BOLD

ANNUAL GROUP REPORT 2015

SOLARWORLD
REAL VALUE

2015

WITH BOLDNESS AND DETERMINATION, ON TRACK FOR FUTURE SUCCESS

Record shipments of 1.1 gigawatts
►►► continuing our **path of growth**

Innovations in high-performance cells
►►► reinforcing **technology leadership**

Expansion of production capacities
►►► laying foundation for **higher economies of scale**

Costs reduction measures
►►► improving **competitiveness**

That's what we stand for ►►► SolarWorld is a globally active manufacturer and provider of solar power solutions, which has more than 40 years of experience in solar technology development and production. With innovative high-performance products "made in Germany" and "made in the United States," we hold a leading role in the quality segment of the solar market. Through our broad sales network and long-standing international activities, we have developed trusting partnerships with customers around the world. With our commitment to innovations and our strong conviction, we define technology standards for the industry, creating REAL VALUE. Our products enable people throughout the world to generate electricity from the power of the sun. We give our customers a promise: We, as partners, assume responsibility for the quality and durability of our products, for the satisfaction of our customers and maintain an authentic focus on sustainability.

ABOUT THIS REPORT

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements that are subject to risks and uncertainties, many of which relate to factors that are beyond SolarWorld AG's control or its ability to precisely estimate, such as future market and economic development, supply and demand, the behavior of other market participants, the ability to successfully achieve anticipated synergies and the actions of government regulators.

SolarWorld AG has based these forward-looking statements on its current views and assumptions with respect to future events and financial performance. Many factors could cause the actual results, performance or achievements of SolarWorld AG to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in the Opportunities and Risks Report.

Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. We do not assume any obligation to update the forward-looking statements contained in this report.

SUSTAINABILITY

SolarWorld AG has a clear focus on sustainability. The Management Board supports the group's commitment to international standards such as the United Nations Global Compact. With the present report, the Management Board, above all the CEO of SolarWorld AG, declares its willingness to continue this engagement in the future.

The Annual Group Report 2015 describes both financial and non-financial performance (Global Reporting Initiative, G4 In Accordance Comprehensive, audit review by the BDO AG, Wirtschaftsprüfungsgesellschaft). Especially relevant economic, ecological and social topics are explained extensively in the group management report. Due to eco-efficiency, the section "Sustainability in detail 2015" is only available online at ►*www.solarworld.de/sustainability*

FURTHER INFORMATION

Rounding differences may occur in the Annual Group Report.

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LETTER BY THE CHAIRMAN

Management Board of SolarWorld AG (from left to right): **Jürgen Stein (CPO)**: product management, product development, production, quality management, purchasing and supply chain management; **Philipp Koecke (CFO)**: finance, controlling, accounting and investor relations; **Dr.-Ing. E. h. Frank Asbeck (CEO)**: strategic group development, technology development as well as public relations including energy and environmental policy; **Colette Rückert-Hennen (CIBPO)**: information technology, human resources, brand management, marketing and compliance; **Frank Henn (CSO)**: international sales including the areas after sales service, technical support and customer service

DEAR CUSTOMERS, SHAREHOLDERS, BOND HOLDERS, BUSINESS PARTNERS AND EMPLOYEES OF SOLARWORLD AG,

Boldness is the force that moves a company forward. This is particularly true for SolarWorld, since we are active in an attractive but also highly competitive market. That is why BOLD stands in broad letters on the title of this Annual Group Report and is the focus of the accompanying magazine, which I would like to warmly recommend.

"OUR STRATEGY HAS SUCCEEDED."

We had set high targets for the 2015 fiscal year: Shipments and revenue were to grow by at least 25 percent. We have exceeded our own expectations and achieved a plus of 33 percent with record shipments of 1.1 gigawatts and consolidated revenue of € 763 million. Growth was primarily driven by international demand for our high-performance modules. We consistently focused on high-tech and high-power. This strategy has succeeded.

Our operational numbers have also significantly improved in 2015. SolarWorld increased earnings before interest, taxes, depreciation and amortization (EBITDA) from € 1.6 million to € 41 million. Earnings before interest and taxes (EBIT) improved from € -44 million to € -4 million. An enormous leap. Nevertheless, we narrowly missed our goal of a positive EBIT over the whole of 2015, largely due to the fact that the implementation of some measures to reduce costs and increase efficiency was delayed. However, in Q4 2015, we were able to achieve a positive EBIT. This showed that we are on the right track to returning to profitability in our operating business.

The implementation of an ambitious package of measures, combined with a sharp increase of production and shipments, made 2015 a very intense year for SolarWorld. Our employees at 11 sites in 9 countries took up the challenge with great dedication. On behalf of the entire Management Board, I would like to express my gratitude to the more than 3,800 people working for SolarWorld worldwide.

The expansion of our PERC capacities and additional investments in innovative technologies are preparing us for the future. I am especially proud of our bifacial solar power solutions "BISUN," which capture sunlight on the front and back and turn it into clean electricity. Bifaciality can increase the yield of a solar power system by up to 25 percent and decisively raise the economic viability for the customer. With BISUN, we are reinforcing our technological leadership role in the quality segment of solar power products.

With our high-performance module portfolio, we are well-equipped to again significantly boost our sales in 2016. We want to increase both shipments and revenue by more than 20 percent. Here, we will especially continue to profit from market growth in the United States and to expand our market share in Europe.

"INVESTMENTS IN HIGH-TECH PREPARE US FOR THE FUTURE."

The measures already taken to reduce costs, combined with greater economies of scale resulting from our capacity expansion, will enable us to significantly increase EBITDA in

2016. We expect a positive EBIT in the lower double-digit million range for the full year.

"BEING BOLD ALSO MEANS FACING CHALLENGES ACTIVELY."

SolarWorld will continue to seize its opportunities. Our company has survived the severe crisis in the international solar industry, but it is still exposed to risks. For me, being bold also means facing challenges actively. We show this with our vehement commitment to fair competition in the United States and in the European Union. In difficult situations, SolarWorld has proven again and again that it achieves good solutions with passion and tenacity.

"FOR US, ASSUMING SOCIAL RESPONSIBILITY GOES WITHOUT SAYING."

Boldness brings us forward as a company. It is something that all of society needs, particularly in times of political and humanitarian crises. It is part of our identity to commit ourselves to a better world and to shoulder social responsibility beyond our pursuit of economic success. This includes our 10-year commitment in developing countries with our Solar2World program. This year, we are also supporting the integration of people who have fled areas of civil war and crisis and come to Germany. We are active in the integration initiative "WE TOGETHER" started by the German business community. With this, we want to provide refugees with an opportunity for work and vocational training. SolarWorld employees at our German sites in Saxony, Thuringia and North Rhine-Westphalia will support them as mentors in their first steps in the German working world. This commitment from our employees is encouraging. Thank you very much!

Bonn, March 16, 2016

Yours,

Dr.-Ing. E. h. Frank Asbeck
CEO of SolarWorld AG

KEY FIGURES AND FACTS

KEY FIGURES AND FACTS

SELECTED INDICATORS

Financial indicators in k€	Q4 2014	Q4 2015	Change
Revenue	164,464	231,675	67,211
EBITDA	517	26,278	25,761
EBIT	-14,370	14,117	28,487
Consolidated net result	-25,054	5,570	30,624

Financial indicators in k€	2014	2015	Change
Revenue	573,382	763,465	190,083
Foreign quota in % of revenue	83.1%	82.6%	-0.5%-points
EBITDA	107,815	40,815	-67,000
EBIT	62,375	-4,151	-66,526
EBIT in % of revenue	10.9%	-0.5%	-11.4%-points
Capital employed (key date)*	509,615	459,091	-50,524
Consolidated net result	464,164	-33,282	-497,446
Consolidated net result in % of revenue	81.0%	-4.4%	-85.4%-points
Total assets	915,341	868,708	-46,633
Equity	238,668	208,877	-29,791
Equity ratio in %	26.1%	24.0%	-2.1%-points
Cashflow from operating activities	-36,689	52,461	89,150
Net indebtedness **	272,782	217,207	-55,575
Investments in intangible assets and property, plant and equipment	89,021	50,722	-38,299

T 01

Employee indicators	2014	2015	Change
Employees (key date)	2,730	2,932	202
of which trainees (key date)	44	49	5
Personnel costs ratio in %	22.6%	20.0%	-2.6%-points
Revenue per employee in k€	210	260	50
EBIT per employee in k€	23	-1	-24

T 02

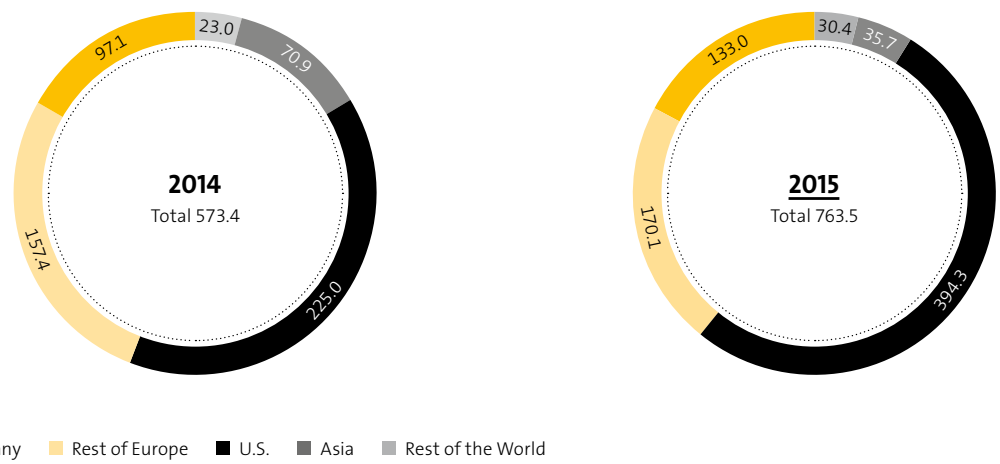
** Intangible assets and property, plant and equipment less accrued investment grants plus net current assets except for current net liquidity*
*** Financial liabilities less liquid funds*

QUARTERLY COMPARISON OF THE CONSOLIDATED INCOME STATEMENTS

in k€	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q4 2014	Change
Revenue	149,083	170,888	211,819	231,675	164,464	67,211
Change in inventories of finished goods and work in progress	37,625	25,698	-9,820	-28,991	17,263	-46,254
Own work capitalized	419	1,029	1,083	1,321	629	692
Other operating income	25,111	16,519	20,837	40,107	30,687	9,420
Cost of materials	-129,691	-123,606	-129,474	-136,372	-126,846	-9,526
Personnel expenses	-41,082	-39,471	-40,066	-37,370	-36,192	-1,179
Amortization and depreciation	-10,941	-11,120	-10,744	-12,161	-14,887	2,726
Other operating expenses	-38,553	-44,099	-49,712	-44,092	-49,488	5,396
Operating result	**-8,029**	**-4,162**	**-6,077**	**14,117**	**-14,370**	**28,487**
Financial result	-10,179	-10,413	-9,664	-10,438	-9,210	-1,228
Result before taxes on income	**-18,208**	**-14,575**	**-15,741**	**3,679**	**-23,580**	**27,259**
Taxes on income	8,166	-840	2,346	1,891	-1,475	3,366
Consolidated net result	**-10,042**	**-15,415**	**-13,395**	**5,570**	**-25,054**	**30,624**

T 03

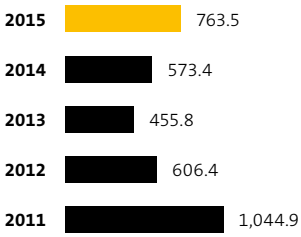
REVENUE BY REGION IN M €



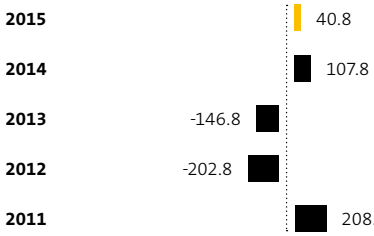
G 01

DEVELOPMENT OF KEY FIGURES IN FIVE-YEAR COMPARISON

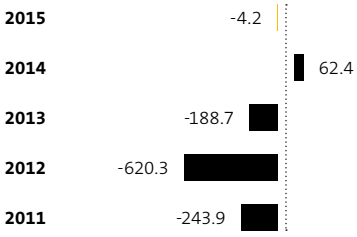
Revenue in m€



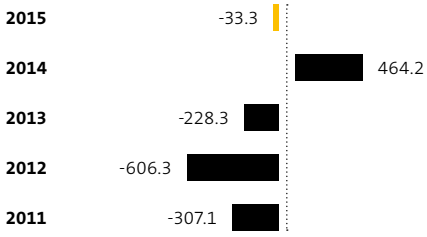
EBITDA in m€



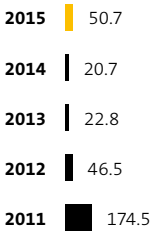
EBIT in m€



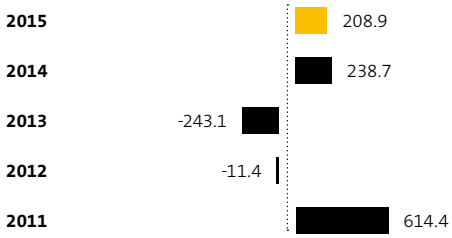
Group profit/loss in m€



Investments in m€

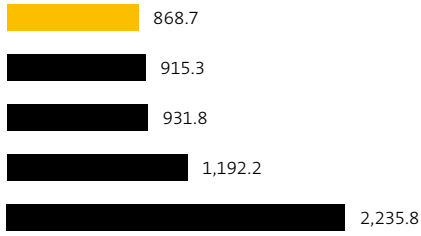


Equity in m€



Employees

Balance sheet total in m€



G 02

SUSTAINABILITY PERFORMANCE

ENVIRONMENTAL PROTECTION

Name and description	2014	2015	2016
Energy: total energy consumption (in primary GJ)	3,084,137	4,427,860	↑
Water: total water take-out (in m³)	1,538,953	1,981,634	↑
Water: waste water discharge (in m³)	1,336,489	1,630,594	↑
Emissions: total greenhouse gas emissions (in tCO_{2eq})	125,569	178,458	↑
Waste: total production waste (in t)	23,021	30,703	↑
Environmental compatibility: Share of ISO 14001 certified locations (weighted by average capacity), since 2014 without sales sites in Rest of the World (ROW)	100 %	100 %	←→
Packaging: material (in t)	2,325	2,273	↑
Environmental violations: sanctions due to environmental violations	0	0	←→

T 04

CUSTOMER AND PRODUCT RESPONSIBILITY

Name and description	2014	2015	2016
Customer satisfaction with SolarWorld: share of satisfied customers among all respondents, aggregate number (trade: wholesalers, Certified partners)	86 %	87.3 %	↑
Customer satisfaction with SolarWorld products: share of satisfied customers among all respondents, aggregate number (trade: wholesalers, Certified partners)	99 %	99.5 %	←→
Earnings from new products with life cycles of less than 12 months	53 %	67 %	↓
Customer loyalty: Share of new customers (module and system customers)	30 % (direct customers), 18 % (Certified partners)	28 %	←→
Customer loyalty: market share	2 %	2 %	←→
Sanctions due to product and service conditions	0	0	←→

T 05

EMPLOYEES

Name and description	2014	2015	2016
Employment type: share of temporary employees (full-time equivalents)	20 %	22 %	←→
Attrition rate: share of employees leaving the company per year	10 %	8 %	←→
Collective bargaining agreements: share of employees covered by collective bargaining agreements	67 %	62 %	←→
Training and professional development/qualification: average training expenditure per employee (in €)	180.14	219.59	←→
Age structure of the workforce (persons)	< 30: 16 %, 31–40: 31 %, 41–50: 30 %, > 50: 23 %	< 30: 16 %, 31–40: 30 %, 41–50: 28 %, > 50: 26 %	←→
Absentee rate: total missed worktime due to sick leave/total planned working time in the calendar year	5.4 %	6.0 %	←→
Accident rate (per 1000 employees, incl. temporary workers)	13.2	17.4	↓
Relocation of work places due to restructuring: total costs of relocation (in k€) including compensation payments, severance pay, outplacement, recruitments, training, consulting	294	164	↓
Diversity: share of women in total workforce	25 %	26 %	←→
Diversity: share of women in management positions (without Management Board and managing directors)	17 %	17 %	↑
Compensation: total amount of all bonus payments (in m€). We do not grant stock options.	30	19	←→
Discrimination: number of documented incidents	1	1	↓

T 06

SUPPLY CHAIN

Name and description	2014	2015	2016
Certification: ISO 9001 certification of suppliers (direct material)	98 %	98 %	←→
Certification: ISO 14001 certification of suppliers (direct material)	80 %	75 %	←→

T 07

COMPLIANCE AND SOCIETY

Name and description	2014	2015	2016
Effects of subsidies: Share of business activity in markets with feed-in tariffs or regulated pricing. The sales share in markets without feed-in tariff or regulated pricing is still below 1%. Benchmarks: heavily subsidised markets such as nuclear energy, German coal, EU agricultural market	100%	100%	←→
Governmental financial assistance: investment grants and research grants (in k€)	15,661	9,262	←→
Donations to political parties (in k€)	0	0	←→
Other donations (in k€)	119	165	←→
Regional development: Solar2World (delivered kWp)	120	113	←→
Corruption: share of business activity in regions with a corruption index (Transparency International) of less than 60	13%	11%	←→
Ascertained corruption incidents	0	0	←→

T 08

INNOVATION

Name and description	2014	2015	2016
Innovation: total R&D expenditures (in m€)	29	23	←→
Innovation: Total investment in research on ESG relevant aspects. Our entire business (solar energy) is ESG relevant.	100%	100%	100%
Number of inventions filed in the last 12 months	53	77	↑

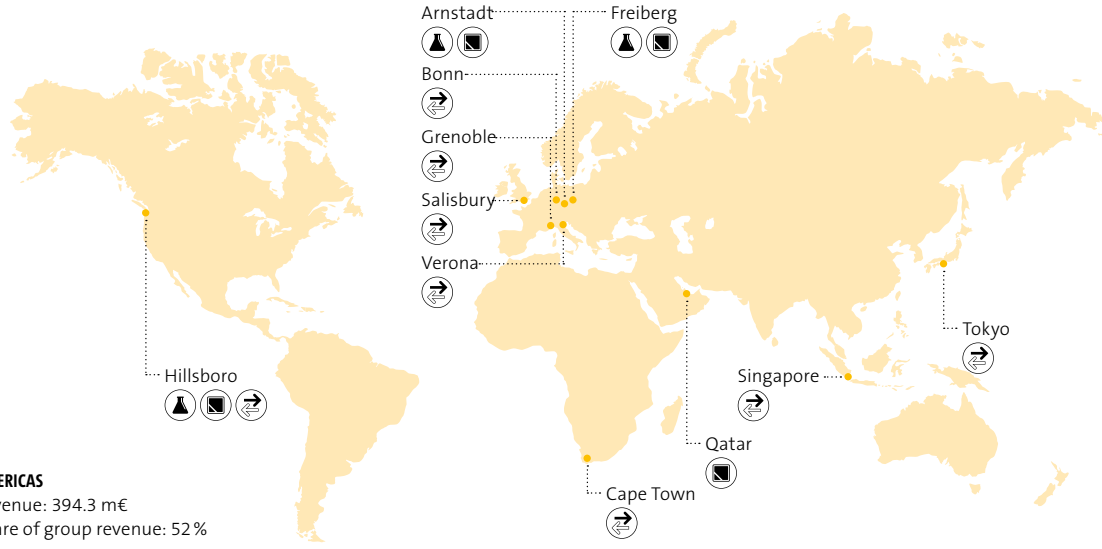
T 09

GROUP MANAGEMENT REPORT

GENERAL INFORMATION ABOUT THE GROUP

SOLARWORLD GROUP AT A GLANCE

SOLARWORLD WORLDWIDE



AMERICAS
Revenue: 394.3 m€
Share of group revenue: 52 %

REST OF WORLD
Revenue: 30.4 m€
Share of group revenue: 4 %

GERMANY
Revenue: 133.0 m€
Share of group revenue: 17 %

REST OF EUROPE
Revenue: 170.1 m€
Share of group revenue: 22 %

ASIA/PACIFIC
Revenue: 35.7 m€
Share of group revenue: 5 %

Research & Development · Production · Sales

G 03

COMPANY PROFILE

SolarWorld stock company (AG) is based in Bonn, Germany, and is the holding company for the SolarWorld group. The company is the largest manufacturer of solar power technology producing outside of Asia. It operates manufacturing facilities in Freiberg and Arnstadt (Germany) as well as Hillsboro, Oregon (United States). SolarWorld is active at all stages of the solar value chain and also conducts its own research and development. As at December 31, 2015, the group employed around 3,800 people worldwide.

Thanks to a diversified, globally distributed customer base, SolarWorld is represented in all mature and growing solar markets except for China. The group is positioned in the quality segment of the international solar markets under the brand "SolarWorld – REAL VALUE."

In fiscal year 2015, SolarWorld achieved groupwide shipments of more than 1.1 gigawatts and consolidated revenue of € 763 million. The group's largest single market was the United States with a share of 52 percent in total revenue. Europe, including Germany, achieved a share of 39 percent.

SolarWorld sells its products predominantly to international distributors and installers, supplying these via a global distribution network. It has a local presence in its core markets through own sales subsidiaries. The company has also developed stable networks with certified partners, within the scope of which selected installers are actively incorporated into the business. Worldwide, more than 1,500 installers now participate in the certified partner programs. ► *A partner you can trust – throughout the world – p. 035*

PRODUCTS AND SERVICES. SolarWorld enables both private and commercial users to generate electricity cleanly, efficiently and profitably, by offering a broad-based portfolio of solar power products. This comprises multi- and monocrystalline solar power modules as well as complete solar systems in all sizes, in which SolarWorld modules and system components such as inverters, frames and – increasingly frequently – also storage systems and energy-management tools are used. In this way, SolarWorld customers can increase the share of their consumption of self-generated solar electricity through storage and intelligent control. The range includes solar power solutions for both on-grid as well as off-grid use.

We also sell solar wafers and cells, which we do not ourselves process into modules, to customers from the international photovoltaic industry.

Finally, we also offer investors services such as project planning and the construction and operation of large-scale solar plants. In the field of commercial-technical operational management, we have extensive expertise in our subsidiary Solarparc GmbH.

DEVELOPMENT OF THE COMPANY SINCE ITS FORMATION. SolarWorld AG was formed in Bonn in 1998 by Dr.-Ing. E. h. Frank Asbeck. SolarWorld AG went public in 1999 as one of the first solar companies worldwide to do so. The stock is listed in the Prime Standard on the Frankfurt Stock Exchange. In just a few years after going public, the company grew from a dealership to an international group. Growth and technological know-how were advanced mainly through the acquisition of the solar divisions of the companies Bayer (2000), Shell (2006) and Bosch (2014). Within the context of the takeovers, SolarWorld recognized the technological potential of these companies in the solar industry and further developed its own technology from it. Thanks to the acquisition of the solar division of Shell, whose predecessor company Solar Technology International (STI) was formed by Bill Yerkes in the United States as early as 1975, SolarWorld can look back on more than 40 years of experience in solar technology development and production. ► *Brand and Marketing – p. 035*

Following the severe crisis and the consolidation of the international solar industry in the period 2011 to 2014, SolarWorld has remained one of only a few large solar manufacturers in Europe and the United States. At the beginning of 2014, the group successfully completed its financial restructuring and has since again been on a solid footing. In the course of the restructuring, two long-term anchor investors bought shares in SolarWorld AG: Qatar Solar S.P.C. as new investor with 29.00 percent as well as founder and CEO Dr.-Ing. E. h. Frank Asbeck currently holding 20.85 percent. Another 50.15 percent of the stock is currently in free float. ► *The stock – p. 026*

In fiscal year 2015, SolarWorld continued the growth course started following the restructuring.

GROUP STRUCTURE. As at the cut-off date, December 31, 2015, the SolarWorld group comprised a total of 32 (December 31, 2014: 29) companies. ► *Note 2.3.3 Group structure – p. 126*

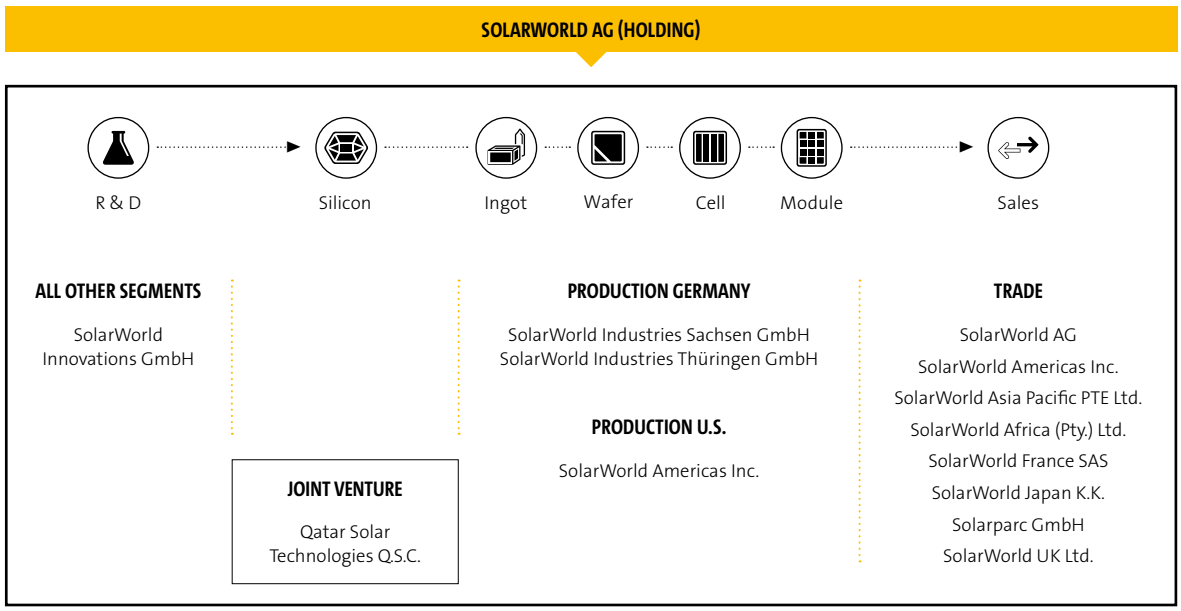
SEGMENT STRUCTURE. As in past years, SolarWorld's operational business was divided into four categories in 2015: "Production Germany", "Production U.S.," "Trade" and "All other segments." These provide the structure for our internal organization, management and reporting.

The "Production Germany" and "Production U.S." segments each comprise the regionally coherent and fully integrated production activities.

The "Trade" segment covers international sales of our products. It also includes proceeds generated by our subsidiary Solarparc GmbH from electricity sales, project planning and the sale and operation of solar power stations.

Business activities where the financial impact is not or is no longer crucial to the assets, financial position and earnings of the group are included in the category "All other segments."

STAGES OF THE SOLAR VALUE CHAIN AND SEGMENT STRUCTURE



G 04

STRATEGY

"*We* build the solar world." Harnessing the unlimited power of the sun for a sustainable energy supply around the world – this is the vision that drives SolarWorld. The company goal of developing business globally and sustainably is derived from this vision.

Following the severe crisis in the international solar industry, which also affected SolarWorld, we are striving to return to profitability as quickly as possible. Profitable business development should enhance the value of the company and open up earnings opportunities for investors.

In fiscal year 2015, we again pursued our vision and our goal with the group strategy:

Thanks to our customer-oriented solar power solutions, we offer real added value and are international leaders in technology.

- We provide solar power solutions for our markets that meet all customer expectations and market requirements.
- SolarWorld is to become the best-known international solar brand for the volume segment, with the highest quality standards.
- With our operational excellence, we build the basis for a profitable and sustainable company.
- Our employees are the key to our success through their high level of commitment.

The Management Board derives focal points from the group strategy for each fiscal year; these are discussed with all executives in the first quarter. The aim here is to familiarize the executives with the strategic themes, so that they can communicate these to their employees in the respective departments. Experience has shown that the key to successful implementation of a strategy at all group levels lies in involving all employees.

Implementation of the group strategy is in part accompanied by complex change processes within SolarWorld – caused by the major change in the international solar markets and the ongoing high pressure of competition. SolarWorld employees shall be enabled and motivated to participate in shaping the adaptation of the company to the framework conditions.

Within the change process, we have been orienting ourselves towards five core themes since 2012, which have determined the framework of our business actions ever since:

CUSTOMER FOCUS. Customer demands should drive the entire business and all processes within SolarWorld. Product differentiation and comprehensive customer service create added value for the customer.

PERFORMANCE AND INNOVATION. SolarWorld products stand for high power. Here, the company is a step ahead of the competition. Among other things, SolarWorld is the technology leader in PERC high-performance cells (passivated emitter rear cell). As a further development of this approach, the company developed bifacial solar modules, which can turn sunlight into power both from the front and the rear side. These modules enable system operators to significantly increase their yields. Solar power solutions from SolarWorld create more added value by enabling customers to increase their self-consumption of solar electricity and thus reduce their energy costs. ► *Innovation report – p. 040*

SALES GROWTH. The group aims to substantially increase shipments in its international markets. For this, SolarWorld uses the strength of its brand with the uniform global image "REAL VALUE." Our partnerships in sales are of particular importance for future growth. SolarWorld has established certified partner programs in a number of markets and again developed these further in 2015. ► *Trade – p. 033*

COST EFFICIENCY AND PROFITABILITY. SolarWorld is continuously working on reducing costs in all organizational units and at all sites. In 2015, costs were saved among other things through higher utilization of production capacity, further improvements in purchasing and the harmonization of processes at differing sites. A series of measures taken in production in 2015 should bring the expected effects as from 2016. ► *Production – p. 037*

After comprehensive changes in our organization in the United States, we have implemented measures in 2015 that are intended to improve the cost structure at the German sites. In this respect, some areas of responsibility at the individual sites were summarized in one unit. In 2015, this was implemented in the areas Technical Planning & Media Supply as well as Technical Service.

DEVELOPMENT OF THE ORGANIZATION. The aim is for the international organizational units of the group to grow closer together to make the business processes more global. ► *Globalization Advanced – p. 023* In 2015, we have also improved our efficiency at the German sites in Freiberg and Arnstadt by changing the management structure.

MAJOR PROJECTS 2015+

In addition to numerous operational measures to implement the strategy, SolarWorld carried out so-called change projects in fiscal year 2015 to successfully bring about complex structural changes together with its employees:

SAP INTRODUCED AS GLOBAL ERP SYSTEM. At the beginning of October 2015, the major part of the production and sales units as well as further departments within the group were successfully cut over to SAP, thus creating a new global enterprise resource planning (ERP) system. The introduction of SAP was the largest single project in fiscal year 2015. More employees across departments and sites worked on this project than on any other in the group's history.

The launch in October did not represent final completion of the project. At the turn of the year 2015-2016, we also introduced the SAP HCM (Human Capital Management) instrument, a global human resources information system based on SAP. The aim is to effectively bundle the previous human resources systems. Our aim with the global SAP system is to create the basis for decisive progress in the future: Thanks to SAP we have equipped ourselves for the planned sales growth, can offer our customers an optimized service, can significantly increase our cost efficiency on the basis of improved transparency and networking of the sites. We have also created a new technical basis for the group to continue to grow together into a global organizational unit.

INTEGRATION OF THE ARNSTADT SITE CONTINUED. Ever since the takeover of production lines of Bosch Solar Energy AG in March 2014, our aim has been to also integrate the employees at the site into the SolarWorld group. A change project to support the cultural integration of the new site was completed at the end of 2015. Regular surveys of focus groups have shown that the goals of this project have been achieved. A task for the future will be to intensify the integration of SolarWorld Industries Thüringen GmbH continuously and to further harmonize the processes at all production sites.

GLOBALIZATION ADVANCED. Growing together into an effective unit is one of the most important tasks of the SolarWorld group. Following the successful transfer of Purchasing into global organizational structures, we have made a start on corresponding repositioning of the IT and Human Resources divisions in 2015. We intend to continue this process in 2016, and also to globalize further support functions in the group. In addition, we are launching cross-site and groupwide projects increasingly frequently. Globalization of the processes is necessary to be able to achieve top-level operational performance levels.

All of these measures are vitally important in respect to achieving our goals and our long-term competitiveness.

CORPORATE MANAGEMENT AND CONTROL

STRATEGIC GROUP MANAGEMENT. The Management Board determines the group's goals annualy. With these goals in mind, the units of global controlling coordinate business planning for the group. Business planning is structured into requirements for individual departments, which are then translated into specific, measurable targets as part of operational budget planning.

To produce, manage and control operational planning for the group, we primarily refer to the financial performance indicators of revenue, EBITDA (earnings before interest, taxes, depreciation and amortization) and EBIT (earnings before interest and taxes). The units of global controlling continuously monitor these and other department-specific indicators in a target-actual comparison and produce a monthly report for the Management Board. This report analyzes business trends by regions and identifies gaps in a target-actual comparison.

Furthermore, controlling also monitors working capital and liquidity as well as the results of operational measures to boost efficiency and cut costs.

In the "Trade" segment, we produce a daily summary of shipments, revenue and orders levels. On a monthly basis, a more detailed analysis and target-actual comparisons of shipments and revenue by product groups, regions and customers are produced in standardized form and reported to the Management Board. As a result, we identify trends and seasonal fluctuations in the price and quantity structure at an early stage. Once every year, we also measure customer satisfaction. Here, we rely in part on customer surveys and information obtained from direct dialog with our customers.

In the "Production Germany" and "Production U.S." segments, we focus on trends in costs per unit and per watt, as well as in production output. We pay particular attention to individual cost drivers such as material usage and the ratio of personnel costs. Non-financial indicators such as productivity figures, employee recruitment and retention as well as resource consumption supplement the financial control indicators.

Management Board members maintain constant dialog with each other. In addition, they convene for a regular meeting every week at which they talk about the business situation, discuss opportunities and risks, review target achievement and adjust targets if necessary. In the event of deviations from plan, the Management Board introduces necessary counter-measures in close consultation with the management bodies of group companies. In addition, members of the Board and managing directors of the subsidiaries get together several times a year. At these meetings, the respective regional and market-specific circumstances are taken into account, and further short- to medium-term goals and measures are decided upon.

INTERNAL CONTROL SYSTEM. The internal control system (ICS) in the SolarWorld group includes various mechanisms and has a decentralized structure. Corporate controlling, group accounting and the corporate audit perform oversight control functions. Corporate controlling is responsible for monthly reporting of the segment-based financial indicators and for the risk management system. Group accounting ensures that accounting is uniform and complies with legal requirements and standards as well as the group's internal guidelines and generally accepted accounting principles.
► *Internal control and risk management system in relation to the group accounting process – p. 067*

The corporate audit pursues an integrated, risk-oriented and systematic approach in its audits. One of its aims is to assess the reliability of the risk management system and internal control system. The audit examines processes in respect to regularity, security, safety and efficiency criteria and compliance with legal requirements and company policies. As an instrument of the Management Board, the corporate audit is organizationally and functionally independent, thus enabling the proper performance of its duties. Corporate audit can autonomously determine the scope of the audit and reporting. The audit reports its results to the Management Board and the Supervisory Board. If necessary, corporate audit can provide support with the implementation of particular measures.

DISCLOSURE RELEVANT FOR TAKEOVERS

The information pursuant to Section 315 (4) German Commercial Code (HGB) can be obtained from the following paragraphs:

RESTRICTIONS ON TRANSFER. Under the terms of a shareholder agreement of December 19, 2013, CEO Dr.-Ing. E. h. Frank Asbeck and Solar Holding Beteiligungsgesellschaft mbH, in which he and his family members hold a direct and indirect stake, undertake not to dispose of the 2,904,720 no-par-value shares acquired from creditors in the course of the financial restructuring and not to enter into any agreements concerning the voting or other rights associated with these shares (Section 315 (4) No. 2 HGB). The defined lock-up period lasts until termination of the shareholder agreement or until repayment by SolarWorld AG of a very substantial part of the financial liabilities, whichever occurs sooner. The shareholder agreement ends with the conclusion of the ordinary Annual General Meeting which decides on fiscal year 2018.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND APPOINTMENT AND DISMISSAL OF MANAGEMENT BOARD MEMBERS. The provisions concerning the appointment and dismissal of Management Board members as well as amendments to the Articles of Association (Section 315 (4) No. 6 HGB) result from the German Stock Corporation Act (AktG).

MANAGEMENT BOARD POWERS. Regarding Management Board powers (Section 315 (4) No. 7 HGB), reference is made to the Stock Corporation Act. In addition, the following applies: At the Annual General Meeting on May 30, 2014, the Management Board was authorized with the approval of the Supervisory Board to increase capital stock once or several times to a total of up to € 7,448,000.00 for a period of five years, i.e. until May 30, 2019, by issuing new, no-par-value bearer shares or registered shares in exchange for cash contributions or contributions in kind.

AGREEMENTS IN THE EVENT OF A CHANGE OF CONTROL. As of December 31, 2015, financial liabilities amounting to € 377.2 (December 31, 2014: 407.4) million existed for which creditors can demand early repayment in the event of a change of control (Section 315 (4) No. 8 HGB). A change of control shall be deemed to occur if Qatar Solar S.P.C. and the current or future members of the Management Board together directly or indirectly hold a total of more than 49.9 percent of the issued shares, another person or a group of persons acting in concert other than those aforementioned directly or indirectly holds more than 30 percent of issued shares, or all material assets of SolarWorld AG are sold to one person or a group of persons acting in concert.

The information pursuant to Section 315 (4) No. 1 and No. 3 HGB (the composition of subscribed capital and shares in capital) can be found under ► *The stock – p. 026*. With regard to Section 315 (4) Nos. 4, 5 and 9 HGB, no information is required.

REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

For information about the remuneration system for the Management Board and Supervisory Board, please see the ► *Remuneration report – p. 100*. This information is part of the group management report.

BUSINESS REPORT 2015

THE STOCK

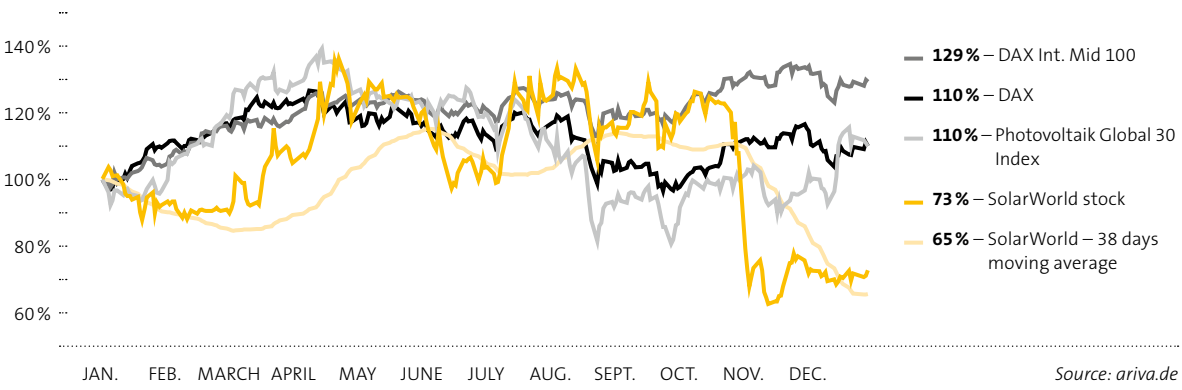
ROLLERCOASTER RIDE ON EUROPEAN STOCK MARKETS. At the beginning of the 2015 fiscal year, the stock-market environment was under the favorable influence of the ongoing expansive monetary policy and the improving economic situation in Europe. As the relative weakness of the euro against the U.S. dollar had an invigorating effect on exports of European companies, European stock markets showed strong price increases in the first months of 2015. For example, the German stock index (DAX) started the year at 9,765 points and reached a new all-time high of 12,375 points on April 10, 2015. From mid-April however, the ongoing Greek crisis and the risk of Greece leaving the European monetary union were a burden on the European capital markets. The DAX subsequently lost a significant share of its gains from the first months, with simultaneously high volatility. In August, China's surprisingly weak economic performance triggered a genuine stock-market crash on "Black Monday" that kept international capital markets in suspense and weighed on indices worldwide. The smouldering Greek sovereign debt crisis and the Volkswagen emissions manipulation, which broke in September, further darkened sentiment in the ensuing period. These factors caused significant price declines on European stock markets and the DAX fell to its annual low of 9,428 points at the end of September. A recovery set in at the beginning of October – triggered above all by the positive European economic data. On December 30, 2015, the DAX closed at 10,743 points and thus showed a rise of 10 percent in the year under review.

HIGH FLUCTUATION IN SOLAR STOCKS. In the first half of 2015, solar stocks continued to benefit from the positive general stock-market environment and the good growth outlook for the industry. From August onwards, however, negative macroeconomic factors also dominated here, before a further recovery finally set in in the fourth quarter. The main cause of this recovery was the extension of the Investment Tax Credit (ITC) program in the U.S. until 2021. The Photovoltaic Global 30 Index, which maps the 30 largest solar companies by market capitalization, closed at 26.07 points on December 30, 2015, thereby showing a rise of around 10 percent in fiscal year 2015.

FALL IN THE PRICE OF THE SOLARWORLD STOCK IN THE FOURTH QUARTER. The performance of the SolarWorld stock (ISIN DE000A1YCMM2) in the first 10 months of 2015 was volatile but positive overall. However, on November 2, media reports on a partial decision of the responsible District Court in Michigan, U.S., in the ongoing legal dispute of our subsidiary SolarWorld Industries Sachsen GmbH with the U.S. silicon supplier Hemlock Semiconductor Corp. caused a major fall in prices. On October 28, 2015, the court had affirmed its provisional decision from May 2015 that it would not admit the objection of nullity of the underlying contracts in the proceedings based on violation of European antitrust law. The partial decision of the court was of a technical nature and was expressly not intended to represent any assessment of the content of the objection. Furthermore, SolarWorld Industries Sachsen has further lines of defences against the claims. SolarWorld sees no increased probability of occurrence for the risk of the

silicon supplier being able to enforce claims against SolarWorld Industries Sachsen GmbH. ►*Legal risks – p. 076*
►*Note 42 Contingent liabilities – p. 168* Nevertheless, some misleading media reports in connection with this partial decision created enormous uncertainty among investors because these reports mentioned a final decision and/or imminent insolvency of SolarWorld AG. As a result, the SolarWorld stock fell to its lowest level of € 7.85 on November 13, 2015. It closed the year at € 9.13 and thus fell by around 27 percent over the entire reporting period.

SOLARWORLD STOCK PERFORMANCE COMPARISON



Source: ariva.de

G 05

INDICATORS FOR THE SOLARWORLD STOCK (ISIN DE000A1YCMM2)

Capital stock as at December 31, 2015	€ 14,896,000
Total number of shares as at December 31, 2015	14,896,000
Proportion of shares in free float as at December 31, 2015	50.2 %
Xetra closing price as at January 2, 2015	€ 12.56
Xetra closing price as at December 30, 2015	€ 9.13
Market capitalization as at December 30, 2015*	€ 136,000,480
Earnings per share	€ -2.23
Average Xetra trading volume 2015	65,923 shares per trading day

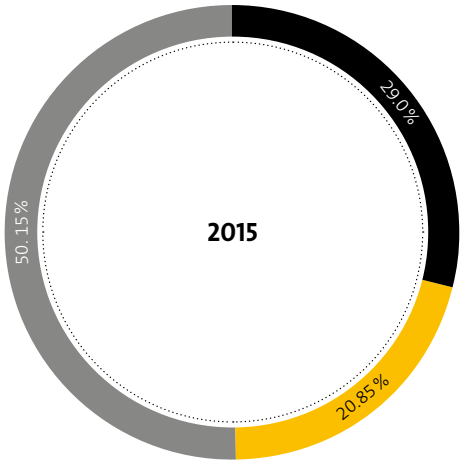
T 10

** Product of number of shares and closing price*

CAPITAL STOCK AND SHAREHOLDER STRUCTURE

As at the cut-off date December 31, 2015, the capital stock remained unchanged at € 14,896,000.00 and was divided into 14,896,000 no-par-value bearer shares with an imputed nominal value of € 1.00. SolarWorld AG has issued exclusively common shares, so that each share entitles its holder to one vote.

SHAREHOLDER STRUCTURE AS AT DECEMBER 31, 2015



- Qatar Solar S.P.C., Doha/Qatar
- Dr.-Ing. E. h. Frank Asbeck, Bonn/Germany (held directly or indirectly by controlled companies)
- Free float

G 06

In the year under review, the shareholder structure has changed, compared with December 31, 2014. At the beginning of February 2015, Strategic Value Master Fund Ltd. and a number of its controlling companies announced that their respective share of capital stock with voting rights had dropped below the threshold of 3 percent of the capital stock of SolarWorld AG. Consequently, the share of voting rights held by Mr. Victor Khosla, who as Chief Investment Officer controls the companies within Strategic Value Partners group, fell at first below 5 percent and in the next step below 3 percent. SolarWorld AG published the corresponding voting rights announcements pursuant to Section 26 of the German Securities Trading Act (WpHG), and a summary is available on the company's website.
► *www.solarworld.de/notification-of-voting-rights*

As at December 31, 2015, the strategic investor Qatar Solar S.P.C. held an unchanged stake of 29.00 percent in the capital stock of SolarWorld AG. The share of CEO Dr.-Ing. E. h. Frank Asbeck as well as of the companies controlled by him – Solar Holding Beteiligungsgesellschaft mbH and Eifelstrom GmbH – was likewise unchanged, compared with the previous year cut-off date, and totaled 20.85 percent.

SolarWorld AG held no own shares as at December 31, 2015.

ANNUAL GENERAL MEETING

The fifteenth Annual General Meeting of SolarWorld AG was held on June 2, 2015. Overall, around 230 shareholders attended the event in Bonn. Approximately 52 percent of the capital stock of the company participated in the voting, which approved the actions of the Management Board and the Supervisory Board of SolarWorld AG for the 2014 fiscal year with majorities of more than 99 percent respectively. All agenda items and voting results can be found on the Internet site
► *www.solarworld.de/hv2015*.

