

# GLOBAL COMPACT PROGRESS REPORT 2012 WACKER CHEMIE AG

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## 1 Statement of Continued Support (Message from the CEO)

Ladies and Gentlemen,

In fiscal 2011, WACKER posted a good result again despite having originally set out to achieve even more.

But, during the last three months of the year, severe turbulence on the photovoltaic (PV) market put a significant damper on our sales and earnings, which had been excellent up until then.

The Group's strategic focus is to continue growing through our own resources. Our broad portfolio, our strong presence in the world's key economic regions, and our status as a market and technology leader together form a solid foundation for driving forward WACKER's growth in the years ahead.

In all that we undertake, we rely on the high level of commitment and profound expertise of our employees.

As a driving business entity, we operate 25 production sites and employ 17,000 people globally – but we also see ourselves as a good global corporate citizen. In this role, WACKER embraces the Global Compact's principles of respecting human rights, promoting social and environmental standards, and fighting corruption.

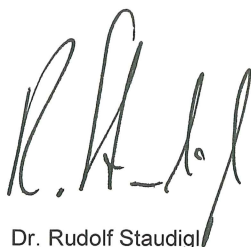
WACKER's vision is to Develop Intelligent Solutions for Sustainable Growth. As an innovative chemical company, we make a vital contribution to improving the quality of life around the world. In the future, we want to continue developing and supplying solutions that meet our rigorous demands – creating added value for our customers and shareholders, and growing sustainably. Society's trust in our actions is an essential component of our long-term economic success.

Our integrated management system (IMS) remains the most important instrument for our operational processes. The Corporate Sustainability department guides the implementation of WACKER's voluntary commitments under Responsible Care® and the Global Compact and coordinates our sustainability activities worldwide. Our Code of Conduct defines minimum standards of interpersonal, ethical and business behaviour based on the Global compact's ten principles. We do not only observe the Global Compact's principles in our own processes – we expect our suppliers to do likewise.

As before, we are convinced that companies can only be profitable in the long term if they take their responsibility toward the environment and society seriously. For years, sustainability has been an integral part of WACKER's production and business processes, which is documented in our annual report 2011.

In August 2011 our new Sustainability report 2009/2010 was published. It comprises additional information and examples on how we consistently move forward enforcing the Global Compact principals.

WACKER has embraced Global Compact's ten principles since 2006. They are firmly rooted in our company's policies, and we will strive to ensure their continued realization.



Dr. Rudolf Staudigl

President & CEO of Wacker Chemie AG

April, 2012

## 2 Practical actions

### 2.1 Human rights

#### Social Security

WACKER's exemplary social benefits, performance-oriented compensation and challenging tasks make us an attractive employer.

In addition to their fixed base salary (which includes vacation and Christmas bonuses), WACKER employees receive variable compensation – a voluntary payment to employees both on the standard and above-standard pay scales. It consists of a profit-sharing amount and a personal-performance component. In 2011, Germany-based employees at WACKER's chemical sectors received a profit share for 2010 amounting to 12.5 percent of their annual salary. The profit share for 2011 is also around 12.5 percent. Variable compensation payments totaled €98.5 million groupwide in 2011. A WACKER pension is an important compensation component and is available at most of our German and non-German sites – except for regions where legal provisions are inadequate or the statutory pension appears sufficient. In Germany, we offer employees a company pension via Wacker Chemie VVaG's pension fund (a mutual insurance company).

#### Demographic Change

WACKER wants to maintain its long-term innovative and competitive strength. To that end, we have set ten strategic goals, involving measures ranging from health programs to basic and advanced training aimed at employee flexibility. In health management, we are increasing our efforts in five fields. We are working on avoiding spinal disorders and cardiovascular diseases in our workforce, increasing mental resilience, enabling age-appropriate work and finding suitable jobs for staff with health restrictions.

#### Transferring Knowledge and personnel development

The WACKER ACADEMY serves as a forum for industry-specific knowledge transfer between customers, distributors and WACKER experts. It concentrates on construction-chemical courses (which now cover construction-sector silicone applications in addition to polymer chemistry) and on training for other industries, such as cosmetics and paints. The training centers' proximity to our development and test laboratories promotes exchanges of views and enables participants to conduct practical on-site tests. We work with company research facilities, universities and institutes to ensure our seminars remain state of the art.

