghausen site, we commissioned a facility to recover 2,400 metric tons per annum of ethylene – previously disposed of in the waste-gas generator there – and utilize it for VAM production at WACKER POLYMERS.

In the reporting year, we also recorded waste at the Burghausen site that was not generated during production, but rather during construction and investment activities, e. g. rubble, scrap steel and paper. The amounts of waste produced in the period 2009 through 2014 were amended retroactively. The overall volume of waste generated decreased by around 3 percent groupwide in the reporting year.

Ever since WACKER acquired the Norwegian site in Holla in 2010, the main focus there has been on ongoing improvements to environmental protection efforts for the site's energy-intensive silicon-metal production facilities. For example, maintenance was optimized for equipment that removes dust from silicon-metal production. These measures have significantly reduced emissions. While 3 kilograms of dust were emitted per metric ton of product in 2014, this figure was down to 2.5 kilograms in the reporting year, a specific reduction of 20 percent.

The Group's corporate CO2 footprint report is an important tool for improving climate protection. Accordingly, in addition to starting in 2011 to track our indirect greenhouse gas emissions from procured energy (in accordance with Greenhouse Gas Protocol Scope 2), we have also been measuring our Scope 3 emissions since 2012. These include all emissions generated along the supply chain, e. g. by suppliers or through waste disposal and the transport of products. In 2015, we once again provided this emissions data to the Carbon Disclosure Project (CDP), which WACKER joined in 2007. Founded in London in 2000, CDP is a not-for-profit organization working to achieve greater transparency in greenhouse gas emissions.

Wacker Chemie AG once again improved its annual sustainability rating bestowed by CDP. Achieving a disclosure score of 97 out of a possible 100 points and a performance score of B on a scale of A to E, we are above average in the Energy & Materials category. WACKER is among the leading companies listed in the MDAX index.

Environmental Indicators from 2009 to 2015

	2015	2014	2013	2012	2011	2010	2009
Air							
CO ₂ emissions ¹							
Direct (kt)	1,234	1,251	1,253	1,311	1,341	986	969
Indirect (kt)	1,544	1,420	1,241	1,133	1,075	–	–
NO _x nitrogen oxides (t) ²	1,910	1,990	2,010	2,225	2,221	926	963
Non-methane volatile organic compounds (NMVOCs) (t) ³	910	870	830	750	700	610	530
Water							
Water consumption (thousand m ³)	237,060	241,973	220,908	242,072	268,657	252,151	264,532
Chemical oxygen demand (COD) (t)	1,150	1,230	1,320	1,460	1,680	1,820	2,730
Halogenated organic hydrocarbons (AOX) (t)	2	2	2	3	5	6	6
Waste⁴							
Disposed of (t)	46,490	51,570	39,210	41,340	46,640	48,620	84,310
Recycled (t)	121,420	121,540	124,040	114,330	110,920	91,970	73,550
Hazardous (t)	75,520	78,330	78,910	70,910	73,950	71,340	102,200
Non-hazardous (t)	92,390	94,780	84,340	84,760	83,610	69,250	55,660
Energy⁵							
Electricity consumption (GWh)	5,147	4,926	4,521	4,519	4,277	3,623	2,568
Primary energy consumption							
Of which							
Natural gas (GWh)	5,029	4,975	5,051	5,927	5,771	5,463	5,378
Solid fuels (coal, charcoal, wood) (GWh)	768	839	872	862	886	432	–
Heat supplied by third parties (steam and district heating) (GWh)	245	242	236	223	218	228	209
Heating oil (GWh)	20	20	17	18	16	13	8

¹ CO₂ emissions are measured as per the Greenhouse Gas Protocol (GHG Protocol: "A Corporate Accounting and Reporting Standard"), published by the World Resources Institute and World Business Council for Sustainable Development. Scope 1: direct CO₂ emissions. Scope 2: indirect emissions from the consumption of purchased energy (converted into CO₂ equivalents for purchased electricity). In accordance with the recommendations of the GHG Protocol, Wacker Chemie AG's direct and indirect emissions were recalculated retroactively due to amendments to the system boundaries, starting from the reference year (2012) for the CO₂ target. In addition to the Group's direct CO₂ emissions, sites' intra-plant traffic emissions were also taken into account for sustainability reporting.

² Corrected NO_x emissions for 2014 for the Burghausen site following groupwide harmonization of data reported.

³ The method for calculating the total volume of non-methane volatile organic compounds (NMVOCs) emitted by our production facilities was amended in 2014. Further groupwide harmonization of data reported in 2015 resulted in another adjustment to the emission volumes reported as of 2009. The rise between 2014 and 2015 was due to production increases.

⁴ Since the 2015 financial year, all waste has been recorded at the Burghausen site, even waste that is not generated during production. The latter mainly includes rubble, scrap steel, paper, etc. The corresponding amounts of waste generated were adjusted for the period 2009 through 2014.