CO-DETERMINATION PRINCIPLE ESTABLISHED IN THE SUPERVISORY BOARD. Among other things, the shareholders approved an amendment to the Articles of Association to bring them into line with the requirements of the German Co-determination Act (Mitbestimmungsgesetz). For the first time, SolarWorld AG has formed a Supervisory Board during the year under review that is subject to co-determination on a basis of parity, since the company permanently employs more than 2,000 people in Germany. As a result, the Supervisory Board comprises six shareholder-appointed members who are elected at the Annual General Meeting, and six employee-appointed members. In view of these changes, the six shareholder-appointed members were newly elected at the Annual General Meeting on June 2, 2015. The composition of the shareholder representatives remained unchanged:

- Dr. Khalid K. Al Hajri, Doha, Qatar
- Faisal M. Al Suwaidi, Doha, Qatar
- Heiner Eichermüller, Scottsdale, Arizona, United States
- Dr. Georg Gansen, Bonn, Germany
- Dr. Andreas Pleßke, Herrsching am Ammersee, Germany
- Jürgen Wild, Vaucresson, France

After the Annual General Meeting, Dr. Georg Gansen assumed chairmanship of the Supervisory Board as before. For information on the election of the employee representatives to the Supervisory Board see ► *Co-determination strengthened. – p. 050*

CAPITAL MARKET COMMUNICATION

SolarWorld Investor Relations department uses various communication tools to take account of requirements to provide comprehensive, transparent and timely information to the capital market. ► *Transparent communication – p. 094* In this way, SolarWorld is able to inform a wide range of interested parties about the company's strategy, positioning and growth potential as well as about business developments, its economic position and current and future opportunities and risks.

In 2015, SolarWorld AG sought a dialog with existing and potential investors. For example, the Chief Financial Officer and the Investor Relations department held numerous one-to-one and group talks with institutional investors and analysts at international roadshows and conferences in Germany, the UK, Denmark and the United States. SolarWorld was also available for discussions with interested representatives of the capital market at the world's leading trade fair for the solar industry, Intersolar Europe in Munich, Germany, and at the Solar Power International in Anaheim, California (United States). The main focus of investors was on the operational turnaround, groupwide expansion of PERC production and further cost-reduction potential. Furthermore, investors were interested in the ongoing legal dispute with the silicon supplier Hemlock Semiconductor Corp. in the U.S. as well as the positioning of SolarWorld in the U.S. market and the possible consequences of the threatened expiry of the investment tax credit (ITC) program. At the end of 2015, however, it was decided that this program would be extended until 2021.

MAJOR BUSINESS EVENTS

BUSINESS FIGURES SIGNIFICANTLY IMPROVED VERSUS PREVIOUS YEAR. In 2015, SolarWorld increased its groupwide shipments by 33 percent to 1,159 (2014: 873) MW. Thus, SolarWorld exceeded the mark of one gigawatt for the first time in its history. The three production sites of the group (Freiberg, Arnstadt and Hillsboro) ran nearly at full utilization to meet the high demand. In line with shipments, group revenue also rose by 33 percent to € 763 (2014: 573) million. In the operating business, SolarWorld succeeded in improving its figures considerably versus the previous year, too. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased significantly to € 41 (2014 adjusted for one-off effects: 1.6) million. Earnings before interest and taxes (EBIT) improved substantially to € -4 (2014 adjusted for one-off effects: -44) million. ► *Economic position 2015 – p. 053*

CONSISTENT FOCUS ON HIGH-PERFORMANCE TECHNOLOGY. Our group was the world's largest manufacturer of PERC solar cells (passivated emitter rear cells) in fiscal year 2015 and underlined its technology leadership with a new world efficiency record in this field. In 2015, we made a start on gradually changing our cell production completely to PERC

and combining it with further technologies that increase both the performance as well as the yields of our products. An example: the introduction of the 5-busbar technology. This enabled us to present our customers with a 300-watt solar module in standard format with 60 cells for the first time in 2015. At the end of 2015, we also switched initial parts of our production to the manufacture of bifacial cells and modules. ► *Innovation report – p. 040*

ENABLING MORE SELF-CONSUMPTION. In 2015, SolarWorld launched a series of products onto the market together with extensions and improvements to the existing product portfolio. The focus here was on solutions that enable our customers to increase their self-consumption of solar electricity and thus to save energy costs. To this end, for example, we further developed the SunPac LiOn solar power storage system and expanded the opportunities for energy management with the Suntrol eManager. ► *Enabling greater independence – p. 041*

SALES NETWORK EXPANDED INTERNATIONALLY. In January 2015, SolarWorld set up a sales office in Tokyo, Japan. The new company SolarWorld Japan K.K. is further advancing our expansion in Asia together with the subsidiary in Singapore. Furthermore, in June 2015, another European sales company was formed, SolarWorld UK Ltd in Salisbury, UK. ► *Trade – p. 033*

SAP INTRODUCED. At the beginning of October 2015, the major part of our production and sales units as well as further departments within the group were successfully switched to SAP, thus creating a new global ERP system. Already in 2015, the introduction of SAP helped the group grow together into a more global organizational unit. Through SAP, SolarWorld has now created a sound base for notably optimized processes spanning sites and business areas – and thus also equipped itself for future growth plans. ► *SAP introduced as global ERP system –p. 023*

CO-DETERMINED SUPERVISORY BOARD FORMED. As of June 2015, to match the six shareholder representatives on the Supervisory Board of SolarWorld AG, there are now also six employee-appointed members representing employees. ► *Co-determination strengthened – p. 050*

THE MARKET

ECONOMIC SITUATION IN INDUSTRIAL COUNTRIES IS RECOVERING. Economic developments in the U.S. and Europe improved in 2015. An expansive monetary policy, rising wages and progress with the debt-reduction process stimulated both private consumption as well as the willingness of industry to invest. The lower external value of the euro boosted exports from the euro zone. The euro began 2015 at an exchange rate of 1.21 U.S. dollars and closed the year at 1.08 U.S. dollars. The economy in the euro zone grew by 1.5 (2014: 0.8) percent, compared with the previous year.

In the U.S. – the main sales market for SolarWorld – economic growth accelerated to 2.5 (2014: 2.2) percent. Based on the country's good economic situation, the U.S. Federal Reserve raised the prime rate slightly at the end of 2015, thus ending the zero-interest policy introduced in 2009. By contrast, economic development in emerging economies was weak – one important reason why the global economy grew only moderately in 2015 by 3.1 (2014: 3.5) percent.

GROWING GLOBAL DEMAND FOR SOLAR PRODUCTS. Aided by the positive general economic situation and favorable subsidy conditions, the international solar industry continued its recovery in the year under review. The year 2015 also saw the creation of important preconditions for the future development of the solar industry: The industry is placing high growth expectations on the extension of tax subsidies on investments in solar power systems (investment tax credit/ITC) in the U.S. and the Paris international climate agreement, with a clear commitment to limit climate change and minimize its effects.

Overall, market experts at Deutsche Bank expect a rise of 32 percent in global installations of new solar power systems in 2015 to 57 (2014: 43) GW. As in the previous year, China, Japan and the U.S. were the world's three largest solar markets.

U.S. SOLAR MARKET INCREASES BY 17 PERCENT. The U.S. market continued its strong growth course in 2015. According to estimates by GTM Research, new installations increased by 17 percent to 7.3 (2014: 6.2) GW. The strongest growth came in the residential sector, which increased by 66 percent, compared with the previous year. Commercial installations stagnated, while utilities again reported the largest installation volume at more than 50 percent of total new installations.

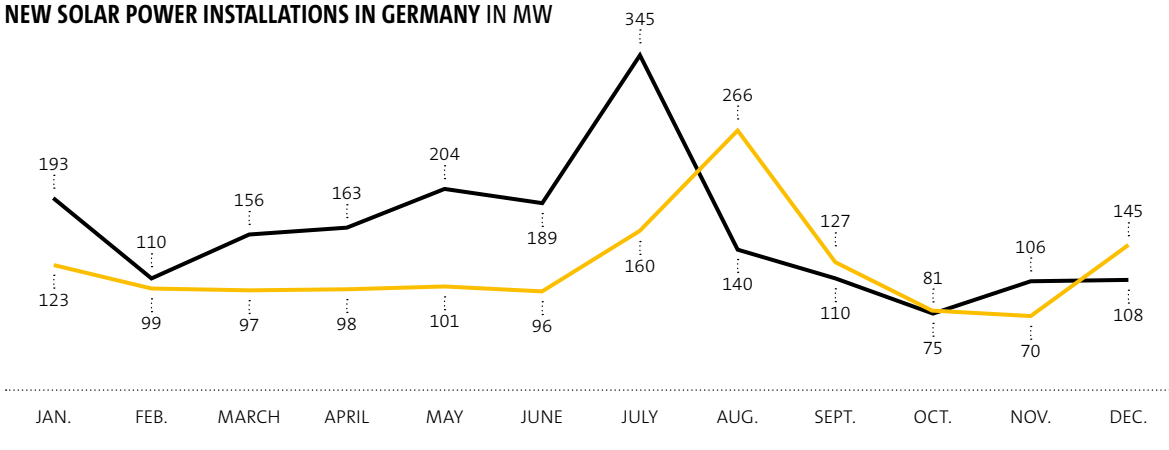
In the United States, additional steps to address unfair trade practices in the solar market were taken. At the beginning of 2015, investigations based on petitions filed by SolarWorld were concluded, and anti-dumping and anti-subsidy duties were imposed on Chinese solar modules made from non-Chinese solar cells, as well as on all products containing Taiwanese solar cells. As a result, duties of around 75 percent are applicable to these imports from China and around 20 percent on imports of solar cells from Taiwan.

The new measures took effect on February 1, 2015 and are applicable for at least five years. Similar duties of about 30 percent remain in place based on trade cases filed by SolarWorld in 2012, covering Chinese solar cells as well as Chinese solar modules made from Chinese solar cells.

With regard to the future development of the U.S. solar sector, favorable framework conditions were created in the reporting period for continuation of growth. At the end of December 2015, the U.S. Congress approved the extension of the ITC program by a further five years, i.e. companies, utilities and households will still be able to offset a part of the costs of purchasing and installing solar systems against their tax in the years after 2016.

EUROPEAN SOLAR MARKET RECOVERS SLIGHTLY. In Europe, the solar market grew again for the first time since 2011. The newly installed capacity rose by 10 percent to 7.5 (2014: 6.8) GW according to estimates by Deutsche Bank. At the end of 2015, the EU Commission opened review proceedings concerning the extension of the anti-dumping and anti-subsidy measures applicable in Europe. The proceedings can last up to 15 months, meaning that a decision cannot be expected until the beginning of 2017. During this time, the current anti-dumping and anti-subsidy measures will remain in force.

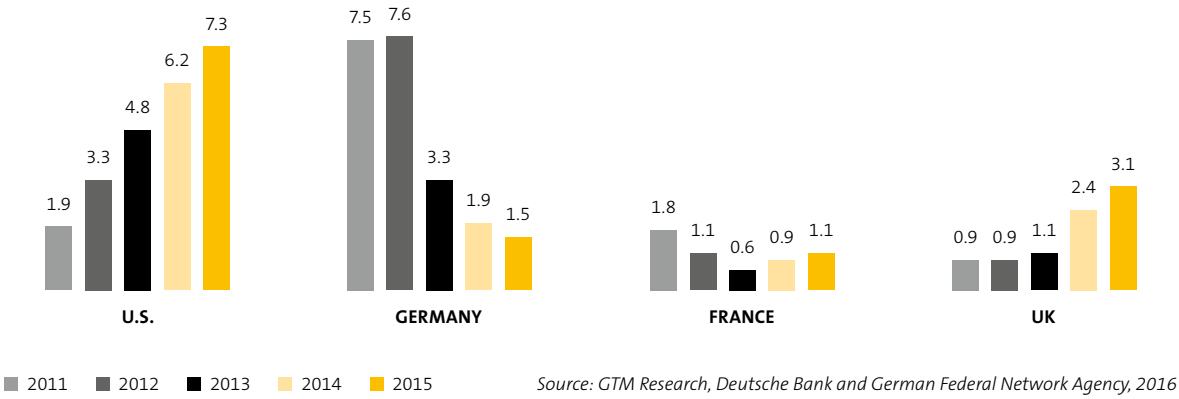
NEW SOLAR POWER INSTALLATIONS IN GERMANY IN MW



Source: German Federal Network Agency, 2016

G 07

HISTORICAL DEVELOPMENT OF OUR MAIN SALES MARKETS IN GW



Source: GTM Research, Deutsche Bank and German Federal Network Agency, 2016

G 08

In 2015, the UK retained its position as Europe's largest solar market. New solar systems with a total capacity of 3.1 GW were installed there – an increase of just under 30 percent, compared with 2014 (2.4 GW). However, a major reduction in subsidy funds for solar electricity at the beginning of 2016 was announced in the middle of 2015. This is likely to have a negative effect on demand in 2016.

In Germany the solar market shrank by 23 percent, equivalent to new installations of just 1.5 (2014: 1.9) GW. Nevertheless, SolarWorld increased its sales volumes by 64 percent here, compared with the previous year. ► *Trade – p. 033*

In contrast to Germany, the French solar market developed positively. It expanded by more than 20 percent to 1.1 (2014: 0.9) GW. The Italian market also continued to recover. Although solar electricity has no longer been subsidized by the government in this market since 2013, more and more customers are convinced of the economic viability of this energy source even without feed-in tariffs. Overall, demand for solar systems in Italy rose by 10 percent to 0.42 (2014: 0.38) GW.

ASIAN SOLAR MARKET EXPANDING. According to estimates of Deutsche Bank, new solar power systems with a total capacity of 32.5 (2014: 25.6) GW were installed in 2015 in Asia – more than half of new installations worldwide. The two largest solar markets in this region and simultaneously worldwide were China (13.0 GW) and Japan (12.7 GW).

REPERCUSSIONS OF THE GENERAL CONDITIONS ON BUSINESS DEVELOPMENT

The SolarWorld group succeeded in using the positive development of the international solar market in 2015 for its own growth. Our company increased shipments by 33 percent, compared with the previous year. We made decisive gains in our main sales regions, the U.S. and Europe. Globally, there was a slight fall in average prices for solar products during the course of the year. Despite temporary fluctuations, the development of exchange rates was positive overall for SolarWorld. Following the far-reaching crisis in the industry in recent years, 2015 saw the first signs of a normalization of the market. Thanks to its strong brand and its clear positioning as a quality provider of high-performance products, the SolarWorld group succeeded in gaining new customers and increasing market shares.

TRADE

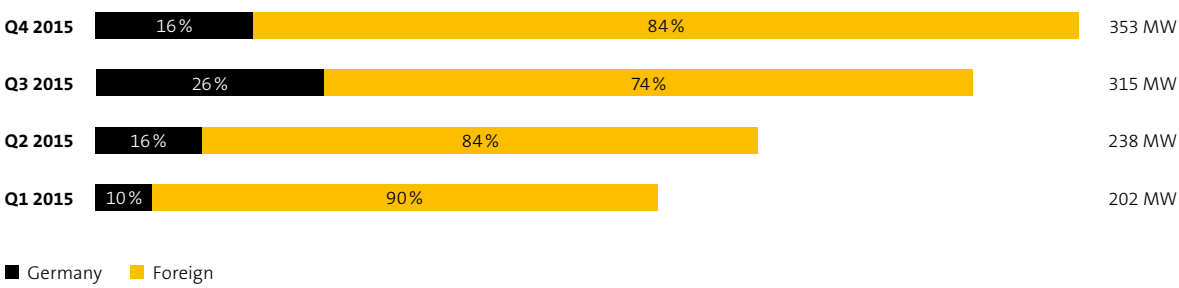
RECORD SHIPMENTS OF 1.1 GIGAWATTS. In 2015, SolarWorld increased its shipments of modules and kits by 31 percent, compared with the previous year, and achieved a level of 1,108 (2014: 849) MW. This is the largest volume of shipments ever achieved by SolarWorld. At 353 MW, the fourth quarter of 2015 was SolarWorld's best ever quarter in terms of shipments – a major achievement by our international sales teams. We placed around half our goods in America, the remaining half in the regions Europe, Asia-Pacific and Africa. The international share of shipments of modules and kits fell slightly to 82 (2014: 86) percent, as our business in Germany developed disproportionately well.

PRESENT IN THE MARKETS AS A MANUFACTURER OF PREMIUM PRODUCTS. SolarWorld customers were able to choose from a broad range of products in 2015. These included solar power modules, standardized kits with modules and accessories as well as complete solar power solutions with battery storage system and intelligent energy management. Our range here comprised on the one hand multicrystalline modules in standard format with 60 cells and, on the other hand, monocrystalline modules in standard format, in XL format with 72 cells, and in the completely black variant mono black, which is architecturally very attractive. Demand for our monocrystalline modules with PERC high-performance technology was particularly high. These modules offer a level of performance that is above the industry average.

In 2015, our focus was again on the market segments with high expectations in terms of quality, performance and aesthetics. These are above all the markets for roof systems on private homes (Residential) and on commercial buildings (Commercial). Additionally, we again supplied modules to large-scale projects, where we were also able to offer our customers added value with the right products, e.g. with the XL-format module that is particularly suited to the construction of large-scale systems in the segments Commercial and Utilities. Overall, we supplied modules to a series of large-scale projects, for example in the United States, France, UK, Germany and Poland in the second half of 2015.

UNITED STATES: LARGEST INDIVIDUAL MARKET WITH 56 PERCENT GROWTH. The U.S. was by far SolarWorld's largest individual market in 2015. Here, in our second home market alongside Germany, we increased our shipments by 56 percent, compared with the previous year to 546 (2014: 351) MW. High-performance modules with PERC in standard format were in particular demand. In the second half of the year, we also sold more modules in XL Format as we gained more production capacities for this product.

REGIONAL DEVELOPMENT OF SHIPMENTS OF MODULES AND KITS



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MARKET SHARE GAINED IN GERMANY. Germany was SolarWorld's second largest single market in 2015 with shipments of 196 MW – a growth of 64 percent on the previous year (2014: 119 MW). This performance is particularly notable as the German solar market shrank by 23 percent, compared with the previous year. This strong gain in market share shows that our sales strategy – with its focus on long-term partnerships and our positioning as a provider of quality products – is bearing fruit.

INCREASING IMPORTANCE OF EUROPEAN EXPORT MARKETS. The other European markets have been playing a major role for SolarWorld for many years. In the reporting period, we placed 303 (2014: 264) MW here, i.e. 15 percent more than in the previous year.

The largest single markets in this region were the UK, France and Italy. We have our own sales offices in each of these countries. In the British market, we witnessed a pull-forward effect in the second half of the year due to the impending reduction in subsidies at the beginning of 2016. In France, we have established ourselves as the most-sold module brand and have developed a broad customer base. In the Italian market, which no longer has feed-in tariffs, we noticed a recovery in our shipments in 2015. Here, we have adapted to small-scale business, in which we convince our partners and customers that investing in a solar system is still attractive. As a market, Italy is in the "post feed-in tariff" phase. In our opinion, it has the potential to become a role model for solar markets that function even without statutory subsidy incentives. The driving forces in these markets are the interest in the electricity self-consumption and the reduction of energy costs.

In Europe, we were also successful in many smaller markets. These include countries such as Austria and Switzerland, the Benelux and Scandinavia regions as well as new solar markets such as Poland. We achieved a leading position there in 2015 by supplying a total of 9 MW to three major projects during the course of the year.

SALES IN THE ASIA-PACIFIC REGION BELOW PREVIOUS YEAR. Our volume of shipments in Asia-Pacific fell significantly in 2015, compared with the previous year. This is mainly due to the fact that we had supplied a major project of 50 MW in Central Asia in the previous year.

The solar market in the Asia-Pacific Region is exposed to particularly fierce price competition, not least due to the proximity of the production location China. For us, as a western manufacturer of quality products, Japan is the most promising single market in this region, as Japanese customers particularly appreciate quality and efficiency. We have been present with our own sales subsidiary in Tokyo since 2015.

One good reference project for us in this region in 2015 was a commercially used solar system at the Hong Kong International Airport, China's second-largest airport. Here, we equipped a roof system on the new "Midfield Concourse" airport building, designed by the architect Sir Norman Foster, with SolarWorld modules.

PLEASING DEVELOPMENT IN SOUTH AFRICA. Roof systems on commercially used buildings are also a promising business area in southern Africa. Where off-grid or ground-mounted systems were previously dominant, more and more companies are now discovering the benefits of generating and using solar electricity themselves. In this way, they can ensure uninterrupted and fault-free energy supply, while at the same time saving electricity costs. With its long-standing sales presence in Cape Town, SolarWorld is respected by customers as a reliable partner that also offers support through its technical expertise. We also sell a large volume of accessories in this market. In 2015, we increased the volume of our shipments in this region by 71 percent, compared with the previous year.

Outstanding examples in South Africa in 2015 were a roof system on the warehouse buildings of the tea producer Rooibos Ltd. and on buildings of the Victoria & Alfred Waterfront in Cape Town, Africa's largest commercial and shopping center.

A PARTNER YOU CAN TRUST – THROUGHOUT THE WORLD. For us, being a manufacturer of quality products also means showing a presence in the markets as a responsible partner for our customers. An early market entry and a commitment over many years have enabled us to develop sustainable customer relationships in numerous regions. This consistency is appreciated by both existing and new customers. Our programs for certified partners are a further success factor. Here, we involve selected installers in our business as brokers to the end customer. We have established nationwide networks of certified partners in countries such as Germany, the United States, France, the UK and Italy. In 2015, we further developed our program in Germany by dividing participants into various categories. This differentiation will enable us to create better performance incentives.

BRAND AND MARKETING

SOLARWORLD – REAL VALUE: BRAND AND TECHNOLOGY LEADER. Being globally present with a strong brand is of major strategic importance for SolarWorld, given the international orientation of its business. In 2015, the group was, for the first time, represented in all its markets with a new uniform brand image and the consistent message "SolarWorld – REAL VALUE." This branding as a manufacturer of quality products unmistakably distinguishes SolarWorld from all other solar manufacturers.

"SolarWorld – REAL VALUE" goes hand-in-hand with our promise of particular customer benefit. This is represented by our four core values:

- Proven quality
- Leading solutions for our customers
- A responsible partner you can trust worldwide
- Authentic focus on sustainability

These core values form the basis of our brand communication. The claim associated with REAL VALUE is that the inner attitude and the conduct of SolarWorld employees toward all stakeholders are resolutely focused on the four core values. The customer value proposition of REAL VALUE is one that we wish to fulfil all-round with our products and services. A representative customer survey in 2016 confirmed that 99.5 (2015: 99) percent of our customers worldwide are convinced by the quality of our products. The customer value proposition of REAL VALUE is one that we wish to fulfil all-round with our products and services. A representative customer survey in 2016 confirmed that 99.5 (2015: 99) percent of our customers worldwide are convinced by the quality of our products.

In 2015, personal feedback from numerous customers and partners has confirmed the positive effect and the high international recognition value of REAL VALUE. From the U.S. to Europe and South Africa, as far as Japan and Australia, all trade-fair stands, brochures and Internet sites, among other things, are tailored to REAL VALUE. To this end, the corporate design was further developed and launched in a globally uniform manner in 2015.

In the year under review, we further strengthened the REAL VALUE brand in terms of the aspects proven quality and technology leadership. In this respect and among other things, we have emphasized the particular value proposition of the SolarWorld modules. They are tested on the basis of quality criteria that are far above the common industrial standard. SolarWorld stands for quality "Made in Germany" and "Made in the United States" that lasts and delivers consistent performance. The basis of our current know-how is the technology experience gained over 40 years, which we placed at the focal point of a campaign in 2015.

"40 YEARS OF REAL VALUE": INTERNATIONAL CAMPAIGN IMPLEMENTED. In 2015, the group was able to look back on a history of 40 years in the industry, research and development as well as production. During the year under review, this was at the focal point of our international campaign "40 years of Real Value." The central message of the campaign was SolarWorld's principle of combining and further developing its own know-how and the knowledge of renowned companies to achieve qualitatively perfected technology. As a result, SolarWorld is ideally positioned for the future. The campaign included above all communication measures at major trade fairs such as Intersolar Europe and Intersolar North America as well as at events with customers, such as the "Installer Summit" in August at our Hillsboro site.
► *www.40yearsrealvalue.com*

The starting point of the forty-year history was the formation of the company Solar Technology International (STI) in 1975. STI is a predecessor company of the present-day SolarWorld subsidiary in the United States. The founder of STI was Bill Yerkes (1934-2014), a forefather of modern solar technology. He put into practice his vision of not restricting photovoltaics to space travel, but rather making this technology a mass-market product for energy supply on our planet. At the 2015 Intersolar Europe in Munich, Bill Yerkes was awarded the SolarWorld Einstein Award posthumously for his achievements in the industrialization of crystalline silicon solar technology. His widow and his daughter received the prize on his behalf. SolarWorld has been using this award since 2005 to honor personalities who have rendered particularly outstanding service in the production, use and spread of solar technology. SolarWorld also rewards particular achievements by up-and-coming scientists through the Junior Einstein Award. ► *Promoting young scientists – p. 051*

SALES SUPPORTED IN ALL MARKETS WORLDWIDE. The primary task of our marketing teams in 2015 was to support the sales teams in selling the products and in developing sustainable business structures and partnerships throughout the world. In line with the two-part organization of our global sales operation, we managed our marketing activities for the American continent from Hillsboro and those for Europe, MENA, southern Africa and the Asia-Pacific region from the distribution center in Bonn.

In the second year following the financial restructuring, we paid attention in our marketing activities to acting in a particularly cost-conscious manner and achieving a broad international effect even without high advertising budgets. We implemented measures for both B2B as well as B2C communication. In addition to our extensive communication via online and print media, we again demonstrated a high presence at international trade fairs in 2015, among other places in Europe, the United States, South Africa, Japan and Australia. A further focus in the B2B sector was the support of our certified partners.

ADDED VALUE OF SELF-CONSUMPTION OF SOLAR POWER EMPHASIZED. Part of the group strategy involves offering genuine added value with customer-oriented solar power solutions. ► *Strategy – p. 021* Through our products SunPac LiOn and the SolarWorld eManager, we offer our customers the possibility of lowering their energy costs through self-consumption of solar electricity, achieving a high level of energy independence. ► *Enabling greater indepencence – p. 041* In 2015, we again made targeted use of this purchasing argument in our approaches to end customers, e.g. in an advertising spot shown in Germany on ARD at prime time over several weeks in the fall.

SOLARWORLD AGAIN HONORED AS "GERMANY'S CUSTOMER CHAMPION." The customer-oriented management of SolarWorld was again recognized with the "Germany's customer champion" award in 2015. SolarWorld achieved the status of Germany's customer champion for the second time after 2013, following a detailed check on the company in an all-round customer relations analysis and an evaluation on the basis of a representative customer survey. The initiators of the competition are the "Deutsche Gesellschaft für Qualität e. V." (DGQ) and "forum! Marktforschung." This award is further confirmation of the fact that SolarWorld is successfully committed to achieving long-term customer relations.

SOLAR MOBILITY – A SUCCESSFUL FLIGHT OVER THE ALPS. For many years, SolarWorld has been supporting projects that prepare the way for the mobility of the future. In addition to the solar vehicle SolarWorld GT, developed and sent around the world in collaboration with the Bochum University of Applied Sciences, we are also involved in flying. The ultralight aircraft SolarWorld eOne was created as part of a joint project between SolarWorld and PC Aero GmbH. Equipped with 320 solar cells from SolarWorld, it flew over the Alps in July 2015 as an ambassador for solar mobility. The cells used here were the same as those installed in SolarWorld solar modules. The aim of the project is to make solar-powered electric aircrafts ready for series production soon and to enable emissions-free flying.

PRODUCTION

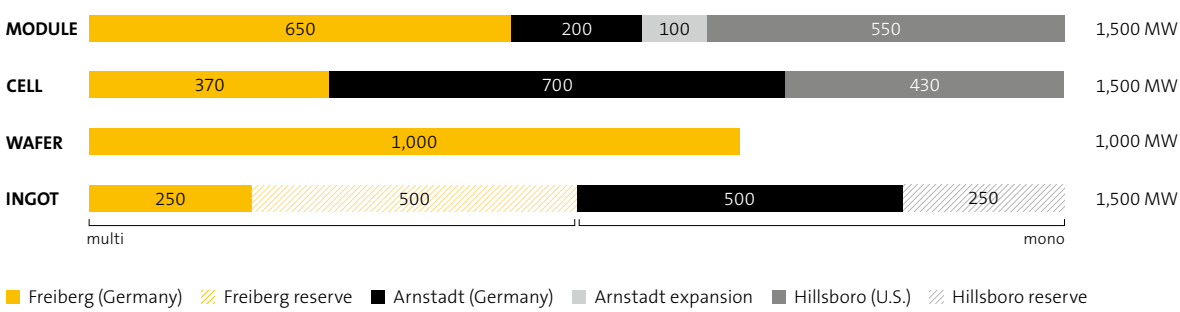
INTENSE YEAR FOR PRODUCTION SITES. The employees at the three production sites of the SolarWorld group can look back on a particularly intense 2015 fiscal year. Their commitment has enabled the volume of shipments to grow to more than one gigawatt. In Freiberg, Arnstadt and Hillsboro, the group used all active capacities at full utilization to service the increasing demand of customers on the one hand and, on the other hand, to achieve the highest possible economies of scale and thus more favorable manufacturing costs.

With full capacity utilization in production, we simultaneously implemented a number of challenging measures in the course of the year that are intended to equip our group for the continuing highly competitive situation on the solar market. These measures included above all the further integration of SolarWorld Industries Thüringen GmbH, the ramp-up of crystallization in Arnstadt, the expansion of capacities at several stages of the value chain, the gradual changeover of the systems to PERC (passivated emitter rear cell) and more efficient sawing techniques as well as organizational restructuring at the production sites. In addition, the production companies were closely involved in the implementation of SAP. ►*Major projects 2015+ – p. 023*

Also in the second year following the financial restructuring of SolarWorld AG, the production had to make sparing use of the available means. The challenge of realizing an ambitious package of measures at full capacity utilization and on low budgets was taken up with great commitment. However, given the host of measures, temporary delays occurred in some areas during implementation so that we couldn't make use of all potentials to reduce costs and raise efficiency in 2015.

CAPACITIES EXPANDED ALONG THE VALUE CHAIN. In fiscal year 2015, SolarWorld expanded its production capacities at all sites and at several stages of the value chain. At the Arnstadt production site, which came to SolarWorld from Bosch in March 2014, we reactivated existing systems for crystal pulling during the course of the year. Crystallization is the preliminary stage to the production of monocrystalline solar wafers. The monocrystals are further processed at the neighboring site in Freiberg, Saxony. In 2015, we expanded this site into a sawing center for mono and multicrystalline wafers, as SolarWorld Industries Sachsen has the best expertise and cost structure of the entire group in this production stage. In 2015, our sites in Thuringia and Saxony grew closer together thanks to this sharing of tasks.

PRODUCTION CAPACITIES 2015+



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In 2015, a test was also carried out at the Hillsboro site in the U.S. to determine if reactivating the existing crystallization there is worthwhile. The result: In 2016, we will also pull monocrystals for monocrystalline wafers here using a similar process to that in Arnstadt. In this way, we will strengthen our added value in the American solar market, where monocrystalline products and our modules with PERC high-performance cells are particularly in demand.

At Hillsboro, we also pressed ahead with the expansion of our module production from 380 to 550 MW in 2015. Following some delays, the additional capacity was not available to us in the second half of 2015. Full commissioning of the new capacities should be completed at the beginning of 2016.

In 2015, we also improved the nominal power of our cell and module capacities by increasingly switching our production facilities to the manufacture of high-performance products. This has enabled us to obtain higher production capacities from our existing lines.

NEW PRODUCTS AND PROCESSES INTRODUCED. SolarWorld is the technology leader in PERC high-efficiency cells and was the world's largest manufacturer in this area at the end of 2015. The pioneer within the group is our production in the United States, where we have been successfully producing PERC cells since 2012. Since 2015, we have also been switching to PERC gradually at the Freiberg and Arnstadt sites.

In 2015, SolarWorld intensively further developed the PERC approach, to maintain its advantage over competitors. We combined other optimization measures from our research and development area with PERC. For example, we started production of the first bifacial cells and modules at the end of 2015. ► *Innovation report – p. 040*

Additionally, we introduced new processes at our sawing center in 2015, which we hope will bring notable cost savings. In this respect, SolarWorld Industries Sachsen uses self-developed processes to a large extent and has upgraded existing machines to make the most efficient possible use of investment resources. Since, contrary to our plans, we were not yet able to implement this measure in full in 2015, we now expect a noticeable reduction in our production costs for mono and multicrystalline wafers as from the 2016 fiscal year. ► *Innovation report – p. 040*

CONTINUOUS IMPROVEMENT WITH TPM. As part of the closer integration of all stages of the value chain at the Freiberg site, Teamwork Production Management (TPM) was also reorganized in 2015. The aim is the reorganization and adaptation of all TPM pillars (continuous improvement, autonomous maintenance, preventative maintenance, quality maintenance, education and training, early-phase management, TPM in service and safety, health, environment) to the cross-site structures and processes, so as to make use of all potential for optimization of processes and the sustainable avoidance of losses on a step-by-step basis. TPM stands for the involvement of all employees. To this end, a start has been made on developing new team structures at the site.

GLOBAL SUPPLY CHAIN

GROUPWIDE SUPPLY CHAIN FURTHER DEVELOPED. The SolarWorld group aims to establish a continuous supply chain that is customer and sales-driven, as is usual in the automotive industry, for example. On the one hand, a global supply chain of this nature ensures SolarWorld's requirements-oriented supply with material and simultaneously offers our customers the highest product quality and excellent services. On the other hand, it represents a permanent challenge, as demand is constantly shifting in the various regional markets, even in the short term. As a group with production sites in Germany and the U.S. as well as sales sites on four continents, SolarWorld is linked to its customers and suppliers in a global network, thus creating diverse points for the further development of its supply chain.

As early as 2013, we transferred the departments Purchasing, Production Planning and Logistics to a joint organizational unit to create a global supply chain. Since then, we have been working continuously on improving the processes within the supply chain, among other things through the resolute global organization of the individual departments.

In this context too, the most important project in the 2015 fiscal year was the introduction of SAP as a uniform ERP system. This will enormously increase opportunities for implementation of our idea of a global supply chain. In the course of the SAP project, we have increasingly set ourselves the task of again bringing global production and sales planning closer together. This should enable better management of production volumes based on planned sales volumes. ► *SAP introduced as global ERP system – p. 023*

SUPPLY WITH MATERIAL AT GOOD CONDITIONS ENSURED. In 2015, our global purchasing team again made a significant contribution toward lowering the cost of materials. In view of the global flows of goods within the group, a central interest of ours in 2015 was also to act even quicker and more flexibly together with our suppliers and service providers.

The supply of our company with direct and indirect materials at market-oriented conditions is a fundamental factor in our competitiveness and is therefore also decisive for the success of our company. SolarWorld was well supplied with all materials in 2015.

To ensure our security of supply on a strategic level, we avoid or minimize possible dependencies on suppliers through a specific share of own production in the solar value chain.

PARTNERSHIPS WITH SUPPLIERS FURTHER STRENGTHENED. Trusted partnerships have always been part of the core values of SolarWorld and also characterize the relationship with our suppliers. Long-term relationships with suppliers and service providers are a key element for lasting success in the solar industry. We therefore strive for an intense dialog with our suppliers. We have established a regular forum for this through the "SolarWorld Supplier Day." The fourth event of this type took place in April 2015 at our distribution center in Bonn. Under the heading "Grow together now," the 67 participants from our most important suppliers gained an insight into current developments at SolarWorld. They created new ideas for the further development of the partnership in workshops, including the use of joint stocks and an improved exchange of information. We recognized the best suppliers of the year through the SolarWorld Supplier Award. It was awarded for the categories "Sustainability," "Quality," "Innovation" and "Supply Chain Performance."

INNOVATION REPORT

INCREASING ADDED VALUE FOR CUSTOMERS. Innovation has been of strategic importance for SolarWorld ever since the formation of the company. Developing new products and technologies within the group itself is indispensable for the competitiveness of SolarWorld and its strong position as a manufacturer of quality products in the international solar market.

The impulses for innovation stem from the needs of our customers and the requirements of the various markets. The aim is permanent expansion of the added value provided to customers by our solar power solutions, because this enables us to differentiate ourselves effectively from our competitors. The focus of our development work in the 2015 fiscal year was, on the one hand, on technologically leading high-performance products that generate particularly high electricity yields for our customers. On the other hand, we concentrated on solar power solutions with the possibility of increasing self-consumption of solar electricity and thus reducing dependency on energy suppliers. In this way, we wish to make the operation of a solar power system attractive, particularly in regions with no feed-in tariffs or other regulatory subsidy incentives for photovoltaics.

PRODUCING MORE EFFICIENTLY. SolarWorld is involved in fierce cost competition, above all with Asian manufacturers. In addition to creating added value for customers, we therefore direct our innovative powers towards increasing the efficiency of production at our sites in Germany and the U.S. through new manufacturing technologies and thus continuously saving costs. As an example, since mid-2015 we have been using diamond wire saws on a small scale in monocrystalline wafer production, based on a self-developed process. We are also increasingly using structured wire for the manufacture of multicrystalline wafers; among other things, this makes sawing more productive than with conventional wire. In 2015, both processes have shown that they can make a contribution towards increasing material yield and efficiency levels in future.

EXPANDING LEADERSHIP IN HIGH-PERFORMANCE PRODUCTS. SolarWorld is the global technology leader in the PERC high-efficiency cell (passivated emitter rear cell) and, at the end of 2015, improved its own world efficiency record for industrially manufactured PERC solar cells on the basis of monocrystalline p-type silicon wafers to 22.04 percent, as confirmed by the Fraunhofer Institute for Solar Energy Systems ISE in Freiburg/Germany.

Through PERC, we have set a trend for the entire solar industry. For this reason, we have worked intensively in 2015 on maintaining the competitive edge in high-performance cells and modules through the combination of PERC with other performance-enhancing processes. We combined PERC cells, for example, with five instead of three busbars – the contacts on the front of the solar cells through which these are wired to one another – as is normal on the market. The use of five busbars can increase cell efficiency by up to 2 percent. Thanks to the combination of PERC and 5-busbar technology, we succeeded in 2015 in producing the world's first 300-watt module in standard format with 60 p-type solar cells.

Parallel to the technology with five busbars, we also made progress in the year under review on an approach involving an alternative contacting process and put it into model production. With this new process, the shading on the cell surface is less, with the result that up to 6 percent more output is possible than with a standard module. In 2016, we shall be able to assess whether progress to mass production is viable.

INTRODUCTION OF BIFACIAL SOLAR POWER SOLUTIONS. In the reporting period, we also succeeded in developing the world's first solar module with bifacial p-type solar cells. The bifacial cells in the Sunmodule BISUN® can produce electricity from both sides by using both the incident direct sunlight on the front side as well as the reflected, indirect light on the rear side. For this, a second solar-cell grid is applied to the surface

of the rear side of the cell. This collects and conducts the charge carriers activated through the penetration of light. The new product offers customers major added value: Solar power modules with bifacial cells provide considerably higher yields than a normal module with the same nominal power. The size of the additional yields depends above all on the albedo, the degree of reflection radiation, of the respective base surface. If the solar module is assembled on a grass surface with low albedo in the standard form, an additional yield of 6 to 7 percent is achieved. Given a higher albedo, for example on white concrete and given an optimum tilt of the module allowing a particularly high amount of indirect light to fall on the rear side, even additional yields of up to 25 percent are possible.

In future the Sunmodule BISUN® will be offered in both standard format with 60 cells as well as in XL format with 72 cells. We will also make additional use of our extensive expertise in the field of system technology: A new product family is being created around the new bifacial module with various self-developed frames that support the additional yield of the bifacial module to a particularly high extent. We will launch these products onto the market in 2016 under the BISUN® name. BISUN® is a particularly good example of the strength of SolarWorld in bringing together its pioneering role in cell technology with its experience as a provider of integral solar power solutions.

BIFACIAL SOLAR POWER SOLUTIONS FROM SOLARWORLD

	Sunmodule BISUN® module with bifacial cells	**BISUN®** solar power solutions with bifacial modules
⊕ **Customer value proposition**	Further development of SolarWorld module with bifacial cells that also uses the indirect light on the rear side for electricity generation. SolarWorld will offer bifacial modules in a glass-glass variant and in a variant using glass at the front and a transparent backsheet at the rear side.	Complete system that combines bifacial modules and various frame types and can thus increase additional yields to up to 25 percent.
↗ **Future potential**	Expansion of the positioning as provider of solar modules and complete solar power solutions that enable significantly higher electricity yields than standard products.	

ENABLING GREATER INDEPENDENCE. In 2015, SolarWorld again launched new products onto the market that take account of customer wishes for greater independence in energy supply. To this end, we have again improved and extended our existing solar power solutions with battery storage system and intelligent energy management. Among other things, our customers can now also use the SunPac LiOn solar power storage system for small roof systems. The extended Suntrol eManager improves use of the self-generated solar electricity through new apps with generation forecast and appliance control. In addition, our development teams already have a series of new ideas which we wish to make ready for the market in 2016: for example the options of integrating a heat pump and a heater rod, or of charging an automobile battery.

A further significant new product in the field of system technology in 2015 was the Sunplug eco inverter that is also suitable for small solar systems on the roofs of private houses. The inverter under the SolarWorld brand has enabled us to further strengthen our positioning as a provider of complete and high-quality systems.

NEW DEVELOPMENTS, EXPANSIONS AND IMPROVEMENTS IN SYSTEMS

	SunPac LiOn solar power storage system from 2 kWh	**Suntrol eManager** energy management	**Sunplug eco** inverter for small-scale solar power systems
⊕ **Customer value proposition**	System expansion and improvement with lithium iron phosphate battery. Since 2015 also with a capacity from 2 kWh, modular expansion to 4, 6, 8 and 10 kWh; automatic increase in the charging/discharging capacity depending on the battery capacity used. Expansion from 5,000 to 10,000 charging and discharging cycles.	Expansion and improvement through new apps with generation forecast and appliance control. The Suntrol eManager enables maximum use of the self-generated solar power. Up to 90 % self-sufficiency can be achieved in private homes.	Inverter in power classes 1.2 to 5.5 kW for small private systems up to 6 kWp. The Sunplug eco inverter is easy to install, highly efficient during operation and very reliable.
↗ **Future potential**	Expand the positioning as a provider of complete solutions, especially with the ability to improve self-consumption of solar power.		

IMPROVING THE PRODUCT DEVELOPMENT PROCESS. The creation of customer and market-oriented innovations requires cross-department consultation between Sales, Marketing, Product Management and Purchasing on the one hand, and production-related Research and Development (R&D) and Production on the other hand. In the 2015 fiscal year, we have again worked intensively on bringing these departments even closer together for innovation as well as on optimizing the joint product development process. Our aim is to increase accuracy in the selection of projects and to industrialize innovations quicker than in the past. To this end, we have improved our organization in 2015 by creating a new department – Global Product Development.

This department is technically integrated into our R&D subsidiary SolarWorld Innovations GmbH at the production site in Freiberg. SolarWorld Innovations analyses which technologies are required for the realization of new products and makes these available to production. As at December 31, 2015, SolarWorld Innovations employed 110 (December 31, 2014: 116) people. The share of employees working for SolarWorld Innovations in the group total decreased to 3.8 (December 31, 2014: 4.2) percent. This development can mainly be attributed to the increase of staff in production units and consequently in the group total.

DEVELOPMENT OF INVENTIONS AND PATENTS, AS OF DECEMBER 31

	2011	2012	2013	2014	2015
Number of registered inventions	58	71	59	53	77
Number of active patent applications	230	226	234	345	273
Number of granted active patents	99	113	123	166	219
Number of active patent families	152	173	175	243	253

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LINKS WITH STRONG PARTNERS. Ever since 2007, SolarWorld Innovations has been the hub of an R&D network in Freiberg. This includes manufacturers of machines, systems and consumables as well as a series of cooperation partners from research and science. All in all, SolarWorld Innovations collaborated with more than 35 scientific institutes, universities and higher education institutions in the 2015 reporting period.

INVOLVED IN PUBLICLY FUNDED PROJECTS. Part of the SolarWorld R&D activities has been incorporated into publicly funded programs and projects for many years. In this respect, the research program "Photovoltaic Innovation Alliance," run by the German Federal Government, again played an outstanding role in 2015. Here, SolarWorld Innovations coordinates a series of group projects in a lead-management role. In 2015, we implemented projects on various research themes as part of the program: on the high-performance cell, on crystallization and wafering as well as on the economic operation of solar systems independently from feed-in tariffs.

IN-HOUSE EXPERTISE STRENGTHENED. Developing know-how in the group and protecting this via our Intellectual Property Management is of great importance to us. During the reporting period we significantly increased the number of registered inventions and patents. We are again on an upward trend as regards the number of invention disclosures. Even the number of patents granted has risen significantly. By contrast, the number of ongoing patent applications has fallen for two reasons: In some cases, the patent has been granted; other applications have been abandoned for cost reasons due to low prospects of success.

HEADCOUNT DEVELOPMENT SOLARWORLD INNOVATIONS GMBH AS AT DECEMBER 31

	2011	2012	2013	2014	2015
Employees in research and development*	98	118	118	116	110
Group employees	2,701	2,355	2,073	2,730	2,932
Proportion in %	3.6	5.0	5.7	4.2	3.8

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** Excluding temporary workers and students*

DEVELOPMENT OF R&D EXPENSES

	2011	2012	2013	2014	2015
Total R&D expenses (in m€)	27.2	49.1	26.5	29.0	23.3
Sponsored portion (in %)	14.5	10.7	27.5	25.4	34.3

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RESEARCH RATIO AND RESEARCH INTENSITY

in %	2011	2012	2013	2014	2015
Research ratio	2.6	8.2	5.8	5.1	3.1
Research intensity	1.6	3.7	3.4	3.7	2.6

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[Research ratio = R&D expenses/revenue x 100]
[Research intensity = R&D expenses/total expenses x 100]

ENVIRONMENTAL COMMITMENT

Sustainability has been the core of our business activities ever since the formation of SolarWorld. We are striving for globally sustainable energy production. Within the context of the SolarWorld vision we confirm our claim to achieve this goal. Strong competition and high cost pressure cannot deter us from thinking and acting sustainably, because this is what distinguishes us from our competitors. As a manufacturing company, the focus of our attention is on four environmental themes: energy, emissions, water, and waste. We have set ourselves specific goals for these areas which we wish to achieve by 2020. We shall achieve our goals through optimized processes and the replacement of environmentally harmful substances. In normal industry practice, the relation to the production unit watt peak (Wp) is decisive. We measure how much energy, emissions, water and waste we use and save per unit produced. Furthermore, we set an emissions target for new cars in our vehicle fleet.