WACKER attaches considerable importance to fostering young scientific talent and close contacts with universities. In 2011, we enlisted around 66 students from 33 international universities to write theses. We additionally sponsored 13 students at the Institute of Silicon Chemistry, which was founded at the Technical University of Munich in 2006. Seven of our sponsored students completed their studies in 2011. The first graduates have started their career in R&D at WACKER.

Vocational training has always been a key focus of personnel development at WACKER. In 2011, 203 young people began their training at WACKER or at the Burghausen Vocational Training Center (BBiW). In total, the company employed 663 trainees, 24 fewer than a year earlier (2010: 687). The decrease was due to the high number of trainees who were able to shorten their training.

WACKER also trains young management talent, offering a General Management Trainee Program. In 2011, four graduates participated in the 18-month program. Since its launch in 1997, 71 young people have completed the trainee program.

We offer all our employees opportunities for additional training because we want to promote their strengths and provide them with the skills they need to succeed. At least once a year, employees and supervisors agree on development measures during performance reviews. This approach applies to all hierarchy levels. In 2011, about 100,000 e-learning sessions were completed and more than 14,000 participants attended seminars, advanced training courses and conventions, or received tutoring. Siltronic's online courses and seminars were included for the first time.

#### Social Commitment

We take our social responsibilities seriously, especially toward communities near our sites.

### Education initiatives

We entered into two education partnerships in 2011 near our future US polysilicon site in Charleston, Tennessee. WACKER and Chattanooga State Community College have established a training program for future employees. Graduates of this course will fill a variety of production jobs at the new facility from 2013. The Group is supporting the newly established WACKER INSTITUTE at Chattanooga State University with a donation of \$3 million. WACKER is also supporting the nearby Cleveland State Community College by donating \$150,000 to its Excellence in Education program. The five-year program is intended to advance the development of curricula in the natural sciences, mathematics and technical faculties.

In 2011 we also again sponsored the Dresden/East Saxony regional heat of the "Young Scientist" competition. WACKER supports Science-Lab, a private-sector educational initiative that awakens children's interest in science at an early age. At our German locations, we finance one-day Science-Lab seminars for elementary-school and kindergarten teachers. We also donate research kits that enable seminar participants to cover topics such as biology, chemistry, physics, astronomy and the earth sciences in a kid-friendly way.

### Dedicated to Young People and Society

Additionally, projects to help children and young people are a special concern. Since 2007, WACKER has supported a German religious charity, "Die Arche" (The Ark), which aids children and young people from socially disadvantaged families in several German cities. It provides the children with hot meals and extra tutoring, organizes leisure activities and offers counseling. WACKER again donated €100,000 to mark the five-year anniversary of the charity's Munich branch.

WACKER and its Wacker Asahikasei Silicone (AWS) joint venture together donated 7.5 million yen (about €65,000) to the Japanese city of Chikusei. The money was for the repair of the municipal hospital that was heavily damaged by the earthquake on March 11.

WACKER participated in the open house held by the VCI (German Chemical Industry Association) in 2011. Around 20,000 people availed themselves of the opportunity to take a look behind the scenes at WACKER's sites in Burg-hausen, Freiberg and Cologne on September 24.

### WACKER RELIEF FOND

The WACKER relief fond was founded in 2005. This charitable organization helps to realize long-term and sustainable projects and provide sponsors for self-help projects. It therefore supports victims of natural disasters and actively helps in reconstructing devastated areas.

With just a few cents per month, employees can help to keep our projects running for years. By February 2012, over 4,200 employees, i.e. more than a third of WACKER's workforce in Germany, had submitted their application forms for the "cent-donation" program.

With minimal amounts, every employee in Germany can contribute to ensuring that WACKER's relief fund can continue to support its partners in the long term. How does it work? Employees give their consent to have their monthly salary rounded down to the next euro, and the difference in cents is donated to the WACKER relief fond. The cent-donation program will actively kick off in April 2012, when salaries will be rounded down for the first time.

WACKER RELIEF FOND projects:

Sri Lanka: More than 250,000 € used to rebuild schoolhouses in Kosgoda and to finance the teaching of four classes.

China: Over 100,000€ for reconstruction of a demolished elementary school in Sichuan

Haiti: 137,000 € to rebuild a destroyed elementary and high school in Gressier

Pakistan: 50,000 € to rebuild an elementary school in the Swat district

### Global Compact in our procurement management

Our purchasing conditions require suppliers to observe our business principles, e.g. the sustainability aspects entailed by Global Compact. Where a violation is identified, WACKER takes corrective action. This can range from joint decisions on improvements to temporary blocking of the supplier through to termination of the business relation.