⁵ Further groupwide harmonization of data reported in 2015 resulted in another adjustment to the energy figures reported as of 2009.

Water Consumption Tested Using the Global Water Tool®

This analysis was conducted for the first time in 2012, based on analyses using the water stress index developed by the Water Systems Analysis Group of the University of New Hampshire, USA. This index provides information on the relationship between water consumption and the availability of renewable fresh water. The outcome of the analysis is that our most important production sites are located in regions with a low relative water stress index. These regions account for more than 97 percent of our annual water use and over 90 percent of our production volume. Production sites in countries for which no GWT-based water stress index information is available account for less than 0.5 percent of our water consumption.

Protection of Water enhanced

One of our goals is to ensure even better protection of rivers and other surface water against the escape of harmful substances. In 2015, we identified potential groupwide risks to water and researched possible countermeasures. As part of our plant safety plans, we have developed additional measures for further enhancing protection. We have completed a project at the Burghausen site for improving protection of the Salzach river. We have further minimized the risk of water pollution caused by harmful substances leaking out from our direct-stream cooling system. To this end, we have, for example, shortened test equipment intervals and safeguarded our cooling water using secondary loops. In 2015, Wacker Chemie AG joined together with seven other companies from ChemDelta Bavaria to form the Naturnahe Alz association. The aim of this environmental initiative is to support the state of Bavaria in renaturalizing the Alz river and enhancing its ecosystem over the long term.

At the Burghausen site, WACKER SILICONES reduced the organic burden within the effluent feed to the biological wastewater treatment plant by means of Fentox® split-stream treatment. Over the last six years, we have gradually reduced the volume of harmful substances emitted into the Salzach river. We switched the biological wastewater treatment plant's first bio-stage from double-tank to single-tank mode and started operation of an additional intermediate wastewater storage tank. We use it to collect peak pollutant loads so that they can be fed into the biological wastewater treatment system in a controlled manner during phases of low influent from production. The consistent feed-in supply leads to more stable operation of the biological wastewater treatment plant. Emissions of organic pollutants to the Salzach river have decreased by 42 percent since 2010. "Save Wastewater and Make a Profit" was the title of a special Employee Suggestion Program initiative that took place at the Nünchritz site from December 2014 to September 2015. The purpose of the initiative was to encourage employees to develop ideas for conserving and recycling water in production, thereby raising their general awareness for reducing wastewater. In the course of the initiative, wastewater in the central wastewater treatment plant at Nünchritz went down by some 5 percent.

Protect ground and groundwater

In 2015, we applied for a permit as required under German water law that will allow us to extract more groundwater at the Burghausen site in the future. We want to ensure the quality of our ultrapure water supply and, in particular, to bridge periods of poor-quality surface water. We will implement an extensive monitoring program when extracting groundwater. This will include measuring groundwater levels and discharge at three streams in the Haiming municipality and carrying out a functional check of the habitats in the riparian woodland, including evaluations of the status of conservation. Our aim is to ensure that groundwater extraction does not have a negative impact on the environment.

Natural Habitat by the Creek in Charleston

We have created three wetland mitigation areas at our new US site in Charleston, Tennessee, and re-naturalized an existing stream. We planted approximately 800 trees along a 490-meter stretch of the South Mouse Creek bank and stabilized the stream bank by planting a further 1,320 new trees adjacent to it. The diverse range of newly planted trees includes American witch hazel, river birch, sycamore, eastern redbud, black cherry, black walnut and tulip trees, which are all native to Tennessee. With this project, we have helped to maintain the natural habitat on the stream bank and filter the water naturally.

Energy Management

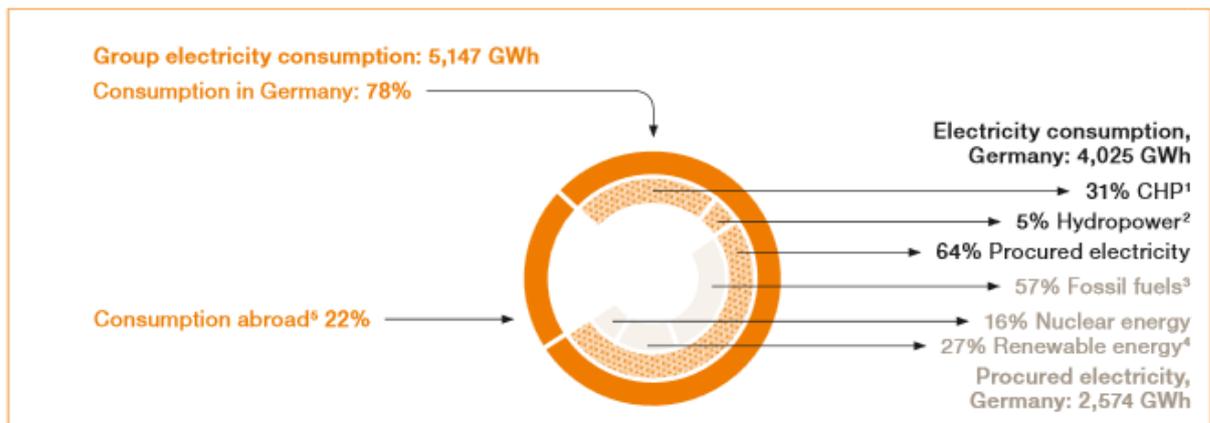
The chemical industry is one of the most energy-intensive sectors. In Germany alone, it uses around 20 percent of all the electricity consumed by industry. That is why WACKER, too, is continually improving the energy efficiency of its processes. This enables us to remain globally competitive while at the same time contributing to climate protection. Many chemical reactions generate heat that can be put to use in other production processes. We have been using integrated heat-recovery systems in Burghausen and Nünchritz for years and are continually improving them. In this way, we can reduce the amount of primary energy (as a rule, natural gas) consumed by our power plants.