If we succeed in achieving the targets set before 2020, we shall set ourselves even more ambitious goals, so as to provide ourselves with additional motivation to achieve further savings. For example, we achieved our goal for the water consumption as early as 2014, and have raised it further as a result.

ENVIRONMENTAL GOALS 2020

	Unit	Base year 2012	Goal 2020/ percentage change	Actual 2015/ percentage change vs. 2012
Energy and climate protection				
Groupwide energy consumption	kWh/Wp	0.63	0.47 -25 %	0.52 -17 %
Cumulated energy demand (life cycle)[1]	MJ_{eq}/Wp	9,93	7.45 -25 %	7.47 -25 %
Groupwide CO_2 emissions	$kgCO_{2eq}$/Wp	0.45	0.29 -35 %	0.47 5 %
Global warming potential (life cycle)	$kgCO_{2eq}$/Wp	1.33	0.98 -25 %	0.73 -45 %
Average CO_2 emissions from passenger cars in the SolarWorld vehicle fleet (new passenger cars)[2]	gCO_{2eq}/km	152 (all cars)	95 -38 %	129 -15 %
Water				
Specific water consumption	m³/MWp	2,253	1,802 -20 %	1,637 -27 %
Specific volume of waste water	m³/MWp	1,738	1,564 -10 %	1,506 -13 %
Waste				
Specific volume of waste	t/MWp	26.9	24.2 -10 %	27.3 1 %

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[1] Since 2015, the calculations have been carried out using further-developed methods, databases and conversion factors. To ensure that the results remain comparable with those for 2014, these figures have also been adjusted retrospectively.

[2] The emissions data which takes account of the corrected levels following the Volkswagen emissions scandal is not currently available. We therefore use the original data for our calculations.

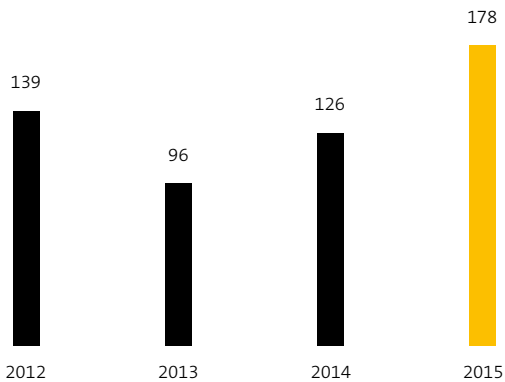
Solar power generation helps reduce harmful greenhouse gas emissions and preserve fossil resources when it replaces these sources in the energy mix. Although energy is consumed to manufacture solar modules, our products generate far more energy over their life cycle than it takes to make them. Likewise, far more greenhouse gas emissions are avoided than are created in the entire manufacturing process.

CO_2 EMISSIONS. Since the Carbon Disclosure Project Germany was founded in 2005, we have been involved in monitoring our greenhouse gas emissions. In a CDP ranking released in November 2015, SolarWorld improved its position clearly once again. Reaching a total of 100 points, the group increased its score by 13 points, compared with last year (2014: 87). Thus, we were the best solar company in this ranking as often before.

Due to the significant rise in production and shipments, our groupwide greenhouse gas emissions increased in 2015 to around 178 (2014: 126) thousand t CO_{2eq}. Also, the reactivation of crystallization led to a rise of emissions. In the previous year, emissions caused on this stage of the value chain had been produced by our suppliers and had thus not been attributed to the group.

Considering the whole life cycle of our products, however, we were able to reduce greenhouse gas emissions per production unit. The so-called global warming potential (GWP) specifies the amount of greenhouse gas emissions per production unit (kg CO_{2eq}/Wp). In the life cycle analysis, we take into account emissions from the entire production process of our solar modules, including preliminary stages and input factors. In 2015, our GWP stood at 0.73 (2014: 1.04) kgCO_{2eq}/Wp. The GWP figures of 2013 and 2014 were recalculated due to updated calculation principles in the database.

GROUPWIDE CO_2 EMISSIONS IN THOUSAND tCO_{2EQ}



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GLOBAL WARMING POTENTIAL IN kg CO_{2EQ}/Wp

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PAYBACK TIMES. The energy payback time is the amount of time it takes the solar power plant to produce as much energy as was used to manufacture it. Similarly, the CO_2 payback time refers to the time it takes to compensate for the greenhouse gases that were emitted during manufacturing. Our calculations follow the cradle-to-gate approach. SolarWorld's technological progress can be determined from the energy and CO_2 payback times.

While it takes one year to compensate for the energy consumption of the entire production process of a system in Bonn, Germany, (power yield: 940 kWh/kWp) it only takes half a year in San Francisco, U.S., (power yield: 1,670 kWh/kWp). By comparison, the energy payback time in 2008 was 3.5 years according to a study by ESU-services.

Both in San Francisco and in Bonn, CO_2 emissions that are produced during the manufacturing of a SolarWorld module are compensated for after about a year and a half. The Californian energy mix includes less CO_2-intensive sources of energy than the German energy mix. That is why it takes nearly as long in San Fransisco as in Bonn to compensate for emissions with a solar power system despite a significantly higher solar irradiation.

These calculations come from our life cycle analysis for our solar modules (not including system components) with an average lifespan of 30 years, installed on a roof with a southerly orientation and an optimum inclination.

An overview of many locations around the world and additional information on the calculations is available on our website ► *www.solarworld.de/sustainability*.

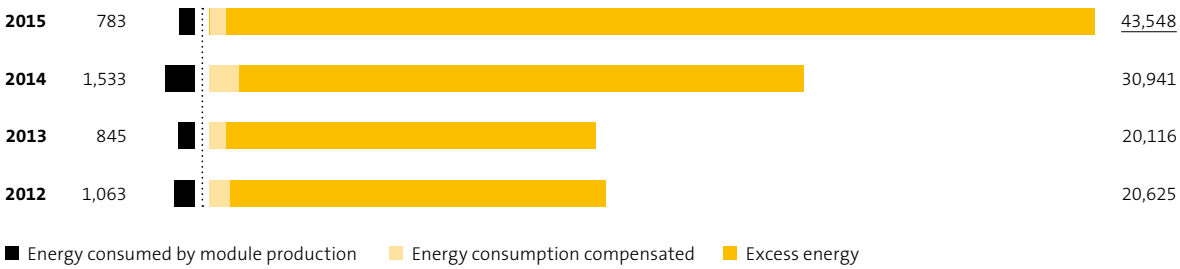
POSITIVE ENERGY AND CO_2 BALANCE. Thanks to the volume of solar power modules sold in 2015, an energy surplus of 43,548 (2014: 30,941) GWh can be achieved during a lifetime of 30 years. Some 20.18 (2014: 14.71) million tCO_{2eq} can be saved as a result. The costs for environmental damage avoided total around € 1,615 (2014: 1,177) million. The CO_2 emissions avoided exceed the CO_2 emissions caused along the entire production chain by a factor of 24 (2014: factor of 17).

Since we have no exact information about how and where our modules are installed, our calculations are based on a standardized installation in Germany (1,275 kWh/m²).

When estimating the avoided costs of environmental damage, we use the best-practice approach of 80 euros per ton of CO_2 as recommended by the German Federal Environmental Agency. Since 2015, the calculations have been carried out using further-developed methods, databases and conversion factors. To ensure that the results remain comparable with those for 2014, these figures have also been adjusted retrospectively.

You can find further information under ► *Sustainability in detail 2015*

ENERGY BALANCE IN GWh



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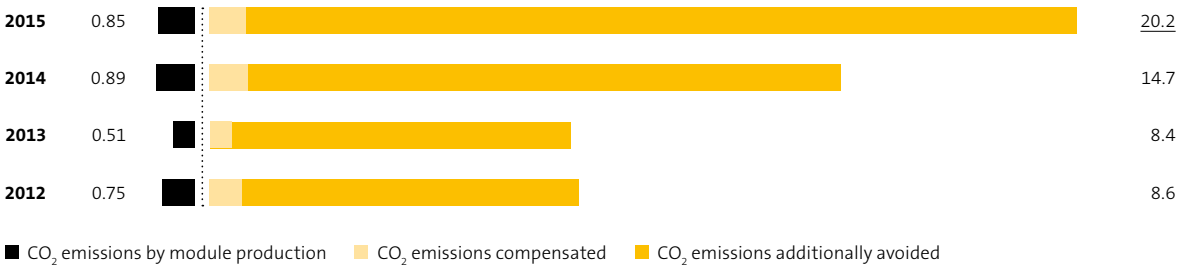
CARBON FOOTPRINT IN M tCO_{2eq}



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EMPLOYEES

HIGH COMMITMENT BY EMPLOYEES. The year 2015 was full of challenges for employees at all SolarWorld sites. Together, they produced and sold a record volume of 1.1 GW of products as well as implemented a host of ambitious measures during the course of the year.

In 2015, the employees again demonstrated a high level of commitment and interest in SolarWorld. This is shown, among other things, by the high participation level of 67 percent in our groupwide employee survey, carried out at the end of 2015.

GOALS AND STRATEGY IN HUMAN RESOURCES. During the reporting period, we worked on two main tasks in the field of human resources: On the one hand, we supported employees and executives in implementing the group strategy and shaping necessary changes within the group. This included a series of special projects, such as the switchover to SAP. ► *Major projects 2015+ – p. 023* On the other hand, one of our major interests was to further strengthen the high commitment levels of our employees and to support them individually in their professional development. We wish to continue to position ourselves both internally and externally as an attractive employer in the future, to generate enthusiasm for SolarWorld among specialists, executives and next-generation staff alike and to tie them to us. This is of major importance for the successful future of our company.

All measures of the HR strategy in the group are based on the guiding principles of the RISE & Shine company mission. The acronym RISE stands for "Responsibility," "Innovation," "Sustainability" and "Engagement." Among other things, we have derived our competency model from this. We take this as a basis when supporting each individual SolarWorld employee as well as when selecting new employees.

Our "REAL VALUE" brand is not only a promise to our customers, but also constitutes the guidelines for internal dealings with and among our employees, in teams and between colleagues. We shall continue to pursue and further intensify this approach in future ► *Employer branding – p. 085*

SHAPING CHANGE SUCCESSFULLY. In 2015, we continued the so-called Change Program to support employees and executives in the successful implementation of changes within the group. This program included a series of individual projects in 2015. ► *Major projects 2015 + – p. 023* In this way, we wish to ensure that project goals set are achieved in practice, with simultaneous strengthening of employee loyalty. A decisive factor for us in this respect is recognizing possible fears of employees and dealing with these where necessary. Additionally, executives should be enabled to deal appropriately with possible resistance.

In addition to regular discussions within the team, we have organized staff meetings and shop floor tours with the management. Furthermore, all employees within the group are kept informed of the content and progress of the change projects through various communication measures, e.g. flyers, regular reports in the employee newspaper and in the Intranet news portal.

PREPARING EXECUTIVES FOR MORE GLOBAL STRUCTURES. Our management assumes particular responsibility as regards the implementation of our group strategy and change measures. A central task of the executives involves jointly advancing the growing together of individual departments to form global organizational units. ► *Strategy – p. 021* In this respect, executives must be placed in a position to lead global teams successfully. This includes leadership in so-called matrix organizations and leading intercultural teams. An important goal is to strengthen the cooperation culture within the group and to enable executives to lead jointly. As this requires an identical understanding at all sites, we created a management vision for the entire SolarWorld group in 2015.

ALIGNING RESOURCES TO REQUIREMENTS. During the year under review, we again carried out a precise check on our HR requirements in the individual departments and adjusted these to the cost structures. We required more employees in 2015 than in the previous year to be able to implement the growth plans in production. We recruited new employees above all at our site in Hillsboro, Oregon (United States). At the same time, however, we reduced our staff in support functions by bundling departments across sites.

HEADCOUNT DEVELOPMENT AS AT DECEMBER 31

number of people	2014	2015	Change
Germany	2,161	2,157	-4
of which trainees	44	49	+5
U.S.	545	748	+203
Rest of the world	24	27	+3
Total	**2,730**	**2,932**	**+202**

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Due to the significantly higher production volume in the reporting period, the number of temporary staff increased to 903 in 2015 (2014: 677). Including temporary staff, we employed 3,835 persons throughout the group as at December 31, 2015 (December 31, 2014: 3,407) – an increase of 13 percent.

Using temporary staff gives us the flexibility we need for rapid and efficient adjustment of production volumes to market demand. Here we have worked for many years with established temporary staffing companies. Nevertheless, we intend to reduce the share of temporary staff in the future and to tie more people to the company as permanent employees.

FLUCTUATION RATE AGAIN LOWER. In 2015, the fluctuation rate fell, compared with the previous year, to 8 (2014: 10) percent. This was the third consecutive year of improvement. This is a pleasing development, as we wish to tie employees to our company. To this end and among other things, we create development perspectives for them within the group, support them through further-training offers and promote our strong corporate culture which favors lasting commitment by our employees.

CREATING INCENTIVES THROUGH VARIABLE REMUNERATION. SolarWorld offers its employees financial incentives to work towards the group's goals. In addition to their fixed remuneration, they receive contractually agreed variable remuneration. This depends on the achievement of targets, agreed in advance, during the respective fiscal year. The target figures are based in part on the group and in part on the individual companies. If the agreed targets have been achieved in a fiscal year, the variable remuneration is normally paid out during the following year. ► *Sustainability in detail 2015*

GENDER EQUALITY. Offering equal opportunities for men and women within our company is part of our identity. We strive to achieve a balanced ratio of men and women at all levels. This is a permanent challenge as the focus within the group is on technical professions and the STEM areas (science, technology, engineering and mathematics), where women are still underrepresented among students and in application procedures. During the 2015 fiscal year, the share of women throughout the group was 25.5 (2014: 25.2) percent. The share of next-generation female staff among our trainees reached 10.2 (2014: 9.1) percent.

SolarWorld has for many years attached importance to raising the share of women in management positions, such that it reflects the share of females in the entire group. During the reporting period, the groupwide share of women in management positions was 16.7 (2014: 17.5) percent.

In 2015, we committed ourselves to a specific target figure for the first time: We wish to achieve a share of women in management positions of 25 percent by June 30, 2017. This will enable us to meet the requirements of the Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions that came into effect in Germany in 2015. To achieve this target, we planned initial measures at a global level in 2015, so as to create uniform conditions at all sites, offering both genders the same opportunities of holding management positions. By virtue of the fact that we have worked towards this subject even before the statutory obligation, we see a very good chance of achieving our self-imposed target figure.

SUPPORTING THE COMPATIBILITY OF FAMILY AND WORK. SolarWorld takes account of the challenge faced by many employees in reconciling family and work. We therefore wish to make working conditions as family-friendly as possible. For example, this includes flexible working hours and the option of working from home where feasible. Other measures are currently being planned, such as setting up more parent-child offices where parents can occasionally bring their children to work if necessary and look after them in a suitable environment.

CO-DETERMINATION STRENGTHENED. As of 2015, to match the six shareholder representatives on the Supervisory Board of SolarWorld AG, there are now also six employee-appointed members representing employees. In June 2015, the six employee representatives were appointed to the Supervisory Board by court order. These members belonged to the control body on an interim basis. The direct election of the employee representatives by the employees at the German sites in Arnstadt, Bonn and Freiberg was then completed at the beginning of October. As prescribed by law in Germany, the Supervisory Board includes three employees and one manager of SolarWorld in addition to two representatives of the trade unions. ► *Boards of SolarWorld AG – p. 097*

In addition, employee interests are represented by Works Councils at the German sites Arnstadt, Bonn and Freiberg. Since 2014, there has also been a Group Works Council, made up of members of the Works Councils at all three German sites.

SUPPORTING THE DEVELOPMENT OF EMPLOYEES. We offer our employees various opportunities for further training as well as individual development perspectives. In a yearly career development discussion, employees together with their executives decide on personal development goals and steps. These steps also include further-training measures. Overall, the training offer is based on the groupwide corporate objectives and tailored to the individual requirements of the employees.

Among other things, we offer our employees training courses in project management and IT. In 2015 we spent € 0.64 (2014: 0.36) million on further-training measures. To facilitate employees' development in the company and improve their chances of internal promotion, we operate an internal jobs portal. This allows employees to find out about job vacancies in the company at an early stage and apply for them within a protected period before the jobs are advertised externally.

OPENING UP CAREER OPPORTUNITIES FOR OWN TALENT. Since as early as 2012, SolarWorld has been implementing special development measures for high potentials within the own group. Since then, next-generation staff, who have been identified by their executives as showing above average commitment and performance levels, have been supported in their professional and personal development within the framework of the talent management program. This is intended to support them in shaping their career path. In this way, we improve our chances of filling technical and management positions with employees that have acquired a great wealth of experience in our company and who have a strong identification with SolarWorld. Since 2012, 12 talents from the Bonn, Freiberg and Hillsboro sites have gone through the program or already successfully completed it. Some of them today hold management positions, among other places in the areas finance, marketing and production.

We accepted new talents into the program at the end of 2015. This time, we have added not only talents with the perspective of a management position with disciplinary responsibility, but also talents for careers as technical specialists or in project management. We also wish to use the talent management to get more women into management positions in the SolarWorld group than has been the case in the past. ► *Gender equality – p. 049* Consequently, half the new additions to the talent management program are female.

TRAINING YOUNG TALENTS. Supporting next-generation staff in their professional development is a matter of great importance to us. In this way, we wish to acquire future specialists for our company. In addition, our experience repeatedly shows how beneficial the dialog between young and old is for the achievement of our corporate goals.

SolarWorld therefore trains young people in technical, commercial and IT professions at its German sites. In 2015, the trainee ratio was 1.7 (2014: 1.6) percent. During this year 16 (2014: 22) next-generation staff completed their training with us. In the year under review, we took on 15 (2014: 20) trainees as permanent employees following completion of their training. 20 (2014: 15) persons started their training with us in 2015. We are particularly pleased by the fact that, since the reporting period, SolarWorld Industries Thüringen has for the first time also been training young people at the Arnstadt site, taken over in 2014.

The fact that SolarWorld trainees have repeatedly received high awards for their performances is one that makes us proud. During the reporting period, one trainee at SolarWorld Industries Sachsen GmbH in Freiberg received an award as Germany's best trainee in his profession as process mechanic. In the interim, SolarWorld has been represented by a training graduate for the fourth time in six years, this time at the 10th National Apprenticeship Awards of the Association of German Chambers of Industry and Commerce – a reflection of the high-quality training at the Freiberg site.

PROMOTING YOUNG SCIENTISTS. We also provide support for young academics during their scientific qualification. As well as our own doctoral candidates, we also supported academic research by Ph.D. and master's students at many different universities in 2015. We have been maintaining close contact to university facilities and research institutes for many years to strengthen the dialog between industry and research. This is particularly true of our largest site at Freiberg, where we cooperate extensively with TU Bergakademie Freiberg.

In addition, we make our own contribution towards the promotion of young next-generation researchers by inviting applications for the annual SolarWorld Junior Einstein Award. The prize of € 5,000 has been awarded since 2006 to researchers whose scientific theses have put forward innovative ideas relating to photovoltaics and related subjects. In 2015 the Junior Einstein Award went to Michael Rauer for his doctoral thesis on improving the performance of solar cells. ► *www.einstein-award.de*

POSITIONING SOLARWORLD AS AN ATTRACTIVE EMPLOYER. Following the crisis in the solar industry, we have been working with great commitment on positioning SolarWorld as an employer offering interesting perspectives in an industry of the future. Above all, we wish to be attractive for next-generation talent. We are therefore pleased by the fact that our company was the most popular employer in the renewable energy sector among young engineers and scientists in 2015. This is the finding of the Universum Student Survey 2015. For the ranking, just under 35,000 students from 219 German universities were surveyed about their assessment of companies as employers, but also about their long-term career goals, as well as on topics related to job and career.

In the future, we wish to further strengthen the positioning through the ► *Employer branding – p. 085*

IMPROVING HEALTH AND SAFETY. SolarWorld also sets high standards in terms of occupational health and safety. Our occupational health and safety management follows the global standard BS OHSAS 18001. We pursue a zero-accident strategy at all group sites. The accident rate in 2015 was 17.4 (2014: 13.2) per 1,000 employees.

We also help our employees in staying healthy and improving their fitness. For example, we organize regular health days at our German sites. These include health checks and courses on nutrition. Our employees in the United States can complete a total health assessment online at any time.

In Germany, we also offer exercise programs such as back training, pilates or yoga. As in previous years, SolarWorld and its employees also took part in various sporting events in 2015, such as the "Bonn company run" or the Germany-wide "Stadtradeln" (city cycling) campaign. In 2015, our employees started the worldwide "SolarWorld Global Fitness Challenge" on their own initiative. Here, the employees at all sites converted their sporting activities into steps taken.

Further information on the subject of health and safety can be found in ► *Sustainability in detail 2015*

ECONOMIC POSITION 2015

TARGET-ACTUAL COMPARISON OF KEY PERFORMANCE INDICATORS

In our 2014 Annual Group Report, we presented our forecast for the development of the key performance indicators of the SolarWorld group in fiscal year 2015. The following table gives an overview on forecast versus actual result:

We were able to achieve all forecasts but one. Our expectations for shipments and revenue were even exceeded. Due to delays implementing some operating measures, it became apparent in late October 2015 that we would not be able to achieve positive EBIT in the fiscal year. Therefore, we had to adapt our forecast, setting the new target to achieve positive EBIT in Q4 2015.

	Results 2014	Forecast 2015	Results 2015	Status
Shipments	873 MW	Increase by at least 25 % to more than 1,000 MW	+33 % or 1.159 MW	achieved
Revenue	€ 573 million	Increase by at least 25 % to more than € 700 million	+33 % or € 763 million	achieved
EBITDA	€ 1.6 million*	Significant increase versus the previous year	€ 41 million	achieved
EBIT	€ -44 million*	**Original forecast:** positive EBIT for fiscal year 2015	Total year 2015: € -4 million	not achieved
		New forecast as at Oct. 29, 2015: significant increase versus the previous year, but still negative; positive EBIT in Q4 2015	Q4 2015: € +14 million	achieved

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** adjusted for one-off effects arising from the acquisition of solar activities from Bosch Solar Energy AG as well as impairment losses on repayment claims and/or advance payments due to a commercial agreement with a raw material supplier*

EARNINGS POSITION

DEVELOPMENT OF REVENUE AND PROFIT OR LOSS

In fiscal year 2015, SolarWorld boosted its groupwide shipments by 33 percent to 1,159 (2014: 873) MW, compared with the previous year. Due to the significant gain of market shares in our home market Germany, the groupwide foreign quota of shipments fell by 4 percentage points to 82 (2014: 86) percent. In Q4 2015, total shipments of the SolarWorld group rose by 52 percent to a record level of 375 (Q4 2014: 246) MW.

Shipments of solar modules and kits in the "Trade" segment, were up 31 percent to 1,108 (2014: 849) MW. Again, we saw strong growth in our largest single market, the United States, where we raised shipments by 56 percent, compared with the previous year. Overall, SolarWorld sold about half of its solar modules and kits in the U.S. market. As for Germany, we managed to defy the negative market trend and to increase shipments by 64 percent versus 2014. ► *Trade – p. 033*

DEVELOPMENT OF SHIPMENTS

Shipments in MW	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015
Modules and kits	849	202	238	315	353	1,108
Wafers and cells	24	8	8	13	22	51
Total	**873**	**210**	**246**	**328**	**375**	**1,159**

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External shipments of solar wafers and cells doubled year-on-year to 51 (2014: 24) MW.

The SolarWorld group managed to increase consolidated revenue in fiscal year 2015 by 33.2 percent or € 190.1 million to € 763.5 (2014: 573.4) million. Thus, SolarWorld exceeded its revenue forecast of at least € 700 million. The foreign quota of revenue fell by 0.5 percentage points to 82.6 (2014: 83.1) percent. In Q4 2015, group revenue increased by 40.9 percent or € 67.2 million to € 231.7 (Q4 2014: 164.5) million.

In the "Trade" segment, revenue grew by 34.9 percent to € 755.1 (2014: 559.7) million in 2015. SolarWorld was able to increase its revenue disproportionately versus 2014 i. a. because it sold a higher share of high efficiency modules in its product mix. There was an additional positive effect on our revenues due to the relative strength of the U.S. dollar against the Euro. The external revenue in the "Production Germany" segment now plays a minor role because intermediate products are mainly sold by our sales units. The remaining external revenue therefore decreased by € 7.1 million to € 5.7 (2014: 12.8) million.

With regard to the development of operating business figures (EBITDA and EBIT) in comparison with the previous year 2014, we point out that the SolarWorld group had considerable one-off effects in fiscal year 2014. One-off effects in the previous year included a profit (badwill) of € 136.5 million resulting from the acquisition of solar activities from Bosch as well as impairment losses on repayment

SHIPMENTS DIVIDED INTO DOMESTIC AND FOREIGN SALES

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claims and/or advance payments of € 30.3 million due to a commercial agreement with a raw material supplier. In fiscal year 2015, there were no one-off effects of a corresponding magnitude. We refer, however, to our explanations at ► *Development of material income statement line items – p. 056*.

For greater ease of comparison, figures on fiscal year 2014 given below do not include these considerable one-off effects.

As planned, we managed to improve groupwide earnings before interest, taxes, depreciation and amortization (EBITDA) in fiscal year 2015 significantly, too. EBITDA increased by € 39.2 million to € 40.8 (2014: 1.6) million. In Q4 2015, EBITDA increased by € 26.2 million to € 26.3 (Q4 2014: 0.1) million.

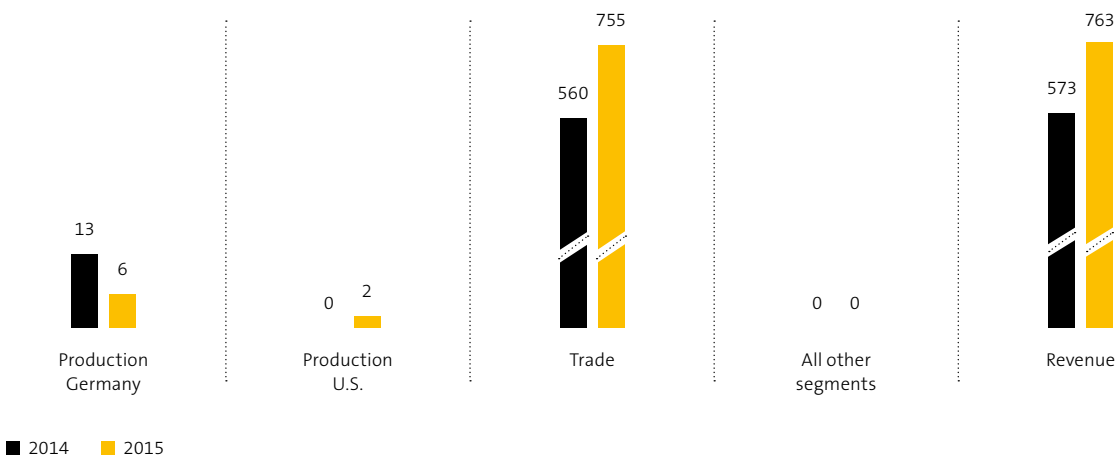
In the "Trade" segment, EBITDA in 2015 rose by € 23.0 million to € 9.7 (2014: -13.3) million. In the "Production U.S." segment, EBITDA improved to € 8.6 (2014: -8.4) million. In the same period, EBITDA in the "Production Germany" segment amounted to € 10.3 (2014: 14.8) million.

The impairment tests conducted did not result in the need for impairment losses or reversals of impairments.

Groupwide earnings before interest and taxes (EBIT) improved in 2015 to € -4.2 (2014: -43.8) million. At the end of October 2015, SolarWorld AG announced that it would not achieve its target of reaching a positive operating result. This development can be mainly attributed to delays in implementing operating measures. In Q4 2015, SolarWorld reached positive EBIT, improving by € 28.9 million to € 14.1 (Q4 2014: -14.8) million.

In the "Trade" segment, we were able to improve EBIT versus 2014 to € 7.2 (2014: -15.4) million. EBIT in the "Production U.S." segment increased by € 18.7 million to € -2.3 (2014: -21.0) million. In the "Production Germany" segment, EBIT amounted to € -15.2 (2014: -9.8) million. Among other things, the decrease was caused by the ramp-up of crystallization in Arnstadt as well as by delays in implementing some of the operating measures as mentioned above.

REVENUE BY SEGMENT IN M €



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Groupwide financial result amounted to € -40.7 (2014: 510.3) million. In 2014, the financial result was influenced positively by one-off effects amounting to € 555.7 million originating from the profit of the financial restructuring.

The group's net profit after taxes came to € -33.3 (2014: 464.2) million. The group's net profit, too, was influenced by one-off effects from the acquisition of the solar activities from Bosch and the profit that had resulted from the financial restructuring.

DEVELOPMENT OF MATERIAL INCOME STATEMENT LINE ITEMS

In fiscal year 2015, the cost of materials rose by € 96.2 million to € 519.1 (2014: 422.9) million. This was mainly due to significant manufacturing output growth, compared with the previous year, in which we took over the production site in Arnstadt, Germany at the end of Q1. While the cost of materials was higher in absolute figures, we succeeded in reducing the cost of materials ratio to 65.6 (2014: 69.2) percent.

Personnel expenses rose by € 19.7 million to € 158.0 (2014: 138.3) million. This increase mainly resulted from the integration of the production in Arnstadt, Germany, and the headcount growth at our site in Hillsboro due to the expansion of production there. As we increased our total operating performance, however, our personnel cost ratio could be decreased to 20.0 (2014: 22.6) percent. Depreciation and amortization were lowered by 0.9 percent or € 0.4 million to € 45.0 (2014: 45.4) million.

Other operating expenses rose slightly by € 1.6 million to € 176.5 (2014: 174.9) million. Expenses for external personnel and distribution increased here because the production and shipments volume were substantially higher than in the previous year. There was a countervailing effect resulting from the fact that the previous year's figures were weighed down by impairments on repayment claims and/or advance payments made because of a commercial agreement with a raw material supplier (€ 30.3 million). Moreover, legal and consultancy fees fell considerably. We could reduce our expense ratio by 6.3 percentage points to 22.3 (2014: 28.6) percent thanks to the increase of our total operating performance.

In comparison to the previous year, other operating income fell by 130.2 million to € 102.6 (2014: 232.8) million. The decrease can mainly be attributed to prior year's profit from the initial accounting for assets acquired from Bosch (€ 136.5 million) and to the absence of income resulting from the termination of long-term supply contracts with wafer customers (€ 18.3 million). Running counter to this, currency gains increased due to volatile exchange rates by € 14.6 million. A corresponding increase of currency losses by € 14.9 million is included in other operating expenses. In addition, other operating income rose through increased reversals from provisions by € 12.1 million. This resulted mostly from reversals of provisions for warranties

FIVE-YEAR COMPARISON OF INCOME POSITION

in k€	2011	2012	2013	2014	2015
Revenue	1,044,935	606,394	455,821	573,382	763,465
Change in inventories of finished goods and works in progress	72,054	-64,666	-91,925	36,328	24,512
Own work capitalized	14,349	65	542	1,438	3,852
Operating performance	**1,131,338**	**541,793**	**364,438**	**611,148**	**791,829**
Cost of materials	-819,152	-534,568	-272,666	-422,938	-519,143
Personnel expenses	-138,224	-129,378	-112,366	-138,281	-157,989
Amortization and depreciation	-452,514	-417,564	-41,877	-45,440	-44,966
Other operating income	260,499	166,459	59,287	232,784	102,574
Other operating expenses	-225,805	-247,066	-185,480	-174,898	-176,456
Operating result	**-243,858**	**-620,324**	**-188,664**	**62,375**	**-4,151**
Financial result	-59,492	-67,489	-76,739	510,274	-40,694
Taxes on income	-5,592	81,522	37,097	-108,485	11,563
Result from discontinued operations (after tax)	1,808	0	0	0	0
Consolidated net result	**-307,134**	**-606,291**	**-228,307**	**464,164**	**-33,282**

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INDICATORS OF INCOME POSITION

in %	2011	2012	2013	2014	2015
Return on sales (Consolidated net result/revenue)	n.a.	n.a.	n.a.	80.9	n.a.
Cost of materials ratio (Cost of materials/operating performance)	72.4	98.7	74.8	69.2	65.6
Personnel expenses ratio (Personnel expenses/operating performance)	12.2	23.9	30.8	22.6	20.0

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FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

SolarWorld AG conducts group financial management centrally, which enables us to distribute financial resources efficiently within the group. Controlled directly by the Management Board, the financial management team is responsible for group liquidity planning and controlling, raising capital, and hedging against interest rate, currency and price risks.

We align our financial management with the requirements of our operational business in the short and medium term, and with our corporate strategy in the long term. The central task for financial management is to ensure sustained liquidity protection and flexibility, while minimizing capital costs and financial risks.

Our financial liabilities consist mainly of bonds and structured loans. For the most part, these run until 2019 and are secured by group assets. Follow-up financing will be necessary by 2019.

Central cash management invests liquidity positions exclusively in fixed deposits (day-to-day, weekly and monthly deposits) in the public and private German banking sector on a daily basis in Euro as well as foreign currencies such as U.S. dollar and British pound. Derivative financial instruments are used only as hedging instruments. ► *Note 40b Principles and objectives of financial risk management – p. 160*

An overview of long-term loans and repayment arrangements appears in the notes. ► *Note 40e Liquidity risks – p. 162*

FINANCING ANALYSIS

As compared to December 2014, equity decreased by € 29.8 million to € 208.9 (December 31, 2014: 238.7) million. The equity rate amounted to 24.0 (December 31, 2014: 26.1) percent at the cut-off date.

We were able to further reduce our financial liabilities by € 44.1 million to € 405.8 (December 31, 2014: 449.9) million primarily because of various scheduled debt repayments and an unscheduled one as well as the elimination of a purchase price liability for SolarWorld AG & Solar Holding GmbH in GbR Auermühle. Most of our financial liabilities (85.9 percent) were classified as non-current as at December 31, 2015 (December 31, 2014: 87.0) percent.

Investment grants and subsidies recognized in non-current liabilities decreased to € 23.9 (December 31, 2014: 29.1) million as at the cut-off date. These public funds accrued on the liabilities side of the balance sheet are reversed over the period of utilization of subsidized investments through profit or loss.

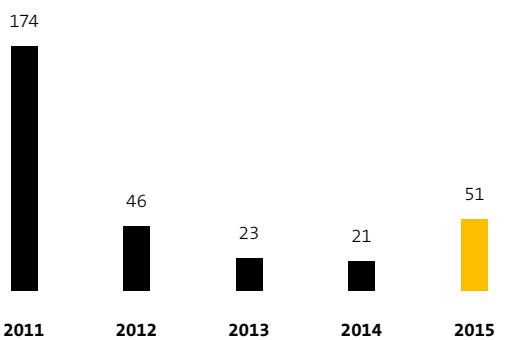
Non-current provisions decreased in 2015 by € 10.3 million to € 23.5 (December 31, 2014: 33.8) million. This mainly results from the reversal of provisions for warranties and from lower pension provisions.

All other current liabilities rose to € 70.5 (December 31, 2014: 48.5) million. This can mainly be attributed to higher advance payments received as well as an equity contribution called in by Qatar Solar Technologies Q.S.C. in January 2015, which is based on a respective shareholders' agreement.

INVESTMENT ANALYSIS

In fiscal year 2015, we invested a total of € 50.7 (2014: 20.7) million in intangible assets and property, plant and equipment. About € 18.1 million was invested in the "Production Germany" segment in the wafer, cell and module production. In the "Production U.S" segment, we invested

DEVELOPMENT OF INVESTMENTS IN M €



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a total of € 18.1 million in the expansion of capacities in cell and module production. In addition, € 12.3 million was invested in the "Trade" segment and € 2.2 million in "all other segments."

LIQUIDITY ANALYSIS

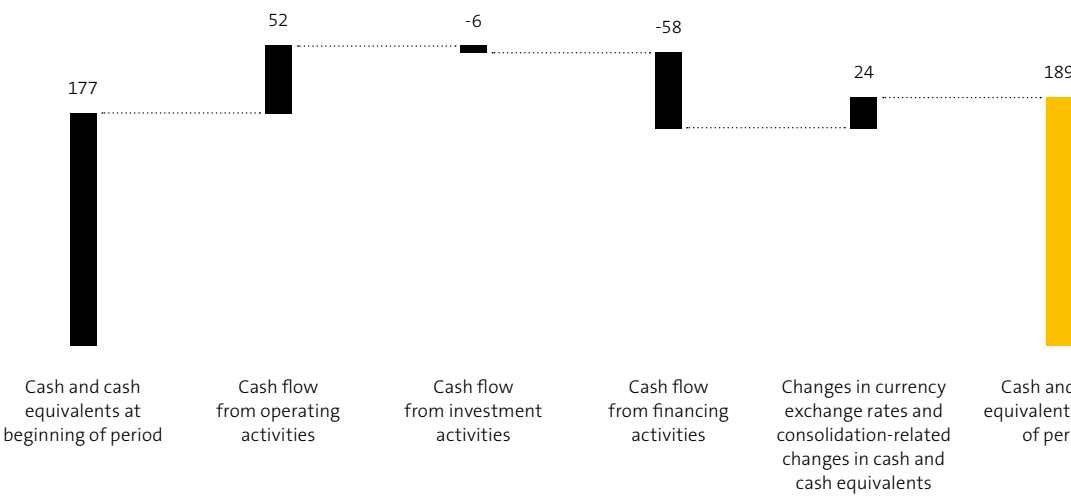
Cash flow from operating results increased by € 26.3 million to € 15.7 (2014: -10.6) million. Due to the significantly higher production volume, inventories rose, compared with the previous year. However, SolarWorld managed to improve its cash flow from operating activities considerably to € 52.5 (2014: -36.7) million.

Cash flow from investing activities totaled € -6.5 (2014: 82.7) million. This includes cash receipts of € 33.8 (2014: 81.0) million, arising from the negative purchase price agreed for taking over large proportions of the manufacturing facilities of Bosch Solar Energy AG. Furthermore, cash inflow of € 1.2 (2014: 8.3) million was obtained in investment grants in 2015, while payments for investments in fixed assets totaled € 41.5 (2014: 12.4) million.

Cash flow from financing activities in fiscal year 2015 amounted to € -57.6 (2014: -38.1) million. In the reporting period, SolarWorld AG made loan repayments amounting to € 31.3 million and interest payments of € 26.7 million.

The liquidity of the group improved in 2015: At the cut-off date December 31, 2015, liquid funds amounted to € 188.6 (December 31, 2014: 177.1) million.

CASH FLOW RECONCILIATION IN M €



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FIVE-YEAR COMPARISON OF FINANCIAL POSITION

Capital in k€	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
Equity	614,391	-11,409	-243,084	238,668	208,877
Non-current liabilities	1,339,274	634,669	600,022	508,974	446,157
Current liabilities	282,107	568,970	574,897	167,699	213,674
Total	**2,235,773**	**1,192,230**	**931,835**	**915,341**	**868,708**

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FINANCIAL POSITION INDICATORS

in %	2011	2012	2013	2014	2015
Return on equity (consolidated net income/equity)	n.a.	n.a.	n.a.	194.5 %	n.a.
ROCE (key date) (EBIT/capital employed*)	n.a.	n.a.	n.a.	12.7 %	n.a.
First degree liquidity (liquid funds + other financial assets/ current liabilities)	2.1	0.7	0.4	1.4	1.0
Second degree liquidity (liquid funds + means available on short notice/current liabilities)	2.8	0.8	0.6	2.0	1.5
Third degree liquidity (current assets/current liabilities)	4.1	1.2	0.8	3.0	2.3

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** Intangible assets and property, plant and equipment less accrued investment grants plus net current assets except for current net liquidity*

ASSET POSITION

ASSET STRUCTURE ANALYSIS

Total assets of the SolarWorld group went down by € 46.6 million to € 868.7 (December 31, 2014: 915.3) million.

Non-current assets decreased by € 44.8 million to € 367.2 (December 31, 2014: 412.0) million. This mainly resulted from the use of advance payments for raw materials made on a long-term basis and the sale of a building, classified as non-operating assets. Accordingly, property, plant and equipment, including property held as financial investment, fell to € 319.8 (December 31, 2014: 359.5) million at the cut-off date. Other non-current assets decreased by € 11.6 million to € 9.7 (December 31, 2014: 21.3) million. Mainly due to the implementation of a new ERP system, intangible assets increased by € 9.5 million to € 23.3 (December 31, 2014: 13.8) million.

In our current assets, inventories (excluding short-term advance payments made) rose by € 20.0 million to € 156.1 (December 31, 2014: 136.1) million. At the same time, trade receivables increased by € 21.5 million to € 97.4 (December 31, 2014: 75.9) million. Both developments can be attributed to the increase of our business volume. Trade payables rose, too, so that our working capital increased less than proportionately by € 6.1 million to € 175.8 (December 31, 2014: 169.7) million.

Current other financial assets decreased by € 25.5 million to € 24.9 (December 31, 2014: 50.4) million. This can mainly be attributed to payments received from the acquisition of the solar activities from Bosch. Assets held for sale amounted to € 1.4 (December 31, 2014: 9.0) million at the cut-off date. The decrease is mainly due to the sale of a piece of land in the U.S. in Q1 2015.

FIVE-YEAR COMPARISON OF THE ASSET POSITION

Assets in k€	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
Non-current assets	1,068,447	501,001	483,003	412,044	367,182
Current assets	1,167,326	689,917	441,800	494,270	500,157
Assets held for sale	0	1,312	7,032	9,027	1,369
Total assets	**2,235,773**	**1,192,230**	**931,835**	**915,341**	**868,708**

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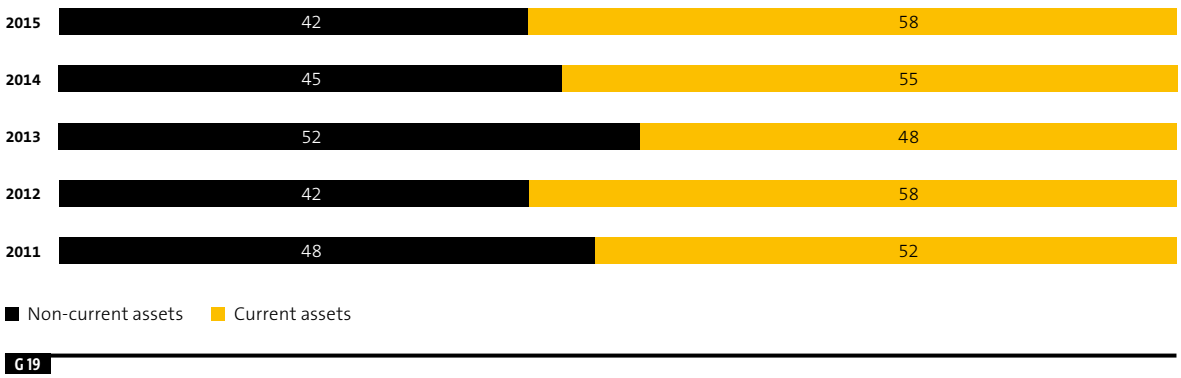
ASSET POSITION INDICATORS IN %



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ASSET POSTION INDICATORS

in %	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
Equity ratio (Equity/total assets)	27.5	n.a.	n.a.	26.1	24.0
Investment intensity (Non-current assets/total assets)	48.4	42.0	51.8	45.0	42.3
First degree equity-to-fixed assets ratio (Equity/non-current assets)	0.6	n.a.	n.a.	57.9	56.9
Second degree equity-to-fixed assets ratio (Equity + non-current liabilities/non-current assets)	1.8	1.2	0.7	1.8	1.8

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OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

Off-balance sheet financial instruments have no impact on the group's asset position.

ASSETS NOT SHOWN IN THE BALANCE SHEET

The group had no assets that were not shown in the balance sheet as at December 31, 2015.

SUPPLEMENTARY REPORT

DISCLOSURE OF EVENTS OF PARTICULAR IMPORTANCE AND THEIR REPERCUSSIONS

There were no material subsequent events after the cut-off date December 31, 2015.

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE ECONOMIC POSITION AT THE TIME OF THE REPORT

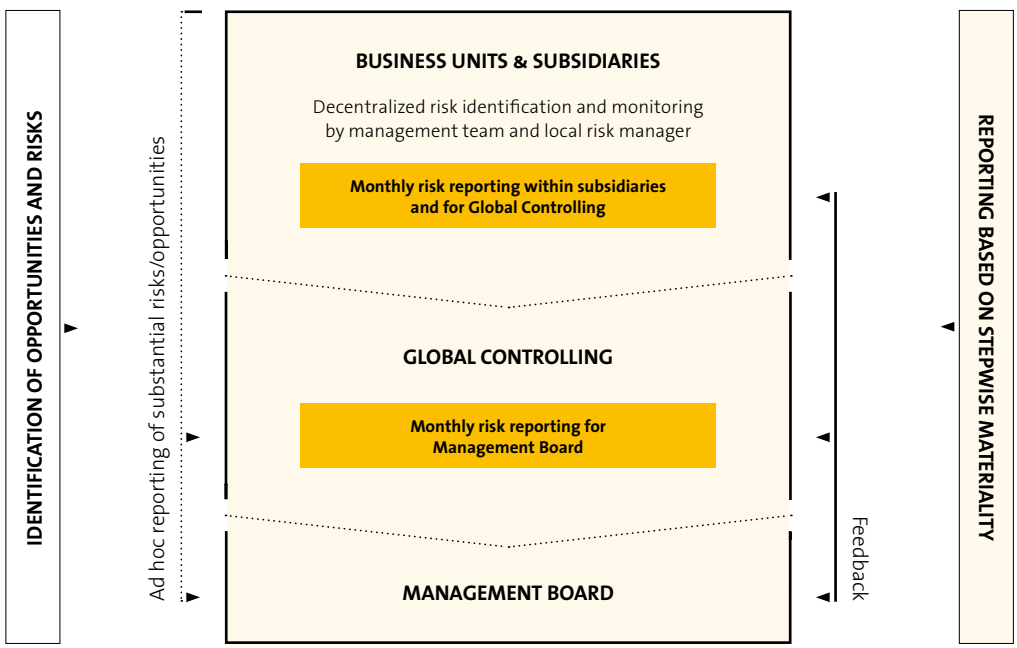
The management of SolarWorld AG rates the economic position of the group as difficult. This assessment is based on the earnings, financial and asset position resulting from the consolidated financial statements for the fiscal year 2015 as outlined above, and ongoing business trends in 2016 at the time of setting up this management report.