We continue to systematically review supplier risks on a worldwide scale, using analyses from rating agencies, supplier assessments and, increasingly, direct contact with our partners. We ourselves conducted 510 supplier assessments in 2011. In future assessments, we will take a closer look at sustainability, occupational safety and processing using electronic order transactions.

## 2.2 Labor standards

### Employee Representation

WACKER works with the employee representatives in a spirit of cooperation and trust. Industrial union membership has always been high among WACKER employees, especially at the German sites. Employees are under no obligation to inform their employer of any union membership, and the employer is not permitted to ask. We therefore do not know how many union members there are at WACKER.

WACKER employment contracts treat staff based in Germany – regardless of their union membership – as if they were covered by the respective applicable collective agreement. WACKER employees at non-German sites can also organize in unions. At our major US production site in Adrian (Michigan), for instance, some 42 percent of the employees are unionized. At non-German sites without (statutory or voluntary) employee representation, HR staff members are the contacts for employee interests.

### Equal Opportunities and Anti-discrimination

As a global company, WACKER operates in international markets and multicultural environments. Holding each employee's skills and dedication in high regard, we see diversity as an enrichment. We oppose unequal treatment or disparagement 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 Conduct.

Special arrangements are in place to help and promote WACKER employees who are disabled or suffer from long-term occupational disabilities. Representatives of WACKER's disabled employees play a key role in finding suitable positions for anyone with a long-term occupational disability.

WACKER hires new employees and executives solely on the basis of qualification.

Equal treatment applies to both men and women at WACKER. It goes without saying that we offer equal opportunities to all employees, regardless of their gender. This approach also applies to compensation. The amount earned reflects each job's specific demands and responsibilities.

## 2.3 Environment

### Environmental Protection and Energy Management

All WACKER's processes focus on the need to protect the environment and to manufacture safely. WACKER continuously strives to close its material loops and recycle byproducts from other areas back to production and thus to prevent or reduce waste.

In 2011, we continued working on our groundwater remediation strategy at Nünchritz. We conducted a field test to determine whether contaminants (solvent residues) in the groundwater there can be degraded using naturally occurring microorganisms. The test results show that effective and economical groundwater remediation is not possible via this route. Therefore, in 2012, we will be conducting hydraulic remediation by pumping the groundwater into a treatment system and returning it after cleaning. We expanded our wastewater treatment plants in the course of building our Nünchritz polysilicon facilities.

For the first time, our environmental indicators reflect the Holla, Norway silicon-metal plant acquired in 2010. The environmental impact of metallurgical production differs greatly from that of WACKER's typical chemical operations. WACKER is constantly improving the energy efficiency of its processes. This enables us to remain globally competitive and to support climate protection. At Burghausen, for example, we generate hydroelectric power and our production facility in Holla obtains electricity mainly from hydroelectric power. Our primary source of energy, though, is climate-friendly natural gas. At WACKER's large Burghausen and Nünchritz sites, steam and electricity are produced in cogeneration systems. These combined heat and power (CHP) plants have more than 80 percent fuel efficiency, twice that of conventional power-generation plants.

### Product Stewardship

We ensure that all our products, if used correctly, pose no risk to health or the environment. We continually update our product information and constantly revise our risk assessments to take account of new findings. Only some 40 percent of WACKER products require safety data sheets by law. We compile these sheets for all chemical and biochemical sales products and issue over 54,000 data sheets in up to 33 languages.

WACKER is continually working to prevent and reduce the use of substances which are harmful to human health or the environment in products and processes. We pursue this aim in a number of ways:

- We try to replace harmful constituents with alternative substances.
- In the absence of an alternative, we restrict the sale of products containing harmful substances to commercial and industrial customers wherever possible.
- We develop innovative alternatives to conventional products containing harmful substances.

Our life cycle assessments (LCAs) look at the environmental impact caused by a specific product family throughout its life cycle – a “cradle-to-gate” assessment extending from manufacturing to the factory gate. The analyses allow us to assess the sustainability of our products and production processes, and improve them accordingly. During 2011, we introduced life cycle assessments, which we launched at WACKER POLYMERS in 2010, to additional business divisions. We want to establish this tool throughout the Group.

