

December 2015

DECLARATION OF CONFORMITY

**with the German Corporate Governance Code
pursuant to Sec. 161 of the German Stock Corporation Act**

The Executive Board and the Supervisory Board of Siltronic AG declare the following with regard to the recommendations of the „Commission German Corporate Governance Code“ (the „**Code**“):

1. Future-related Declaration

Siltronic AG will fulfill the recommendations of the Code in the version of 5 May 2015, as published in the Federal Gazette on 12 June 2015, subject to the deviations set out and explained below:

a) D&O Insurance Deductible for the Supervisory Board Members (Article 3.8 para. 3 of the Code)

The Code recommends that if the company takes out a D&O insurance policy for the Supervisory Board, a deductible similar to the deductible for the Executive Board of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation shall be agreed upon. The German law and the company's Articles of Association set clear limits for the Supervisory Board's capacity to exert influence on the business activities of a stock corporation. Pursuant to Section 76 para. 1 of the German Stock Corporation Act, the Executive Board is responsible for independently managing the company. The Supervisory Board determines the main principles of corporate strategy. However, beyond this contribution, the Supervisory Board has limited scope of influence on the implementation of the corporate strategy or on business operations. The same applies to measures to prevent or mitigate harm or damage to the company. Since the Supervisory Board members receive a relatively low fixed representation allowance when compared to the Executive Board members' compensation, which consists of fixed and variable components, we do not deem the agreement of a deductible for members of the Supervisory Board reasonable.

b) Maximum Limits for the Compensation of Executive Board Members (Article 4.2.3 para. 2 sentence 6 of the Code)

Pursuant to the Code, the overall monetary compensation of Executive Board members shall be capped, both overall and for individual compensation components. The contracts of Executive Board members foresee maximum amounts for fixed and variable compensation components so that the recommendation is fulfilled with regard to the major part of the compensation. However, it is impossible to define a maximum limit for the compensation component *pension benefits* due to the specifics of the existing pension plan. The pension plan contributions paid by the company for the Executive Board members are closely correlated with the development of interest rates. When interest rates are low, the company inevitably must provide higher contributions. Owing to the unpredictability of the interest rate development, it is impossible to define a maximum amount of pension plan contributions.

c) Announcement of Proposed Candidates for the Chair of the Supervisory Board to the Shareholders (Article 5.4.3 of the Code)

According to this recommendation, proposed candidates for the Supervisory Board chair shall be announced to the shareholders, even though, as a rule, the Supervisory Board has not yet been appointed. Under German law, the Supervisory Board chair must be elected by and from among the Supervisory Board members. There is no legal requirement to announce the candidates for the chair from among a yet-to-be-appointed group of Supervisory Board members. Furthermore, this would result in a *de facto* predetermination, which is also not provided for under German law. For these reasons, we do not comply with this recommendation.

2. Past-related Declaration

Since the publication of the new version of the Code on 12 June 2015, Siltronic AG has complied with the Code's recommendations subject to the deviations set out and explained above under sections 1.a) through 1.c) and with the further exception of revised Article 5.4.1 para. 2, according to which a regular limit on the length of membership shall be specified for Supervisory Board members. At its meeting on 11 December 2015, the Supervisory Board updated the objectives for its composition and on this basis specified a regular limit on the length of Supervisory Board membership, with the result that new Article 5.4.1 para. 2 has been complied with since then.

Since the last declaration of conformity in May 2015 until the publication of the revised Code on 12 June 2015, Siltronic AG has fulfilled the recommendations of the Code in the version of 24 June 2014, subject to the following deviations:

- Article 3.8 para. 3 based on the explanation given under section 1.a) above;
- Article 4.2.3 para. 2 sentence 6 based on the explanation given under section 1.b) above;
- Article 5.1.2 sentence 2, according to which the Supervisory Board shall aim for an appropriate consideration of women when appointing Executive Board members, because we did not consider it appropriate to award higher priority to the consideration of women than to expertise and qualifications; the obligation to determine targets in terms of the share of women on the Executive Board is now legally codified so that the recommendation has been removed from the Code; and
- Article 5.4.3 based on the explanation given under section 1.c) above.

Munich, 11 December 2015

Siltronic AG

Supervisory Board

Executive Board