GROUP MANAGEMENT REPORT FORECAST

RISK REPORT

OPPORTUNITY AND RISK-MANAGEMENT SYSTEM

INTEGRATION OF THE OPPORTUNITY AND RISK MANAGEMENT SYSTEM INTO THE GROUP



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An opportunity and risk-management system is necessary to promptly identify and analyze risks and as far as possible proactively introduce counter-measures. It is equally important to identify and exploit market opportunities at an early stage. With our opportunity and risk-management system, we aim to safeguard the group's ongoing existence in the long term and enhance corporate value.

Based on the corporate strategy, the Management Board defines the essential features of the risk policy and manages the company accordingly. Global controlling, which is responsible for global opportunity and risk reporting, together with local risk managers supports the Management Board in assessing the probability of occurrence and effect on earnings of major opportunities and risks. The opportunity and risk-management system has the core task of identifying those risks that, if they were to occur, could result in a significant deviation from planned financial control indicators. It should also enable us to identify opportunities at an early stage that could lead to an improvement in business development.

All fully consolidated, operating companies in the SolarWorld group are included in the opportunity and risk management system. Responsibility for identifying and monitoring risks primarily resides locally with executives in the first and second management levels. They are assisted by local risk managers, who produce monthly opportunity and risk-management reports for global controlling. This reporting is produced taking materiality limits into account in respect to the impacts of opportunities and risks on revenue, the liquidity position and EBITDA. Materiality limits increase with levels of responsibility. They are defined, reviewed annually and adjusted where necessary by the Management Board, taking the acceptable overall risk level into account. In the case of risks and opportunities considered to have a highly material potential impact, reporting takes place immediately and directly to the Management Board.

Global controlling makes local opportunity and risk reports available to the Management Board in a consolidated fashion. In addition, the Management Board is continuously informed about current market trends and receives regular competitor analyses. The Management Board assesses all options available to the company to counteract identified risks and exploit potential opportunities. The measures to be introduced are defined, implemented and controlled within the relevant departments or companies, with the involvement of local business management and local risk managers. Depending on the materiality limit, the Management Board may also be involved. Insurance policies are taken out to transfer or minimize potential risks where possible and economically justifiable.

In its meetings, the Management Board discusses material opportunities and risks, examines trends and deliberates on measures to be implemented. In the case of risks threatening the existence of the company, the Management Board consults the Supervisory Board.

The internal corporate audit monitors the opportunity and risk-management system. New findings resulting from the audit are taken into account.

INTERNAL CONTROL AND RISK-MANAGEMENT SYSTEM IN RELATION TO THE GROUP ACCOUNTING PROCESS

The aim of the internal control and risk management system with regard to the (group) accounting process is to make sure that accounting is uniform and in line with legal requirements, generally accepted accounting principles, the International Financial Reporting Standards (IFRS), as to be applied in the European Union and internal group guidelines so as to provide recipients of the consolidated financial statements with true and reliable information. To this end, SolarWorld AG has principles, processes and measures in place whose essential characteristics can be described as follows:

Within the SolarWorld group, there is a clear-cut management and enterprise structure in which the various group companies enjoy a large measure of independence and individual responsibility. Based on this structure, however, the functions of finance and accounting, controlling and investor relations essential to the accounting process are controlled throughout the group by corresponding departments.

The functions and responsibilities of finance and accounting, controlling and investor relations are clearly separated and allocated mutual control processes that assure a continuous exchange of information.

Some of the most important basic principles of the internal control system are the separation of functions and adherence to guidelines, along with defined preventive and monitoring control mechanisms such as systematic and manual coordination processes and predefined approval processes.

The financial systems used are protected against unauthorized access by appropriate installations in the IT system. We use standard software wherever possible.

Uniform accounting is guaranteed in particular by accounting guidelines that apply groupwide and by a standardized reporting format. The guidelines and the reporting format are regularly reviewed and updated by members of the group accounting department.

Group companies prepare their financial statements locally and communicate these in the prescribed format to group accounting. The companies themselves are responsible for adherence to group accounting guidelines as well as the proper and timely management of all accounting-related processes and systems. In this context, they are fully supported by group accounting throughout the entire accounting process.

Group accounting monitors adherence to the accounting guidelines as well as to time and process requirements. In addition to systems technology controls, manual controls and analytical audit procedures are in place. Here, the appropriate control environment is taken into consideration as much as the relevance of certain accounting facts regarding the contents of the financial statements.

Group accounting acts as the central point of contact for special technical questions and complex accounting issues. If required, external experts (auditors, qualified accounting specialists etc.) will be consulted.

On the basis of data supplied by the group companies, consolidation takes place centrally in group accounting. In general, as a minimum, the principle of dual control applies at every level.

Independently of group accounting, global controlling carries out a monthly analysis of target-actual and actual-actual deviations based on groupwide reporting, as a result of which an examination of major or implausible changes takes place at an early point in time.

INDIVIDUAL RISKS

LEGEND:

Risk assessment	
↑	Up versus previous year
↓	Down versus previous year
→	Flat versus previous year

Time horizon of effects	
Short-term	One to three years
Medium-term	Three to five years
Long-term	More than five years

PRELIMINARY NOTE: For the purposes of risk analysis and the disclosed counter-measures, we do not distinguish between the reportable operating segments "Production Germany" and "Production U.S." in our in-house production, except in the case of risk factors which need to be assessed differently by region. Counter-measures may serve to reduce the risk ***(reduce)***, transfer the risk to third parties ***(transfer)***, e.g. by taking out insurance, or consciously assume the risk ***(assume)***.

MACRO-ECONOMIC RISKS →

Risks
1. Weak economic development: unstable economic conditions, lower private consumption, decreasing willingness to invest, tighter financing terms and increased inflation risk
2. Falling domestic electricity prices: delays in solar power becoming competitive/reaching grid parity; slowdown in tapping new markets
Probability
1. Medium: Overall, the world economy improved in 2015 and is expected to continue its expansion in 2016 according to the Kiel Institute for the World Economy. However, the levels of national debt in a number of European countries remain high, which could threaten the stability of the euro as well as the economic trend in the euro zone. Geopolitical conflicts in Eastern Europe and the Middle East could also have a negative impact on the economic and financial situation in general. The weak economic development in the emerging countries might slow down the growth of the world economy, too.
2. Medium: Falling costs of primary sources of energy are hardly being passed on to electricity consumers, with the result that declining oil prices have little impact on the domestic electricity price. Furthermore, energy prices should rise in the medium term on the basis that energy demand will continue to grow.
Effect (strength, time horizon)
1. Medium, short-term to long-term: A decline in the general wilingness to invest might have a medium effect on our group revenue and earnings. Large-scale projects would be affected the most by a tougher financing environment, since in the short term, credit bottlenecks could occur for large-scale investment projects and especially for project financing. A weak economy in emerging countries such as China may reduce the price level of solar products because of exchange rate effects.
2. Medium, medium-term: Domestic electricity prices have a medium impact on our business since end customers may choose between self-produced solar power or power from a utility company, i.e. the electricity generation costs of a solar power system are compared with domestic electricity prices.
Counter-measures
• **Trade:** Our internationalization helps us spread the risk of a decline in consumption among various regional markets. ***(reduce)*** By offering a diversified range of products, we appeal to various customer groups to spread the financing risk and compensate for shifts in demand. ***(reduce)*** ► *Future sales markets – p. 083*
• **All segments:** Due to ongoing cost reductions and efficiency enhancements along the entire value chain, we are able to offer solar systems at competitive prices. Thus, the levelized cost of electricity of solar plants undercuts domestic electricity prices in a number of markets already and continues to get closer elsewhere. ***(assume)***

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POLITICAL AND REGULATORY RISKS ↓

Risks

1. Changes in laws promoting solar power: slower market growth due to a reduction in or even abolition of financial incentives in individual countries

2. Discontinuation of countervailing duties in the U.S. and in the EU: Unfair trade practices would no longer be monitored and sanctioned; rapid price decline due to dumping

Probability

1. Low: Economic incentives for new solar technology installations are regularly reviewed by policymakers and in many cases reduced in important sales markets for the SolarWorld group such as the United States, Germany, France, the United Kingdom and Japan. In SolarWorld's most important sales regions, new legislations were passed by the end of 2015 so that there is a low probability of further changes in 2016. ► *The future market 2016+ – p. 081*

2. Low: On February 1, 2015, new anti-dumping and countervailing duties came into force in the United States, which complement the existing duties on solar products imported from China. These determinations will be effective for the next five years. The level of the U.S. duties is revised every 18 months. In the European Union, the EU Commission also opened an investigation regarding an extension of the anti-dumping and countervailing duties imposed in Europe. This procedure may take up to 15 months, so that a decision is not to be expected before early 2017. Until then, existing anti-dumping and countervailing measures remain in force.

Effect (strength, time horizon)

1. High, short-term to medium-term: A reduction of incentives for new installations of solar power technology may have a negative impact on the willingness of customers to invest. Such declines in demand may lower our revenue in individual regions and have a negative impact on our earnings. As long as grid parity has not been achieved in individual markets, SolarWorld will be exposed to this risk.

2. Medium, medium-term to long-term: Massive price decline due to dumping could significantly diminish our sales volumes or make it impossible for us to sell our products at a cost-covering price level. This would negatively impact our revenue and result.

Counter-measures

- **Trade:** We spread this risk across several markets by means of our international presence. ***(reduce)*** ► *Future sales markets – p. 083*
- **All segments:** Development and sales of solar power solutions that enable customers to reach a high degree of self-consumption and that are thus profitable even without or with decreasing feed-in tariffs. ***(reduce)*** ► *Enabling greater independence – p. 041*
- **All segments:** Continuous cost reductions and efficiency enhancements enable long-term competitive pricing and thus faster achievement of grid parity as well as increasing independence from incentives. ***(assume)***
- **All segments:** We engage in dialog with politicians and society, are active in several industry associations and are committed at a socio-political level to increasing the percentage of photovoltaics in the energy supply. ***(assume)***

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RISKS ARISING FROM ALTERNATIVE SOLAR POWER TECHNOLOGIES →

Risks

Technological breakthrough or sharp cost reductions in alternative solar power technologies: risk of substitution for crystalline technologies

Probability

Low: Due to continuing low prices for crystalline solar products, few manufacturers of alternative solar power technologies have cost benefits versus crystalline manufacturers. This particularly applies to the roof-mounted systems market as alternative solar power technologies only have low module efficiency, making optimum use of limited roof space more difficult.

Effect (strength, time horizon)

Medium, long-term: Successful competitors might reduce our market share, increase price competition, and thus place stronger pressure on margins. This might adversely affect our revenues and earnings.

Counter-measures

- **Production; All other segments:** intensive and continuous research and development to increase efficiency and optimize costs; partnerships with universities and research institutes; analysis of technological trends, competitor analyses ***(assume)***

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RISKS FROM TOUGHER COMPETITION →

Risks

Intensification of competitive pressure: Continuation of consolidation at all stages of the value chain in the solar industry; increased competition from state-sponsored manufacturers; unfair pricing practices; excess capacities; dumping

Probability

High: Due to rising capacities in the solar industry, competitive pressure persists, which could lead anew to a strong decrease of sales prices. In spite of legal measures (anti-dumping and countervailing duties and undertaking concerning minimum prices) in the U.S. and EU against violations of international trade law, the danger of unfair competition still exists as some market players sell below production costs on a long-term basis to drive competitors out of the market. A lot of competitors have a higher investment power thanks to state support. Some have announced that they will significantly expand their capacities mainly for high efficiency technologies such as PERC. Therefore, we presume the probability that competitive pressure will increase to be high.

Effect (strength, time horizon)

High, medium-term to long-term: Loss of market share, failing profitability and increased negative margin trends due to stronger international price competition may weigh down revenue and earnings. If competitive pressure in the solar industry increased anew, the implementation of measures to enhance business profitability would become much more difficult.

Counter-measures

- **Trade:** Differentiation of our products through innovation, quality, service and design ***(reduce)***
- **Trade:** customer retention programs ***(reduce)*** ► *Brand and marketing – p. 035*
- **Production; all other segments:** Optimization of production along the entire value chain to improve our cost structure; research and development ***(assume)***
- **Production:** Increase production capacities to achieve economies of scale ***(assume)*** ► *Future development in production – p. 084*
- **All other segments:** Strategic alliances and acquisitions to achieve synergy effects and thus strengthen the group's market position ***(transfer, assume)***
- **All other segments:** Legal steps to guard against dumping and unfair competition by Chinese solar manufacturers in Europe ***(assume)***

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PROCUREMENT RISKS →

Risks
1. Insufficient silicon supply: limitations on production volume due to insufficient silicon supply; compulsion to buy on unfavorable terms and/or poor quality
2. Costs of purchasing other raw materials (silver, copper, aluminum, etc.) on the rise: higher procurement costs; strong speculative fluctuations – particularly for silver, aluminum and copper; inaccurate hedging
3. Deterioration of procurement conditions: Suppliers could reduce their payment terms/credit limits for SolarWorld, or only deliver after advance payment.
Probability
1. Low: We maintain supplier agreements with a silicon supplier that secure our supply at competitive conditions in the medium term. In addition, procurement on the spot market at good condition is possible currently. In the medium term, our joint venture will make an additional contribution to our silicon supply.
2. Low: The Kiel Institute for the World Economy expects that raw material prices will remain low in 2016 because of the weak economy in emerging countries.
3. Medium: Since the operating turnaround has not been completed yet, some suppliers could reduce their credit limits and payment terms for SolarWorld, or only make deliveries subject to advance payments.
Effect (strength, time horizon)
1. High, short-term to medium-term: Silicon is the main raw material used to manufacture crystalline technology. Supply bottlenecks, delayed deliveries or quality defects could halt production, which would have a negative impact on revenue and earnings.
2. Medium, short-term: Higher prices for other raw materials might negatively impact earnings and margins.
3. Medium, short-term: liquid funds would be temporarily tied up. Deliveries subject to advance payment could mean that the SolarWorld group has to bear the corresponding supplier's risk of default, defective performance or non-performance.
Counter-measures
• **Production; Trade:** Expansion of our supplier networks and maintenance of our good, long-term supplier relationships; renegotiations with suppliers; flexibilization of purchase terms ***(assume, reduce)***
• **Production; Trade:** Use of alternative products reduces dependence on individual suppliers ***(reduce)***
• **All other segments:** Strategic alliances and acquisitions to achieve synergy effects and thus strengthen the group's negotiating position with suppliers ***(assume, transfer)***

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CORPORATE STRATEGY RISKS →

Risks

Misjudgments concerning future developments: bad strategic decisions with regard to investments, disinvestments, technology development, location decisions, acquisitions and joint ventures, financing, organizational structure and business model

Probability

Medium: The solar power industry is subject to frequently changing economic, political, regulatory and technical influences, to which the companies have to adapt flexibly and quickly. In the meantime, technical entry barriers are comparatively low so that the solar industry is a narrow market with a lot of competitors, which often act in an unpredictable way. In this environment, it is hard to measure the impacts of long-term strategies and corresponding business models reliably.

Effect (strength, time horizon)

High, short-term to long-term: Due to the fact that the solar industry is capital-intensive, the economic consequences of possible wrong strategic decisions are to be measured as high. Lack of acceptance or profitability of new products might affect revenues and earnings of the company. Loss of market shares, image and capital resulting from this might worsen the economic position of the group.

Counter-measures

- **All other segments:** make use of external consultants ***(reduce)***
- **Production; all other segments:** strategic alliances to split the investment risk ***(transfer, assume)***
- **All other segments:** research and development activities close to production and cooperation schemes with universities and research centers ***(assume)***
- **All segments:** identify market trends by means of market analyses in all business segments and long-term relationships with customers, suppliers and political decision-makers ***(reduce, assume)***
- **All segments:** more global orientation of structures and functions in the group; exchange best practices between individual group locations ***(assume)***

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DEFAULT RISKS →

Risks

Insolvency of individual customers: loss of receivables outstanding

Probability

Low: Our customers consist mainly of a large number of wholesalers and installers, who essentially are not affected negatively by the high competitive pressure in the solar industry. Moreover, they are benefitting from the dynamic growth of the solar market. Therefore, we assess the general risk of loss of receivables outstanding to be low.

Effect (strength, time horizon)

Low, short-term: The loss of receivables from individual customers would only have a small impact on our business as we have a very broad customer base and none of our customers accounts for more than 10 percent of our revenue.

Counter-measures

- **Trade:** ongoing monitoring and analysis of receivables ***(reduce)***
- **Trade:** selective conclusion of credit insurance policies ***(transfer)***
- **Trade:** cash in advance and down-payment arrangements ***(reduce)***
- **Trade:** spread risk across a wide customer base of more than 1,200 customers, i.e. international system integrators, specialized wholesalers and installers ***(reduce)***

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SALES AND PRICE RISKS →

Risks

Continuing or increasing price pressure and supply surplus: lower demand for our products

Probability

Medium: Price pressure in the market may intensify as a result of competition and changes in the legal framework in core markets. Less favorable incentives and financing conditions for purchasing solar power systems could lead to drops in demand on the market. Anti-dumping measures could be relaxed or circumvented. Customers could decide to buy products from competitors. Overall, demand for solar products is rising dynamically throughout the world, which implies that the relationship between supply and demand might normalize. However, the devaluation of the Yuan in early 2016 may have a negative effect on the international average selling prices for solar products because most solar manufacturers are located in China. Overall, we consider that the probability of this risk occurring is medium.

Effect (strength, time horizon)

High, short-term to long-term: If less than the agreed volumes of our products are purchased or if prices drop, this could mean that we are unable to sell our products at a cost-covering price. Furthermore, impairments on inventories may be necessary, which would adversely affect earnings. Not only could a steep drop in demand diminish revenue, it could also result in a lower utilization of our production and negatively impact unit costs as well as margins and affect the intrinsic value of the production facilities. It could also increase our storage costs. Any unexpected shift in demand (regionally or to another customer segment) could negatively affect achievable sales revenues and margins and produce deviations from expected earnings.

Counter-measures

- **Trade:** identify changing customer needs at an early stage and target them specifically with new products ***(assume)***
- **Trade:** enhance the value added of the SolarWorld brand; increase customers' loyalty to the company and affirm their decision to buy from SolarWorld ***(assume)***
- **Trade:** Spread risk via the group's internationalization strategy and across a wide customer base of more than 1,200 customers, i.e. international system integrators, specialized wholesalers and installers ***(reduce)***

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HUMAN RESOURCES RISKS →

Risks

Shortage of highly-skilled technical and executive staff: difficulties in filling key positions; high attrition rate

Probability

High: The availability of highly qualified technical and executive staff in the labor market is declining, while competition for talent is growing. The consolidation that took place in the solar industry negatively affects the appeal of solar companies as employers.

Effect (strength, time horizon)

Medium, medium-term: A high fluctuation can be an obstacle to the implementation of optimization measures. A shortage of skilled technical staff can lead to a potential erosion of our technological edge and slowdown in corporate growth. This may adversely affect revenue and earnings. In 2015 the fluctuation rate stood at 8 (2014: 10) percent.

Counter-measures

- **All segments:** selective, needs-oriented skills development for our existing staff; development of a global succession planning especially for key positions; continuation of a change process to further support employees in the operative restructuring ***(reduce, assume)*** ► *Employees – p. 048*
- **All segments:** Strengthening of attractiveness as an employer and retention of employees by employer branding ***(reduce)***
- **All segments:** Defining deputy roles and powers within the scope of our quality management system ***(reduce)***

T 33

IT RISKS →

Risks
1. Disturbances in the operation of IT systems and networks: jeopardized availability of IT services at international sites and negative impact resulting from this on all business processes of SolarWorld
2. Hacker attacks: risks from data loss and industrial espionage
Probability
1. Medium: By the implementation of a groupwide ERP system and a global platform for the network infrastructure, the availability of our IT services has been improved. Furthermore, our IT systems undergo regular maintenance and are adapted so that they meet professional, organizational and safety-related demands.
2. High: Hacker attacks on IT infrastructure cannot be prevented by the company. Regular security updates, controls and action plans prevent and limit the effects on our operative business.
Effect (strength, time horizon)
1. High, short-term to medium-term: Possible interim slowdown in processes due to the implementation of a new ERP system; interruption of production and workflows might cause productivity losses.
2. High, long-term: Industrial espionage and theft of intellectual property could result in the loss of competitive advantages.
Counter-measures
• **All segments:** regular investments in updates, software and hardware systems; up-to-date virus scanners and firewalls reduce the risk of virus and hacker attacks; certified systems enhance security and reliability; encryption protects our data. ***(reduce)***
• **All segments:** The global network platform is set up as a redundant system at two separate centers. Thus, IT functions can be taken over by the second center in case of disruption of the network. ***(reduce)***
• **All segments:** separation of production and administration IT systems to minimize potential failure risks ***(reduce)***
• **All segments:** regular data backups several times per day ***(reduce)***

T 34

LIQUIDITY RISKS ↑

Risks

1. Longer-term negative earnings position: increased outflow of funds; negative operating cash flow; high inventories

2. Breach of covenants: termination of loans

Probability

1. Medium: Falling revenue due to increasing price and competitive pressure as well as a failure to meet cost targets may have a negative impact on our operating cash flow and diminish our liquid funds. Too high inventories can tie up liquidity, too.

2. Medium: Since December 31, 2015, additional covenants apply to SolarWorld's loans that have to be met at the end of each quarter. Based on the company's current business planning, the Management Board expects to be able to meet these covenants for the full year 2016. In the first and second quarter of 2016, headroom for deviations is more limited than in the second half of the year, increasing the risk of breaching covenants during this period. Concerning the methods for determining covenants, individual creditors of borrowed funds have a different opinion with regard to the interpretation. We refer to ► *Legal risks/Infringement of loan agreements – p. 076*

Effect (strength, time horizon)

1. Medium, short-term to medium-term: Ongoing negative operating cash flow could have a negative impact on the group's liquidity position, limiting our ability to act and to pay. If the company is exposed to this situation in the longer term, refinancing with borrowed capital would become even more difficult.

2. High, short-term to medium-term: If this risk occurred, creditors of borrowed funds would have an extraordinary right to terminate loans. This would require renegotiation of the loan agreements or its terms and conditions. Since the amount of loans affected exceeds the company's liquid funds, an exercise of the creditors' extraordinary termination right would threaten the continued existence of the company as a going concern due to a then insufficient cash position.

Counter-measures

- **All segments:** continuous monitoring of compliance with our cost reduction targets and implementation of controlling measures to improve liquidity and results, if required ***(reduce, assume)***
- **All segments:** Regular meetings with all of our creditors; close control of liquidity and earnings using active working capital management and controlling of measures ***(reduce, assume)***
- **All segments:** ► *Note 40e Liquidity risks – p. 162*

T 35

OTHER FINANCIAL RISKS →

Risks

Currency, interest rate and price risks

Probability

Medium: Due to the procurement of raw materials, particularly in U.S. dollars, and the sale of products in other currency regions, we are exposed to currency risks. As a global player we are also exposed to interest rate and price risks.

Effect (strength, time horizon)

Medium, short-term: impact on operating and financial result of the group. Thanks to pro-active, regular and careful review of our financial instruments, we assess these risks as being medium.

Counter-measures

- **All segments:** selective use of derivative and non-derivative financial instruments ***(transfer, reduce)***
  ► *Note 40 Capital management and financial instruments – p. 160*

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LEGAL RISKS ↑

Risks

1. **Litigation between a silicon supplier and our subsidiary SolarWorld Industries Sachsen GmbH:** SolarWorld Industries Sachsen GmbH is currently the defendant in court proceedings with the silicon supplier Hemlock Semiconductor Corp., which asserts claims resulting from the non-fulfillment of long-term silicon supply contracts.
2. **Infringement of loan agreements:** The contracts regulating the company's borrowed funds contain extensive obligations and conditions as well as partly imprecise legal terms that are open to interpretations. Individual creditors of borrowed funds have a different opinion with regard to the group's interpretations of some contract points.
3. **Other pending litigation and proceedings:** individual court or administrative proceedings in which third parties claim rights against SolarWorld, especially regarding our U.S. subsidiaries
4. **Other legal risks:** There is a wide range of tax, competition, patent, anti-trust, labor law, trade mark, and environmental regulations within the scope of our international business operations, infringement of which may cause costs.

Probability

1. **Low:** According to external legal opinions, there are anti-trust concerns under European law regarding the effectiveness of the underlying supply contracts, which could mean that the purchasing obligations of SolarWorld Industries Sachsen GmbH are null and void. From SolarWorld's perspective, the supplier is therefore not entitled to claim damages. In addition, SolarWorld Industries Sachsen GmbH has further substantial lines of defenses against the validity of the claims. However, the District Court for the Eastern District of Michigan, in which the case is unfolding at first instance, ordered on October 28, 2015, to deny a motion to allow illegality under European antitrust law as a line of defense in the proceedings. The partial decision of the court is of technical nature and is no assessment that the underlying agreements do not violate EU antitrust law. All other lines of defense remain allowed. However, the order lowers our chances to win the lawsuit in the first instance.

   In case of a negative ruling in the first instance, there will still be the possibility of appeal in the United States, and the defense of illegality under EU antitrust law can be reconsidered at that stage. In addition, a potential U.S. ruling has to comply with the essential principles of the German law in order to be recognized and enforced in Germany. Thus, a German court would have to reassess a potential ruling, if it were to be enforced in Germany. At the latest at this stage, the illegality of the underlying agreements due to infringement of EU antitrust law would become relevant again. Therefore, even in case of a negative ruling in the U.S., SolarWorld continues to assess the probability for Hemlock to actually enforce any claims against SolarWorld as low.
2. **Low:** SolarWorld believes that its interpretations are in accordance with the contractual basis and all contractual obligations and conditions have been complied with. Therefore, it has not infringed any loan agreements. However, one group of creditors has expressed doubts regarding the company's interpretations of specific contract points, especially regarding the calculation of covenants as well as possible transactions requiring approval.
3. **Medium:** Based on the respective states of proceedings, currently, it is to be expected that financial costs will be incurred as a result.
4. **Low:** SolarWorld is not currently aware of any further material risks from litigation, patent infringement or other legal risks that might significantly impact the business situation of the company. As a result of our global sales presence, however, risks could in principle arise in connection with legal disputes relating to trademark usage.

Effect (strength, time horizon)

1. **High, medium-term to long-term:** If U.S. courts legally ruled that Hemlock Semiconductor Corp. is entitled to claim for damages against our subsidiary SolarWorld Industries Sachsen GmbH and if this decision could be enforced, this would have a considerable negative impact on the company's liquid funds, possibly even threatening the continued existence of the company as a going concern.
   ► *Note 42 Contingent liabilities – p. 168*
2. **High, short-term to medium-term:** If this risk occurred, creditors of borrowed funds would have an extraordinary right to terminate loans. This would require renegotiation of the loan agreements or its terms and conditions. Since the amount of loans affected exceeds the company's liquid funds, an exercise of the creditors' extraordinary termination right would threaten the continued existence of the company as a going concern due to a then insufficient cash position.
3. **Medium, short-term:** A ruling sentencing to pay damage claims or an out-of-court settlement could have adverse impact on the earnings, financial and asset position of SolarWorld. In the consolidated financial statements as at December 31, 2015, provisions in the amount of US-Dollar 3 million were made to account for these circumstances. However, it cannot be ruled out that depending on the further course and outcome of the proceedings higher financial charges might be imposed.
4. **Medium, long-term:** Litigation might impact the result of our business operations since it would tie up financial resources, jeopardize the company's reputation and brand and cause losses of tangible and intangible corporate property.

Counter-measures

- **All segments:** legal advice from several specialized external legal experts ***(assume, reduce)***
- **All segments:** increase of transparency and regular communication with contract partners ***(reduce)***

T 37

GUARANTEE AND OTHER LIABILITY RISKS →

Risks
1. Guarantee risks: granting a linear performance guarantee of up to 30 years for solar modules sold by us
2. Other liability risks: e.g. product safety, occupational safety
Probability
1. Low: Based on careful examination of our process and product quality, we assess the risk of claims being made against our performance guarantee as low.
2. Low: Thanks to pro-active regular quality assurance measures and quality controls concerning product, protection against hazards and with regard to health and safety at our sites, we assess the probability of these risks as low.
Effect (strength, time horizon)
1. Medium, long-term: potential negative impact on our asset, financial position and earnings in the event of guarantee claims
2. Medium, long-term: production losses; loss of assets; potential claims for damages
Counter-measures
• **All segments:** risk provisioning in the balance sheet for the company's guarantee commitment through the formation of a provision ***(assume)*** ► *Note 34 Non-current and current provisions – p. 157* • **All segments:** securing other risks via comprehensive insurance cover based on conventional concepts; regular review of the extent of insurance cover for risks, based on site inspections ***(transfer)*** • **All segments:** compliance with legal provisions and voluntary adherence to more far-reaching standards (e.g. ISO 9001 and ISO 14001, codes of conduct) ***(assume)*** • **All segments:** analysis of complaints and improvement of product quality ***(reduce, assume)***

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ENVIRONMENTAL AND OTHER RISKS →

Risks
1. Environmental risks: higher insurance premiums due to more frequent storms/fires/drought periods caused by progressive climate change
2. Emission of hazardous substances: unplanned pollutant emission, e. g. in case of a serious production accident
3. Penalties for breaking environmental laws: fines and loss of image
Probability
1. High: Climate experts forecast an increase in extreme weather incidents.
2. Low: low probability due to safety systems designed as being redundant; systems cause an emergency shutdown in case of a malfunction
3. Low: Fines or compensation payments are less probable since we ensure compliance with standards by means of our environmental management system.
Effect (strength, time horizon)
1. Low, medium-term: Potential damage due to more frequent storms/fires or costs in the wake of drought periods and floods will not affect us more strongly than other companies.
2. Medium, short-term: If pollutant emissions occur, employees may be in danger. Further possible consequences are damages to the company's image as well as financial losses due to a loss of production and the disposal of the hazardous substance or the removal of environmental damages.
3. Medium, short-term to medium-term: Fines or compensation payments might impact the financial position of our company.
Counter-measures
• **All segments:** Current risks are largely covered by insurance policies. ***(transfer)*** • **Production:** substitution of hazardous substances or reduction of their use as well as safety concepts and emergency plans to mitigate the impact ***(reduce)*** • **All segments:** further development of the company's environmental management system ***(reduce)***

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OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE GROUP'S RISK POSITION

The overall risk position resulting from the analysis and evaluation of individual risks has increased slightly, compared with the previous year. The Management Board considers the group's risk position to remain high because of the ongoing strong competitive pressure, announcement of considerable expansions of production capacities worldwide as well as price pressure and pressure to reduce costs. The individual risks presented above can influence each other and worsen the overall risk position of the group. In assessing the risk position, we have not taken any opportunities into account.

Operating measures adopted in the past has been implemented by the company for the most part, particularly cost reduction and optimization measures that will positively impact the earnings, financial and asset position in the coming years. If the expected positive effects resulting from the measures mentioned above and the planned revenue growth failed to occur, this would negatively impact the earnings, financial and asset position of the company, leading to a possible breach of covenants and thus allowing creditors an extraordinary right to terminate loans. An extraordinary right of termination could also occur, if the company's interpretations of contractual conditions should prove to be inapplicable. This would require renegotiation of the loan agreements or its terms and conditions. Since the amount of loans affected exceeds the company's liquid funds, an exercise of the creditors' extraordinary termination right would threaten the continued existence of the company as a going concern due to a then insufficient cash position.

From a current perspective, the Management Board of SolarWorld AG still assumes that the conditions for the going concern of the company are met.

OPPORTUNITY REPORT

OPPORTUNITIES FROM THE DEVELOPMENT OF GENERAL CONDITIONS

SolarWorld is well positioned to benefit from the strong international growth in the solar market. Market analysts predict that global demand will grow until the year 2017 at an average annual rate of more than 11 percent. In this context, they expect ongoing dynamic growth in particular in the United States, based on the extension of the ITC tax incentive program until 2021, as decided at the end of 2015. As the U.S. is SolarWorld's largest single market and accounted for around 50 percent of shipments in 2015, the group is likely to benefit significantly from this development.

Through a stronger local sales presence, the SolarWorld group will position itself closer to the individual regional growth and core markets to achieve better market penetration. Especially in industrialized countries, solar markets are currently experiencing a transformation: Customers increasingly view solar technology as an option for reducing their own energy costs – and not any more solely as a financial investment driven by feed-in tariffs. SolarWorld aims to assist its customers in this transformation and is therefore expanding its own range of services with region-specific pre-sales and after-sales activities.

STRATEGIC OPPORTUNITIES

In 2015, the SolarWorld group significantly expanded its production capacity at all main stages of the value chain. ► *Production capacities 2015+ – p. 037* In addition, we reactivated the crystallization at the Arnstadt site and expanded the production in Freiberg into the groupwide sawing center. In future we shall use new sawing techniques there that enable a higher throughput. We expect notable economies of scale and cost effects in future as a result.

In sales, in production and in research and development, we aim to form strategic partnerships. Our goal here is to open up new sales channels and develop new products as a way of strengthening the group's competitiveness and ability to act.

PERFORMANCE-RELATED OPPORTUNITIES

At the end of 2015, the SolarWorld group ended its long-term supply contract with a manufacturer of silicon and re-negotiated the supply conditions. Since 2016, we have been procuring polysilicon from this supplier exclusively at spot market prices. This will foreseeably have positive effects on our future cost structure.

In 2015, we observed a downward price trend for almost all raw materials. Experts also expect further declines in the current fiscal year. A continued fall in the prices for other raw materials, such as silver, aluminum, glass and oil, would have a positive effect on the manufacturing and transport costs of the SolarWorld group and improve margins.

The product innovations launched by us in the reporting period, such as the bifacial modules, underline our technology edge, compared with our competitors. We shall continue to refine this concept in 2016 and will also push ahead with the introduction of the 5-busbar technology and the possible introduction of an alternative contacting process. These measures will enable us to offer increasingly efficient and higher-performance products in future. The suitability of the various technologies for combining with one another also makes synergy effects possible here that can lead to significant improvements in performance. Highly efficient products in turn constitute an important unique selling proposition of SolarWorld that differentiates us from our competitors and will further expand our position as technology and quality leader.

The implementation of SAP as central ERP system for the group creates uniform global processes, among others for sales, logistics and production. This in turn enables us to react more quickly to customer and production demands. Thanks to globally harmonized master data and bills of materials, it will in future not only be possible to plan our requirements more reliably and better and to minimize the potential for errors, but also to achieve significant cost savings.

In logistics, opportunities result from a targeted pooling of services. In addition, by centralizing distribution processes we can achieve economies of scale and so implement further cost reductions. The changes outlined above should also help us further enhance our delivery quality and reliability, while simultaneously improving our performance. SAP will also make a positive contribution to process optimization in this area.

FORECAST REPORT

THE FUTURE MARKET 2016+

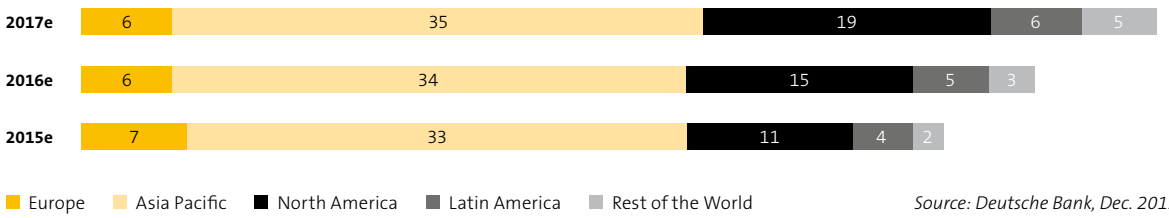
GLOBAL ECONOMY PICKING UP. The global economy is likely to expand somewhat more strongly in 2016. The Kiel Institute for the World Economy (IfW) is reckoning with a rise in global economic output of 3.4 (2015: 3.1) percent in 2016. Global trade is also expected to show a moderate recovery. Low oil prices and the expansive monetary policy in industrialized countries could also benefit the economy. Economic growth of 2.8 (2015: 2.5) percent is expected in the United States. At 1.7 (2015: 1.5) percent, the euro zone is also likely to grow stronger than in the previous year.

GLOBAL SOLAR MARKET ON GROWTH TRAJECTORY. The international solar market will foreseeably also continue to grow in 2016. Global demand for solar products could rise by around 10 percent to 62.5 (2015: 57.0) GW. Even more important: Experts expect this trend to continue unabated in 2017 as a result of the favorable general conditions. They even expect newly installed capacity of 70.7 GW in 2017.

U.S. MARKET CONTINUES GROWTH. One driving force behind this continuing positive market development is the extension of the ITC incentive program by a further five years, decided in the U.S. at the end of 2015. ► *Growing global demand for solar products – p. 030* The ITC increases the economic attractiveness of solar power. Market experts therefore expect solar electricity to achieve grid parity in 47 of the 50 U.S. states by the end of 2016 – an important factor for growth in all segments.

Furthermore, the outlook for solar has grown more promising as costs of solar have gone down steadily and become increasingly competitive with traditional generation sources. Bloomberg expects U.S. demand to rise by 25 percent in 2016 to 9.1 (2015: 7.3) GW. The U.S. market should achieve in 2017 new installations of 10 GW.

EXPECTED DEVELOPMENT OF THE SOLAR MARKET BY REGION IN GW



Source: Deutsche Bank, Dec. 2015

G 21

DECREASING SUBSIDIES BURDENING EUROPEAN PHOTOVOLTAIC MARKETS. After a brief recovery in 2015, analysts forecast that the European market will again shrink in the following year. The decline is attributed above all to developments in the UK. The subsidizing of solar power in this market was drastically reduced at the beginning of 2016. Market structures there must first adjust to the new situation, meaning that a reduction in the market by at least half is to be expected initially in 2016 – to 1.4 (2015: 3.1) GW. By contrast, France, Germany and Italy are likely to show a slight upward trend in demand for solar products. However, this will probably not be enough to compensate for the decline in the British market. Overall, Deutsche Bank expects demand in Europe of around 6.4 (2015: 7.5) GW in 2016. This level of new installations should be maintained in 2017.

NEW INSTALLATIONS STABLE IN ASIA. In Asia, Deutsche Bank estimates that in 2016 solar installations will remain unchanged, compared with 2015. Overall, it expects newly installed capacity of 32.8 (2015: 32.5) GW. The reason for this is the stagnation of installations in China at 13 (2015: 13) GW as well as the fall in demand in Japan to 8.2 (2015: 12.7) GW. By contrast, demand in India is expected to triple to 6 (2015: 2) GW. Analysts of Bloomberg, however, estimate that Asian solar installations will continue to grow. For 2015, they assume a newly installed capacity in China of 16.5 GW, expecting it to rise to 19 GW in 2016. According to Bloomberg, demand in Japan will also show a slight increase.

FUTURE STRATEGIC ALIGNMENT OF THE GROUP

In the years ahead, SolarWorld AG will work systematically to implement its group strategy and operational measures. To return to profitability as a company, we want to create more value for customers, achieve growth in the solar markets and at the same time significantly improve our process efficiency. ► *Strategy – p. 021*

In 2016, we aim to expand our position as a quality provider in the international solar market and substantially increase our shipments. Strong demand for our solar modules continues to drive growth. At the same time, we will be placing greater emphasis on highpower modules with PERC and bifacial cells. For this reason, we create added value for customers that sets us apart from the competition.

Our location policy will continue to be geared to customer proximity. We intend to adjust production capacities to rising market demand.

EXPECTED BUSINESS DEVELOPMENT 2016

FUTURE SALES MARKETS

INCREASING VOLUME OF SHIPMENTS BY MORE THAN 20 PERCENT. In 2016, we again expect to be able to increase the volume of our shipments strongly, compared with the previous year. The target is to increase groupwide shipments by more than 20 percent, compared with 2015. As in the reporting period, we wish to achieve about half the volume of shipments in America, the other half in Europe, Asia/Pacific and Africa. We wish to position ourselves in the quality segments of the global solar markets and to be present in the areas Residential and Commercial as well as in major projects.

U.S. WITH 50 PERCENT SHARE OF SHIPMENTS. As in 2015, we intend to achieve around 50 percent of our shipments in the United States. Accordingly, we also assume to grow strongly in this market, even if no more pull-forward effects are expected in 2016 following the extension of the incentives under ITC beyond 2017. In the United States, we see particularly strong demand for our XL module with 72 cells, which will offer a particularly high performance in combination with technologies such as PERC and the 5-busbar contacting.

GERMANY LARGEST SINGLE MARKET IN EUROPE. In 2016, Germany will foreseeably again be our largest single market in Europe, followed by France. In the UK on the other hand, it will not be possible to continue our strong growth of the past two years, due to the reductions in subsidies. Nevertheless, we assume that we will retain a sustainable presence in the UK, where we now have established customer relationships and durable sales structures. In Europe, we see good growth opportunities in smaller and young markets.

RETURNING TO GROWTH IN ASIA/PACIFIC. In 2016, we wish to significantly increase our shipment volumes in the Asia/Pacific region, where we are represented by sales offices in Singapore and Tokyo. For us, as a manufacturer of quality products, the Japanese market offers the greatest potential.

CONTINUING SUCCESS IN SOUTH AFRICA. In South Africa, we see good opportunities to continue our success in the field of commercial roof systems. Thanks to our lasting presence in this market, we can offer customers a reliable service and support them with technical know-how.

FUTURE PRODUCTS AND BRAND STRATEGY

INCREASING ADDED VALUE FOR CUSTOMERS THROUGH INNOVATION. In future, we will resolutely continue to pursue the goal of orienting our solar power solutions towards added value for customers. This includes higher electricity yields, greater independence from energy suppliers and the ability to combine with elements such as heat pumps, heating rods and automobile batteries. The new BISUN® product family with bifacial modules and optimized frame systems will enable our customers to achieve up to 25 percent higher yields in future.

CONTINUING BRAND STRATEGY UNDER REAL VALUE. SolarWorld will use the strength of its brand for its future success in international solar markets. In this respect, we will build on the globally uniform brand image under REAL VALUE. All quality processes and product developments within the group should continue to be stringently oriented towards the value proposition of our brand. We wish to create clear added value for our customers when purchasing a SolarWorld product and to place this at the center of our communication. We also wish to keep the REAL VALUE promise with respect to our further stakeholders, for example our employees.
► *Employer branding – p. 085*

FUTURE DEVELOPMENT IN PRODUCTION

INCREASING PRODUCTION QUANTITIES. We wish to use our production facilities in Germany and the U.S. at full capacity to achieve the planned growth in shipments in 2016. Our U.S. site in Hillsboro is therefore ramping up its additional module capacity as quickly as possible. In addition, crystallization is being reactivated there. The aim is to use all available capacities as efficiently and effectively as possible, so that we can reduce our manufacturing costs and thus ensure our competitiveness.

CONSISTENT INVESTMENT IN HIGH-TECH. In 2016, we wish to resolutely continue our successful high-power strategy and switch further parts of our cell and module production to the PERC high-performance technology. We shall also roll out the 5-busbar technology step-by-step and expand the production of bifacial cells and modules. Following the introduction of new technologies, we shall manufacture a greater diversity of various products at our three production sites in 2016 than in the year under review.

ENSURING THE SUPPLY OF MATERIALS. SolarWorld will continue to be well supplied with materials in the future. We have reliable supply relationships with several manufacturers in the strategically important field of silicon supply. Our joint venture in Qatar will provide us with a further source of supply in future.

FUTURE RESEARCH AND DEVELOPMENT ACTIVITIES

INCREASE COMPETITIVENESS. Innovation will continue to play a strategic role in the SolarWorld group in future. We are concentrating on the one hand on the creation of added value for customers and, on the other hand, on cost-reduction potential.

We wish to expand the added value for customers by improving the performance of our solar power solutions and thus increasing the yields for the operators of SolarWorld systems. To this end, we will further develop the PERC high-performance technology and combine it with other performance-enhancing processes. We will likewise continue to intensively pursue the approach of the bifacial products in our 2016 innovation activities.

Additionally, we wish to create solar power solutions for our customers that enable a higher share of self-consumption and which can be combined intelligently with elements such as heat pumps, heating rods and automobile batteries. In this respect, we are working on the assumption of an integral concept of decentralized energy supply, in which the solar system forms the heart of the smart home. In this way, we also wish not least to prepare photovoltaics for the transition to an era in which solar power will be the most economic form of energy supply, even without feed-in tariffs and other subsidy incentives.

We wish to use the potential for cost savings in future through innovation on all stages of the solar value chain from silicon to module. In 2016, the emphasis will lie on the field of crystallization and wafering.

FUTURE HUMAN RESOURCES DEVELOPMENT

ENCOURAGING THE COMMITMENT OF EMPLOYEES. The future success of SolarWorld will be based to a fundamental extent on employees showing the same high level of commitment to the company as in the past. In 2016, we will identify potential for improvement and derive specific measures to strengthen the level of commitment and the corporate culture, based on the global employee survey carried out for the first time in the 2nd half of 2015. We intend to repeat the employee survey in the future to check the success of the measures.