### **Selected Sustainable Research Projects**

We are researching electrode materials for lithium-sulfur batteries for the LiSSi project sponsored by the BMBF. We are developing such fourth-generation high-capacity lithium-ion batteries jointly with project partners for electric mobility applications.

WACKER is working on two subprojects within the integrated Carbon Capture, Conversion, and Cycling (iC4) project funded by the German Aerospace Center (DLR). The first subproject focuses on the separation and cleaning of CO<sub>2</sub> in order to prepare it for additional use. In the second subproject, we are researching catalysts for converting CO<sub>2</sub> into hydrocarbons.

WACKER's GENIOSIL® product class won Frost & Sullivan's New Product Innovation Award in the Construction category. The alpha-silane technology in GENIOSIL® products allows the production of powerful adhesives and sealants free of plasticizers and solvents, such as joint and cabinet sealants and assembly adhesives. GENIOSIL® is also used in automotive and container construction and for bonding parquet floors.

We have expanded our range of VAE copolymer dispersions to respond to the needs of the paper and packaging industry: VINNAPAS® XD 05 allows the formulation of adhesives without the use of film-forming agents or plasticizers. The dispersion complies with the latest environmental and safety standards and is suitable for food packaging.

## **2.4 Anti-Corruption**

### **Compliance as a Key Managerial Duty of the Executive Board**

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

WACKER's ethical and legal principles of corporate management exceed legal requirements. Employees in Germany, the USA, China, Japan, India, South Korea, Brazil and Singapore now have access to compliance officers.



### Compliance Officers at WACKER

Location	Company
<b>Germany</b>	
Munich (Germany and countries not expressly mentioned): Coordination and Management Group Compliance Management	Wacker Chemie AG
<b>The Americas</b>	
Adrian (Michigan, USA)	Wacker Chemical Corp.
Portland (Oregon, USA)	Siltronic Corp.
São Paulo, Brazil	Wacker Química do Brasil Ltda.
<b>Asia</b>	
Kolkata, India	Wacker Metroark Chemicals Pvt. Ltd.
Singapore, Singapore	Siltronic Singapore Pte. Ltd.
Singapore, Singapore	Siltronic Samsung Wafer Pte. Ltd.
Shanghai, China	Wacker Chemicals China Company Ltd. (Holding)
Hikari, Japan	Siltronic Japan Corp.
Tokyo, Japan	Wacker Asahi Kasei Silicone Co. Ltd.
Seoul, South Korea	Wacker Chemicals Korea Inc.

If employees notice any violations, they have been instructed to inform their supervisors, the employee council, their designated HR contacts or the compliance officers. One focus of our compliance management in 2011 was on non-German sites. More overseas employees were included in both online and classroom-based training.

Our compliance programs are designed to prevent misconduct, minimize the repercussions of misconduct, and – in accordance with the UN's Global Compact – identify any cases of corruption or other legal infringements. To promote compliance, we use such organizational methods as the separation of responsibility and our dual-control policy. Separation of responsibility makes it impossible for any one employee to single-handedly carry out transactions involving payments. The purchasing unit is thus quite distinct from the ordering unit. Dual control ensures that every critical transaction is checked by a second person.

Our internal Corporate Auditing department regularly checks all corporate entities on behalf of the Executive Board. The Executive Board adopts a risk-driven approach when choosing audit topics, which, if necessary, are flexibly adjusted during the year to take account of changes in underlying conditions. Its auditors look particularly frequently at processes and areas with a high exposure to corruption or to legal noncompliance.

## 3 Measurement of outcomes

### Social Security

WACKER's exemplary social benefits, performance-oriented compensation and challenging tasks make us an attractive employer. This is also apparent in the long-term commitment of our employees to our company. The average length of service in Germany (permanent staff) was 16.7 years (2010: 17.2 years). The 2011 employee turnover rate was 2.9 percent groupwide (2010: 2.5 percent) and in Germany only 0.9 percent (2010: 0.6 percent). At non-German sites, it was 8.9 percent (2010: 8.7 percent).