To enhance energy efficiency and reduce specific energy consumption (amount of energy per unit of net production output), the Executive Board has defined energy targets for WACKER Germany. Our original goal was to reduce weighted specific energy consumption by one-third between 2007 and 2022, but we had already achieved that by 2014. We have now set a goal of reducing specific energy consumption by half of the 2007 level by the year 2022. Our energy goals ensure that we meet one of the requirements of the energy management system as per ISO 50001, a standard that we have introduced and certified at all sites of Wacker Chemie AG, Siltronic AG and Alzwerke GmbH in Germany. Accordingly, we introduced an energy management system three years before it even became mandatory to do so in 2015.

Generating Energy Efficiently

Burghausen uses hydroelectric power to generate electricity. Our Norwegian site, Holla, also generates its electricity mainly from water power. Our primary source of energy, though, is climate-friendly natural gas. At WACKER's large Burghausen and Nünchritz sites, we produce steam and electricity in cogeneration systems. These combined heat and power (CHP) plants have more than 80-percent fuel efficiency, which is significantly higher than that of conventional plants, where electricity and heat are generated separately.

Electricity Supply



¹Burghausen

²Burghausen

³Coal, lignite, oil, gas; modified calculation method: since 2014, data has been in line with Germany's energy mix; source: BDEW (German Association of Energy and Water Industries); status as of Nov. 2015, for the year 2014

⁴Hydro, wind, solar power; modified calculation method: since 2014, data in line with Germany's energy mix; source: BDEW (German Association of Energy and Water Industries)

⁵Outside Germany, we purchase electricity from third parties based on the local standard energy mix

While absolute electricity consumption rose slightly to 5,147 GWh in 2015 (2014: 4,926 GWh), we were able to reduce specific energy consumption with energy-efficiency measures. The rise in absolute consumption stemmed from high polysilicon-plant utilization throughout the year and from including 300 mm wafer production in Singapore in the energy report. The Group's power plants – the hydroelectric and CHP plants in Burghausen and the power plant in Nünchritz – produced around 1,451 GWh in 2015 (2014: 1,405 GWh). This means that WACKER covered almost 30 percent of its total energy requirements from its own production. Groupwide, carbon dioxide emissions from captive power plants subject to emissions trading rules and from silicon-metal production in Holla (Norway) totaled about 1.1 million metric tons in the reporting period (2014: 1.1 million metric tons).

WACKER's German production sites accounted for 78 percent (2014: 79 percent) of its total electricity needs. In Germany, WACKER purchased 64 percent (2014: 64 percent) of the electricity it required. In line with the German energy mix, 57 percent of this electricity was generated from fossil fuels (2014: 56 percent), with 16 percent coming from nuclear energy (2014: 15 percent) and 27 percent from renewable energy sources (2014: 26 percent). Heat consumption, which includes the use of solid carbon-based and biogenic fuels (coal, charcoal, wood) for silicon-metal production at Holla (Norway), fell marginally across the Group to 3,520 GWh (2014: 3,571 GWh).

Energy Consumption¹

GWh	2015	2014	2013	2012	2011	2010	2009
Electricity consumption	5,147	4,926	4,521	4,519	4,277	3,623	2,568
Heat consumption ²	3,520	3,571	3,709	3,734	3,828	3,321	2,738
Primary energy use (total)	6,062	6,081	6,176	7,030	6,891	6,136	5,595
Of which							
Natural gas	5,029	4,975	5,051	5,927	5,771	5,463	5,378
Solid fuels ³ (coal, charcoal, wood)	768	839	872	862	886	432	–
Heat supplied by third parties (steam and district heating)	245	242	236	223	218	228	209
Fuel oil	20	20	17	18	16	13	8

¹ Further groupwide harmonization of data reported in 2015 resulted in another adjustment to the energy figures reported as of 2009.

² Since 2010, heat consumption figures have reflected the use of solid fossil and biogenic fuels (coal, charcoal and wood) at the silicon-metal plant in Holla, Norway.

³ Used as a reducing agent at the silicon-metal plant in Holla, Norway