ADVANCING THE DEVELOPMENT OF THE ORGANIZATION. SolarWorld should grow together more strongly into a global unit. In 2016, we wish to align further areas of the group in a global manner. These changes are embedded in so-called change projects. Our aim is to enable the executives to lead employees successfully in a global organization. In this context, we wish to further expand the culture of cooperation within the group.

INCREASING THE SHARE OF WOMEN IN MANAGEMENT POSITIONS. SolarWorld has set itself a target of achieving a 25 percent share of women in management positions by June 30, 2017 (2015: 16,7 percent). We will tackle this subject on a global level in 2016 and implement measures to encourage women.

EMPLOYER BRANDING. SolarWorld wishes to be an attractive employer from both an internal and an external perspective and to position itself better in future in terms of next-generation staff, technical and management personnel, through targeted employer branding. The employer branding will be based on the "SolarWorld – REAL VALUE" brand. The promise of "REAL VALUE" and the four brand values apply to all stakeholders. As part of the employer branding, we wish to emphasize how we also offer these real values to our employees.

EXPECTED EARNINGS AND FINANCIAL POSITION

EXPECTED DEVELOPMENT OF REVENUE AND PROFIT OR LOSS

SolarWorld expects for the year 2016 a global increase in demand for solar products, especially in its main market United States. Competition continues to be fierce, however, which means that average prices in individual markets remain under pressure. Due to its position as supplier of high-power modules with top quality, which offer clients a unique added value, SolarWorld expects to keep its average selling price overall stable.

Based on this premise, SolarWorld will continue on its growth path in 2016, increasing groupwide shipments by more than 20 percent, compared with previous year (2015: 1,159 MW).

In line with shipments, consolidated revenue should grow by more than 20 percent, compared with the previous year (2015: € 763 million), striving to reach up to € 1 billion in 2016.

In fiscal year 2016, the SolarWorld group will continue to invest in the increase of its production capacities and in upgrades to PERC technology. It will also further develop its measures to boost efficiency and reduce costs. Earnings before interest, taxes, depreciation and amortization (EBITDA) will increase significantly in 2016.

Earnings before interest and taxes (EBIT) should be positive in fiscal year 2016. Due to typical seasonal effects in the solar business, however, a negative EBIT for Q1 2016 cannot be ruled out. Over the course of the whole year, SolarWorld expects its EBIT to be in the lower double-digit million range.

The Management Board expressly points out that the assumptions and framework conditions on which the business planning is based could change over the course of fiscal year 2016. The Management Board's assessments are based on available information, which it currently considers to be realistic but which is dependent on various factors that are beyond the control and influence of the Management Board of SolarWorld AG and therefore of limited predictability.

EXPECTED DIVIDEND AND DISTRIBUTION

There are no plans to distribute a dividend in 2016. According to current plans, the priority for any future profits will be to repay liabilities and finance the company's further growth. For this reason, no distribution of dividends to shareholders is anticipated in the near future.

SCHEDULED FINANCING MEASURES

No major financing measures are planned for 2016.

PLANNED INVESTMENTS

In 2016, group investments will be in the mid double-digit million range. Mostly, investment will focus on expanding manufacturing capacities within the existing lines, upgrading production to PERC and bifacial technology as well as furthering technological improvements to enhance efficiency and reduce costs along the value chain.

EXPECTED LIQUIDITY DEVELOPMENT

On December 31, 2015, our liquid funds totaled € 188.6 (December 31, 2014: 177.1) million. Cash flow development in 2016 will be influenced to a large degree by the operating result, planned debt repayments and interest payments as well as by potential short-term fluctuations in our working capital.

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON FUTURE GROUP DEVELOPMENT

The Management Board of SolarWorld AG expects that the group will continue to increase its shipments in 2016. This growth is based on the rising demand for solar power products worldwide. The United States will again be the largest single market of the company in 2016. Further large markets of SolarWorld will be Germany, the rest of Europe, the MENA region, Japan and South Africa.

Our high efficiency products are a key volume driver. The group is therefore pursuing a high-power product strategy, and will successively introduce new processes and products that give customers particularly high yields. These include PERC technology, solar cells with five busbars, and the bifacial technology. Another focus is our range of complete solar energy solutions, which enable customers to increase the consumption of self-generated solar power and cut their energy bills. Solar modules will continue to be our core product. Our modules last for more than 30 years, can be used universally and are easy to install. Furthermore, they can be digitally integrated in complete energy concepts such as in a smart home.

In addition, measures to continuously improve processes are a high priority. In 2015, SolarWorld rolled out a new global ERP system, which should make a key contribution in this area. Reducing costs and increasing competitiveness remain an ongoing goal. In this way, SolarWorld will create a stronger foundation for long-term growth and a return to profitability.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

As an internationally active group that is oriented towards sustainability, SolarWorld feels compelled to maintain a responsible and transparent system of corporate governance and monitoring. Good corporate governance fosters the trust of market participants in the company and in the functional capability of the capital market as a whole. We also see this as a basic prerequisite for sustainably increasing the company's value and securing the interests of our investors, business partners, employees and other stakeholders.

In addition to following the legal requirements of the capital market and corporate law, the corporate governance system of SolarWorld AG also takes into account the recommendations of the German Corporate Governance Code (GCGC).

We are continuously working on further developing the corporate governance system within the company while also adequately involving all stakeholders. ► *Sustainability in detail 2015*

CORPORATE GOVERNANCE REPORT 2015

DECLARATION OF COMPLIANCE

The Management Board and Supervisory Board have dealt extensively with the issue of how to apply the recommendations of the GCGC version dated May 5, 2015 to the SolarWorld group. In the declaration of compliance submitted each year in accordance with Section 161 German Stock Corporation Act (AktG), they report on compliance with the recommendations of the GCGC and explain any deviations. In November 2015, the Management Board and Supervisory Board declared that they had complied with the recommendations with only a few exceptions and will continue to comply with them accordingly. Reasons for the exceptions are explained in detail.

The declaration of compliance in accordance with Section 161 AktG can be accessed by the public permanently on the company's website ► *www.solarworld.de/declaration-of-compliance*. The declarations from the past five years are also available there.

MANAGEMENT AND MONITORING

SolarWorld AG has the dual management and monitoring structure legally specified for German stock corporations with clear division of the staff of the management and supervising organs. The Management Board and Supervisory Board cultivate a trustful and result-oriented collaboration to ensure that efficient corporate management and monitoring is achieved. ► *Report by the Supervisory Board 2015 – p. 106*

MANAGEMENT BOARD

The Management Board leads the group on its own responsibility with the aim of increasing the value of the company in the long term. Its key tasks include setting corporate goals, developing a strategy, managing and controlling the group as well as the provision of investment funds. It involves the Supervisory Board in important decisions and informs the latter regularly and extensively of current business developments, the economic position of the group as well as the financial and investment planning.

The Management Board of SolarWorld AG bases its leadership philosophy on the interests of the different stakeholders of SolarWorld AG in line with Section 4.1.1. of the GCGC.

When filling leadership positions within the company, the Management Board of SolarWorld focuses on maintaining diversity and particularly on giving women a stronger consideration. SolarWorld's goal is to make the proportion of women in leadership positions equal to the proportion of women in the entire group. In fiscal year 2015, 25 percent of the group's employees were women, whereas the share of women in management positions only amounted to 16.7 (2014: 17.5) percent. To eliminate this disparity, the Management Board of SolarWorld AG determined the following targets: The share of women on the two highest management levels below the Management Board of both the group and the SolarWorld AG should be at least 25 percent overall by June 30, 2017. Furthermore, each individual management level should itself achieve a 25 percent share of women by December 31, 2020.

In fiscal year 2015, the Management Board had the same five members as in the previous year. ► *Boards of SolarWorld AG – p. 097*

SUPERVISORY BOARD

The Supervisory Board appoints the Management Board as well as supervises and advises it in its conduct of business. It is also responsible for auditing and approving the consolidated financial statements and the group management report.

Since June 2, 2015, SolarWorld AG has had a co-determined Supervisory Board on a basis of parity, made up of a total of twelve members in accordance with the German Stock Corporation Act (AktG), the Co-Determination Act (MitBestG) and the Articles of Association: six representatives of the shareholders and six employee representatives. The shareholder representatives on the Supervisory Board are elected by the Annual General Meeting. The elections of shareholder representatives are generally carried out as individual appointments. The shareholders are not limited to the election suggestions made by the Supervisory Board, but can also nominate their own candidates. The employee representatives on the Supervisory Board are appointed in accordance with the regulations of the Co-Determination Act.

COMMITTEES

To adapt its work to the specific situation of the company and to organize it more efficiently, the Supervisory Board of SolarWorld AG has set up a business committee, a human resources committee, a mediation committee, a technology and development committee as well as in accordance with the recommendations of the GCGC a nomination committee and an audit committee. An overview of the respective Chairs and members can be found at ► *Committees of the Supervisory Board – p. 099*

Under Section 5.3.2 Sentence 2 GCGC, the Chair of the audit committee should have particular knowledge and experience of the application of accounting principles and internal control processes. Since, however, no member of the Supervisory Board alone fully satisfies all prerequisites

of this recommendation, SolarWorld AG does not comply with this requirement. Nevertheless, this does not devalue the quality of the work of the audit committee. Rather, the efficiency of the committee work is ensured through communication and by bundling the expertise of all committee members. Moreover, the Supervisory Board and the audit committee resort to the assistance of external experts in individual issues.

NOMINATION OF CANDIDATES FOR THE SUPERVISORY BOARD CHAIR BEFORE AN ELECTION

In accordance with the recommendation in Section 5.4.3 GCGC, the shareholders should be informed of the nominated candidates for the chairmanship of the Supervisory Board before an upcoming Supervisory Board election. By contrast, Section 107 (1) Sentence 1 AktG, in conformity with the Articles of Association of the company, allows the Supervisory Board to choose a chairman and a deputy chairman from their midst directly following the Annual General Meeting. A nomination of the candidate(s) for the position of chairman from the circle of Supervisory Board members that have not been elected yet would correspond to a premature determination that is not intended. As a result, SolarWorld AG does not comply with this recommendation.

GOALS FOR THE COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

COMPETENCE

The Supervisory Board shall be composed in such a way that its members as a group possess the knowledge required for the correct performance of its duties. The Supervisory Board of SolarWorld AG meets this requirement, and its individual members participate in training measures required for their work on their own responsibility, in accordance with Section 5.4.5 GCGC.

DIVERSITY

Attention should be paid to diversity when deciding the composition of both the Management Board and the Supervisory Board. In particular, appropriate representation of both genders plays a central role in this respect.

At its meeting on August 12, 2015, the Supervisory Board specified a target of a 20 percent share of women on the Management Board by June 30, 2017, in accordance with Section 111 (5) AktG. This share is already achieved by the current Management Board, which is made up of one woman and four men. Although the Supervisory Board considers an increase in the share of women on the Management Board desirable, there are no plans to expand the Management Board of the company. The Supervisory Board attaches great importance to continuity on the Management Board from the current perspective.

In accordance with the "Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions," the Supervisory Board of a listed company and one subject to co-determination must satisfy a fixed share of at least 30 percent for both genders. Accordingly, all Supervisory Boards newly elected as from January 1, 2016, have to be composed of at least 30 percent women and at least 30 percent men.

Since June 2, 2015, SolarWorld AG has had a co-determined Supervisory Board on a basis of parity, which consits of 12 members. The previous shareholder candidates, who at the time had been in office for just one year, had their positions confirmed in the new elections required by law. Only one woman was elected in the employee elections. The current composition of the Supervisory Board is diverse and international. Nevertheless, the election results do not meet the gender-specific diversity requirements of the German Corporate Governance Code. The Supervisory Board welcomes the greater diversity that will result following future Supervisory Board elections on the basis of the mandatory statutory regulations applicable as from 2016.

AGE PROVISION

In accordance with Section 5.1.2 of the GCGC, an age limit of 68 years applies for membership in the Management Board of SolarWorld AG. For the Supervisory Board, an age limit of 70 years has been specified (Section 5.4.1 GCGC). No board member has currently reached or will be reaching this limit during the current term of office.

The Supervisory Board in its present form has not specified any concrete targets regarding its composition, the number of independent members and the regular limit of length of membership yet. These targets shall be discussed and set as part of the next efficiency audit, which is expected to be performed in the second half of 2016.

INDEPENDENCE

The Supervisory Board pursues the objective of ensuring that it always includes an adequate number of independent members (Section 5.4.2 GCGC).

In accordance with Section 5.4.1 Para. 4 to 6 GCGC, the following must be disclosed concerning two of the shareholder representatives:

The company Qatar Solar S.P.C., Doha, which Dr. Khalid Klefeekh Al Hajri is affiliated with, holds a stake of 29 percent in SolarWorld AG. Furthermore, SolarWorld AG holds a stake of 29 percent in Qatar Solar Technologies Q.S.C., which Dr. Khalid Klefeekh Al Hajri is also affiliated with.

The Qatar Foundation for Education, Science and Community Development, Doha, which Mr. Faisal M. Al Suwaidi is affiliated with, is in control of 100 percent of Qatar Solar S.P.C., which holds a 29 percent stake in SolarWorld AG.

The remaining Supervisory Board members do not have any personal or business relationships that must be disclosed in accordance with the Code.

Therefore, the Supervisory Board of SolarWorld AG assesses that it is composed of an adequate number of independent members.

DIRECTORS' DEALINGS AND SHAREHOLDINGS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Under Section 15a German Securities Trading Act (WpHG), members of the Management Board and Supervisory Board as well as related parties are obliged to disclose transactions with shares in SolarWorld AG or related financial instruments if the value of these transactions reaches or exceeds a total of € 5,000 in the reporting period. No transactions under Section 15a WpHG were reported to SolarWorld AG in 2015.

The Management Board and Supervisory Board cumulatively hold more than one percent of the voting rights in SolarWorld AG. As at December 31, 2015, the Management Board accounted for a total of 20.9 percent of the voting rights through direct and indirect shareholdings. The members of the Supervisory Board held a 0.005 percent share in the company's capital stock as at the cut-off date.

TRANSPARENT COMMUNICATION

The investor relations department of SolarWorld AG is integrated into the organization very closely to the Management Board and reports directly to the Chief Financial Officer.

It is responsible for ensuring compliance with all legal post-admission obligations under the capital market and stock market law. Information that could potentially be relevant for the capital market is examined for its ad hoc relevance both internally and by external legal consultants. All publications subject to Section 15 German Securities Trading Act (WpHG) go through the relevant media channels and are made available for distribution across Europe in accordance with the applicable legal requirements.

As recommended by the GCGC, all financial reports are conveyed to the Supervisory Board before publication and discussed in a shared meeting with the Management Board. We publish the Annual Group Report within 90 days following the end of the reporting period; the interim

reports are similarly published on the company's website within 45 days. Reporting is provided in two languages: German and English.

Furthermore, SolarWorld AG prepares a corporate financial calendar each year with the most important upcoming dates and makes it available on its website.

In line with the fair disclosure principle, we treat all of our stakeholders equally with regard to information relevant for evaluation. The preferred platform for publication and communication is the internet, since it facilitates the real-time, continual, and widespread distribution of information. For instance, we provide the presentations of the quarterly held analysts' conference calls immediately online to ensure that the information given in these documents is also available to retail investors. We maintain German and English language versions of our website so that international stakeholders also have access to the relevant information.

SolarWorld AG communicates intensively and transparently within the context of the quarterly analyst conferences as well as individual discussions, group meetings, and conferences with analysts, shareholder representatives, and institutional investors. The company also seeks continuous dialog with its retail investors. Both shareholders and noteholders can contact investor relations staff directly through the investor hotline or via email. Additionally, we also offer a bilingual newsletter service that provides timely information on the publication of ad hoc announcements and corporate news.

The current shareholder structure of SolarWorld AG can be seen on our website. Any reportable changes will be published there in due time after they are received by the company.

Several voting right notifications pursuant to Sections 21, 25 and 25a WpHG were made in the reporting period, which the company has subsequently published in accordance with Section 26 WpHG. You can find an overview on our website ►*www.solarworld.de/notification-of-voting-rights*.

ANNUAL GENERAL MEETING

Our shareholders can exercise the rights of co-determination and control attached to their shares in the Annual General Meeting (AGM). The AGM is held once a year at the place of the company's registered offices in Bonn, and is chaired by the Chairman of the Supervisory Board in accordance with the Articles of Association. At the AGM our shareholders have the opportunity of exercising their right to information, their right to speak as well as their voting right. When voting, one share always corresponds to one vote. The company has not issued any preferred shares devoid of the right to vote or shares that bestow special voting privileges. Our shareholders can cast their vote on site through personal participation in the AGM or in advance by postal vote. SolarWorld AG also appoints voting proxies for each AGM that are bound by the shareholders' instructions. They will accept voting instructions as from the time of convening until shortly before the vote, and then exercise these. Finally, our shareholders can also have themselves represented by an authorized third party of their choice, and exercise their rights in this way.

All relevant information and documentation concerning the AGM, including the power-of-attorney forms, are available on our website within a sufficient period of time before the meeting and remain available until shortly after it is over. The respective voting results from the AGM are also disclosed there immediately.

COMPLIANCE MANAGEMENT SYSTEM

To promote a culture of integrity throughout the whole company while also preventing corruption and legal violations, SolarWorld AG has constructed an extensive compliance management system and is continually developing it further. The global compliance officer is responsible for this. As the central inter-divisional controlling body, the compliance committee led by the global compliance officer meets each quarter and whenever necessary. Its key tasks are to consult about potential for improvement to the compliance management system and to adopt specific measures for the purpose of further developing the system. It conducts an annual analysis of the compliance risks for the group, which it uses to identify weak points as well as to work out and implement risk reduction measures with the responsible departments. Our compliance regulations are also reviewed annually and updated where necessary.

The groupwide code of conduct, which governs how economic, legal, and moral challenges are handled in everyday life at SolarWorld, is an important pillar of the compliance management system. In 2015, the code of conduct was reviewed for the foreign sites in terms of compatibility with the respective national laws, with the aim of carrying out adjustments if necessary.

During the past fiscal year SolarWorld continued the compliance training measures. These involve an introductory training course for new employees as well as annual refresher trainings that will be carried out as e-learning courses as from 2016. Training is compulsory for employees who are exposed to particular compliance risks; training modules are offered to all other employees on an optional basis.

The compliance management system of SolarWorld also contains the whistleblower system "SolarWorld SpeakUp". This makes it possible for all employees of the company as well as any of our main suppliers to report potential compliance-relevant incidents – also anonymously, if requested. In 2015, 6 (2014: 1) notices were submitted through the system. These were not compliance cases.

The measures named above are meant to sharpen awareness of potential compliance risks in the entire group and ensure professional handling of concrete incidents.

SolarWorld supports the “Call to Action” of the UN Global Compact for battling corruption and fostering good corporate governance. Further information on the subject of compliance is available on the SolarWorld homepage:
► *www.solarworld.de/en/group/compliance*

BOARDS OF SOLARWORLD AG

MANAGEMENT BOARD

- **Dr.-Ing. E. h. Frank Asbeck, 56**
  Chief Executive Officer (CEO) and
  Founder of the company
  Responsible for strategic group development, innovation, technology development and public relations including energy and environmental policy
  Period of office: 1999 to January 9, 2019

- **Dipl.-Wirtschaftsing. Frank Henn, 50**
  Chief Sales Officer (CSO)
  Responsible for international sales including the areas after sales service, technical support and customer service
  Period of office: 2004 to January 31, 2019

- **Dipl.-Kfm. tech. Philipp Koecke, 44**
  Chief Financial Officer (CFO)
  Responsible for the areas of finance, controlling, accounting and investor relations
  Period of office: 2003 to April 30, 2019

- **RAin Colette Rückert-Hennen, 55**
  Chief Information, Brand & Personnel Officer (CIBPO)
  Responsible for the areas information technology, human resources, brand management, marketing and compliance.
  Period of office: 2011 to June 30, 2017

- **Dipl.-Ing. Jürgen Stein, 50**
  Chief Product Officer (CPO)
  Responsible for the areas product management, product development, production, quality management, purchasing and supply chain management
  Period of office: 2014 to March 31, 2017

SUPERVISORY BOARD

As at December 31, 2015, the members of the Supervisory Board of SolarWorld AG were:

SHAREHOLDER REPRESENTATIVES

- **Dr. Georg Gansen, 56**
  Chairman
  residing in Bonn, Germany
  Attorney-at-law/Corporate Legal Counsel
  at Deutsche Post AG

- **Dr. Khalid Klefeekh Al Hajri, 61**
  residing in Doha, Qatar
  Chairman and CEO of Qatar Solar Technologies Q.S.C.
  Vice Chairman and Managing Director of
  Qatar Solar S.P.C.

- **Faisal M. Al Suwaidi, 62**
  residing in Doha, Qatar
  President of Research and Development at Qatar
  Foundation for Education, Science and Community
  Development in Doha, Qatar

- **Heiner Eichermüller, 59**
  residing in Scottsdale/Arizona, U.S.
  Senior Business Consultant

- **Dr. Andreas Pleßke, 54**
  residing in Herrsching am Ammersee, Germany
  Attorney/Chief Restructuring Officer
  of König & Bauer AG
  - Chairman of the Supervisory Board of m.a.x.
    Informationstechnologie AG, Munich,
  - Member of the Supervisory Board of smartOne
    Business Consulting AG, Berg/Starnberger See
  - Member of the Supervisory Board of
    KBA Mödling GmbH, Mödling (Austria)

- **Jürgen Wild, 54**
  residing in Vaucresson, France
  Managing Director of RAG-Stiftung Beteiligungs-
  gesellschaft mbH
  - Member of the Supervisory Board of
    SAG Group GmbH, Langen
  - Member of the Supervisory Board of R. Stahl AG,
    Waldenburg

EMPLOYEE REPRESENTATIVES

- **Gerald Voigt, 57**
  Deputy chairman
  residing in Chemnitz, Germany
  District manager IG BCE district Dresden/Chemnitz
  - Member of the Supervisory Board of envia
    Mitteldeutsche Energie AG, Chemnitz

- **Albrecht Handke, 33**
  residing in Dresden, Germany
  Press and public relations at and member of the works
  council of SolarWorld Industries Sachsen GmbH

- **Wolfgang Lemb, 54**
  residing in Frankfurt am Main, Germany
  Executive Member of the Management Board of
  IG Metall

- **Dr. Ute Mareck, 51**
  residing in Freiberg, Germany
  Manager of technology and process at
  SolarWorld Industries Sachsen GmbH

- **Alexander Richter, 42**
  residing in Freiberg, Germany
  Member of the works council of
  SolarWorld Industries Sachsen GmbH and member
  of the group works council of SolarWorld AG

- **Olaf Zirr, 43**
  residing in Erfurt, Germany
  Team manager QHSE and deputy chairman
  of the works council of
  SolarWorld Industries Thüringen GmbH

From June 2, until September 29/30, 2015, also the following members had belonged to the Supervisory Board of SolarWorld AG:

- **Peter Finger**
  residing in Bonn, Germany
  Chairman of the works council of SolarWorld AG

- **Joachim Götz**
  residing in Erfurt, Germany
  Chairman of the works council of
  SolarWorld Industries Thüringen GmbH

- **Anke Martin-Heede**
  residing in Weißenborn, Germany
  Chairwoman of the group works council
  and of the works council of
  SolarWorld Industries Sachsen GmbH

COMMITTEES OF THE SUPERVISORY BOARD

- **Business committee**
  Dr. Georg Gansen (Chairman)
  Gerald Voigt (Deputy Chairman)
  Dr. Khalid Klefeekh Al Hajri
  Dr. Andreas Pleßke
  Wolfgang Lemb
  Alexander Richter

- **Human resources committee**
  Dr. Georg Gansen (Chairman)
  Gerald Voigt (Deputy Chairman)
  Dr. Khalid Klefeekh Al Hajri
  Albrecht Handke

- **Mediation committee**
  Dr. Georg Gansen (Chairman)
  Gerald Voigt (Deputy Chairman)
  Dr. Khalid Klefeekh Al Hajri
  Wolfgang Lemb

- **Audit committee**
  Dr. Georg Gansen
  Jürgen Wild
  Alexander Richter

- **Technology and development committee**
  Heiner Eichermüller
  Dr. Ute Mareck
  Olaf Zirr

- **Nomination committee**
  Dr. Georg Gansen (Chairman)
  Dr. Khalid Klefeekh Al Hajri
  Heiner Eichermüller

REMUNERATION REPORT

This remuneration report is part of the group management report and complies with the recommendations of the German Corporate Governance Code (GCGC) as well as the requirements of the German Commercial Code (HGB) and the German Accounting Standards (DRS 17). It explains the main points of the remuneration system for the Management Board and Supervisory Board and discloses the amount of remuneration for each individual in accordance with its different components.

REMUNERATION OF THE MANAGEMENT BOARD

The Supervisory Board of SolarWorld AG determines the remuneration system of the Management Board and negotiates with each Management Board member the individual Management Board remuneration amount derived from this system. The structure of the remuneration system targets the sustainable development of the company and accounts for the company's distinctive characteristics as well as the relevant industry environment. The financial situation of the SolarWorld group is also taken into account.

The remuneration system of SolarWorld AG is composed of non-performance related and performance-related components. In accordance with Section 87 German Stock Corporation Act (AktG), the total remuneration for an individual Management Board member is reasonably proportionate to his or her tasks and the situation of the company.

Management contracts do not contain any severance provision for the case of premature termination of an employment relationship.

NON-PERFORMANCE RELATED REMUNERATION

Non-performance related components comprise fixed annual compensation and fringe benefits. The fixed annual compensation is to be paid in twelve monthly installments at the end of each month. Fringe benefits include use of a company car as well as payment of the costs for accident and D&O insurance. The agreed deductible for the D&O insurance corresponds, in accordance with Section 93 para. 2 sentence 3 AktG, to at least 10 percent of the respective damage up to at least one and a half times the fixed annual compensation. In addition to that, the Chief Financial Officer (CFO), Chief Sales Officer (CSO), Chief Information Technology, Brand and Personnel Officer (CIBPO), and the Chief Product Officer (CPO) receive grants towards their health insurance. Moreover, the CFO, CSO, and CPO are provided with direct insurance in the highest amount permissible according to tax law. Work-related disbursements, expenses, and allowances are reimbursed in accordance with Section 670 of the German Civil Code (BGB).

PERFORMANCE-RELATED REMUNERATION

The remuneration system of SolarWorld AG contains a variable component that is linked to the economic development of the company. A sustainability component with a multi-year valuation basis completes the system.

The amount of remuneration is dependent on the degree to which the individual target values set for each Management Board member are reached, exceeded, or fallen short of. The key performance indicators whose development is used to measure the variable Management Board remuneration are return on sales calculated from consolidated EBITDA and revenue, groupwide shipments, and the achievement of predefined cost goals. The amount of annual performance-related remuneration is limited to an individually agreed maximum amount for each Management Board member.

Contrary to the recommendation of the GCGC (Section 4.2.3, para. 2 sentence 8), the Supervisory Board reserves the right to make retrospective alterations to the performance targets or to the comparison parameters. In a dynamically developing market environment, it can, from the perspective of the Supervisory Board, be sensible and expedient for the company to adapt the performance targets or the comparison parameters for variable remuneration components retrospectively to a changed environment in justified cases.

The variable remuneration of the Management Board members contains, as required under Section 4.2.3 GCGC and Section 87 para. 1 sentence 3 AktG, a sustainability component that depends on the company's development over a time period of three years. Initially, only 75 percent of the variable bonus for the past fiscal year – to the extent that it depends on consolidated return on sales –will be advanced. After three years have passed, the final variable remuneration will be determined according to the average value from the last three years. If this turns out to be lower than the advance that has already been paid out, then no additional payment will be made. The advance is not recallable. If the final variable remuneration calculated according to the average value turns out to be higher than the advance that has already been paid, a supplementary payment will be made.

SPECIAL BONUS

To ensure that the system fulfills its role as an incentive, the variable Management Board remuneration will be supplemented by special bonuses granted under certain circumstances. One example would be a special assignment carried out by the Management Board in economically difficult years that should be rewarded to maintain the competitiveness of Management Board remuneration. It is for this reason that the Supervisory Board, as the organ responsible for Management Board remuneration, may deem it appropriate to award Management Board members with a special bonus in addition to their variable remuneration to offer incentive.

PENSIONS

There is no separate pension entitlement, which is why Management Board members are permitted to convert parts of their remuneration into company pension provisions.

MAXIMUM REMUNERATION

In 2009, the Annual General Meeting decided to place an overall cap on Management Board remuneration per board member amounting to twenty times the average employee remuneration. On May 20, 2010, the AGM also declared approval of the system for compensating members of the Management Board in accordance with Section 120 para. 4 AktG. The Chairman of the Supervisory Board outlined the basic elements of the remuneration system and any changes thereto at the subsequent AGMs (Section 4.2.3 GCGC).

The Management Board remuneration complies with all guidelines of acceptability and the stipulations of the GCGC and the law adopted on June 18, 2009, for Permissibility of Management Board Remuneration (VorstAG). Incidentally, Management Board remuneration at SolarWorld AG already adhered to these principles before the VorstAG came into force.

REMUNERATION OF THE MANAGEMENT BOARD 2015

Altogether, the total remuneration of the Management Board for the fiscal year 2015 amounted to k€ 2,718.5 (2014: k€ 2,275.6). The disclosure of the Management Board remuneration for the fiscal year 2015 was done in accordance with the recommendation of the GCGC in the version dated May 5, 2015 (Section 4.2.5). The uniform model tables make it possible to display separately the contributions and the actual allocation (meaning the payments made) for the year being reported. When considering the allocation, the remuneration values must also be provided which can be achieved in minimum or maximum. Furthermore, additional remuneration for Management Board membership in subsidiaries of SolarWorld AG is listed separately.

MANAGEMENT BOARD REMUNERATION I: BENEFITS GRANTED

in k€	Dr.-Ing. E. h. Frank Asbeck CEO				Frank Henn CSO				Philipp Koecke CFO			
	Start: 1999				Start: 2004				Start: 2003			
	2014	**2015**	**Min.**	**Max.**	**2014**	**2015**	**Min.**	**Max.**	**2014**	**2015**	**Min.**	**Max.**
Fixed compensation	270.0	270.0	270.0	270.0	307.5	307.5	307.5	307.5	308.0	308.0	308.0	308.0
Other compensation	247.1[1]	163.0[2]	163.0	163.0	0	0	0	0	15.0	67.2[3]	67.2	67.2
Fringe benefits (non-cash compensation)	12.4	12.4	12.4	12.4	12.0	11.0	11.0	11.0	23.8	19.8	19.8	19.8
Fringe benefits (grants)	0	0	0	0	4.1	4.2	4.2	4.2	3.7	3.7	3.7	3.7
Total (fixed components)	**529.5**	**445.4**	**445.4**	**445.4**	**323.5**	**322.7**	**322.7**	**322.7**	**350.5**	**398.7**	**398.7**	**398.7**
One-year variable compensation (bonus)	206.6	443.9	0	810	0	0	0	307.5	0	252.8	0	307.5
Multi-year variable compensation (sustainability components)	0	0	0	0	0	0	0	0	0	0	0	0
Special Bonus	0	0	0	0	0	0	0	0	300.0	0	0	0
Total (variable components)	**206.6**	**443.9**	**0**	**810.0**	**0**	**0**	**0**	**307.5**	**300.0**	**252.8**	**0**	**307.5**
Service cost	0	0	0	0	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Total compensation	**736.0**	**889.3**	**445.4**	**1,255.4**	**325.3**	**324.4**	**324.4**	**631.9**	**652.2**	**653.2**	**400.4**	**707.9**

[1] *Compensation for Management Board membership in subsidiary Solarparc AG (254.1 k€) and inventor remuneration for SolarWorld Innovations GmbH (0.2 k€)*
[2] *Compensation as managing director in subsidiary Solarparc GmbH (162.7 k€) and inventor remuneration for SolarWorld Innovations GmbH (0.3 k€)*
[3] *Compensation as managing director in subsidiary Solarparc GmbH (67.2 k€)*

in k€	Colette Rückert-Hennen CIBPO				Jürgen Stein CPO				Management Board Total			
	Start: 2011				Start: 1/4/2014							
	2014	**2015**	**Min.**	**Max.**	**2014**	**2015**	**Min.**	**Max.**	**2014**	**2015**	**Min.**	**Max.**
Fixed compensation	270.0	300.0	300.0	300.0	225.0	300.0	300.0	300.0	1,380.5	1,485.5	1,485.5	1,485.5
Other compensation	0	0	0	0	0	46.0[1]	46.0	46.0	262.1	276.2	276.2	276.2
Fringe benefits (non-cash compensation)	8.2	8.0	8.0	8.0	5.8	10.0	10.0	10.0	62.1	61.2	61.2	61.2
Fringe benefits (grants)	3.7	3.8	3.8	3.8	1.7	3.8	3.8	3.8	13.1	15.5	15.5	15.5
Total (fixed components)	**281.9**	**311.8**	**311.8**	**311.8**	**232.4**	**359.8**	**359.8**	**359.8**	**1,717.7**	**1,838.4**	**1,838.4**	**1,838.4**
One-year variable compensation (bonus)	19.1	90.0	0	180.0	28.7	90.0	0	180.0	254.4	876.6	0	1,785.0
Multi-year variable compensation (Sustainability components)	0	0	0	0	0	0	0	0	0	0	0	0
Special Bonus	0	0	0	0	0	0	0	0	300.0	0	0	0
Total (variable components)	**19.1**	**90.0**	**0**	**180.0**	**28.7**	**90.0**	**0**	**180.0**	**554.4**	**876.6**	**0**	**1,785.0**
Service cost	0	0	0	0	0	0	0	0	3.5	3.5	3.5	3.5
Total compensation	**301.0**	**401.8**	**311.8**	**491.8**	**261.1**	**449.8**	**359.8**	**539.8**	**2,275.6**	**2,718.5**	**1,841.9**	**3,626.9**

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[1] *Compensation for Management Board membership in subsidiary SolarWorld Innovations GmbH (46.0 k€)*

MANAGEMENT BOARD REMUNERATION II: ALLOCATION

in k€	Dr.-Ing. E. h. Frank Asbeck CEO		Frank Henn CSO		Philipp Koecke CFO		Colette Rückert-Hennen CIBPO		Jürgen Stein CPO		Management Board Total	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
Fixed compensation	270.0	270.0	307.5	307.5	308.0	308.0	270.0	300.0	225.0	300.0	1,380.5	1,485.5
Other compensation	247.1	163.0	0	0	15.0	67.2	0	0	0	46.0	262.1	276.2
Fringe benefits (non-cash compensation)	12.4	12.4	12.0	11.0	23.8	19.8	8.2	8.0	5.8	10.1	62.1	61.2
Fringe benefits (grants)	0	0	4.1	4.2	3.7	3.7	3.7	3.8	1.7	3.8	13.1	15.5
Total (fixed components)	**529.4**	**445.4**	**323.5**	**322.7**	**350.5**	**398.7**	**281.9**	**311.8**	**232.4**	**359.8**	**1,717.7**	**1,838.4**
One-year variable compensation (bonus)	0	206.6	0	0	0	0	0	19.1	0	49.8	0	275.5
Multi-year variable compensation (sustainability component)	0	0	0	0	0	0	0	0	0	0	0	0
Special Bonus	0	0	0	0	300.0	0	0	0	0	0	300.0	0
Total (variable components)	**0**	**206.6**	**0**	**0**	**300.0**	**0**	**0**	**19.1**	**0**	**49.8**	**300.0**	**275.5**
Service cost	0	0	1.8	1.8	1.8	1.8	0	0	0	0	3.5	3.5
Total compensation	**529.4**	**652.0**	**325.3**	**324.4**	**652.2**	**400.4**	**281.9**	**330.9**	**232.4**	**409.6**	**2,021.2**	**2,117.4**

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REMUNERATION OF THE SUPERVISORY BOARD

In accordance with the Articles of Association, the Annual General Meeting held on May 30, 2014, approved the system of Supervisory Board remuneration with effect from June 1, 2014.

Every member of the Supervisory Board receives a yearly fixed remuneration of k€ 40.0 in addition to reimbursement for their expenditures in accordance with Section 670 German Civil Code (BGB). In accordance with Section 5.4.6 GCGC, the agreed remuneration system takes into account the chair and deputy chair of the Supervisory Board as well as the chair and members of the committees. The chairman of the Supervisory Board receives three times the fixed compensation, therefore earning k€ 120.0, and the deputy chairman receives double the fixed compensation, so k€ 80.0. Thus, membership or chairmanship in committees is also compensated. Ordinary members receive an additional k€ 5.0 in total for membership in one or more committees, in the case that the person is a committee chairman in at least one committee they will instead receive double, which would be k€ 10.0. There is no entitlement to variable extra pay or separate attendance pay.

All amounts are given plus VAT, if such tax is applicable. If tenure as a member of the Supervisory Board is taken up or ended during the year, then remuneration will be awarded pro rata temporis.

In addition to Supervisory Board remuneration, SolarWorld AG also takes responsibility for paying premiums for appropriate insurance protection in accordance with the legal liability inherent in duties on the Supervisory Board (D&O insurance). In accordance with Section 3.8 GCGC, the Supervisory Board voluntarily agreed on July 1, 2010, to a deductible of at least 10 percent for the respective damage and up to at least one and a half times the fixed annual remuneration.

REMUNERATION OF THE SUPERVISORY BOARD 2015

The remuneration of the Supervisory Board for the 2015 fiscal year totaled k€ 517.9 (2014: k€ 311.9), and is shown individually in the following table:

SUPERVISORY BOARD REMUNERATION 2015

	Fiscal year 2015			Fiscal year 2014			
in k€	**Fixed compensation**	**Compensation for committee work**	**Total compensation**	**Fixed compensation**	**Meeting attendance fee**	**Other compensation[1]**	**Total compensation**
Members of the Supervisory Board as at 31/12/2015							
Dr. Georg Gansen (chairman)	120.0	0	120.0	91.9	2.5	12.3	106.7
Heiner Eichermüller	56.8	3.9	60.7	47.1	0	0	47.1
Dr. Khalid K. Al Hajri	40.0	1.9	41.9	23.3	0	0	23.3
Faisal M. Al Suwaidi	40.0	0	40.0	23.3	0	0	23.3
Dr. Andreas Pleßke	40.0	1.9	41.9	23.3	0	0	23.3
Jürgen Wild	40.0	1.9	41.9	23.3	0	0	23.3
Gerald Voigt (deputy chairman)	46.7	0	46.7	-	-	-	-
Wolfgang Lemb	23.3	1.9	25.3	-	-	-	-
Dr. Ute Mareck	23.3	1.9	25.3	-	-	-	-
Olaf Zirr	10.2	0.7	10.9	-	-	-	-
Alexander Richter	10.2	0.7	10.9	-	-	-	-
Albrecht Handke	10.2	0.7	10.9	-	-	-	-
Former Supervisory Board members							
Peter Finger	13.2	0.7	13.8	-	-	-	-
Joachim Götz	13.2	0.7	13.8	-	-	-	-
Anke Martin-Heede	13.2	0.7	13.8	-	-	-	-
Dr. Claus Recktenwald	-	-	-	29.2	2.5	16.0	47.7
Marc M. Bamberger	-	-	-	14.6	2.5	0	17.1
Total compensation	**500.2**	**17.7**	**517.9**	**276.1**	**7.5**	**28.3**	**311.9**

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[1] *Compensation for Supervisory Board membership in subsidiary Solarparc AG*

REPORT BY THE SUPERVISORY BOARD 2015

Dr. Georg Gansen
Chairman of the Supervisory Board

REPORT BY THE SUPERVISORY BOARD 2015

DEAR SHAREHOLDERS,

In the fiscal year 2015, international demand for solar power products increased although strong competition continued to define market environment. For the first time in its history, SolarWorld achieved groupwide shipments of more than one gigawatt – an increase of 33 percent compared with 2014. Earnings before interest and taxes (EBIT) improved significantly compared with the previous year, even though a deficit of € 4 million remained. In the fourth quarter of 2015, a positive EBIT was achieved for the first time again – an important milestone on the path to a sustainable return to profitability.

The group was able to further strengthen its position as a quality provider. While production capacities were extended and new staff recruited, numerous measures were simultaneously implemented to reduce costs and increase efficiency. And with success: In 2015 SolarWorld was the world's largest manufacturer of PERC high-efficiency solar cells and was able to set not just one, but two new efficiency records in this technology. The company also introduced a series of new products, such as the 300-watt solar module and bifacial modules, thereby underlining its claim to provide customers with leading solar power solutions.

The Supervisory Board would like to thank the SolarWorld staff and management for their extraordinary effort and loyalty to the company.

SUPERVISORY ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board once again accompanied the Management Board in an advisory capacity during the past fiscal year and supervised its activities on the basis of written and verbal management reports and Supervisory Board meetings. In addition, the chairman of the Supervisory Board also maintained regular contact with the Management Board outside Supervisory Board meetings. The Management Board informed the Supervisory Board regularly and without delay on all issues relevant to the company's planning, including the financial, investment and HR planning; course of business; ongoing revenue, earnings and liquidity development; economic situation of the company and group, including risk situation and risk management; compliance within the group; strategic realignment of the group within the framework of the restructuring process developed and implemented by the Management Board; as well as important decisions and transactions relating to the company and group. Reporting was as and when appropriate, i.e. when specifically requested by the Supervisory Board, as well as regularly according to the rules of procedure issued by the Supervisory Board for the Management Board. The Supervisory Board also consulted external advisors where necessary. As required by law, as well as by the Articles of Association and the rules of procedure for the Management Board, the Supervisory Board was involved in all decisions of fundamental importance to the company. This applies in particular for transactions requiring approval.

COMPOSITION OF THE SUPERVISORY BOARD

Since the Annual General Meeting (AGM) on May 30, 2014, the Supervisory Board has included six shareholder representatives: Mr. Heiner Eichermüller (Deputy Chairman of the Supervisory Board), Dr. Khalid Klefeekh Al Hajri, Mr. Faisal M. Al Suwaidi, Dr. Andreas Pleßke, Mr. Jürgen Wild and Dr. Georg Gansen.

As of the AGM of June 2, 2015, and on completion of a status procedure pursuant to Section 97 German Stock Corporation Act (AktG), the provisions of the German Co-determination Act apply owing to the circumstance that SolarWorld AG now normally has more than 2,000 but less than 10,000 attributable employees. Since then, the SolarWorld AG Supervisory Board comprises six shareholder representatives elected by the AGM plus six employee representatives.

The AGM of June 2, 2015, re-elected as shareholder representatives the previous members of the Supervisory Board named above. Their term of office ends with the conclusion of the AGM that will decide on the approval of the actions of the members of the Supervisory Board for the 2019 fiscal year. Mr. Peter Finger, Mr. Joachim Götz, Ms. Anke Martin-Heede, Dr. Ute Mareck, Mr. Wolfgang Lemb and Mr. Gerald Voigt were elected to represent the employees and appointed to the Supervisory Board by court order the same

day as a simultaneous ballot was no longer possible due to legal deadlines. Mr. Wolfgang Lemb, Mr. Gerald Voigt, Dr. Ute Mareck, Mr. Olaf Zirr, Mr. Albrecht Handke and Mr. Alexander Richter were elected employee representatives to the Supervisory Board in a ballot that ended on October 5, 2015, when the results of the elections of September 29 and 30, 2015, were officially announced by the central election committee. The previous members appointed by court order, Mr. Peter Finger, Mr. Joachim Götz and Ms. Anke Martin-Heede, therefore ceased to be members of the Supervisory Board. At the constitutive meeting of the equal-representation, co-determined Supervisory Board, Dr. Georg Gansen was confirmed as Chairman of the Supervisory Board, and Mr. Gerald Voigt was elected its Deputy Chairman.

SUPERVISORY BOARD MEETINGS

In fulfilling its obligations, the Supervisory Board held a total of 10 meetings during the reporting period 2015 – on January 12, January 17, January 20, January 24, February 18, February 26, March 18, May 12, August 12 and November 11. Meetings were generally held as physical meetings. Exceptions were the Supervisory Board meetings on January 17, January 20, January 24, February 18 and March 18, all of which were telephone conferences. In addition, the Management Board regularly informed the Supervisory Board by telephone of any current affairs. They also phoned ad hoc in preparation for or to follow up Supervisory Board meetings. All members of the Supervisory Board participated in all the respective board meetings, with the exception of Dr. Al Hajri on January 17, January 20 and January 24; Mr. Al Suwaidi on January 17, January 20, January 24, February 18 and August 12; and Dr. Mareck on August 12.

ADVISORY AND AUDITING PRIORITIES

The ongoing revenue, earnings and liquidity development, as well as short- and medium-term liquidity forecasts for the company were explained to the Supervisory Board at all meetings and then discussed with the Management Board. These topics were dealt with in particular depth during monthly financial reporting teleconferences with the Chief Financial Officer. The focus of the advisory and supervisory activities during fiscal year 2015 was on the critical support of the optimization of production processes and on the coordination of production and sales efforts, as well as other corporate planning processes. Priority was given to individual topics such as the development of the respective national sales markets, the integration of production facilities acquired from Bosch in Arnstadt, the legal dispute with Hemlock (a silicon supplier), the sale of the Auermühle property interest, the company's capital resources and the future remuneration of Management Board members, in particular with regard to variable remuneration.

On February 26, 2015, and in the presence of the auditors, the Supervisory Board discussed the 2014 annual financial statements and the consolidated financial statements, the auditors' report and the auditors' mandate for the 2015 fiscal year.

MAIN TOPICS IN THE INDIVIDUAL SUPERVISORY BOARD MEETINGS

Topics prioritized in individual Supervisory Board meetings were:

On January 12, discussion of the budget for the 2015 fiscal year. The Supervisory Board also approved the foundation of two new entities in Italy and the UK. Compliance was a further focus of this Supervisory Board meeting.

The telephone conferences on January 17, 20 and 24 served the further analysis of the budget for the 2015 fiscal year in due consideration of extended sensitivity analyses and prospects for the 2016/2017 fiscal years. The budget for the 2015 fiscal year was approved at the last telephone conference on January 24.

The telephone conference on February 18 served the preparation of the discussion on the annual financial statements and consolidated financial statements with the auditor, which was scheduled for the following meeting.