### 3.27 Employee Turnover Rate

%	2011	2010 <sup>1</sup>	2009 <sup>1</sup>	2008	2007
Germany	0.9	0.6	0.7	0.9	0.9
International	8.9	8.7	8.6	9.3	9.1
Group	2.9	2.5	2.5	2.9	2.8

### Demographic Change and Pension Plans

In 2011, management and employee representatives agreed on how the Demography Fund stipulated in the "Working Life and Demography" collective-bargaining agreement will be used. Accordingly, the annual "demographic sum" of €300 per full-time employee will be paid into the company pension plan. As this amount was first offered in 2010, the company provided €600 per full-time employee in the year under review. All standard and above-standard pay scale employees, excluding members of executive personnel (OFKs), receive the demographic sum. In addition to, and independently of, the demographic sum governed by collective-bargaining agreements, WACKER provided a one-time sum of €16.8 million as start-up financing in 2011.

The WACKER pension fund has some 16,800 members and provides pension payments to some 7,300 retirees. The average pension paid was around €630 per month. WACKER pays up to 2.5 times its employees' annual pension contributions, with the exact amount being determined by the type of agreement. In addition, employees have the opportunity to enlist in a private plan that minimizes their tax burden while saving for retirement.

### Expansion Projects Increase Employee Numbers

WACKER's workforce increased in 2011. We had 17,168 employees worldwide as of December 31, 2011 (December 31, 2010: 16,314), 5.2 percent more than a year earlier. The increase was primarily due to WACKER POLYSILICON's expansion projects at Nünchritz (Germany) and Charleston (Tennessee, USA), and WACKER SILICONES' expansions at Zhangjiagang (China), Jincheon (South Korea) and Holla (Norway). Siltronic introduced short-time work in November 2011 due to lower capacity utilization. In December 2011, 782 employees were on a short-time work schedule.

As previously announced, pyrogenic-silica production at the former site in Kempten was closed down in the third quarter of 2011. Production volumes have been transferred to existing facilities at Burghausen and Nünchritz. This structural measure affected 43 employees. WACKER's redundancy plan did not include any involuntary layoffs.

As a manufacturing company, WACKER has a large contingent of industrial employees (56 percent), about a seventh of whom are women (14 percent).

### Equal Opportunities and Anti-discrimination

As a global company we see diversity as an enrichment. We oppose unequal treatment or disparagement 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 Conduct.

For several years now, we have been requiring all employees at our German sites to familiarize themselves with Germany's General Equal Treatment Act (AGG) by completing an e-learning course. This course is compulsory for all levels of corporate hierarchy, from the Executive Board down to standard-payscale employees, as well as all new employees.

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

Ratio of Women's Annual Salaries to Men's <sup>1</sup>			
%	2010	2009	2008
Standard-payscale employees	93.4	93.7	89.4
Above-standard-payscale employees <sup>2</sup>	96.4	96.5	88.9

<sup>1</sup> Full-time employees on permanent staff, WACKER Germany

<sup>2</sup> Third-level management (FK3)



## Environment

In 2011, WACKER spent €7.9 million on environmental investments (2010: €11.8 million). Environmental operating costs amounted to €73.3 million (2010: €65.2 million).

For the first time, our environmental indicators reflect the Holla, Norway silicon-metal plant acquired in 2010. The environmental impact of metallurgical production differs greatly from that of WACKER's typical chemical operations. For this reason, the environmental indicators, particularly regarding airborne emissions, rose. Without the consolidation of the Holla site, the environmental indicators for air, water and waste in 2011 are slightly above the prior-year level. The rise in nitrogen oxide emissions is due to the integration of the Holla site, the start-up of polysilicon facilities in Nünchritz, and a further rise in emissions at Burghausen following a maintenance-related shutdown of the gas turbine in 2010. The atmospheric emission of non-methane volatile organic compounds (NMVOCs) fell as a result of process improvements in Burghausen.

### T 3.28 Emissions into the Air in 2011, Business Divisions/Metallurgy

	2011 Group	2011 Business divisions <sup>1</sup>	2011 Metallur- gical pro- duction <sup>2</sup>
<b>Air</b>			
CO <sub>2</sub> emissions (t) .....	1,347,000	1,026,000	321,000
Nitrogen oxides (NO <sub>x</sub> ) (t) .....	2,221	1,052	1,169
Non-methane volatile organic compounds (NMVOCs) (t) .....	396	389	7

<sup>1</sup>WACKER business divisions, without silicon-metal production in Holla, Norway

<sup>2</sup>Holla site, Norway

In 2011, we conducted the first survey of our indirect greenhouse gas emissions from bought-in energy (as per Greenhouse Gas Protocol Scope 2).

### **3.29 Environmental Indicators from 2008 to 2011<sup>1</sup>**

		2011	2010	2009	2008
<b>Air</b>	CO <sub>2</sub> emissions (t)	1,347,000	986,000	969,000	976,041
	Nitrogen oxides (NO <sub>x</sub> ) (t)	2,221	926	963	997
	Non-methane volatile organic compounds (NMVOCs) (t)	396	415	383	501
	Greenhouse gases				
	Direct <sup>2</sup> (t CO <sub>2</sub> )	1,347,000	—	—	—
	Indirect <sup>3</sup> (t CO <sub>2</sub> )	1,072,171	—	—	—
<b>Water</b>	Water consumption (1,000 m <sup>3</sup> )	268,657	252,151	264,532	241,286
	Chemical oxygen demand (COD) (t)	1,680	1,820	2,730	4,782
	Halogenated organic hydrocarbons (AOX) (t)	5	6	6	7
<b>Waste</b>	Disposed of (t)	47,410	48,520	80,860	87,293
	Recycled (t)	80,290	77,030	63,430	74,327
	Hazardous <sup>4</sup> (t)	68,230	69,320	100,860	108,458
	Non-hazardous (t)	59,470	56,230	43,430	53,161
<b>Energy</b>	Electricity consumption (TWh)	4.4	3.8	2.7	2.4
	Primary energy				
	Natural gas (TWh)	5.8	5.5	5.4	5.4
	Solid fuels <sup>5</sup> (coal, charcoal, wood) (TWh)	0.9	0.4	—	—
	Heat <sup>6</sup> (supplied by third parties) (TWh)	0.2	0.2	0.2	0.2
	Heating oil (TWh)	0.02	0.01	0.01	0.01

<sup>1</sup>In 2011, the environmental indicators reflect for the first time the silicon-metal production site in Holla (Norway), acquired in 2010

<sup>2</sup>As per Greenhouse Gas Protocol "A Corporate Accounting and Reporting Standard," Scope 1: direct emissions without emissions from consumption of purchased energy, CO<sub>2</sub> only

<sup>3</sup>As per Greenhouse Gas Protocol "A Corporate Accounting and Reporting Standard," Scope 2: indirect emissions from consumption of purchased energy (electricity, heat), CO<sub>2</sub> only; surveyed for the first time in 2011

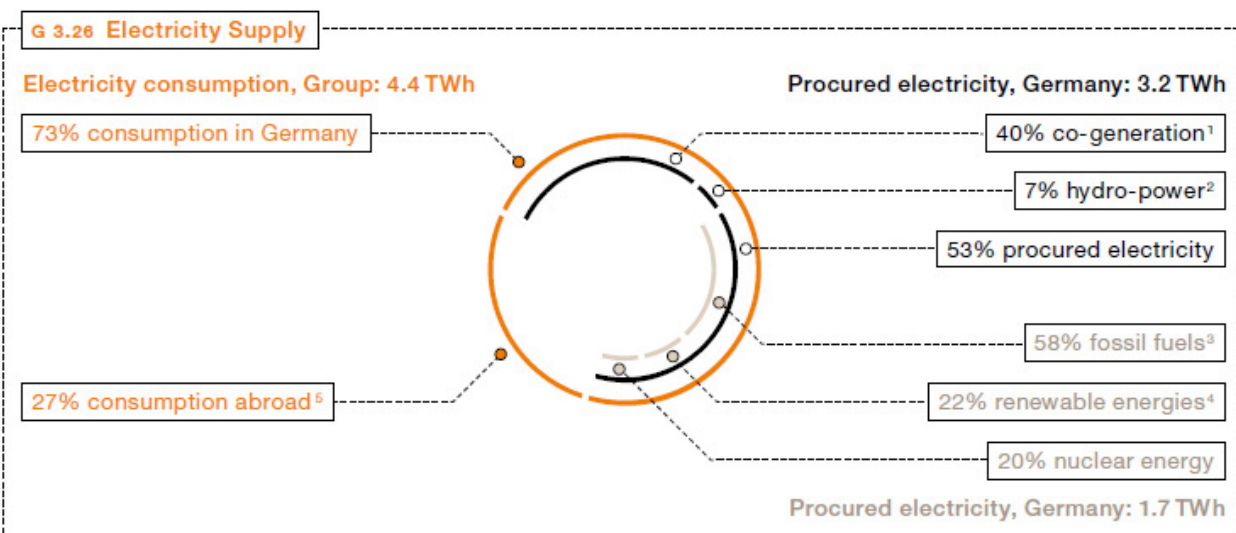
<sup>4</sup>Reduced by change in waste accounting at Calvert City, USA, starting in 2010