At the meeting on February 26, the auditor BDO AG Wirtschaftsprüfungsgesellschaft Bonn presented the preliminary results of the audit of the annual financial statements and the consolidated financial statements for the 2014 fiscal year, which were subsequently discussed by the Supervisory Board. The Supervisory Board also reviewed the group's U.S. strategy. A further discussion dealt with the fact that, owing to an increase in the number of employees, SolarWorld AG has become subject to the German

Co-determination Act and the future Supervisory Board should comprise twelve members, half of which ought to be employee representatives.

The meeting on March 18 adopted the annual financial statements and the consolidated financial statements. It was also agreed to recommend that the AGM should mandate BDO AG Wirtschaftsprüfungsgesellschaft AG with the audit for the 2015 fiscal year.

The meeting on May 12 was designated for a discussion on the results of the first quarter of 2015. The group's sales strategy was also examined in detail. The members of the Supervisory Board were given the opportunity to observe production at SolarWorld Industries Thüringen for themselves. The Supervisory Board also dealt with the introduction of co-determination into the Supervisory Board.

The meeting on August 12 discussed the group's interim report for the first half of 2015. This meeting also focused on production and future site planning. The Supervisory Board also dealt with the legal dispute with the silicon supplier Hemlock. Moreover, the meeting installed committees, which are described in detail below. In addition, draft rules of procedure for the Management and Supervisory Boards were discussed. In accordance with the legal requirements, a target of 20 percent by June 2017 was set for the proportion of female members of the Management Board.

The November 11 meeting in Arnstadt discussed the interim report for the third quarter. The legal dispute with Hemlock was also a matter of further discussion. The meeting approved the extension of the employment contract with Chief Sales Officer Frank Henn to the end of January 2019, as well as rules of procedure for the Management and Supervisory Boards.

COMMITTEES

Following expansion of the Supervisory Board from six to twelve members, a number of new committees were installed: business committee, human resources committee, mediation committee in accordance with Section 27(3) German Co-determination Act, audit committee, technology and development committee and nomination committee. The Supervisory Board had not previously installed committees due to its small number of members. The business committee is responsible for preparing Supervisory Board meetings and taking decisions in urgent matters. The human resources committee deals with Management Board matters. The mediation committee fulfils tasks assigned on the basis of Section 27(3) Co-determination Act. The audit committee focuses on monitoring accounting, controlling, risk management and auditing. As stated in the declaration of compliance with the German Corporate Governance Code, no individual member of the Supervisory Board fulfils all the requirements of expert in the field of accounting and internal control processes. Where appropriate, the Supervisory Board and the audit committee draw on external experts to support their members in the execution of their duties. The technology and development committee deals with production technology, research and development and supply chain management. In the 2015 fiscal year it dealt with, i. a. the technology plan, production plans, production-site alignment and logistics plans. From its inauguration in August to the end of the year, the committee also visited the three production sites in Freiberg, Arnstadt and Hillsboro. The nomination committee recommends, if and when required, candidates to the Supervisory Board at the AGM.

ADVISORY AND AUDITING ACTIVITIES ON THE 2015 ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The AGM appointed BDO AG Wirtschaftsprüfungsgesellschaft to audit the annual financial statements and consolidated financial statements of SolarWorld AG for the 2015 fiscal year, as well as the management report for the fiscal year from January 1, to December 31, 2015. The Supervisory Board subsequently discussed and assigned the audit mandate.

The auditors reviewed the 2015 SolarWorld AG management report and the annual financial statements prepared according to the German Commercial Code (HGB) accounting rules and awarded the unqualified audit opinion. This status was also awarded to the consolidated financial statements and group management report prepared according to IFRS accounting rules. The auditors confirmed that the consolidated financial statements complied with the conditions required for exemption from preparing financial statements under German law. In addition, they also

checked the early risk detection system at SolarWorld AG and determined that it fulfils the management responsibilities stipulated in the German Control and Transparency in Business Act (KonTraG).

The financial statements and auditor's reports were presented to the Supervisory Board in good time. They were discussed in detail and checked in the presence of the auditor on February 25, 2016. The auditor reported on the audit procedure and the essential findings of the audit. The Supervisory Board recorded notes from the audit reports and discussed these with the Management Board.

On examination of the annual financial statements as at December 31, 2015, with the management report and the consolidated financial statements with the group management report, the Supervisory Board found no grounds for objection. The Supervisory Board accepted the auditors' opinion and approved the respective documents on March 16, 2016. The annual financial statements of the SolarWorld AG are thereby adopted.

DECLARATION OF COMPLIANCE AND CORPORATE GOVERNANCE

Corporate governance plays a major role for the Supervisory Board. It presents its report on the topic together with the Management Board in the Corporate Governance Report, which is part of the Group Management Report.

In November 2015, the Supervisory Board and Management Board issued the annual declaration of compliance with the German Corporate Governance Code and published it on the company's website.

The remuneration of Supervisory Board members is published in the Remuneration Report, which is part of the Group Management Report.

The Supervisory Board identified no conflicts of interest among its members in the 2015 fiscal year.

An efficiency review of the Supervisory Board as recommended by the German Corporate Governance Code was last performed during the 2013 fiscal year. No further efficiency review has been conducted since then due to changes in the composition of the Supervisory Board in 2014 and 2015. An efficiency review is scheduled for 2016, after the Supervisory Board has worked together in its current size and composition for about one year.

CHANGES IN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

There were no personnel changes in the Management Board in 2015. Mr. Frank Henn was confirmed as member of the Management Board of SolarWorld AG for a further three years until January 31, 2019, with effect from November 22, 2015. The conditions of his employment are in line with the tasks at hand and the market, and are in a balanced relation to the employment conditions of the other Management Board members

Changes in the Supervisory Board are a necessary consequence of the first implementation of the German Co-determination Act. Details are given in the section "Composition of the Supervisory Board."

Bonn, March 16, 2016
The Supervisory Board

The Supervisory Board
Dr. Georg Gansen
Chairman

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DATED

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE BUSINESS YEAR JANUARY 1, 2015 TO DECEMBER 31, 2015

CONSOLIDATED INCOME STATEMENT

in k€		Notes	2015	2014
1.	Revenue	2.23, 3, 15	763,465	573,382
2.	Change in inventories of finished goods and work in progress	2.11, 2.23, 24	24,512	36,328
3.	Own work capitalized	4	3,852	1,438
4.	Other operating income	2.23, 5	102,574	232,784
5.	Cost of materials	6	-519,143	-422,938
6.	Personnel expenses	7	-157,989	-138,281
7.	Amortization and depreciation	2.8, 8, 16	-44,966	-45,440
8.	Other operating expenses	2.23, 9	-176,456	-174,898
9.	**Operating result**		**-4,151**	**62,375**
10.	Result from investments measured at equity	2.3.2, 11, 20	-12,877	-9,578
11.	Interest and similar financial income	2.23, 11	128	496
12.	Interest payable and similar financial expenses	2.23, 11	-28,687	-38,353
13.	Other financial result	2.23, 11	742	557,709
14.	**Financial result**		**-40,694**	**510,274**
15.	**Result before taxes on income**		**-44,845**	**572,649**
16.	Taxes on income	2.24, 12	11,563	-108,485
17.	**Consolidated net result**		**-33,282**	**464,164**
	Of which attributable to:			
	- Shareholders of SolarWorld AG		-33,282	464,164
18.	**Earnings per share**	13		
	a) Weighted average number of shares outstanding (in 1,000)		14,896	12,794
	b) Consolidated net result (in €)		**-2.23**	**36.28**

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STATEMENT OF CONSOLIDATED COMPREHENSIVE RESULT

in k€ – Note 14	2015	2014
Consolidated net result	**-33,282**	**464,164**
Profit/loss from remeasurement of definded benefit plans		
Profit/loss from remeasurement of definded benefit plans, before tax	867	-1,818
Deferred taxes on profit/loss from remeasurement of definded benefit plans	-260	543
Profit/loss from remeasurement of definded benefit plans, net of tax	**607**	**-1,275**
Items not to be reclassified to profit or loss	**607**	**-1,275**
Exchange differences from currency translations		
Unrealized currency translation gains	9,885	17,492
Deferred taxes relating to exchange differences on translating foreign operations	-7,001	-12,352
Exchange differences from currency translations, net of tax	**2,884**	**5,140**
Items that may be reclassified subsequently to profit	**2,884**	**5,140**
Other comprehensive net result	**3,491**	**3,865**
Of which:		
Other comprehensive result before tax	10,752	15,674
Deferred taxes relating to other compehensive result	-7,261	-11,809
Total comprehensive result	**-29,791**	**468,029**
Of which attributable to:		
- Shareholders of SolarWorld AG	-29,791	468,029

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CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2015

Assets in k€		Notes	Dec 31, 2015	Dec 31, 2014
A.	**Non-current assets**		**367,182**	**412,044**
I.	Intangible assets	2.6, 2.8, 16, 17	23,301	13,800
II.	Property, plant and equipment	2.7, 2.8, 16, 18	319,825	344,735
III.	Investment property	2.9, 16, 19	0	14,795
IV.	Investments measured at equity	2.3.2, 20	8,986	10,583
V.	Other financial assets	2.14, 21, 40	3,062	5,254
VI.	Other non-current assets	2.10, 23	9,736	21,310
VII.	Deferred tax assets	2.24, 12, 22	2,272	1,567
B.	**Current assets**		**500,157**	**494,270**
I.	Inventories	2.11, 24	171,563	158,063
II.	Trade receivables	2.12, 25	97,402	75,851
III.	Current income tax assets	2.24, 12, 26	187	809
IV.	Other receivables and assets	2.13, 27	17,510	32,030
V.	Other financial assets	2.14, 2.18, 28, 40	24,853	50,420
VI.	Liquid funds	2.15, 29, 40, 41	188,642	177,097
C.	**Assets held for sale**	2.16, 30	**1,369**	**9,027**
			868,708	**915,341**

Equity and liabilities in k€		Notes	Dec 31, 2015	Dec 31, 2014
A.	**Equity**	31	**208,877**	**238,668**
	1. Subscribed capital		14,896	14,896
	2. Capital reserve		158	158
	3. Other reserves		14,725	11,234
	4. Accumulated results		179,098	212,380
B.	**Non-current liabilities**		**446,157**	**508,974**
I.	Non-current financial liabilities	2.17, 2.18, 32, 40	348,627	391,582
II.	Accrued investment grants	2.19, 33	23,921	29,101
III.	Non-current provisions	2.20, 2.21, 34	23,524	33,772
IV.	Other non-current liabilities	2.22, 35	18	111
V.	Deferred tax liabilities	2.24, 12, 36	50,067	54,408
C.	**Current liabilities**		**213,674**	**167,699**
I.	Current financial liabilities	2.17, 2.18, 32 ,40	57,222	58,297
II.	Trade payables	2.17, 40	77,771	42,291
III.	Income tax liabilities	2.24, 12, 37	1,398	2,987
IV.	Current provisions	2.21, 34	6,831	15,674
V.	Other current liabilities	2.22, 35	70,452	48,450
			868,708	**915,341**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Other reserves		Total
in k€ – Notes 2.4, 31	Subscribed capital	Capital reserve	Currency translation reserve	IAS 19 reserve	Accumulated results	
As at Jan 1, 2014	**110,795**	**68**	**7,997**	**-628**	**-361,317**	**-243,084**
Capital reduction	-110,056	-	-	-	110,056	-
Capital increase by contribution in kind	14,151	-	-	-	-604	13,547
Disposal of treasury shares	6	90	-	-	81	177
Total comprehensive result	-	-	5,140	-1,275	464,164	468,029
As at Dec 31, 2014	**14,896**	**158**	**13,137**	**-1,903**	**212,380**	**238,668**
Total comprehensive result	-	-	2,884	607	-33,282	-29,791
As at Dec 31, 2015	**14,896**	**158**	**16,021**	**-1,296**	**179,098**	**208,877**

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CONSOLIDATED CASH FLOW STATEMENT

	in k€ – Note 41	2015	2014
	Result before tax	-44,845	572,649
+	Amortization and depreciation	44,966	45,440
+	Financial result (excluding profits and losses from currency translation and restructuring profit)	42,030	48,545
-	Profit from disposal of assets	-343	-1,430
-	Reversal of accrued investment grants	-4,949	-4,813
-	Gain resulting from a business combination (badwill)	0	-136,522
-	Other material non-cash income	-21,151	-534,474
=	Cash flow from operating result	15,708	-10,605
+	Changes in prepayments and customer advances	23,151	15,931
-	Increase in inventories	-21,507	-33,299
-	Increase in trade receivables	-19,953	-28,979
+	Increase in trade payables	26,215	20,854
+	Development in other net assets	30,741	3,459
=	Cash flow from operating result and changes in net assets	54,355	-32,639
+	Interest received	104	376
-	Taxes on income paid	-1,998	-4,426
=	**Cash flow from operating activities**	**52,461**	**-36,689**
-	Cash payments for investments in fixed assets	-41,540	-12,387
+	Cash receipt from investment grants	1,247	8,288
+	Cash receipts from the disposal of fixed assets	32	5,832
+	Cash payments from negative purchase price	33,800	81,000
=	**Cash flow from investing activities**	**-6,461**	**82,733**
+	Cash payments from borrowings	300	52,592
-	Cash payments from the repayment of loans	-31,258	-61,374
-	Interest paid	-26,683	-22,304
-	Restructuring expenses paid	0	-6,347
-	Cash payments for equity measures	0	-862
+	Cash receipts from the disposal of treasury shares	0	177
=	**Cash flow from financing activities**	**-57,641**	**-38,118**
-/+	Net changes in cash and cash equivalents	-11,641	7,926
+	Consolidation-related change of cash and cash equivalents	17,425	0
+	Currency-related change of cash and cash equivalents	5,761	5,509
+	Cash and cash equivalents at the beginning of the period	177,097	163,662
=	**Cash and cash equivalents at the end of the period**	**188,642**	**177,097**

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CONSOLIDATED NOTES

GENERAL DISCLOSURES AND ACCOUNTING POLICIES

1. GENERAL INFORMATION

SolarWorld AG is a listed corporation domiciled at Martin-Luther-King-Straße 24, Bonn, Germany. SolarWorld AG's Management Board prepared the consolidated statements on March 15, 2016.

SolarWorld group is the largest manufacturer of solar power products outside of Asia. SolarWorld AG and its subsidiaries research, develop, produce and recycle on all levels of the solar value added chain. The focus of operations is on the production and international distribution of high-end solar energy facilities – from rooftop solar systems to components for outdoor solar parks. The products can be used both in the on- and off-grid area.

In accordance with § 315a HGB, SolarWorld AG prepared its consolidated financial statements per December 31, 2015 pursuant to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as applicable in the European Union ("EU-Endorsement") at balance sheet date as well as to the interpretations of the IFRS Interpretations Committee (IFRS IC). In addition, the commercial law regulations further stated in § 315a para. 1 HGB were taken into account. All mandatory applicable standards and interpretations have been considered. Non-mandatory IFRS have not been adopted.

The consolidated financial statements are prepared in Euro. Unless otherwise stated, all amounts are rounded either up or down to the nearest full thousand Euro (k€) in accordance with commercial rounding.

The income statement was prepared in accordance with the nature of expense method. Balance sheet classifications follow maturities. For the purpose of clear and more comprehensive presentation, individual items are combined on balance sheet and income statement. Additional details are given in the notes where those items are presented separately.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been in principle prepared on the historical cost basis. However, a number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, SolarWorld group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as realizable value in IAS 2 or value in use in IAS 36.

A market price is not always being readily available and a fair value cannot be reliably determined, but must often be calculated based on different measurement parameters. For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

SolarWorld group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The principal accounting policies are set out below. They basically correspond with those principles applied last year except for those stated as an exception from that rule below.

2.2 CHANGES IN ACCOUNTING POLICIES

First-time mandatory adoption of standards and interpretations for 2015

The following standards and interpretations or substantial amendments became bindingly applicable for the first time in the business year 2015.

- **IFRIC 21 - LEVIES.** On May 20, 2013 the IASB issued IFRIC 21 "Levies", an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" that was adopted into European law on June 13, 2014. The interpretation determines the accounting for levies imposed by governments, other than income taxes according to IAS 12, and clarifies in particular when an entity should recognize a liability to pay a levy. The interpretation is mandatorily effective for accounting periods beginning on or after January 1, 2014. In the context of the endorsement, the mandatory effective date was deferred to fiscal years beginning on or after June 17, 2014; earlier adoption was permitted. The amendment does not materially affect the consolidated financial statements of SolarWorld AG.

Improvements to IFRS. On December 12, 2013, the IASB also issued the annual improvements for the 2011 to 2013 cycle in terms of smaller and less urgent adjustments that were adopted into European law on December 18, 2014. The following selected contents of the collective standard regarding improvements of IFRS had to be taken into account upon preparing the consolidated financial statements for SolarWorld group:

- **IFRS 3 – Business Combinations:** Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13 – Fair Value Measurement:** Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- **IAS 40 – Investment Property:** The acquisition of investment property can meet the definition of both the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3. It is clarified, that in case the conditions of a business combination in the scope of IFRS 3 are met and the business combination includes investment property, the separate application of both standards independently of each other is required.

The amendments are mandatorily effective for accounting periods beginning on or after July 1, 2014. In the context of the endorsement, the mandatory effective date was deferred to fiscal years beginning on or after January 1, 2015; earlier adoption was permitted. The amendments do not materially affect the consolidated financial statements of SolarWorld AG.

In the current period, the option of an earlier adoption of any non-mandatory standards or interpretations has not been used by SolarWorld AG.

Standards and interpretations not yet mandatory

The following standards and interpretations have been issued by the IASB. Their adoption has not been mandatory at the present time and must be endorsed partially by the EU:

IFRS 9 – FINANCIAL INSTRUMENTS. On November 12, 2009 the IASB issued the new standard IFRS 9 "Financial Instruments" on the classification and measurement of financial assets. This standard is the first part of the three-part project to completely replace IAS 39 "Financial Instruments: Recognition and Measurement". In accordance with the approach of IFRS 9 financial assets are measured at amortized cost or fair value. The classification to one of the two measurement categories is based on how an entity manages its financial instruments (so called business model) and the contractual cash flow characteristics of the financial assets. On October 28, 2010 the IASB issued requirements on the accounting for financial liabilities which amend IFRS 9 "Financial Instruments" and complete the classification and measurement phase of the IASB's project to replace IAS 39 "Financial Instruments: Recognition and Measurement". With the new requirements, an entity choosing to measure liabilities at fair value will recognize the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income within equity and not in profit and loss. Issuing amendments to IFRS 9 "Financial Instruments" and to IFRS 7 "Financial Instruments: Disclosures" on December 16, 2011, the IASB defers the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. In addition the amendment provides relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9; earlier application is permitted. Instead, additional transition disclosures have been added to IFRS 7 to help users of the financial statements to understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments. On November 19, 2013 the IASB issued amendments to IFRS 9 "Financial Instruments" (Hedge Accounting and Amendments to IFRS 9; IFRS 7 and IAS 39). The amendments to IFRS 9 establish a new model that represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. In addition, extensive disclosures are required. Moreover recognizing fair value changes of liabilities due to credit rating within equity will be possible to be earlier adopted without applying the complete regulations of IFRS 9. Furthermore the IASB decided to abandon the mandatory date of January 1, 2015; a new date should be decided upon when the entire IFRS 9 project is closer to completion. On July 24, 2014 the IASB issued the final version of IFRS 9 "Financial Instruments". The new version includes revised requirements for the classification and measurement of financial assets and for the first time regulations on the impairment of financial instruments; with the new "expected loss model" losses are recognized earlier because both existing and expected losses are recognized. The new regulations must be applied for fiscal years beginning on or after January 1, 2018. In general they must be applied retrospectively, but various transition options are allowed; earlier application is permitted. The EU has not yet endorsed the standard. Currently, Management is not able to finally assess what impact adoption of the standard will have – if endorsed by the EU in the current version.

AMENDMENTS TO IAS 19 - DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS. On November 21, 2013 the IASB issued narrow-scope amendments to IAS 19 "Employee Benefits" titled "Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)" that were adopted into European law on December 17, 2014. The amendments are applicable to recognizing contributions of employees or third parties to defined benefit plans. Hereby it will be allowed to recognize employees' or third parties' contributions as a reduction of current service costs in the period in which the corresponding servicing has been rendered if the contributions are independent of the number of years of employee service. The amendments to IAS 19 are to be applied for accounting periods beginning on or after July 1, 2014. In the context of the endorsement, the mandatory effective date was deferred to fiscal years beginning on or after February 1, 2015; the option of an earlier adoption has not been used by SolarWorld. The amendments do not materially affect the consolidated financial statements of SolarWorld AG.

IMPROVEMENTS TO IFRS. On December 12, 2013, the IASB issued the annual improvements for the 2010 to 2012 cycle in terms of smaller and less urgent adjustments that were also adopted into European law on December 17, 2014. The following selected contents of the collective standard regarding improvements of IFRS had to be taken into account upon preparing the consolidated financial statements for SolarWorld group:

- **IFRS 2– Share-based Payment:** Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- **IFRS 3 – Business Combinations:** Clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.
- **IFRS 8 – Operating Segments:** Requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments. Clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- **IFRS 13 – Fair Value Measurement:** Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **IAS 16 – Property, Plant and Equipment:** Clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 – Related Party Disclosures:** Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- **IAS 38 – Intangible Assets:** Clarifies that when an intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The amendments are mandatorily effective for accounting periods beginning on or after July 1, 2014. In the context of the endorsement, the mandatory effective date was deferred to fiscal years beginning on or after February 1, 2015; 2015; earlier adoption is permitted. The amendments do not materially affect the consolidated financial statements of SolarWorld AG.

AMENDMENTS TO IFRS 11 – JOINT ARRANGEMENTS. On May 6, 2014 the IASB issued amendments to IFRS 11 "Joint Arrangements" clarifying that both the initial and subsequent acquisition of interests in a joint operation that constitutes a business must be accounted for in line with the principles of IFRS 3 "Business Combinations" except where these principles conflict with the guidance in IFRS 11. In addition, the disclosure requirements of IFRS 3 must be met. The amendments are to be applied for fiscal years beginning on or after January 1, 2016; earlier application is permitted. The EU has endorsed the amendments on November 24, 2015. Currently, Management does not expect the amendments to have a material impact on the Group's consolidated financial statements.

AMENDMENTS TO IAS 16 – PROPERTY, PLANT AND EQUIPMENT AND IAS 38 – INTANGIBLE ASSETS. On May 12, 2014 the IASB issued amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" providing additional guidelines for determining an acceptable method of depreciation or amortization. They have been adopted into European law on December 2, 2015. The amendments clarify that revenue-based methods are not appropriate for calculating the depreciation of property, plant and equipment and are only appropriate in limited circumstances for calculating the amortization of intangible assets. The amendments are to be applied for fiscal years beginning on or after January 1, 2016; earlier application is permitted. Currently, Management does not expect the amendments to have a material impact on the Group's consolidated financial statements.

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS. On May 28, 2014 the IASB issued the new standard IFRS 15 "Revenue from Contracts with Customers". The purpose of the new standard on revenue recognition is to bring together the large number of existing guidelines contained in various standards and interpretations. At the same time it establishes uniform core principles to be applied to all industries and all types of revenue transactions. A 5-step model is used to determine at which point in time or over which period of time revenues are to be recognized and in what amount. The standard also includes further detailed guidance and extended disclosure requirements. Due to the amendment to IFRS 15 issued on September 11, 2015, the mandatory effective date was deferred from fiscal years beginning on or after January 1, 2017 to fiscal years beginning on or after January 1, 2018. In general it must be applied retrospectively, but various transition options are allowed; early adoption continues to be permitted. The EU has not yet endorsed the standard. Currently, Management is not able to finally assess what impact adoption of the standard will have – if endorsed by the EU in the current version.

AMENDMENTS TO IFRS 10 – CONSOLIDATED FINANCIAL STATEMENTS AND IAS 28 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (2011). On September 11, 2014 the IASB issued amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)". The amendments address a well-known inconsistency between the two standards regarding the accounting of the sale or contribution of assets between an investor and its associate or joint venture. When a transaction involves a business in accordance with IFRS 3, a full gain or loss has to be recognized by the investor; when the transaction involves assets that do not constitute a business, only a partial gain or loss has to be recognized. The amendments are effective for fiscal years beginning on or after January 1, 2016; earlier application is permitted. The EU has not yet endorsed the amendments. Currently, Management does not expect the amendments – if endorsed by the EU in the current version – to have a material impact on the Group's consolidated financial statements.

Improvements to IFRS. On September 25, 2014 the IASB issued the annual improvements for the 2012 to 2014 cycle in terms of smaller and less urgent adjustments that have been adopted into European law on December 15, 2015. In the context amendments of four standards were published: IFRS 5 "Non-current Assets held for Sale and Discontinued Operations", IFRS 7 "Financial Instruments: Disclosures", IAS 19 "Employee Benefits" and IAS 34 "Interim Financial Reporting". The amendments are effective for fiscal years beginning on or after January 1, 2016 and have to be applied prospectively or retrospectively depending on the respective amendment; earlier application is permitted. Currently, Management does not expect the amendments to have a material impact on the Group's consolidated financial statements.

IFRS 16 – Leases. On January 13, 2016 the IASB issued the new standard IFRS 16 "Leases". IFRS 16 supersedes the existing applicable standard IAS 17 and related interpretations IFRIC 4, SIC-15 and SIC-27. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance lease. The lessor's accounting model regulated in IAS 17 largely remains unchanged. The new standard is effective for fiscal years beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 "Revenue from Contracts with Customers" has also been applied. The EU has not yet endorsed the standard. Currently, Management is not able to finally assess what impact adoption of the standard will have – if endorsed by the EU in the current version.

AMENDMENTS TO IAS 12 – INCOME TAXES. On January 19, 2016 the IASB has published final amendments to IAS 12 "Income Taxes" concerning the recognition of deferred taxes for unrealized losses. The amendments clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for fiscal years beginning on or after January 1, 2017; earlier application is permitted. The EU has not yet endorsed the standard. Currently, Management is not able to finally assess what impact adoption of the standard will have – if endorsed by the EU in the current version.

AMENDMENTS TO IAS 7 – STATEMENT OF CASH FLOWS. On January 29, 2016 the IASB has published final amendments to IAS 7 "Statement of Cash Flows". The amendments are intended to clarify IAS 7 to improve information to users of financial statements about an entity's financing activities. They are effective for fiscal years beginning on or after January 1, 2017; earlier application is permitted. The EU has not yet endorsed the standard. Currently, Management is not able to finally assess what impact adoption of the standard will have – if endorsed by the EU in the current version.

The following new or amended standards are not expected to have any or any significant impact on the Group's consolidated financial statements and are not presented in detail:

New or amended standards	Possible impact on consolidated finacial statements
IFRS 14 – Regulatory Deferral Accounts	**None.** The standard is available only to first-time adopters of IFRSs.
Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the consolidation exception	**None.** The amendments address issues that have arisen in the context of applying consolidation exception for investment entities.
Amendments to IAS 1 – Disclosure initiative	**Not expected to have a significant impact.** The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their final reports. The initiative is made up of a number of smaller measures aimed at improving the presentation and disclosure principles and requirements in existing Standards.
Amendment to IAS 27 – Equity Method in seperate financial statements	**None.** As the amendments to IAS 27 concern an entity's separate financial statements, it does not have any impact on the Group´s consolidated financial statements.
Amendment to IAS 16 and IAS 41 – Agriculture: Bearer Plants	**None.** SolarWorld group is not engaged in agricultural activities.

Changes in accounting methods

SolarWorld AG has applied all accounting principles endorsed by the EU and compulsory for accounting periods beginning before or on January 1, 2015, if affecting these consolidated financial statements. We refer to our comments stated above.

2.3 BASIS OF CONSOLIDATION AND GROUP STRUCTURE

2.3.1 Subsidiaries

The consolidated financial statements incorporate the financial statements of SolarWorld AG and all domestic and foreign entities (including structured entities). Subsidiaries are fully consolidated once the group has control. Control is achieved when SolarWorld AG:

- has power over the investee,
- is exposed, or has rights, to variable return from the investment with the investee and
- has the ability to use its power to affect the returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that the there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begin when SolarWorld AG obtain control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with SolarWorld group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions of the Group are eliminated in full on consolidation.

The following additions apply with regard to recognition of project entities that were or are specially established for the construction, operation and marketing of solar parks: Amongst other things, SolarWorld group's operations include the development, construction and marketing of solar parks. For this purpose, special project entities are founded that are fully consolidated in the consolidated financial statements if SolarWorld group controls them in terms of IFRS 10. Deliveries and services rendered to the respective project entity by SolarWorld group within the consolidation period therefore do not result in revenue recognition but instead either result in an increase of inventories through work in progress or finished goods or of fixed assets in the case of external marketing not scheduled in the medium-term. Revenue recognition occurs at the time of deconsolidation, i.e. when SolarWorld group no longer controls the project entity. Since the construction and marketing of solar parks is part of SolarWorld group's operations, deconsolidation of project entities, from an economic point of view, equals the sale of

a solar park that is therefore recognized as a revenue transaction on the income statement and shown in the cash flow from operating activities on the cash flow statement.

For capital consolidation, cost of the investment is offset with the proportional equity amount - measured at fair value – at the time of acquisition. A resulting positive difference is allocated to the assets insofar as their carrying amount differs from the fair value. Any remaining positive difference is considered goodwill. A negative difference is recognized through profit and loss.

a) Changes in SolarWorld group's ownership interest in existing subsidiaries

Changes in SolarWorld group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. In the scope of an equity transaction, the additional acquisition only concerns the allocation of the owners' residual claims. Hence, recognition of assets and liabilities remain unchanged. Within equity, however, a shift in value takes place between majority owners and non-controlling owners.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between

- the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- the previous carrying amount of the assets (including goodwill), and liablities of the subsidiary and any non-controlling interest.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

b) Business combinations

Business combinations are accounted for using the acquisition method. Costs of a business combination consist of the balance of the transferred consideration measured at fair value as of acquisition date and - if applicable - the non-controlling interests in the acquired entity. Acquisition-related costs are generally recognized in profit or loss as incurred.

If an entity is acquired, the classification and designation of the financial assets and assumed liabilities is assessed in compliance with the contract terms, economic framework and conditions prevailing at the time of acquisition.

Upon initial recognition, goodwill is measured at cost as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree - if any - over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, a negative difference arises from the acquisition (badwill), the excess is recognized immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete by the end of a reporting period, SolarWorld reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. Measurement period cannot exceed one year from the acquisition date.

2.3.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint agreement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint Control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are recognized in accordance with the equity method.

Investments in other companies accounted for using the equity method are recognized on the balance sheet at cost in consideration of changes that occurred after the acquisition date regarding the Group's participation in the investee's equity, of the hidden reserves and burdens recognized at acquisition as well as of the unrealized proportionate intercompany results from transactions with the investee. Goodwill connected with the investment is included in the carrying amount of the investment and is subject to neither regular amortization nor separate impairment tests.

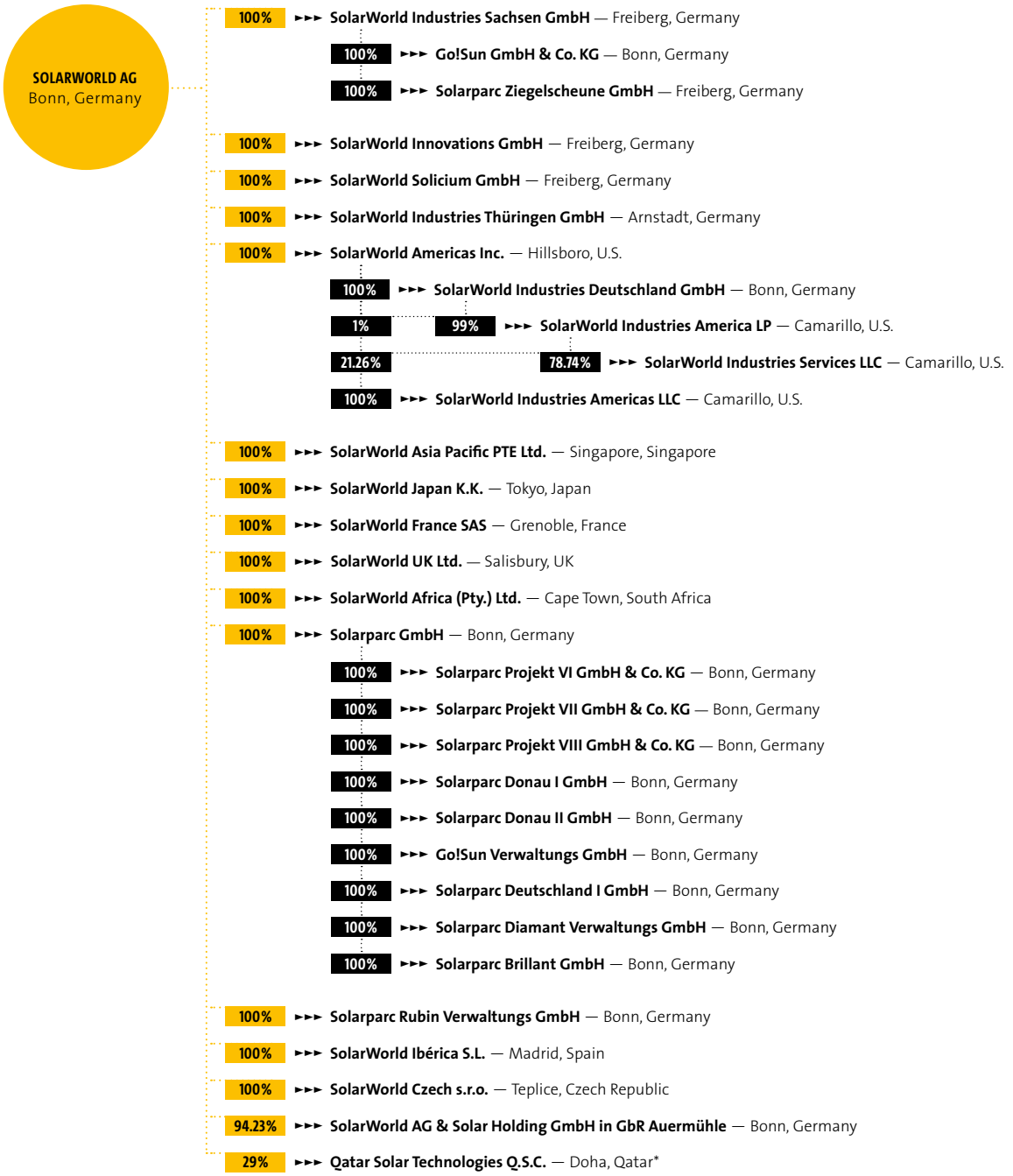
The consolidated income statement contains in the line item "result from investments measured at equity" the Group's share in the profit or loss of the investee including the effects of the development of the disclosed hidden reserves and burdens. These concern profit allocable to the investors and, thus, profit after tax and non-controlling interests in the investee's subsidiaries. The Group recognizes any changes recognized directly in the investee's equity to the extent of its share. Unrealized intercompany results from transactions between the investee and the Group are also eliminated through the item "result from investments measured at equity" in accordance with the latter's share in the investee.

The financial statements of the investments are prepared as per the same balance sheet date as those of the parent. When necessary, adjustments are made to the financial statements of investments to bring their accounting policies into line with SolarWorld group's accounting policies.

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's investment. As per each balance sheet date, the Group determines whether there is any evidence indicating that the investment in an associate or joint venture could be impaired. If this is the case, the difference between the recoverable amount of the investment in an associate or joint venture and the carrying amount of the investment is recognized in profit or loss.

2.3.3 GROUP STRUCTURE

The consolidated financial statements of SolarWorld AG per December 31, 2015 include all entities listed below:



** Consolidated at equity*

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In January 2015, SolarWorld AG founded a sales company named SolarWorld Japan K.K., located in Tokyo/Japan.

In June 2015, SolarWorld AG founded a further sales company named SolarWorld UK [Salisbury] Ltd., located in Salisbury/UK. On November 4, 2015, the company was renamed to SolarWorld UK Ltd.

In the second quarter of 2015 both Solarparc Projekt VII GmbH & Co. KG and Solarparc Projekt VIII GmbH & Co. KG were founded. The entry in the entities' commercial register took place on April 1, 2015, each.

With contract dated September 3, 2015, Solarparc Projekt V GmbH & Co. KG was sold to a third party investor. The entity was deconsolidated in the reporting period, which made for revenue of k€ 2,105.

SolarWorld Czech s.r.o., Teplice/Czech Republic, a 100 percent subsidiary of SolarWorld AG, Bonn, is currently in liquidation. The liquidation was entered in the entity's commercial register per May 1, 2015.

Liquidation of SolarWorld Schalke GmbH has been completed in the reporting period and the company was deleted from the commercial register on May 29, 2015.

SolarWorld AG & Solar Holding GmbH in GbR Auermühle (hereinafter referred to as "Auermühle") was fully consolidated so far due to the existing option granted to SolarWorld AG or Solar Holding Beteiligungsgesellschaft mbH respectively to acquire or sell further 45 percent of the shares in the entity. In the fourth quarter of 2015 SolarWorld AG, however, decided to sell its shares in the entity or Auermühles' property held as business asset respectively ("transaction"), in order to improve the liquidity position of the SolarWorld group. Due to the changed circumstances and the measures taken in this respect, SolarWorld AG lost the ability to control Auermühle. Consequently, the company was deconsolidated as of November 30, 2015. From that date, the investment in Auermühle had to be qualified as a joint venture in the sense of IFRS 11.16. Thus, the investment in Auermühle pursuant to IFRS 11.24 was accounted for using the equity method in accordance with IAS 28.

Finally, the transaction was carried out by way of an asset deal with effect from December 31, 2015. This has led to an increase of SolarWorld AG's shares in Auermühle to 94.23 percent and SolarWorld AG resumed control over Auermühle. Consequently, Auermühle was fully consolidated as of December 31, 2015 again.

SolarWorld Industries Sachsen GmbH, Solarparc GmbH, SolarWorld Innovations GmbH, SolarWorld Industries Deutschland GmbH, Solarparc Ziegelscheune GmbH and SolarWorld Solicium GmbH utilize the disclosure and preparation facilitations provided by § 264 para. 3 HGB.

2.4 CURRENCY TRANSLATION

The functional currency of SolarWorld group is the Euro (€). Financial statements of the consolidated companies that are presented in foreign currencies are translated into Euro (€) in accordance with the concept of functional currency as set forth by IAS 21. The functional currency of foreign companies is determined by the primary economic environment in which the company principally generates and uses means of payment. Within SolarWorld AG, functional currency basically equals the domestic currency with the exemption of SolarWorld Asia Pacific PTE Ltd. and Qatar Solar Technologies Q.S.C. whose functional currency is US$.

For the purpose of translating the foreign companies' financial statements into the reporting currency of the Group, assets and liabilities are translated per closing rate while expenses and revenue are translated by means of the average annual rate. Due to the application of the closing date method, differences resulting from the translation are transferred to a currency exchange reserve, thereby not affecting profit or loss. The amount recognized in the reserve for a foreign operation is re-recognized and shown on the income statement upon disposal of the foreign operation.

The following exchange rates were used for currency translation:

		Closing rate		Average rate	
1 € =		**Dec 31, 2015**	**Dec 31, 2014**	**2015**	**2014**
U.S.	USD	1.09	1.21	1.11	1.32
South Africa	ZAR	16.99	14.04	14.17	14.34
Czech Republic	CZK	27.02	27.74	27.28	27.55
Japan	JPY	131.12	n/a	134.31	n/a
U.K.	GBP	0.74	n/a	0.73	n/a

2.5 SUBSTANTIAL JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS OF MANAGEMENT

In the scope of preparing the consolidated financial statements in consideration of IFRS, some items require that judgments, estimations and assumptions are made which affect recognition and measurement of assets and liabilities on the balance sheet or the amount and presentation of revenue and expenses on the Group's income statement as well as the statement of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in future periods may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following substantial judgments, estimates and assumptions were made when the Group's financial statements in 2015 were prepared:

The consolidated financial statements are based on the assumption of a going concern.

Furthermore, the most significant assumptions and estimations concern the measurement of inventories, usability of deferred tax assets, impairment tests for fixed assets, the accounting of long-term purchase agreements for silicon concluded in the past and measurement of provisions, especially provisions for litigation risks and warranties. These assumptions and estimations are based on premises that are, in turn, based on the respective state of knowledge currently available. However, these circumstances and assumptions regarding future developments can change due to market fluctuations and the market situation as well as legal assessments to the contrary that lie outside the Group's influence.

Assumptions regarding expected business development are especially based on the existing circumstances at the time of preparation of the consolidated financial statements and the future development of the global and sector-specific environment as is deemed realistic at the time.

The Group's impairment tests are based on calculations using the discounted cash flow method. The cash flows are derived from the finance plan of the next three years whereas future expansion investments that are not yet being implemented and will increase the earning power of the tested cash-generating unit are not included. The recoverable amount greatly depends on the discount rate used in the scope of the discounted cash flow method as well as on the expected future cash inflows and the growth rate used for extrapolation. More details on the basic assumptions for determining the recoverable amount for the cash-generating unit are provided in note 8.

Especially with regard to measurement on the basis of the recoverable amount, the inventory measurement is based on assumptions regarding the expected sales prices and costs expected to be incurred until completion. As a basic principle, we assumed that raw materials and consumables as well as work in progress are further processed to modules and sold as modules.

With regard to long-term purchase agreements for silicon concluded in the past and the respective prepayments made, assumptions are made that relate to the legal validity of the agreements and, as regards to their extent, on the measurement of such prepayments. Such assumptions are subject to considerable uncertainties and are essentially based on estimations of the company's legal consultants, on market data and our own estimations.

With respect to the legal validity of the agreements, the company assumes, based on legal opinions prepared by third parties that purchase commitments from contracts in a total amount of some € 0.5 billion (calculated on the basis of originally agreed prices) most probably violate EU anti-trust laws and therefore are null and void. Thus, in the accounting, the company neither set up a provision for onerous contracts in terms of IAS 37 nor deducted it from prepayments made. With regard to the accounting of the respective prepayments made (carrying amount € 81.3 million), the company assumes that it is unrealizable. The prepayments were therefore completely written off already in the past. We refer to our comments in note 42.

Due to uncertainties in the scope of legal disputes as well as possible changes of strategy, the accounting and measurement of the long-term contracts is subject to periodic reestimation upon changing circumstances over time. The recognition and calculation of the impairments as at the balance sheet date is based on a scenario that the Management Board considers the most probable under the circumstances at balance sheet date.

The warranty provision is set up for specific individual risks, for the general risk of claims due to statutory warranties and performance guarantees granted with regard to sold solar modules. The latter are granted for a period of 25 and 30 years. Since SolarWorld AG has been producing and selling solar modules for less than 25 years, it is only partially possible to fall back on experience regarding the calculation of the performance guarantee provision. In addition, assumptions and estimations are required that are also subject to uncertainties. Their modification due to further gaining experience regarding claims due to the performance guarantee over the course of time can lead to adjustments of the provision or consequences on the expenses from warranties recognized on the income statement.

With respect to the exact specification of assumptions made in connection with the determination of further provisions, we refer to the respective disclosures in notes 2.21 and 34.

With regard to tax loss carryforwards, deferred tax claims are recognized only if their realization is likely in the medium-term (within the next five years). If a tax unit shows a history of losses, deferred tax claims from loss carryforwards of this unit are only recognized if sufficient taxable temporary differences or substantial indications for their realization exist. When determining the amount of deferred tax assets suitable for capitalization, substantial management assumptions and estimations are necessary with respect to the expected time of occurrence and the amount of the future taxable income as well as future tax planning strategies. Due to the loss history of the fiscal unity headed by SolarWorld AG and of SolarWorld Americas Inc., no deferred tax assets for tax loss carryforwards of these entities were recognized.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax law and the amount and time of origination of future results subject to tax. Due to the great bandwidth of international business relations and the non-current character and complexity of existing contractual agreements, it is possible that deviations between the actual results and the assumptions made or future modifications of such assumptions might require adjustments of tax income and tax expenses already recognized. On the basis of reasonable estimations, the Group sets up provisions for possible tax field audits in the countries of operations. The extent of such provisions is based on different factors, e.g. experience from past tax field audits and different interpretations of tax law regulations by the taxpaying entity and the responsible tax office. Such different interpretations can result from a number of different facts and circumstances depending on the conditions that prevail in the country of domicile of the respective Group company.

To the extent to that the fair value of financial assets and liabilities recognized on the balance sheet cannot be determined by way of active market data, it is primarily determined in application of measurement procedures including the discounted cash flow method. If possible, the factors included in the model are based on observable market data. For further details, we refer to note 40.

Expenses from postemployment defined benefit plans and the present value of pension obligations are determined on the basis of actuarial computations. The actuarial measurement is carried out on the basis of assumptions regarding discount rates, mortality and future increase in pensions. Due to the complexity of measurement, the assumptions used as a basis and their long-term nature, a defined benefit obligation shows very sensitive reactions to any modifications of these assumptions. All assumptions are subject to evaluation at each balance sheet date. When determining the appropriate discount rate, management keeps to the interest rates of corporate bonds with at least sound creditworthiness. The mortality rate is based on publicly accessible mortality tables. Further details regarding the applied assumptions can be found in notes 2.20 and 34.

2.6 INTANGIBLE ASSETS

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. At SolarWorld group these mainly include concessions, industrial property and similar rights and assets as well as licenses in such rights and assets. Intangible assets with indefinite useful lives do not exist. Expenditure on research incurred upon generation of intangible assets is immediately recognized as an expense. The same applies as regards development expenditure because research and development are iteratively linked and reliable severability therefore generally does not exist.

Profits or losses from derecognition of intangible assets are determined as the difference between the net disposal gain and the carrying amount of the asset and recognized through profit or loss in the period in which the asset is derecognized. Amortization of intangible assets is recognized in the amortization and depreciation item on the income statement.