<sup>5</sup>Used in silicon-metal production at Holla, Norway

<sup>6</sup>Steam, district heating

### **Energy Management**

WACKER's German production sites account for 73 percent of its electricity needs. In Germany, we purchased enough electricity from utilities to cover 53 percent of our electricity requirements there. In line with the utilities' primary energy sources, 58 percent of this electricity was generated from fossil fuels. 20 percent came from nuclear energy, and 22 percent from renewable energy sources. Heat consumption, which includes the use of solid carbon-based fuels (coal, charcoal, wood) in silicon-metal production, rose across the Group to 3.9 TWh (2010: 3.4 TWh). This increase is due to our new Holla site.



<sup>1</sup>Burghausen and Nünchritz

<sup>2</sup>Burghausen

<sup>3</sup>Coal, lignite, oil, gas

<sup>4</sup>Hydro, wind, solar power

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

**T 3.30 Energy consumption**

TWh	2011	2010	2009	2008
Energy consumption	4.4	3.8	2.7	2.4
Heat consumption <sup>1</sup>	3.9	3.4	2.8	2.8
<b>Primary energy</b>				
Natural Gas	5.8	5.5	5.4	5.4
Solid fuels <sup>2</sup> (coal, charcoal, wood)	0.9	0.4	–	–
Heat <sup>3</sup> (supplied by third parties)	0.2	0.2	0.2	0.2
Fuel oil	0.02	0.01	0.01	0.01

<sup>1</sup>Since 2010, heat consumption figures have reflected the use of solid fossil fuels (coal, charcoal and wood) at the silicon-metal plant in Holla, Norway

<sup>2</sup>Used as a reducing agent at the silicon-metal plant in Holla, Norway

<sup>3</sup>Steam, district heating

Energy efficiency improvement – Examples:

Our WACKER SILICONES division has optimized distillation operations relating to siloxane production in Burghausen and installed an integrated heat-recovery system. This saves us around 100,000 metric tons of heating steam a year. In 2009, the Nünchritz plant saved more than 30 percent heating steam per metric ton of siloxane compared with 2006.

We are developing an energy management system that meets ISO 50001 requirements. We expect this system to stimulate further reductions in our energy consumption and costs. Certification of our German sites is planned for 2012.

### Compliance System Expanded

WACKER's corporate culture is characterized by mutual respect and trust. However, inappropriate behavior on the part of individual employees can never be eliminated. In these cases, we rely on our internal risk assessments.

Compliance Cases	2010	2009	2008
Level of key fines <sup>1</sup> and number of non-monetary penalties for non-compliance with requirements of environmental legislation	–	–	–
Number of cases of discrimination and measures taken	– <sup>2</sup>	– <sup>2</sup>	– <sup>2</sup>
Number of organizational units subjected to corruption audit	37	36	30
Organizational units subjected to corruption audit (%)	30	30	30
Employees <sup>3</sup> trained in corruption prevention (%)	51	–	–
Measures <sup>4</sup> taken in response to cases of corruption	–	1	–
Number of complaints about anticompetitive behavior, violation of antitrust or monopolies legislation	–	–	–
Level of key fines <sup>1</sup> and number of non-monetary penalties for breaches of legal requirements	–	–	–
Level of key fines <sup>1</sup> for breaches of legal requirements relating to the supply and use of products and services	–	–	–

<sup>1</sup>Level of key fines: starting at €10,000

<sup>2</sup>No recording of cases of discrimination at WACKER

<sup>3</sup>WACKER Germany employees only; training evaluated from 2010 on

<sup>4</sup>Notice of employment termination

Our internal Corporate Auditing department regularly checks all corporate entities on behalf of the Executive Board. For capital-intensive engineering activities (e.g. project engineering and maintenance), WACKER employs specially qualified industrial personnel as auditors. In total, Corporate Auditing conducted 37 audits in 2010 (2009: 36 audits). The audits did not reveal any major complaints. Audit recommendations to optimize processes are being implemented.