All expenses for exploration and evaluation of natural resources are recorded as such and separately recognized as intangible assets. To the extent to that indications exist that point to impairment in terms of IFRS 6.20, the intangible asset is assessed for potential impairments. At balance sheet date, such indications were not at hand. After successful exploration and evaluation, the intangible asset is subject to regular amortization for the duration of the production period. Depreciation of property, plant and equipment used for exploration and evaluation purposes is part of the expenses that are recognized as intangible asset.

Goodwill – especially from capital consolidation – is subjected to an annual impairment test in accordance with IFRS 3 and IAS 36 and 38. Impairment tests are also conducted if individual indications imply the necessity. We refer to our comments in note 2.8.

2.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less regular physical depreciation. Cost comprises all individual expenses directly attributable to the manufacturing process as well as appropriate proportions of the necessary cost of materials and manufacturing overhead. In addition, cost includes depreciation caused by manufacturing and the manufacturing-related pro-rata costs for company retirement benefit plans as well as the voluntary social benefits of the company. Administration costs are considered to the extent to which they can be attributed to manufacturing. Cost also includes – in addition to the purchase price after reduction of discounts, rebates and cash discounts – all directly attributable costs incurred to bring the asset to a location and condition necessary for it to be capable of operating in the manner intended by management.

Borrowing costs that can be directly attributed to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset if a period of at least one year is required to prepare the asset for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred by an enterprise in connection with the borrowing of funds. As a basic rule, the Group capitalizes borrowing costs for qualifying assets. As in the prior year, however, no qualifying assets were identified in the annual period 2015. Hence, all borrowing costs were recognized as expenses.

Ongoing maintenance and repair expenses that do not constitute material replacement investments are recognized as expense right away. Where substantial parts of property, plant and equipment need to be replaced in regular intervals, the Group recognizes these as separate assets with specific useful lives or depreciation. In the event of a major inspection, the Group capitalizes in the carrying amount of the item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if the recognition criteria are met. All other inspection and maintenance cost is recognized through profit or loss immediately.

To the extent to that depreciable property, plant and equipment consist of material identifiable components with different useful lives, these components are recognized separately and written down over the course of the respective useful life.

The present value of an expected disposal of an asset after use is included in the respective asset's cost if the recognition criteria for a provision are met. Detailed information on the measurement of the provision for building restoration obligations can be found in note 34.

With respect to own work capitalized we refer to note 4.

The following useful lives are used as a basis for depreciation:

Buildings including investment property	15 to 50 years
Buildings/fixtures on leasehold land	Lease agreement terms (max. 10 to 15 years)
Technical equipment and machinery	up to 10 years
Wind power and photovoltaic plants	20 years
Other equipment, factory and office equipment	3 to 5 years

Property, plant and equipment are derecognized either upon disposal or as soon as no further economic benefit is expected from further utilization or disposal of the recognized asset. The profits or losses resulting from derecognizing the asset are determined as the difference between the net sale price and the carrying amount of the asset and are recognized on the income statement through profit or loss in the period in which the asset is derecognized.

Investment grants and subsidies do not reduce the respective asset's cost but are subject to deferral on the liabilities side of the balance sheet. We refer to notes 2.19 and 33.

2.8 IMPAIRMENTS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At each balance sheet date, the carrying amounts of property, plant and equipment and intangible assets are examined with regard to indications of the occurrence of impairments (impairment test). If such indications are identifiable, the recoverable amount of the asset is estimated to determine the extent of any possible impairment expenses. To the extent to that the recoverable amount cannot be estimated for the individual asset, the determination is conducted on the level of the cash generating unit (CGU) to which the respective asset is assigned.

Intangible assets with indefinite useful lives or those that cannot yet be used are subject to impairment testing at least once a year (December 31) and whenever so-called "triggering events" occur.

The recoverable amount is the higher one of fair value less costs to sell and the value in use.

- For determining the value in use, the estimated future cash flows are discounted with a pre-tax interest rate, which considers both the current market assessment through time value of money and risks concerning the asset to the extent to that they are not yet accounted for in the scope of the cash flow estimation. The computations are based on forecasts that are based on financial plans for the next three years as authorized by management. This planning horizon shows the assumptions for short- and medium-term market developments. Free cash flows were discounted at weighted average costs of capital after corporation taxes between 10.8 percent and 11.0 percent (2014: 10.3 percent and 10.6 percent) at the balance sheet date. This discount rate is based on the risk-free interest rate determined in accordance with the reporting date-related interest structure at the bond market for which a value between 1.29 percent and 2.76 percent (2014: 1.17 percent and 2.51 percent) was applied and a general market risk premium before personal taxes – unchanged compared to the prior year – between 5.80 percent and 6.25 percent. Data of a representative peer group, in which SolarWorld AG is not considered because of the influence of the restructuring on past data from which the beta factor is derived, were used for determining the beta factor, borrowed capital surcharge and capital structure.

- The fair value less costs to sell was calculated on the basis of current market conditions and a general commercial use by market participants. For parts of fixed assets, expert estimates on the fair value less costs to sell were at hand. Evaluating machinery, prices and price indices for commercial products (based on the original value and current replacement value) as well as the variable factors time value and utility value were included in particular. The time value factor comprises the loss in value attributed to the age of the object as well as current market trends. The utility value factor is above all determined by the condition of the machinery as well as its location and its time and degree of utilization. For marketing assumptions, several scenarios were considered.

To the extent to that the recoverable amount of an asset or a CGU falls short of its carrying amount, the carrying amount is written down to the recoverable amount. The impairment loss is immediately recognized through profit and loss.

Should the impairment loss be reversed, the carrying amount of the asset or the CGU will be increased to the reassessed recoverable amount. Attention needs to be paid to the ceiling of the addition in the amount of the original carrying amount of the asset or CGU. The reversal of an impairment loss is immediately recognized through profit and loss.

With regard to the results of the impairment tests conducted during the reporting year, we refer to note 8.

2.9 INVESTMENT PROPERTY

Investment property is initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. In the scope of subsequent measurement, investment property is recognized at cost less straight-line depreciation and impairment expenses. With regard to measurement bases and useful lives we refer to note 2.7.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with details stated in note 2.7 until the time of the change of use.

2.10 OTHER NON-CURRENT ASSETS

Prepayments made on inventories are recognized in other non-current assets. The prepayments were partially made in US$. As this does not concern monetary items in terms of IAS 21.16, measurement was carried out at historic rate at the time of spending.

2.11 INVENTORIES

Inventories include raw materials and supplies, work in process and finished goods, merchandise and short-term prepayments for inventories. Purchased inventories are recognized at acquisition cost that, depending on the type of inventory, is determined either on the basis of average costs or in accordance with the "first-in-first-out" (FiFo) method. Inventories of the Group's own making are recognized at production cost. In addition to the individual costs, cost includes adequate proportions of the necessary cost of materials and manufacturing overhead based on regular capacity utilization of the production facilities. Cost also includes depreciation caused by manufacturing which can be directly allocated to the manufacturing process and, to the extent to that they are manufacturing-related, pro-rata expenses for company retirement benefit plans and voluntary social benefits. Administration costs are taken into account to the extent to that they concern manufacturing. Borrowing costs are not taken into account, as inventories do not constitute qualifying assets from the Group's point of view.

Measurement per balance sheet date occurs at the respective lower amount of cost on the one hand side and net realizable value on the other. The latter is the estimated sales proceed of the final good realizable in the normal course of business less estimated costs until completion of the good as well as estimated necessary distribution costs.

Due to the prevailing manufacturing circumstances in both, entity and industry, finished goods and merchandise are summarized in the comments on inventories in note 24.

Some of the current prepayments recognized in inventories were paid in US$. Measurement was carried out at historic rate at payment date because the prepayments are non-monetary items in terms of IAS 21.16.

2.12 TRADE RECEIVABLES

Trade receivables are accounted for at their nominal value. If there is doubt concerning the recoverability of the debt, the receivables are recognized at lower realizable value. In part, allowances are made using a contra account. The decision whether an allowance is made via contra account or by directly reducing the carrying amount depends on the probability of the expected loss. Receivables stated in foreign currencies are accounted for at closing rate.

Receivables from construction contracts will be accounted for in accordance with the percentage-of-completion-method as set forth by IAS 11. We refer to our statements in note 2.23.

2.13 OTHER RECEIVABLES AND ASSETS

Other receivables and other assets are accounted for at nominal value. Identifiable risks and general credit risks are taken into consideration by setting up corresponding value adjustments.

2.14 OTHER FINANCIAL ASSETS

Financial assets in terms of IAS 39 are either categorized as financial assets

- "measured at fair value through profit or loss",
- "held-to-maturity-investments",
- "financial assets available for sale",
- "loans and receivables", or
- derivates that were designated as hedging instruments and are effective as such.

The Group determines the classification of its financial assets upon initial recognition. Upon initial recognition, financial assets are measured at fair value plus transaction costs. Financial assets classified as "measured at fair value through profit or loss" are exempted therefrom, as they are initially recognized at fair value without taking transaction costs into account.

In cases where trade date and settlement date of purchases or sales of financial assets do not coincide, the trade date is used for initial recognition or derecognition.

At reporting date, no securities categorized as "held-to-maturity investments" exist.

Subsequent measurement of financial assets depends on their categorization.

Securities are "measured at fair value through profit or loss" if they are either designated as such or "held for trading".

Securities are categorized as "held for trading" if they were acquired with the intention to sell them in the short term. This category also includes the Group's derivative financial instruments that are not designated as hedging instruments in hedge accounting in terms of IAS 39.

Financial assets are designated as "at fair value through profit or loss" if they are part of a portfolio that is evaluated and managed on the basis of fair values. Acquisition and sale of securities takes place with regard to revenue-optimized liquidity management and is, for the most part, centrally managed by SolarWorld AG. At reporting date, financial assets of this category did not exist.

Financial assets "at fair value through profit or loss" are recognized at fair value. Each profit or loss resulting from measurement is recognized in the financial result through profit or loss. The recognized net gain or loss also includes possible dividends and interest of the financial asset.

The fair value of financial instruments traded in active markets is determined by the market price at balance sheet date without any deduction for transaction costs. The fair value of financial instruments not traded in an active market is determined in application of appropriate measurement methods. For further details on the applied measurement methods, we refer to note 40.

Financial assets categorized as "loans and receivables" are non-derivative assets with fixed or identifiable payments that are not listed in an active market. After initial recognition, such financial assets are measured at amortized cost using the effective interest method less possible impairments in value in the scope of subsequent measurement.

Financial assets categorized as "available-for-sale financial assets" are financial instruments intended to be held for an indefinite period, which may be sold as a reaction to liquidity needs or changes of the market environment. After initial recognition, "available-for-sale financial assets" are measured at fair value in the following periods. Unrealized profits or losses are recognized in the AfS-reserve. Upon derecognising such an asset, the accumulated profit or loss is transferred to be shown on the income statement.

In consideration of IFRIC 14 and IAS 19, the Group capitalized liability insurances in the financial assets. These insurances serve as insolvency insurance with regard to early retirement obligations. Recognition is based on the insurance company's statements regarding the asset value and conducted in the amount in that the insurance value exceeds the amount of the early retirement obligations (plan asset surplus).

2.15 LIQUID FUNDS

Liquid funds include cash and cash equivalents in the form of cash in hand, bank balances and current investments made with banks that can be converted into cash contributions at any time and are subject to only marginal fluctuations in value. They are categorized as "loans and receivables" and measured at amortized cost less possible impairments in accordance with the effective interest method.

For the purpose of the cash flow statement, cash and cash equivalents include cash in hand and current deposits less utilized advances on current accounts. To the extent to that means of payment are subject to restrictions on disposal of more than three months they are shown in other financial assets.

2.16 ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

Individual non-current assets, asset groups or assets of discontinued operations are recognized as "assets held for sale" if their carrying amounts are largely realized via sales transactions as opposed to via continued usage and if, additionally, they meet the criteria set forth in IFRS 5. Regular depreciation or amortization on these assets ceases. Impairments are only recognized if the fair value less costs to sell is lower than the carrying amount. Any impairment previously recognized needs to be reversed if the fair value less costs to sell is increased later on. The addition is limited to the impairments previously recognized for the respective assets.

Expenses and income from discontinued operations as well as gains and losses from their measurement at fair value less costs to sell are disclosed as the result of discontinued operations on the face of the income statement. Gains and losses from the sale of discontinued operations are also recognized in this line item.

2.17 FINANCIAL LIABILITIES AND TRADE PAYABLES

Upon first-time recognition, financial liabilities are measured at fair value. The transaction costs directly attributable to the acquisition are also recognized with regard to all liabilities that are, subsequently, not measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss in subsequent recognition usually concern derivative financial instruments. We refer to note 2.18 below.

With respect to subsequent recognition, trade payables and other original financial liabilities, e.g. interest bearing loans, are measured at amortized cost in accordance with the effective interest method. Profits and losses are recognized through profit or loss if the liabilities are derecognized and in the scope of amortization by way of the effective interest method.

2.18 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

SolarWorld group utilizes derivatives for hedging interest rate, currency exchange and commodity risks resulting from operating activities, financial transactions and investments. These financial instruments are measured at fair value through profit or loss and are classified as financial assets or liabilities held for trading if they are acquired for the purpose of selling it in the near term or not designated as hedging instruments in hedge accounting in terms of IAS 39. Profits or losses from financial assets or liabilities held for trading are recognized through profit or loss. The results are stated in other operating income or expenses to the extent to that the financial instrument was concluded for hedging purposes with regard to operating activities. Results are stated in other financial result to the extent to that the financial instrument concerns financing or investment activities.

Derivative financial instruments that are designated as hedging instruments and effective as such are categorized as current or non-current or split up in a current and a non-current part on the basis of an assessment of the facts and circumstances.

SolarWorld group applies hedge accounting provisions in accordance with IAS 39 (Hedge Accounting) to hedge future cash flows.

The decisive factor for recognition of changes in fair value – recognition on the income statement through profit or loss or recognition in equity not affecting profit or loss – is whether or not the derivative is included in an effective hedging relationship in accordance with IAS 39. If hedge accounting is not applied, changes of the derivatives' fair values are immediately recognized through profit or loss. If, however, an effective hedge relationship in terms of IAS 39 exists, the hedging relationship as such is accounted for.

At inception of the hedging relationship, the relation between hedged item and hedging instrument including the risk management objectives is documented. In addition, both at inception and in the course of the hedge, documentation is carried out continuously as to whether the designated hedging instrument is highly effective with regard to compensation of cash flow changes in the hedged item.

The effective part of the change in fair value of a derivative or a non-derivative financial instrument designated as a hedging instrument in the scope of a cash flow hedge is recognized in equity. Profit or loss falling upon the ineffective part is immediately recognized through profit or loss.

Amounts recognized in equity are transferred to the income statement in that period in which the hedged item of the cash flow hedge becomes effective through profit or loss. Recognition on the income statement occurs within the same line item in which the hedged item is recognized. If, however, a hedged forecast transaction leads to the recognition of a non-financial asset or a non-financial liability, the profits and losses previously recognized in equity are derecognized and taken into consideration at initial determination of cost of the asset or liability.

Hedge accounting is discontinued if the hedging relationship is revoked, the hedging instrument expires or is sold, terminated or exercised or is no longer appropriate for hedging purposes. All profits or losses recognized in equity at this time remain in equity and are only accounted for through profit or loss once the forecast transaction is also recognized on the income statement. If the transaction is no longer expected to occur, the entire profit recognized in equity is immediately transferred to recognition on the income statement.

At initial recognition and in subsequent measurement, derivative financial instruments are recognized at fair value. The recognized fair values of traded derivative financial instruments equal the market prices. Derivative financial instruments that are not subject to trade are calculated using accepted measurement methods based on discounted-cash-flow-analyses and by taking recourse to current market parameters. We refer to note 40.

2.19 ACCRUED INVESTMENT GRANTS

Investment grants accounted for are accrued in application of IAS 20 and released to income over the course of the useful lives of the respective assets. Thus, the item is allocated to the periods of useful lives of the subsidized property, plant and equipment, and gradually increases future business years' pre-tax income. This increase in income occurs alongside amortization and depreciation expenses of corresponding amounts, which are, therefore, neutralized upon balancing. In addition, tax effects will arise. Here income-increasing reversals of the accrued investment grants occur income tax exempt to the extent to which they result from tax-free investment grants.

IAS 20 also applies to income from investment tax credits. Claims for tax credits are recognized if there is reasonable assurance that the material requirements for receipt are met and they are granted. The claims are measured at present value.

2.20 RETIREMENT BENEFITS

Group retirement benefits predominantly occur via defined contribution plans. The company pays contributions into a state or private pension fund on the basis of statutory or contractual obligations or on a voluntary basis and, once the contributions are paid, has no further benefit obligations. The annual contributions are recognized as personnel expenses.

Two of SolarWorld AG's subsidiaries have defined benefit plans. In one of the subsidiaries the insolvency protection is secured via the pension insurance association (Pensionssicherungsverein). Plan assets do not exist. In the other subsidiary, there are plan assets pursuant to IAS 19. Pension provisions are measured in accordance with the projected unit credit method for defined benefit plans as required under IAS 19. The interest proportion included in the pension expenses is recognized in the item "interest and similar financial expenses".

The amount to be recognized as a liability from a defined benefit plan includes the present value of the defined benefits (using a discounted interest rate on the basis of first-class fixed-interest industrial bonds) less the yet unrecognized past service cost and the yet unrecognized actuarial losses (plus gains).

2.21 OTHER PROVISIONS

Other provisions are set up to the extent to which a current (legal or constructive) obligation to third parties exists originating from an event in the past that will probably make for a future outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the extent of the obligation. Provisions for obligations that will probably not make for an outflow of resources in the year following the reporting year are recognized at present value of the expected outflow of resources. To the extent to that the Group expects at least a proportionate refund for a provision carried as liability (e.g. in case of an insurance agreement), the refund is recognized as a separate asset if the inflow of the refund is virtually certain. The expense from setting up the provision is recognized on the income statement less the refund. For further details, we refer to note 34.

If a provision cannot be set up because some criteria are not met while the possibility of a claim is all but remote, the respective obligations are recognized as contingent liabilities. In this context, we refer to note 42.

Provisions for expenses in connection with warranties are set up at the time the respective product is sold or the service is rendered. First-time recognition is conducted on the basis of estimations and assumptions. The original estimation of expenses in connection with warranties is subject to examination on a regular basis; in the reporting year it led to a change in accounting estimate.

Estimations used to measure warranty provisions were refined on the basis of improved experience. Specifically, the refinement consisted of adjustments regarding the input parameters cost structure, number of customer complaints and discount rate. The positive impact of this change in estimation amounted to € 10.9 million and has been recognized in other operating income in the reporting period.

Provisions for restructuring measures are set up if a detailed formal restructuring plan is prepared and the respective parties were informed about such plan.

Provisions for restoration obligations are recognized for contractually agreed obligations and are measured with the future expected costs for restoration.

Provisions for contingent losses from onerous contracts are set up if the economic benefit expected from the contract ranges below the expenses inevitable for meeting the contract requirements.

2.22 OTHER LIABILITIES

Accrued liabilities included in the balance sheet item "other liabilities" are recognized for services and goods received and for obligations to employees that do not yet meet the requirements for payment. With regard to these liabilities, future outflow of resources is, on the merits, certain and is merely subject to minor uncertainties as regards the amount. Measurement is conducted at best estimate of the expenditure required.

A proportion of the customer advances recognized in other liabilities is denominated in US$. As the customer advances are no monetary items in terms of IAS 21.16, they were recognized at historic exchange rates valid at the date of collection.

2.23 REVENUE AND EXPENDITURE RECOGNITION

Income is recognized when it is probable that the economic benefit will flow to the Group and the amount of income can be reliably determined. Income is measured at fair value of the received or to be claimed payment less granted (cash) discounts and VAT or other dues.

Revenue from the sale of goods or products is recognized at the time the significant risks and rewards are transferred if – as commonly true – the other requirements (no continued involvement, reliable estimation of the amount of revenue and probability of inflow) are also met.

Revenue from project business is recognized in accordance with the percentage of completion method (PoC) set forth by IAS 11 to the extent to that the corresponding requirements are met. For customer-specific projects, a pro-rata profit realization is recognized by reference to the stage of contract completion if the assessment of the stage of contract completion, total costs and total revenue of the respective contract can be reliably estimated in terms of IAS 11. The state of completion is assessed in accordance with the cost-to-cost method pursuant to IAS 11.30 (a). If the stated requirements are met, the overall contract revenue is recognized on a pro-rata basis in compliance with the stage of completion. Contract expenses include the costs directly attributable to the contract and a proportion of overhead. To the extent to that the result of a construction contract cannot be reliably determined, project income is recognized in the amount of the connected project costs, which makes for a zero balance (zero-profit-method).

Advances received in connection with long-term sales contracts for silicon wafers are released through profit or loss once SolarWorld group is no longer obliged to credit against future supplies and does, de facto, not consider crediting.

Grants related to expenses are recognized on an accrual basis through profit corresponding to the occurrence of the respective expenses.

Operating expenses are recognized when goods and services are received or at the time of their occurrence respectively. Provisions for warranties are set up upon realization of the corresponding revenue.

All financial instruments measured at amortized cost as well as interest bearing financial assets classified as available-for-sale, interest income and interest payable are recognized at effective interest rate. This is the calculation interest rate at which the estimated future incoming and outgoing payments are accurately discounted to the net carrying amount of the financial asset or the financial liability over the course of the expected maturity of the financial instrument or possibly a shorter period. Interest income or expenses are recognized on the income statement as part of interest and other financial income or interest and similar financial expenses and are recognized on an accrual basis.

2.24 TAXES

a) Current taxes on income

Current tax assets and tax liabilities for the current and earlier periods are measured at the amount that equals the expected refund from or payment to the tax authorities. The calculation of the amount is based on tax rates and tax provisions effective in the country the Group is operating in and generates taxable income at balance sheet date.

b) Deferred taxes

Deferred taxes are set up using the liability method for temporary differences between the recognition of an asset or a liability on the balance sheet and its value on the tax balance sheet at balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences with the exemption of:

- deferred tax liabilities from the initial recognition of goodwill
- deferred tax liabilities from taxable temporary differences that are related to investments in subsidiaries, associates and interests in joint ventures if the temporal course of the reversal of the temporary differences can be steered and it is probable that the temporary differences will reverse in the near future.

Deferred tax assets are recognized for all deductible temporary differences, not yet used tax loss carryforwards and not yet used tax credits to the extent to that it is probable that taxable income will be available against which the deductible temporary differences and the not yet used tax loss carryforwards and tax credits can be offset. An exemption are deferred tax assets from deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures if it is probable that the temporary differences will not be reversed in the near future or if no sufficient taxable income will be available to set off against the temporary differences.

The carrying amount of the deferred tax assets is subject to inspection at each balance sheet date and reduced to the extent to that it is no longer probable that sufficient taxable income will be available against which the deferred tax asset may be offset at least in part. Deferred tax assets that are not recognized are subject to inspection at each balance sheet date and recognized to the extent to that it became probable that a future taxable income might enable the realization of the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates anticipated to be valid in the period in which the asset is realized or a liability is paid. The tax rates (and tax laws) effective at balance sheet date are used as a basis. Future tax rate changes are taken into account if, in the scope of a legislative procedure, substantial prerequisites for its future applicability are met.

Deferred taxes that concern items that are not recognized on the income statement are recognized directly in equity in correspondence with the transaction they are based on.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and these relate to income taxes levied by the same tax authority.

c) VAT

Income, expenses and assets are recognized after VAT is deducted. The following cases are an exemption to this rule:

- If VAT incurred upon the acquisition of assets or the utilization of services cannot be claimed by the tax authority, the VAT is recognized as part of cost of the asset or part of expenses.
- Receivables and liabilities are recognized with the respective VAT amounts.

The VAT amount to be refunded by or paid to the tax authority is recognized on the balance sheet in the item “other receivables and assets” or in “other current liabilities”.

COMMENTS ON THE INCOME STATEMENT

3. REVENUE

Revenue and its allocation to the business segments and regions can be taken from segment reporting (note 15) in these consolidated notes. Consolidated revenue consist of the following products and services:

in k€	2015	2014
Module- and assembly kit sales	737,788	550,345
Cells/wafers	11,555	8,214
Power generation	5,446	5,870
Project proceeds	5,170	3,458
Other revenue	3,506	5,495
Total	**763,465**	**573,382**

Project proceeds basically result from the construction and sale of major solar plants.

Other than in the prior year, ongoing projects exist at balance sheet date, the revenue of which was accrued in accordance with the POC-method pursuant to IAS 11. At balance sheet date, this makes for the following receivables resulting from business transactions in 2015:

in k€	2015	2014
Aggregate amount of costs incurred and recognized profits	2,958	0
Advances received/payments from partial billing	-1,138	0
Total	**1,820**	**0**
Receivables from construction contracts (note 25)	1,820	0

Other revenue primarily includes income from the operational management of solar and wind power plants, income from the sale of other intermediate products and income from recycling activities.

4. OWN WORK CAPITALIZED

As in the prior year, own work capitalized mainly results from the implementation of a new ERP system.

5. OTHER OPERATING INCOME

in k€	2015	2014
Income from other trade business	28,688	27,572
Gains from currency translation	26,244	11,631
Reversal of provisions and liabilities	22,056	13,096
Income from grants for research and development	8,015	7,373
Reversal of accrued investment grants	4,949	4,813
Income from deconsolidation	2,385	0
Income from revaluation of inventories	2,289	0
Income relating to other periods	1,296	1,977
Rental income	767	1,066
Compensation payments	51	3,377
Gain resulting from a business combination (badwill)	0	136,522
Reversal of advances received	0	18,279
Income from sale of photovoltaic operation	0	907
Miscellaneous other operating income	5,834	6,171
Total	**102,574**	**232,784**

Other trade income primarily results from sales of commodities, supplies and merchandise that do not constitute a component of ordinary activities. These are offset by corresponding other operating expenses (note 9) in the amount of € 27,739k (prior year € 27,291k).

Exchange rate gains are offset by exchange rate losses of € 19,094k (prior year € 4,175k) which are recognized in other operating expenses (note 9).

The increase in income from reversal of provisions and liabilities is attributable primarily to the reversal of warranty provisions. Please also refer to our comments in note 34.

With regard to the income from deconsolidation, please refer to note 2.3.3.

Research and development grants received are subject to a number of requirements. In accordance with our knowledge today, all of these requirements will be met. Hence, repayment obligations are not expected to arise.

The gain resulting from a business combination shown in the prior year resulted from the acquisition of a large part of the production lines and other assets from Bosch Solar Energy AG in Arnstadt, Thuringia, by SolarWorld Industries Thüringen GmbH, a wholly owned subsidiary of SolarWorld AG, Bonn, by way of an asset deal.

In the prior year, income from the reversal of received customer advances resulted from the lapse of the obligation to credit advances for wafer supplies against future supplies.

Prior year's compensation payments included in particular insurance payments for damages caused by a business interruption.

Income from sale of photovoltaic operation has been generated by Solarparc GmbH from the sale of its photovoltaic operation to a third party investor in the prior year.

6. COST OF MATERIALS

in k€	2015	2014
Cost of commodities, supplies and merchandise	486,579	396,883
Cost of purchased services	32,564	26,055
Total	**519,143**	**422,938**

7. PERSONNEL EXPENSES

in k€	2015	2014
Wages and salaries	135,215	119,078
Social security and pensions	22,774	19,202
Total	**157,989**	**138,281**

The increase in personnel expenses mainly resulted from the integration of the production in Arnstadt, Germany and the headcount growth at our site in Hillsboro due to the expansion of production there.

8. AMORTIZATION AND DEPRECIATION

a) Regular amortization and depreciation

The combination and classification of regular amortization and depreciation for intangible assets, property, plant and equipment and investment property of € 44,966k (prior year € 41,609k) can be taken from the fixed asset movement schedule. We refer to note 16.

b) Impairment test for property, plant and equipment and intangible assets and non-scheduled amortization and depreciation

Following the successful financial restructuring, SolarWorld has returned to the growth path in the reporting period. However, the solar industry remains in a state of consolidation, even if tendencies for a trend reversal in market are recognizable. Hence, we assessed possible impairments of all assets on the lowest possible aggregation level.

In the reporting period, there was no need for an impairment of property, plant and equipment and intangible assets (prior year: an impairment amounting to € 3.8 million). Prior year's impairment losses were not offset by any non-scheduled reversals of accrued investment grants.

As in the prior year, no reversals of impairment losses on property, plant and equipment were recorded in the reporting period.

aa) Basic assumptions for the calculation of the recoverable amount

Value in use

Aside from market and industrial trends, general expectations regarding macroeconomic developments and in-house experience, the detailed budgets of the cash-generating units (CGUs) for the first three years are based on the following substantial assumptions:

- Continuation of the trend in growth of sales
- On short-term predominantly stable, in medium term – differentiated by markets – slightly declining sales prices
- Further increase in the efficiency levels of solar cells
- further reduction of material costs ratio
- Increased productivity and production capacity utilization

In consideration of the on-going continuous growth of revenue as well as, although the market situation is currently still characterized by overcapacities, an improvement of said market situation, an earnings level extrapolated with a growth rate of 1.0 percent on the basis of the last detailed planning year is considered in the free cash flows in the period of perpetuity.

Upon calculating the efficiency of the tested CGUs, the assumptions used as a basis are subject to estimation uncertainties especially with respect to:

- Gross profit margins,
- Development of prices for commodities and materials,
- Output quantity in the observation period and
- Discount interest rate (including the growth rate used as basis for the extrapolation).

GROSS PROFIT MARGINS. Gross profit margins result from the scheduled transfer and sales prices and the planned cost development. For the development of step costs, we assumed an output quantity that does not include expansion investments. In addition, we expect increases in productivity and mainly decreases in cost of materials (in part cyclical increase in commodity prices). Over the course of the next two years, SolarWorld AG expects the market prices for solar modules to stabilize or fall slightly and a cyclical development of sustainable improvements in the level of earnings.

DEVELOPMENT OF PRICES FOR COMMODITIES AND MATERIALS. The estimations include the published price indices for important commodities like silicon and silver. Actual past developments of commodity and material prices are used as an indicator for future price developments and - to the necessary extent – amended by management's estimations.

ASSUMPTIONS REGARDING OUTPUT QUANTITY. For the determination of the value in use in the scope of the impairment tests, SolarWorld AG assumes an almost full utilization of production capacity in the annual periods 2016 and 2018. An increase is expected with respect to the output quantity in watt peak due to technological progress (increasing efficiency) and efficiency increase programs.

DISCOUNT RATES. The discount rates reflect current market assumptions regarding the specific risks attributable to SolarWorld AG. The discount rate was derived on the basis of the customary average weighted capital costs (WACC).

ESTIMATIONS OF THE SUSTAINED GROWTH RATE. Unchanged to the prior year, the growth rate used as a uniform basis in the phase of sustained growth amounts to 1.0 percent for all CGUs.

Fair value less costs to sell

Calculations of the fair value less costs to sell for parts of machinery and equipment as at the qualifying date of the financial statements are in principle based on the comparative value method and thus on market prices, comparative transactions or comparative multipliers. When no comparative values were available, the asset value method was applied. Value assessment derives from replacement values less depreciation and reductions because of economic or technical excess of age. The earnings value method was not used for the value assessment of machinery, because a reliable forecast of future earnings is not possible due to the particularities in the solar industry, above all the discontinuation of incentives and aggressive competition by state-subsidized providers from China.

bb) Results of impairment tests

In the reporting period no recognition of an impairment loss was necessary. In the prior year an impairment loss of € 0.7 million was recognized in the CGU "Wafer USA" that produces mono-crystalline wafers at the Hillsboro (Oregon, USA) site and that is part of the "Production U.S." segment.

In the reporting period, no impairment charges (prior year: impairment charges of € 3,138k) had to be recognized for individual assets due to a revaluation of its future usability either.

9. OTHER OPERATING EXPENSES

in k€	2015	2014
Expenses incurred in connection with other trade business	27,739	27,291
Outside staff expenses	24,926	15,865
Selling expenses	19,738	14,642
Losses from currency translation	19,094	4,175
Maintenance expenses	16,829	14,624
Legal fees, consultancy and audit expenses	10,280	12,837
Marketing expenses	6,528	8,014
Data processing expenses	4,983	3,942
Travel expenses	4,900	4,231
Expenses for insurances and fees	3,580	3,665
Rent and lease expenses	3,347	2,873
Research and development expenses (third party)	3,141	2,525
Expenses from sewage and waste disposal	3,004	2,265
Other taxes	2,971	2,173
Expenses relating to other periods	2,799	2,795
Expenses from additions to warranty provision	1,750	1,923
Expenses for phone, stamps and internet	1,689	1,510
Expenses from derivative financial instruments	1,192	312
Losses from disposal of assets held for sale	444	1,514
Expenses from the addition to other provisions	60	4,189
Impairment losses on prepayments and repayment claims	0	30,321
Miscellaneous other operating expenses	17,462	13,211
Total	**176,456**	**174,898**

Exchange rate losses are offset by exchange rate gains of € 26,244k (prior year € 11,631k) which are recognized in other operating income (note 5).

Rent and lease expenses include minimum lease payments from operating lease agreements in an amount of € 1,561k (prior year € 1,919k).

Expenses relating to other periods primarily concern a value adjustment on claims from electricity tax refunds according to the German Electricity Tax Act in amount of € 1,539k. In the prior year, it mainly included an adjustment on accrued investment subsidies that were subject to adjusted notices in that period.

The impairment loss or loss of prepayments reported in the prior year exclusively resulted from the remeasurement or renegotiation of long-term silicon purchase agreements concluded in the past and prepayments made in this respect. We refer to our comments in note 2.5.

In the reporting period, legal fees, consultancy and audit expenses are characterized by consultancy expenses in connection with the introduction of new ERP software. In the prior year legal fees, consultancy and audit expenses to a large extent contained expenses for the financial restructuring completed in 2014. The anti-dumping complaint of SolarWorld in the U.S. had another significant impact on prior year's legal fees, consultancy and audit expenses.

10. RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs of SolarWorld group were accounted for a total of € 23,339k (prior year € 28,995k) in the reporting period.

11. FINANCIAL RESULT

a) Result from investments measured at equity

in k€	2015	2014
Income from investments measured at equity	0	20
Expenses from investments measured at equity	-12,877	-9,598
Total	**-12,877**	**-9,578**

In the reporting year, expenses from investments measured at equity concern Qatar Solar Technologies Q.S.C. and, for a one month period, Auermühle (prior year exclusively concerned Qatar Solar Technologies Q.S.C.). With regard to Auermühle, please refer to note 2.3.3.

b) Interest and similar income

in k€	2015	2014
Interest income	77	103
Other financial income	51	393
Total	**128**	**496**

Income from interest includes interest from interest-bearing securities, fixed term deposits and other bank balances categorized as "loans and receivables".

c) Interest and similar expenses

in k€	2015	2014
Interest expenses	27,568	30,532
Other financial expenses	1,119	7,821
Total	**28,687**	**38,353**

Interest expenses exclusively consist of interest payable for financial liabilities categorized as "measured at amortized cost". They essentially result from credit facilities and bonds newly issued within prior year's financial restructuring and in the prior year additionally from old financial liabilities that existed prior to the completion of the financial restructuring process.

In the prior year, other financial expenses included expenses in connection with the restructuring of financial liabilities from compensation and restructuring fees for creditors in an amount of € 6,347k.

As in the prior year, borrowing costs eligible for capitalization leading to a reduction of interest expenses do not exist.

d) Other financial result

in k€	2015	2014
Net gains and losses from		
financial assets and financial liabilities designated as measured at fair value	-598	-988
financial assets held for trading	0	-103
financial liabilities measured at amortized costs	0	555,726
Gains/losses from currency translation	1,340	3,074
Total	**742**	**557,709**

As in the prior year, the net result of the category "designated at fair value through profit or loss" is not influenced by changes of the credit risk.

In February 2014, the financial restructuring of SolarWorld AG was finalized. As a result, the financial liabilities of SolarWorld AG were reduced from around € 1 billion by € 570 million to € 427 million and the financial restructuring which began in January 2013 was completed. The resulting restructuring profit of € 555.7 million was recognized and disclosed in other financial result.

Derivatives that are part of a hedging relationship are not taken into account when it comes to the presentation of net gains and losses. Derivatives that are not accounted for as hedging instruments are included in the measurement category "financial assets held for trading".

12. INCOME TAXES

The following chart shows the composition of recognized tax expenses and income:

in k€	2015	2014
Actual domestic tax income (-)/ expenses (+)	-15	2,642
Actual foreign tax expenses	759	431
Total actual tax expenses	**744**	**3,073**
Deferred domestic tax income (-)/expenses (+)	-12,139	105,393
Deferred foreign tax income/ expenses	-168	19
Total deferred tax income/ expenses	**-12,307**	**105,412**
Total recognized tax result	**-11,563**	**108,485**

Taxes paid or owed on income in the individual countries as well as deferred taxes are recognized as taxes on income.

Both in the reporting period and in prior years, tax losses were incurred by the German entities included in the fiscal unity headed by SolarWorld AG as well as in the U.S. entities. IAS 12 sets high standards when it comes to recognizing deferred taxes on loss carryforwards if there is a recent loss history. These requirements were not met at reporting date. Thus, as in the prior year, no deferred tax assets were set up with regard to loss carryforwards of the German fiscal unity as well as of the U.S. entities in 2015.

In the fiscal unity headed by SolarWorld AG the trade tax loss carryforwards amount to € 37 million per December 31, 2015. Corporate tax loss carryforwards do not exist. The loss carry forwards of the German fiscal unity are generally not subject to expiration.

With regard to "Federal tax", the tax loss carryforwards of the U.S. entities amount to an equivalent of some € 639 million (prior year € 574 million). They can be offset with tax gains until at least 2024 and will then gradually be forfeited in the years 2025 to 2035. These loss carryforwards concern some € 198 million (prior year € 178 million) in deferred tax assets. With regard to "State tax", the tax loss carryforwards amount to some € 581 million (prior year € 550 million) and concern the Federal states of California € 242 million (prior year € 229 million), Oregon € 307 million (prior year € 299 million) and other states € 32.3 million (prior year € 21.7 million). In California, they can be offset with tax gains until at least 2018. An amount of roughly € 38 million (prior year € 35 million) will then gradually be forfeited in the years 2019 to 2021. The remaining € 204 million (prior year € 194 million) will forfeit in 2035. In Oregon, the loss carryforwards will gradually be forfeited starting in 2022. In the other states, the loss carryforwards of € 32.3 million (prior year € 21.7 million) will be forfeited starting in 2025. Overall, deferred tax assets of some € 48 million (prior year € 46 million) are attributable to these loss carryforwards.

The following chart shows non-netted and netted deferred tax assets and liabilities with regard to accounting differences in the different balance sheet items and tax loss carryforwards:

in k€	Deferred tax assets		Deferred tax liabilities	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Intangible assets and property, plant and equipment	96,985	122,295	23,031	27,151
Other non-current assets	0	0	17,285	10,284
Current assets	6,089	7,577	2,141	1,973
Assets held for sale	156	0	250	689
Accrued investment grants	666	997	489	696
Other non-current liabilities	3,601	3,636	28,500	29,253
Current liabilities	12,218	10,270	2,351	4,366
Tax loss carryforwards	159	177	0	0
Allowances on deferred tax assets	-93,622	-123,381	0	0
Total	**26,252**	**21,571**	**74,047**	**74,412**
Offsetting	-23,980	-20,004	-23,980	-20,004
Recognized deferred taxes	**2,272**	**1,567**	**50,067**	**54,408**

At reporting date, as in the prior year no deferred tax assets and no deferred tax liabilities were recognized in equity due to the lack of hedging relationships.

As in the prior year, no deferred tax liabilities for temporary differences in connection with investments in subsidiaries or associates in accordance with IAS 12.39 were recognized per December 31, 2015. The corresponding temporary differences make for a total of € 11,945k (prior year € 10,627k).

The substantial differences between nominal and effective tax rates in the course of the reporting year and the prior year are illustrated below:

in k€	2015	2014
Result before taxes	-44,845	572,649
Expected income tax rate (incl. trade tax)	30.0%	30.0%
Expected result from income tax	**-13,454**	**171,795**
Deviating domestic and foreign tax burden	948	-2,043
Actual taxes relating to other periods	158	1,552
Taxes from non-deductible expenses	1,233	1,374
Tax reductions due to tax-exempt income	-1,699	-18,893
Effect from gain resulting from a business combination (badwill)	58	-41,680
Utilization of deferred tax assets impaired in previous years	-3,301	-10,740
Allowances on deferred tax assets	-621	3,670
Subsequent taxation as per § 2a EStG	0	0
Other deviations of tax expenses	5,114	3,450
Recognized income tax result	**-11,563**	**108,485**
Effective income tax rate	25.8%	18.9%

13. EARNINGS PER SHARE

Earnings per share are calculated as ratio of the consolidated net result and the weighted average of the number of shares in circulation during the business year. As in the prior year, the key figure "diluted earnings per share" was not applicable as option rights or conversion privileges are not outstanding. The consolidated result for the year results exclusively from continued operations. The weighted average of the shares in circulation used as a basis for the determination of earnings per share was recalculated per reporting date and now amounts to 14,896,000 (prior year 12,794,495).

14. STATEMENT OF COMPREHENSIVE INCOME

SolarWorld group decided to present all items of income and expense recognized in a period in two statements, a separate income statement and a statement of comprehensive income. The statement of comprehensive income directly follows the income statement.

Since the amounts that were re-classified from equity to result of the period or allocated to cost of non-financial assets and the profits and losses not shown through profit or loss including any tax effects are presented in the statement of comprehensive income, no further disclosures are required at this point.

15. SEGMENT REPORTING

a) Segment disclosures

The presentation of segment reporting follows the "full management approach". As in the prior year, the following reportable segments were identified:

- Production Germany,
- Production U.S.,
- Trade.

This is due to SolarWorld AG's prevailing internal organization, reporting and steering structure that focuses on the production and distribution of solar systems and solar modules. The greater objective of the Group is to increase the existing synergy and efficiency potentials of the entire value added chain and thus achieve strategic competitive advantages for the marketing of solar systems.

For the purpose of the segment reporting the operating segments "Production Freiberg" and "Production Arnstadt" have been aggregated to form the aforementioned reportable operating segment "Production Germany". Each of the two production segments combines regionally related and fully integrated manufacturing activities in Germany and the U.S. and each include the manufacturing areas of the entire value added chain.

The operating segment "Trade" comprises the worldwide distribution of solar systems and solar modules, the sale of wafers and cells and the operations of Solarparc GmbH.

The category "all other segments" includes various business activities of the Group that did not materially affect the Group's financial position and financial performance in 2015.

As in the prior year, the accounting principles applicable for the consolidated entity also apply for the individual segments.

INFORMATION ON OPERATING SEGMENTS FOR THE REPORTING PERIOD 2015

in m€	Production Germany	Production U.S.	Trade	All other segments	Reconciliation	Consolidated
Revenue						
External revenue	6	2	755	0	0	763
Inter-segment revenue	436	240	138	2	-816	0
Total revenue	**442**	**242**	**893**	**2**	**-816**	**763**
EBITDA	**11**	**9**	**9**	**9**	**3**	**41**
Scheduled depreciation	-26	-11	-2	-6	0	-45
Operating result (EBIT)	**-15**	**-2**	**7**	**3**	**3**	**-4**
Financial result						-41
Result before taxes on income						**-45**
Taxes on income						12
Result from continued operations						-33
Consolidated net result						**-33**
Material non-cash income	9	6	13	3		31
Material non-cash expenses	-2	-2	-1	0		-5

INFORMATION ON OPERATING SEGMENTS FOR THE REPORTING PERIOD 2014

in m€	Production Germany	Production U.S.	Trade	All other segments	Reconciliation	Consolidated
Revenue						
External revenue	13	0	560	0	0	573
Inter-segment revenue	330	175	4	14	-523	0
Total revenue	**343**	**175**	**564**	**14**	**-523**	**573**
EBITDA	**121**	**-9**	**-13**	**11**	**-2**	**108**
Scheduled depreciation	-25	-9	-2	-6	0	-42
Impairment charges	0	-4	0	0	0	-4
Operating result (EBIT)	**96**	**-22**	**-15**	**5**	**-2**	**62**
Financial result						511
Result before taxes on income						**573**
Taxes on income						-109
Result from continued operations						464
Consolidated net result						**464**
Gain resulting from a business combination (badwill)	137	0	0	0		137
Other material non-cash income	22	0	0	1		23
Material non-cash expenses	-36	-1	-2	0		-39

With regard to inter-segment revenue, the reconciliation column includes eliminations from expense and income consolidation.

Reconciliation of the balance of the segment results to the consolidated result is mainly attributable to intra-group profit elimination and other immaterial consolidation entries affecting profit or loss.

Revenue of the category "All other segments" in an amount of € 2 million (prior year € 14 million) primarily includes intra-group income from the rental of PV installations. In the prior year, it primarily resulted from intra-group research and development services.

The material non-cash income includes the income from reversal of provisions and liabilities, the income from deconsolidation, the income from revaluation of current assets and reversals of accrued investment grants. The prior year's figure also included reversals of advances received. The material non-cash expenses primarily comprise value adjustments on inventories and receivables. The prior year's figure also included value adjustments on prepayments made.

b) Disclosures on group level

With respect to the breakdown of revenue in accordance with products, we refer to the information provided in note 3.

No external customer accounts for more than 10 percent of SolarWorld group's revenue at once.

Allocation of revenue to individual countries or regions is carried out on the basis of invoicing. Revenue is considered generated in the country in which the addressee of the invoice is domiciled.

in m€	**Revenue**		**Intangible assets, property, plant and equipment and investment property**	
	2015	**2014**	**Dec 31, 2015**	**Dec 31, 2014**
Germany	133	97	256	301
Rest of Europe	170	157	0	0
Asia	36	71	0	0
U.S.	394	225	87	72
Others	30	23	0	0
Total	**763**	**573**	**343**	**373**

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

16. DEVELOPMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Composition and development of intangible assets, property, plant and equipment as well of investment property can be taken from the following chart:

in k€	Cost								
	As at Jan 1, 2015	Additions from business combination	Reclassifi-cations	Addition	Reclassifications to assets held for sale	Disposal	Currency difference	Changes in scope of consolidation	As at Dec 31, 2015
I. Intangible assets									
1. Concessions, industrial property and similar rights and assets as well as licenses in such rights and assets	32,620	0	5,729	11,003	0	3,978	693	0	46,067
2. Goodwill	39,524	0	0	0	0	0	0	0	39,524
3. Exploration and evaluation	1,862	0	0	40	0	0	0	0	1,902
4. Prepayments	5,834	0	-5,729	1,063	0	105	0	0	1,063
	79,840	**0**	**0**	**12,106**	**0**	**4,083**	**693**	**0**	**88,556**
II. Property, plant and equipment									
1. Land and buildings	425,214	0	785	818	0	3,248	14,193	22,427	415,335
2. Technical equipment and machinery	1,000,068	0	2,391	16,394	0	113,545	41,972	1,914	945,366
3. Other equipment, factory and office equipment	35,086	0	159	1,644	0	1,950	570	282	35,227
4. Construction in progress and prepayments	10,648	0	-9,722	19,756	0	42	771	760	20,651
	1,471,016	**0**	**-6,387**	**38,612**	**0**	**118,785**	**57,506**	**25,383**	**1,416,579**
III. Investment property	**16,245**	**0**	**6,387**	**5**	**0**	**0**	**0**	**22,637**	**0**
	1,567,101	**0**	**0**	**50,723**	**0**	**122,868**	**58,199**	**48,020**	**1,505,135**

in k€	Cost							
	As at Jan 1, 2014	Additions from business combination	Reclassifications	Addition	Reclassifications to assets held for sale	Disposal	Currency difference	As at Dec 31, 2014
I. Intangible assets								
1. Concessions, industrial property and similar rights and assets as well as licenses in such rights and assets	32,177	539	23	1,711	0	2,644	814	32,620
2. Goodwill	39,524	0	0	0	0	0	0	39,524
3. Exploration and evaluation	1,560	0	0	302	0	0	0	1,862
4. Prepayments	902	0	-23	4,955	0	0	0	5,834
	74,163	**539**	**0**	**6,968**	**0**	**2,644**	**814**	**79,840**
II. Property, plant and equipment								
1. Land and buildings	365,688	58,844	0	346	9,296	5,721	15,352	425,214
2. Technical equipment and machinery	962,558	8,051	1,825	6,729	0	23,153	44,057	1,000,068
3. Other equipment, factory and office equipment	38,290	878	39	1,102	0	5,929	707	35,086
4. Construction in progress and prepayments	9,081	0	-1,864	5,564	0	2,687	554	10,648
	1,375,617	**67,773**	**0**	**13,741**	**9,296**	**37,490**	**60,670**	**1,471,016**
III. Investment property	**16,245**	**0**	**0**	**0**	**0**	**0**	**0**	**16,245**
	1,466,025	**68,312**	**0**	**20,709**	**9,296**	**40,133**	**61,485**	**1,567,101**

		Amortization and depreciation							Carrying amounts	
As at Jan 1, 2015	Reclassifications	Scheduled additions	Impairment charges	Reclassifications to assets held for sale	Disposal	Currency difference	Changes in scope of consolidation	As at Dec 31, 2015	As at Dec 31, 2015	As at Dec 31, 2014
26,411	0	2,668	0	0	3,977	629	0	25,731	20,336	6,209
39,524	0	0	0	0	0	0	0	39,524	0	0
0	0	0	0	0	0	0	0	0	1,902	1,862
105	0	0	0	0	105	0	0	0	1,063	5,729
66,040	**0**	**2,668**	**0**	**0**	**4,082**	**629**	**0**	**65,255**	**23,301**	**13,800**
266,417	0	6,152	0	0	3,118	11,164	2,456	278,159	137,176	158,797
828,208	239	33,493	0	0	112,296	37,121	691	786,074	159,292	171,860
27,924	-239	2,224	0	0	1,856	503	159	28,397	6,830	7,162
3,732	0	0	0	0	0	392	0	4,124	16,527	6,916
1,126,281	**0**	**41,869**	**0**	**0**	**117,270**	**49,180**	**3,306**	**1,096,754**	**319,825**	**344,735**
1,450	**0**	**429**	**0**	**0**	**0**	**0**	**1,879**	**0**	**0**	**14,795**
1,193,771	**0**	**44,966**	**0**	**0**	**121,352**	**49,809**	**5,185**	**1,162,009**	**343,126**	**373,330**

		Amortization and depreciation						Carrying amounts	
As at Jan 1, 2014	Reclassifications	Scheduled additions	Impairment charges	Reclassifications to assets held for sale	Disposal	Currency difference	As at Dec 31, 2014	As at Dec 31, 2014	As at Dec 31, 2013
26,214	0	1,921	93	0	2,541	725	26,411	6,209	5,963
39,524	0	0	0	0	0	0	39,524	0	0
0	0	0	0	0	0	0	0	1,862	1,560
0	0	0	105	0	0	0	105	5,729	902
65,738	**0**	**1,921**	**198**	**0**	**2,541**	**725**	**66,040**	**13,800**	**8,425**
254,792	0	5,687	2,904	2,904	5,843	11,780	266,417	158,797	110,896
776,989	0	31,976	0	0	19,634	38,877	828,208	171,860	185,569
30,771	0	1,714	693	0	5,871	617	27,924	7,162	7,519
6,199	0	0	36	0	2,645	143	3,732	6,916	2,882
1,068,751	**0**	**39,377**	**3,633**	**2,904**	**33,993**	**51,417**	**1,126,281**	**344,735**	**306,866**
1,139	**0**	**311**	**0**	**0**	**0**	**0**	**1,450**	**14,795**	**15,106**
1,135,628	**0**	**41,609**	**3,831**	**2,904**	**36,535**	**52,141**	**1,193,771**	**373,330**	**330,397**

The changes in scope of consolidation result from the deconsolidation of Auermühle as of November 30, 2015. The additions from a business combination shown in the prior year resulted from the acquisition of a large part of the production lines and other assets from Bosch Solar Energy AG in Arnstadt, Thuringia, by SolarWorld Industries Thüringen GmbH, a wholly owned subsidiary of SolarWorld AG, Bonn, by way of an asset deal.

17. INTANGIBLE ASSETS

"Exploration and evaluation" of € 1,902k (prior year € 1,862k) included in intangible assets relate to the exploration of the Eastern Ore Mountains in the search of lithium reserves. These expenses were capitalized in accordance with IFRS 6. No other self-generated intangible assets were capitalized.

18. PROPERTY, PLANT AND EQUIPMENT

With respect to development and composition of property, plant and equipment please refer to the asset movement schedule in note 16.

Leases in accordance with IAS 17 that would lead to capitalization of an asset do not exist.

19. INVESTMENT PROPERTY

Other than in the prior year, there was no investment property at the reporting date.

The building complex Auermühle reported here in the prior year was partially leased to third parties. The respective parts of the building were therefore classified investment property.

With contract dated December 11, 2015 Auermühle transferred a portion of its property held as business asset to Solar Holding Beteiligungsgesellschaft mbH against reduction of their company shares with effect from December 31, 2015. The remaining part of property after this transaction was sold to a related party also with effect from December 31, 2015. Please also refer to our comments in note 2.3.3.

Rental income of € 571k (prior year € 659k) was generated with investment property in the annual period while the leased parts accounted for expenses of € 173k (prior year € 170k). Expenses of € 279k (prior year € 162k) were incurred with regard to the unrented parts. The disclosures for the reporting period take into account Auermühle until its deconsolidation date, November 30, 2015. Please also refer to our comments in note 2.3.3.

In the prior year, independent experts had determined the market value of the property. Due to the type of the property and the lack of comparative data, no observable market transactions had been used as a basis for the assessment of the fair value of the property. Instead, the fair value had been determined using the capitalized earnings method in application of the following assumptions.

	2014
Market rent	11.30 €/sqm
Loss of rent risk	4%
Capitalization rate	5.80%
Residual useful life	infinite

In the prior year, the market value of these leased building parts amounted to € 14.7 million and, thus, falls short of their carrying amount by € 0.1 million.

With regard to the reconciliation statement that shows the development of the carrying amount of the investment properties, we refer to the fixed asset movement schedule in note 16.

Limitations regarding the disposability of investment property, contractual obligations to acquire, establish or develop investment property did not exist.

In the prior year, future minimum rent payments from the leased parts were as follows:

in k€	2014
Twelve months or less	641
2 to 5 years	160
Total	**801**

20. INVESTMENTS MEASURED AT EQUITY

in k€	Dec 31, 2015	Dec 31, 2014
Qatar Solar Technologies Q.S.C. (29 %)	8,986	10,583

SolarWorld AG holds a 29 percent investment in the assets and results of Qatar Solar Technologies Q.S.C. domiciled in the Emirate Qatar. Together with Qatar Foundation and Qatar Development Bank, SolarWorld AG is constructing a production facility for polysilicon.

With regard to related party disclosures we refer to note 43.

The following chart includes summarized financial information regarding the investment measured at equity.

in k€	2015		2014	
	Total	SolarWorld group´s share	Total	SolarWorld group´s share
Assets	**1,306,783**	**378,967**	**948,062**	**274,938**
Of which current	74,096	21,488	92,928	26,949
included 'cash and cash equivalents'	57,292	16,615	9,524	2,762
Of which non-current	1,232,687	357,479	855,134	247,989
Liabilities	**1,286,108**	**372,971**	**917,401**	**266,046**
Of which current	102,658	29,771	74,677	21,656
Of which non-current	1,183,450	343,201	842,725	244,390
included 'non-current financial liabilities'	0	0	0	0
Net assets	**20,675**	**5,996**	**30,661**	**8,892**
Equity contribution	11,984	3,475	1,194	346
Others		-485		1,345
Carying amount of the investment		**8,986**		**10,583**
Revenue	**668**	**194**	**153**	**44**
Interest income	**4,370**	**1,267**	**3,105**	**900**
Interest expenses	**-2,029**	**-589**	**-1,197**	**-347**
Share in net result for the year	**-40,502**	**-11,746**	**-33,095**	**-9,598**

21. OTHER NON-CURRENT FINANCIAL ASSETS

Other financial assets contain the non-current portion of the receivable from negative purchase price in the amount of € 3,000k (prior year € 5,200k). The negative purchase price has been agreed for the acquisition of a large part of the production lines and other assets from Bosch Solar Energy AG in Arnstadt, Thuringia, by SolarWorld Industries Thüringen GmbH, a wholly owned subsidiary of SolarWorld AG, Bonn, by way of an asset deal in the prior year. The current portion is recognized in other current financial assets (compare note 28).

22. DEFERRED TAX ASSETS

In part, deferred tax assets result from accounting policies for recognition and measurement of assets and liabilities that differ from tax principles and current loss carryforwards. The development of deferred tax assets is included in the comments on tax expenses (note 12).

23. OTHER NON-CURRENT ASSETS

The item concerns the non-current portion of prepayments made on raw materials.

24. INVENTORIES

in k€	Dec 31, 2015	Dec 31, 2014
Finished goods and merchandise	61,583	53,027
Work in progress	54,185	48,047
Commodities and supplies	40,358	35,062
Prepayments (current)	15,437	21,927
Total	**171,563**	**158,063**

For the purpose of the breakdown above, only solar modules were qualified as finished goods of the Group.

In the reporting year, inventory impairments of € 3,804k (prior year € 6,486k) were recognized as expenses. Other than in the prior year, reversals of impairment losses amounting to € 2,289k were recorded in the reporting period.

Almost all inventory items are assigned by way of collateral for the credit facilities and notes. Please refer to our comments under note 32.

25. TRADE RECEIVABLES

Trade receivables amounting to € 94,700k (prior year € 66,765k) are assigned as collateral for loan obligations.

in k€	Dec 31, 2015	Dec 31, 2014
Trade receivables	95,582	75,851
Receivables from contruction contracts	1,820	0
Total	**97,402**	**75,851**

The following chart illustrates the aging structure of receivables:

in k€	Dec 31, 2015	Dec 31, 2014
Neither past due nor impaired	69,197	57,859
Past due but not impaired		
- up to 30 days	15,103	10,746
- between 31 and 60 days	4,465	1,483
- between 61 and 90 days	2,286	366
- between 91 and 180 days	1,248	378
- between 181 and 360 days	310	77
- exceeding 360 days	4,650	4,878
Impaired	143	64
Total	**97,402**	**75,851**

With regard to trade receivables that were not impaired, an indication for the recognition of impairment losses did not exist or impairment losses did not have to be recognized due to existing collaterals. The receivables included in the „between 1 and 90 days“ cluster were almost completely redeemed within the preparation period of the consolidated financial statements. The majority of the receivables included in the „between 91 to more than 360 days“ cluster result from wafer sales that mostly originate from long-term agreements. With regard to respective default risks, we refer to note 40.

The following chart illustrates the development of the bad debt allowance:

in k€	2015	2014
As at Jan 1	18,943	27,749
Utilization	-15,820	-9,625
Net release/allocation	208	786
Currency translation	67	33
As at Dec 31	**3,398**	**18,943**

26. INCOME TAX ASSETS

Tax assets of € 187k (prior year € 809k) are especially due to creditable investment income tax.

27. OTHER RECEIVABLES AND ASSETS

in k€	Dec 31, 2015	Dec 31, 2014
VAT receivables	7,452	15,274
Electricity tax refund	2,664	5,487
Deferred items	2,495	2,364
Receivables from research and development investment subsidies	1,578	2,657
Receivables from investment subsidies	0	1,634
Other prepayments	412	505
Other	2,909	4,109
Total	**17,510**	**32,030**

Unsettled receivables from electricity tax refunds result from the German Electricity Tax Act.

28. OTHER CURRENT FINANCIAL ASSETS

in k€	Dec 31, 2015	Dec 31, 2014
Sub-participation Solarparks of Extremadura S.L., Spain	13,834	13,834
Claim from debt assumption	6,439	0
Security deposits	2,202	2,003
Receivable from negative purchase price	2,200	33,800
Other financial assets	178	784
Total	**24,853**	**50,420**

The sub-investment in Solarparks of Extremadura S.L., Spain, results from a cooperation agreement with a wholly owned subsidiary of Deutsche Bank AG (DB), in which DB grants Solarparc GmbH the right to participate in the result from marketing or alternatively the operation of solar parks in Extremadura (Spain). The recognized carrying amount of the sub-investment offsets an amount payable to DB of € 12,667k (compare note 32), which DB can claim at any time.

With contract dated December 11, 2015 SolarWorld AG & Solar Holding GmbH in GbR Auermühle sold its property held as business asset with effect from December 31, 2015. Please also refer to note 2.3.3. As part of this transaction, financial liabilities related to the property in an amount of about € 6,439k have been transferred to the purchasers. This bank loan included in financial liabilities (note 32) is set against a claim from debt assumption in an equal amount.

Other financial assets primarily included amounts for re-insurances that were accounted for in accordance with IFRIC 14 and IAS 19. The re-insurance contracts were concluded in connection with early retirement obligations and netted with the outstanding wage payments at reporting date.

29. LIQUID FUNDS

Liquid funds almost entirely concern bank balances. At reporting date, these were invested in fixed term deposits and day-to-day money with different banks. Bank accounts with a credit balance of € 155k (prior year € 475k) are subject to pledge agreements.

30. ASSETS HELD FOR SALE

At reporting date, assets held for sale mainly include unused production facilities of the segment "Production Germany". The decline in this item compared with the prior year is primarily due to the sale of an unused piece of land of the segment "Production U.S." in the reporting period. Assets held for sale were not subject to a write-down (prior year write-down of € 325k) in the reporting year.

31. EQUITY

a) Subscribed capital

At reporting date, the capital stock amounts to € 14,896k (prior year € 14,896k) and similar to the prior year solely includes common shares, namely 14,896,000 non-par bearer shares.

b) Authorized capital

At SolarWorld AG's first Annual General Meeting since the completion of financial restructuring that was held on May 30, 2014, shareholders authorized the Management Board to increase the company's capital stock by to a maximum total of € 7,448,000.00 once or several times in accordance with the Supervisory Board until May 30, 2019 by issuing new, no-par bearer shares or registered shares in exchange for cash contributions or contributions in kind. The aim is to enable a flexible and rapid response to market conditions in the future while minimizing the negative impact on the company's share price.

c) Conditional capital

SolarWorld AG does not have any conditional capital.

d) Treasury shares

As in the prior year, no treasury shares were held by SolarWorld AG on the balance sheet date.

In the prior year SolarWorld AG sold 6,164 treasury shares in total for an amount of € 177k. The effects from this disposal on the individual items in equity are shown in the consolidated statement of changes in equity.

e) Other reserves

Currency translation reserve
The currency translation reserve contains differences arising from currency translation in the scope of translating annual financial statements of foreign subsidiaries.

f) Non-controlling interests

As in the prior year, non-controlling interests do not exist.

g) Dividend distribution

No dividend was distributed for 2014.

32. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

in k€	Dec 31, 2015	Dec 31, 2014
Bonds	185,577	199,385
Senior Facility Agreement	142,186	157,990
Super Senior Facility Agreement	50,309	50,000
Payment obligation sub-investment Solarparks of Extremadura S.L., Spain	12,667	12,667
Bank loans	7,748	8,056
Deposits from toll manufacturers	5,309	0
Derivative financial instruments	765	0
Purchase price obligation Auermühle	0	17,825
Other	1,288	3,956
Total	**405,849**	**449,879**

Since the financial restructuring in 2014 the financial liabilities consist of two publicly-traded bonds and a senior credit facility (Senior Facility Agreement or short SFA). In addition, SolarWorld took out a Super Senior credit facility (Super Senior Facility Agreement or short SSFA) from Qatar Solar Technologies Q.S.C. in the amount of € 50 million in the prior year.

In connection with these financial liabilities, SolarWorld AG and its affiliates SolarWorld Industries Sachsen GmbH, SolarWorld Innovations GmbH, SolarWorld Industries Deutschland GmbH, Solarparc Ziegelscheune GmbH, Solarparc Verwaltungs GmbH, SolarWorld Americas Inc., SolarWorld Industries America LP, SolarWorld France SAS and SolarWorld Asia Pacific PTE Ltd. provided all their material assets as transaction collaterals. In detail, this concerns the pledging of all current and future receivables, bank accounts, inventories, moveable fixed assets and current assets, IP-rights and Internet domains. In addition, all shares in subsidiaries were pledged.

The payment obligation for the sub-investment Solarparks of Extremadura S.L., Spain, is connected with the sub-investment in Solarparks of Extremadura S.L., Spain, recognized in other financial assets. We refer to our comments in note 28.

Deposits from toll manufacturers are payments received from toll manufacturers at balance sheet date regarding SolarWorld products that are to be processed and will be returned after complete processing.

The purchase price obligation Auermühle shown in the prior year resulted from concluded options that entitled SolarWorld AG to acquire another 45 percent of the shares in Auermühle. By agreement dated November 30, 2015 the option has been terminated.

33. ACCRUED INVESTMENT GRANTS

The item includes accrued investment subsidies and investment grants as well as accrued tax credits, even to the extent to which they are to be reversed in the course of the following year because they exclusively concern property, plant and equipment.

The investment subsidies and investment grants are subject to a number of requirements. Based on today's knowledge, all of those requirements will be met. Thus, repayment obligations are not expected to arise.

34. NON-CURRENT AND CURRENT PROVISIONS

in k€	As at Jan 1, 2015	Utilization	Reversal	Addition	Reclassifications	Currency translation	As at Dec 31, 2015
Warranties	24,653	1,512	12,278	2,354	0	592	13,809
Pensions	10,704	639	898	192	0	0	9,359
Litigation risks	9,190	270	4,443	188	0	404	5,069
Restoration obligations	377	259	0	0	79	38	235
Other provisions	4,522	40	3,022	486	-79	16	1,883
Total	**49,446**	**2,720**	**20,641**	**3,220**	**0**	**1,050**	**30,355**

The provision for warranties is set up for specific individual risks, for the general risk of being called upon in accordance to statutory warranty regulations and performance guarantees granted with regard to photovoltaic modules sold. The allocation to provision for the risk of being called upon for performance guarantees has previously been set up in an amount of 0.25 percent of all of SolarWorld group's module revenue. This rate represented the estimation of the discounted total expenses over the entire term of the performance guarantee (performance guarantee is granted for a period of 25 to 30 years). In the reporting period, estimations used for the warranty provisions were refined on the basis of improved experience. Accordingly, the historical provision allocations have been adjusted in the reporting period. This resulted in a release of provision amounting to € 10,868k, which is included in other operating income (compare note 5). The provision is subject to compounding at a matched maturity interest rate. In the reporting period, this made for interest expenses of € 609k (prior year € 746k), which are included in other financial expenses (compare note 11.)

Changes in the used discount rate would have an impact on the total provision amount, which would be recognized in profit or loss. If the discount rate would increase by 100 basis points, the provision for performance guarantees would decline by € 1.5 million. If the discount rate would decrease by 100 basis points, the provision for performance guarantees would rise by € 1.8 million.

As in the prior year, provisions for litigation risks primarily include claims for damages in connection with pending legal proceedings with current and former employees in the U.S. on account of alleged violations of labor law regulations and the risk of possible additional tax payments in the U.S. and Germany. The provision for possible tax payments in the U.S. has been reduced, as a material issue has been

solved in favor of SolarWorld. The provision for possible additional tax payments in Germany results from an ongoing tax field audit. In the prior year, it also included claims for damages in connection with a possible infringement of trademark rights by SolarWorld AG. This legal dispute was settled in the reporting period.

The provision for restoration obligations mainly concerns leasehold improvements that have to be removed by SolarWorld group after expiration of the lease term. As in the prior year that provision is fully current in the reporting period.

Other provisions include provisions in connection with disposal obligations for PV modules in an amount of € 1,602k (prior year € 1,177k). It is subject to compounding at matched maturity interest rate. In the reporting period, this makes for interest expenses of € 221k (prior year € 83k), which are included in other financial expenses (compare note 11).

PENSION PROVISIONS

Pension provisions include promises of retirement benefits to employees of the Group on the basis of direct commitment. The pension claims earned depend on the amount of pay at the time of retirement.

The following measurement parameters were uniformly used as a basis for calculating the defined benefit obligation (DBO):

in %	Dec 31, 2015	Dec 31, 2014
Discount rate	2.06	1.6 to 2.2
Future salary increase	3.0	3.0
Rate of pension progression	1.5 to 1.75	1.0 to 1.5

The Heubeck standard tables RT 2005 G were used with regard to mortality and invalidity.

The amount included in the consolidated financial statements arising from defined benefit obligation is as follows:

in k€	Dec 31, 2015	Dec 31, 2014
Present value of defined benefit obligation	9,466	10,848
Fair value of plan assets	-107	-144
Pension provision	**9,359**	**10,704**

Movements in the present value of the defined benefit obligation in the current year were as follows:

in k€	2015	2014
Extent of obligation as at Jan 1	10,848	8,772
Addition from business combination	0	401
Interest cost	176	299
Current service cost	19	38
Pension payments and other utilizations	-437	-432
Transfers	-270	-44
Gains (-) and losses (+) from the remeasurement:		
- Actuarial gains/losses due to changes in the financial assumptions	-571	1,669
- Actuarial gains/losses from experience adjustments	-299	145
Extent of obligation as at Dec 31	**9,466**	**10,848**

Movements in the fair value of the plan assets in the current year were as follows:

in k€	2015	2014
Opening balance as at Jan 1	144	0
Contributions from the employer	55	0
Transfer of plan assest (portability)	-92	0
Addition from business combination	0	144
Interest income	3	4
Gains (+) and losses (-) from the remeasurement:		
- Actuarial losses from experience adjustments	-3	-4
Closing balance as at Dec 31	**107**	**144**

The plan assets have been deposited in cash into an appropriate Contractual Trust Arrangement.

Alternative discount rates and rates of pension progression would result in the following changes in the defined benefit obligation and the corresponding reverse changes in equity (before taking into account deferred tax effects):

Measurement parameter in k€	Sensitivity	Change in the DBO 2015		Change in the DBO 2014	
Discount rate	+/- 1.00 %	-1,100	1,355	-1,346	1,678
Rate of pension progression	+/- 0.50 %	529	-487	617	-566

In 2016, the Group expects contributions to its defined benefit plans of € 195k.

DEFINED CONTRIBUTION PLANS

The Group also maintains domestic and foreign pension plans through state or private pension funds. Amounts contributed by the Group under such plans are based upon the employees' salary or the amount of contributions made by the employees. In 2015, the employer's contribution to statutory pension insurance schemes amounted to € 9.6 million (prior year € 8.7 million). In addition, there were a further € 1.2 million (prior year € 0.8 million) expenses for contributions to private pension funds.

35. OTHER NON-CURRENT AND CURRENT LIABILITIES

in k€	Dec 31, 2015	Dec 31, 2014
Outstanding invoices	16,388	15,902
Customer advances	13,983	6,650
Other personnel obligations	12,376	11,836
Equity contribution obligation	11,984	1,051
VAT	5,251	5,990
Creditors with debit accounts	1,865	298
Other	8,623	6,834
Total	**70,470**	**48,561**

Customer advances mainly concern advances from long-term wafer purchase agreements and, additionally in the reporting period, from the module business.

Other personnel liabilities substantially consist of variable compensation claims of employees, outstanding wages and salaries and holiday entitlements. In the prior period, interest payable on parts of the variable compensation claims of employees in the amount of € 16k incurred, which were included in interest expenses (note 11 c)).

The claimed obligation to contribute equity concerns capital increases called for by Qatar Solar Technologies Q.S.C. in November 2013 and in January 2015 that were based on a corresponding shareholder agreement. According to the agreements from the financial restructuring, the obligations claimed will be paid by Qatar Solar S.P.C. and granted to SolarWorld AG as a further loan. Payment of both obligations is deferred until March 31, 2016. We refer to our comments in note 20.

36. DEFERRED TAX LIABILITIES

Deferred tax liabilities entirely result from accounting policies for recognition and measurement of assets and liabilities that differ from tax principles. The item's development is included in the comments on tax expenses (note 12).

37. INCOME TAX LIABILITIES

The item includes corporation, trade and capital yields tax assessed by the tax authorities and calculated or estimated by the consolidated entities as well as corresponding foreign taxes resulting from tax laws.

OTHER DISCLOSURES

38. OTHER FINANCIAL LIABILITIES

in m€	Dec 31, 2015	Dec 31, 2014
Order commitments from commodity and license agreements		
- within one year	106	87
- between 1 and 5 years	64	105
- more than 5 years	43	47
Order commitments from investments in fixed assets		
- within one year	7	5
- between 1 and 5 years	0	0
- more than 5 years	0	0
Obligations from perennial rent agreements		
- within one year	4	2
- between 1 and 5 years	10	3
- more than 5 years	16	0
Total	**250**	**249**

The obligations from multi-year rental agreements mostly concern office buildings and vehicles. The terms of the lease agreements for buildings and vehicles run from 3 to 14 and 3 to 4 years, respectively. The lease agreements for vehicles do not include any significant purchase or extension options. One lease agreement for a building includes the option to extend the contract twice by five years each. The contracts do not impose any restrictions on SolarWorld AG.

39. CONTINGENCIES AND EVENTS AFTER BALANCE SHEET DATE

A comprehensive presentation of corporate risks and events after balance sheet date is included in the group management report which, in accordance with German laws and regulations, is to be prepared and published at the same time as these consolidated financial statements. Amongst others, the group management report goes into detail with regard to the expectations for future development of selling prices and the overall market.

APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements are expected to be approved and authorized for issue by the Supervisory Board in its meeting on March 16, 2016.

40. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Management of capital structure

SolarWorld group's capital management is especially aligned to ensure the Group's financing. This includes the safeguarding of a constant level of minimum liquidity that is available. Directly managed by the executive board, SolarWorld AG is responsible for planning and monitoring the Group's liquidity as well as the raising of capital. Short-term liquidity management is carried out with a planning horizon of 13 weeks. Generally, the corresponding planning is updated twice a month. Thus, in the scope of the financial restructuring successfully completed in the prior year, SolarWorld AG was able to reduce its financial liabilities from some € 1 billion to € 427 million and to adapt loan obligations to the earning power and financial requirements of the company. Since then, financial liabilities consist of two publicly-traded bonds and a senior credit facility. Also in the prior year, SolarWorld received a Super Senior credit facility of € 50.0 million from Qatar Solar Technologies Q.S.C. in the scope of the financial restructuring process as well. All credit facilities have terms until early 2019. Hence, SolarWorld Group has a solid capital structure with an equity ratio of 24.0 percent (prior year 26.1 percent).

b) Principles and objectives of financial risk management

In its capacity as an internationally operating group, SolarWorld AG is exposed to market, credit and liquidity risks with regard to its assets, liabilities and future transactions already set and planned. Objective of financial risk management is the limitation of these risks by way of operating and finance-oriented activities.

Main features of financial policies are agreed upon in the board of directors and with the respective subsidiaries on a regular basis. Selected derivative and non-derivative financial instruments are utilized to limit or take risks in a controlled way, depending on the respective risk assessment, planning ability regarding future transactions and current market situation. As a basic principle, however, only those risks are addressed that have short- to medium-term consequences on the Group's cash flow. Implementation of financial policies as well as risk management is handled by the respective departments, which report to the board of directors on a regular basis.

Derivative financial instruments are regularly used as hedging instruments but not for trading or speculation purposes. To exploit short-term market fluctuations, possibly existing hedging instruments are closed out economically. To minimize default risks, hedging agreements are only concluded with leading financial institutions that have a credit rating in the investment grade area.

With regard to the investment of liquid funds, it is SolarWorld group's primary objective to minimize risks from the change of market prices or the creditworthiness of creditors and to obtain a positive return rate in the process. SolarWorld group therefore invests uncommitted liquid funds in demand deposits (fixed-term deposits and day-to-day money) predominantly in Euro, U.S. dollar and the British pound. To limit the default risk, demand deposits are only placed with leading financial institutes with a credit rating in the investment grade area.

c) Market risks

With respect to market risks, SolarWorld group is especially prone to risks from the change in currency translation, commodity prices and interest rates.

For the presentation of market risks, IFRS 7 requires sensitivity analyses, which show the consequences of hypothetical changes of relevant risk variables on result and equity. The periodic consequences are determined by showing how the hypothetical changes of the risk variables could have affected the existing financial instruments at balance sheet date. It is therefore assumed on the basis of existing hedging relations that net liabilities, the relation of fixed and variable interest on liabilities and derivatives and the proportion of foreign currency financial instruments remain unchanged.

Currency risks in terms of IFRS 7 arise on financial instruments that are denominated in a currency different from the functional currency and are of a monetary nature. Currency risk related differences from the translation of financial statements into the group currency remain unaccounted for. Relevant risk variables are basically all non-functional currencies in which SolarWorld group holds financial instruments.

Interest risks exist both on the borrowing and the deposit side. Thus, analysis of interest risks is carried out on the basis of net debt whereas it is assumed that interest for variably interest-bearing borrowings and deposits change in equal measure. Moreover, only those interest-bearing financial instruments whose interest level depends exclusively on market interest development are included in the analysis.

Risks from the change of commodity prices result from commodity derivatives concluded for hedging purposes with regard to the corresponding commodity purchases.

aa) Currency risks

SolarWorld group's currency risks mainly result from operating activities. Intra-group transactions are, partially, concluded in a foreign currency. Foreign currency risks are in principal only hedged to the extent to which they influence the Group's cash flows. On principle, risks that result from the translation of assets and liabilities of foreign subsidiaries into the group reporting currency and influence the Group's cash flow only upon disposal of the subsidiary are not hedged. However, hedging of these risks is not entirely ruled out in the future.

With regard to operating activities, the individual group companies mostly handle their operations in utilization of the respective functional currency. For the rest, SolarWorld group is exposed to foreign currency risks in connection with foreign currency transactions already set and planned. These mainly concern transactions in US$ in connection with the procurement of raw materials as well as intragroup transaction in US$ in connection with the sale of modules. As in the prior year, no hedging relationships existed for these transactions at balance sheet date.

Aside from a proportion of liquid funds and trade receivables and liabilities, the material financial instruments are mainly denominated in functional currency. Hence, exchange rate changes basically influence the result only with regard to these foreign currency items.

If the Euro revalues (devalues) towards the US$ by 10 percent, this will make for a negative (positive) effect on earnings before income tax of € 10,304k (€ 12,390k). The corresponding data for the prior year was € 7,214k (€ 8,540k). If the Euro revalues (devalues) towards the British pound by 10 percent, this will make for a negative (positive) effect on earnings before income tax of € 1,123k (€ 1,372k). The corresponding data for the prior year was € 276k (€ 338k). With regard to all other changes in exchange rates, the Group's currency risk is insignificant.

bb) Interest risks

At reporting date, all borrowed capital of the Group basically bears variable interest on the basis of the EURIBOR, whereas an EURIBOR rate of at least one percent is applicable. Presently, borrowed capital is therefore de facto subject to fixed interest rates. As uncommitted liquid funds are mainly invested for the short-term, SolarWorld faces an interest risk on the deposit side. Moreover, the Group is subject to interest risks in connection with an interest rate limit transaction in form of a maximum rate agreement (cap), which is not designated into a hedging relationship.

If the market interest rate level would increase by 10 basis points, the positive effect on earnings before tax would amount to € 189k (prior year € 177k). If the market interest rate level would decrease by 10 basis points, the negative effect on earnings before tax would amount to € 189k (prior year € 177k).

cc) Other price risks

In addition, SolarWorld group concluded commodity derivatives to hedge the risk of increasing silver prices. As the derivatives are not integrated in a valid hedging relationship, changes in the derivatives' value affect the earnings before tax.

If the silver price rate increased or decreased from – at reporting date – some US$ 14/kg to US$ 20/kg or US$ 10/kg, the earnings before tax would be € 3,971k higher or € 2,625k lower, respectively.

d) Credit risks

For the most part, SolarWorld group's uncommitted liquidity is invested in demand deposits with well-known banks rated in the investment grade area. Thus, the default risk is considered marginal in this respect.

With regard to supplies to non-group customers, depending on type and amount of the respective service, collateral is required, credit ratings/references are collected or historical data from previous business relations – especially as regards payment behavior – is used for avoiding default in payment.

To further limit credit risks, receivables from non-group module sales are mostly secured via credit insurances. Hence, the respective credit risk is regarded rather remote.

With respect to receivables from wafer sales that originated from long-term contracts, credit insurances do not exist for the most part as these customers have paid extensive advances, which are non-refundable especially in the event of insolvency. Thus, the respective credit risk is economically provided for.

For the rest, the maximum credit risk results from the carrying amounts.

e) Liquidity risks

For SolarWorld group, liquidity risks arise from the obligation to redeem liabilities in full and in due time. It is therefore the task of the cash and liquidity management to assure the individual group companies' liquidity at any time.

Cash management for operating activities is carried out in a decentralized manner within the individual business units. SolarWorld AG predominantly balances the respective requirements and surpluses regarding the individual units' means of payment in a centralized way by both cash pooling agreements or granting and accepting intra-group loans. Central cash management determines the group-wide financial resources requirements on the basis of business planning.

In February 2014, the financial restructuring of SolarWorld AG was finalized. As a result, the financial liabilities of SolarWorld AG were reduced from some € 1 billion by € 570 million to € 427 million and the financial restructuring which began in January 2013 was completed.

Financial liabilities reorganized in the course of the financial restructuring now consist of two publicly-traded bonds with a nominal value as at December 31, 2015, of € 48.1 million and € 137.4 million (December 31, 2014: € 51.7 million and € 147.7 million) and a senior credit facility (Senior Facility Agreement or short SFA) of € 142.2 million (December 31, 2014: € 158.0 million). In addition, SolarWorld took out a Super Senior credit facility (Super Senior Facility Agreement or short SSFA) from Qatar Solar Technologies Q.S.C. in the amount of € 50.0 million in 2014.

All new financial liabilities fall due within 5 years and include a so-called "cross-default clause", which gives the creditors an extraordinary right to give notice if SolarWorld AG does not meet its obligations from other borrowed funds.

The SFA and SSFA include provisions that entitle the creditors to extraordinary termination of the contract and demand premature repayment of the loans if certain covenants are not met. The covenants are mainly indicators regarding the debt-equity and interest cover ratio that have to be complied with from December 31, 2015 and indicators regarding the minimum liquidity and maximum debt. SolarWorld believes that the interpretations made are in accordance with the contractual basis and all contractual obligations and conditions have been complied with. Therefore, it has not infringed any loan agreements. However, individual creditors of borrowed funds come to different interpretations regarding the methods for determining the covenants. Based on the company's current business planning, the Management Board expects to be able to meet these covenants also for the full year 2016. In the first and second quarter of 2016, headroom for deviations is more limited than in the second half of the year, increasing the risk of breaching covenants during this period.

In addition, creditors of borrowed funds in a nominal amount of € 377 million (prior year € 407 million) can demand early repayment of the loans in the event of a change of control at SolarWorld AG.

These regulations are supplemented by further standard provisions on termination.

The following chart shows the future undiscounted cash flows of the financial liabilities (interest and repayment), as they would contractually result without taking into account any unscheduled repayments. Unscheduled repayments are contractually agreed if certain liquidity or cash flow indicators are met or certain material cash flow-relevant transactions took place.

UNDISCOUNTED CASH FLOWS OF FINANCIAL LIABILITIES

in k€	Total	2016	2017	2018	2019	2020	2021 et seqq.
Bank loans	-1,448	-321	-310	-299	-287	-165	-66
Bonds	-223,697	-27,573	-11,932	-11,932	-172,260	0	0
Senior Facility Agreement	-170,738	-26,024	-8,911	-8,911	-126,892	0	0
Super Senior Facility Agreement	-60,496	-3,517	-3,508	-3,508	-49,963	0	0
Total	**-456,379**	**-57,435**	**-24,661**	**-24,650**	**-349,402**	**-165**	**-66**

f) Fair values, carrying amounts and residual terms of financial instruments in accordance with categories

The following chart shows fair values and carrying amounts of financial assets and liabilities included in the individual line items:

Assets Dec 31, 2015	Measurement categories IAS 39				
in k€	Held for trading	Loans and receivables	Available for sale	Derivatives in hedging relationships	Total carrying amounts
Trade receivables	-	97,402	-	-	97,402
Other receivables and assets	-	1,278	-	-	1,278
Other financial assets	-	14,081	13,834	-	27,914
Liquid funds	-	188,642	-	-	188,642
Total	**0**	**301,403**	**13,834**	**0**	**315,236**

Assets Dec 31, 2014	Measurement categories IAS 39				
in k€	Held for trading	Loans and receivables	Available for sale	Derivatives in hedging relationships	Total carrying amounts
Trade receivables	-	75,851	-	-	75,851
Other receivables and assets	-	291	-	-	291
Other financial assets	53	41,787	13,834	-	55,674
Liquid funds	-	177,097	-	-	177,097
Total	**53**	**295,026**	**13,834**	**0**	**308,913**

Liabilities Dec 31, 2015	Measurement categories IAS 39			
in k€	Financial liabilities recognized at amortized cost	Financial liabilities designated as at fair value	Purchase price commitment from business acquisition	Total carrying amounts
Financial liabilities	405,084	765	-	405,849
Trade payables	77,771	-	-	77,771
Other liabilities	-	-	-	-
Total	**482,855**	**765**	**0**	**483,620**

Liabilities Dec 31, 2014	Measurement categories IAS 39			
in k€	Financial liabilities recognized at amortized cost	Financial liabilities designated as at fair value	Purchase price commitment from business acquisition	Total carrying amounts
Financial liabilities	431,147	907	17.825	449,879
Trade payables	42,291	-	-	42,291
Other liabilities	-	-	-	-
Total	**473,438**	**907**	**17,825**	**492,170**

			Residual terms		
Total fair values	**IFRS 7 not applicable**	**Total carrying amounts**	**up to 1 year**	**between 1 and 5 years**	**exceeding 5 years**
97,402	-	97,402	97,402	-	-
1,278	16,233	17,510	17,510	-	-
27,914	-	27,914	24,853	3,062	-
188,642	-	188,642	188,642	-	-
315,236	**16,233**	**331,468**	**328,407**	**3,062**	**0**

			Residual terms		
Total fair values	**IFRS 7 not applicable**	**Total carrying amounts**	**up to 1 year**	**between 1 and 5 years**	**exceeding 5 years**
75,851	-	75,851	75,851	-	-
291	31,739	32,030	32,030	-	-
55,674	-	55,674	50,420	5,254	-
177,097	-	177,097	177,097	-	-
308,913	**31,739**	**340,652**	**335,398**	**5,254**	**0**

			Residual terms		
Total fair values	**IFRS 7 not applicable**	**Total carrying amounts**	**up to 1 year**	**between 1 and 5 years**	**exceeding 5 years**
317,645	-	405,849	57,223	348,627	-
77,771	-	77,771	77,771	-	-
-	70,470	70,470	70,452	18	-
395,416	**70,470**	**554,090**	**205,446**	**348,645**	**0**

			Residual terms		
Total fair values	**IFRS 17 not applicable**	**Total carrying amounts**	**up to 1 year**	**between 1 and 5 years**	**exceeding 5 years**
317,645	-	449,879	58,297	391,582	-
42,291	-	42,291	42,291	-	-
-	48,561	48,561	48,450	111	-
359,936	**48,561**	**540,731**	**149,038**	**391,693**	**0**

The fair value of financial assets and financial liabilities needs to be presented in the amount that could be generated if the respective instruments were exchanged in the scope of a current transaction (with the exception of forced sale or liquidation) between business partners willing to contract. The methods and assumptions used for determining fair values are:

- Trade receivables, other receivables and assets, liquid funds, trade liabilities and the material proportion of the other liabilities in terms of IFRS 7 are subject to short residual terms. Thus, their carrying amounts at reporting date approximately equal fair value.

- The fair value of other financial assets and financial liabilities is determined on the basis of stock market prices on active markets if available.

- The fair value of unlisted other financial assets is estimated in application of appropriate measurement methods or on the basis of conducted transactions.

- The fair value of unquoted SFA and SSFA is estimated at a uniform 60.45 percent (prior year 67.54 percent) of the nominal value. This equals the mid-market rate of the two SolarWorld AG bonds traded on the capital market. This does not apply for bank loans or parts thereof if collateral is provided. These parts are recognized in full.

- The fair value of derivative financial instruments with existing observable input parameters on the market is estimated by discounting future cash flows in application of these input parameters. The used input parameters concern yield curves, commodity spot and forward rates as well as volatilities. The fair value of liabilities from terminable non-group investments in a fully consolidated partnership was determined on the basis of the proportionate annual result at amortized cost as no significant value-impairing factors existed.

Financial instruments accounted for at fair value at the reporting date can be attributed to Level 1, 2 or 3 (note 2.1) for measurement and presentation of fair values as follows:

	Dec 31, 2015				Dec 31, 2014			
in k€	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value								
- held for trading	-	-	-	-	53	-	53	-
- available for sale	13,834	-	-	13,834	13,834	-	-	13,834
Financial liabilities measured at fair value								
- held for trading	-765	-	-765	-	-	-	-	-
- from terminable partnership interests	-	-	-	-	-907	-	-	-907
Total	**13,068**	**-**	**-765**	**13,834**	**12,980**	**0**	**53**	**12,927**

The following chart shows the development of financial instruments included in stage 3 over the course of the business year:

in k€	**2015**	**2014**
As at Jan 1	12,927	12,992
Losses recognized in other financial result	-17	-65
Deconsolidation	924	0
As at Dec 31	**13,834**	**12,927**

The financial instruments still held at balance sheet date that were assigned to stage 3 made for a netted loss of € 0k (prior year € -65k) in 2015. Regarding the effect from deconsolidation please refer to note 2.3.3.

g) Net gains and losses by measurement category

To the extent to that they are assignable to financing or investment activities, net gains and losses of the measurement categories "financial assets designated as at fair value through profit or loss" and "financial assets held for trading" are included in other financial result (note 11). In addition to results from market value measurement, they also include interest and currency effects. Furthermore, net gains and losses from "financial assets held for trading" that are assignable to operations have to be taken into account as well. In total, the net loss from "financial assets held for trading" amounts to € -1,139k (prior year € -168k).

In addition to the exchange gains mentioned below, net gains and losses of the measurement category "loans and receivables" mainly contain impairment losses in an amount of € 234k (prior year € 435k). The latter are included in other operating expenses.

With respect to the measurement categories "loans and receivables" and "financial liabilities measured at amortized cost", net gains and losses need to take losses from currency effects into account, which were not subdivided for reasons of efficiency. The netted exchange gains for the reporting period amount to € 8,490k (prior year € 10,529k). To the extent to that they concern transactions in the scope of operations and financing transactions, they are recognized in other operating income or other operating expenses and other financial result, respectively.

Apart from a portion of the mentioned currency effects, the net result of "financial liabilities measured at amortized cost" in the prior year included the restructuring profit of € 555.7 million that was recognized and disclosed in other financial result. We refer to note 11.

Thus, net income from the measurement categories "loans and receivables" and "financial liabilities measured at amortized cost" amount to a total of € 8,256k (prior year € 565,821k)

As in the prior year, neither interest income nor additions to the AfS reserve were recognized with regard to "financial assets available for sale" in the reporting year.

h) Hedging

Hedging that required hedge accounting did not exist in the reporting period.

41. COMMENTS ON THE CASH FLOW STATEMENT

a) Cash flow from operating activities

Cash flow from operating activities was prepared in accordance with the indirect method. At first, the pretax result used as a starting point is adjusted by significant non-cash earnings and expenses. This makes for the cash flow from operating results. Cash flow from operating activities takes the changes of net current assets into account.

Non-cash expenses and income of the business year essentially include the income from reversal of provisions and liabilities, the income from deconsolidation, the income from revaluation of current assets and impairment losses of inventories and receivables. In the prior year, it also included a gain from initial purchase accounting, income from the reversal of advances received and impairment losses on prepayments made.

Interest paid and interest received is included in cash flow from financing activities and cash flow from operating activities, respectively.

b) Cash flow from investing activities

The cash flow from investing activities includes payments for asset investments as well as investment grants received for this purpose. Cash receipts from the disposal of fixed assets are also included. Cash receipts from Bosch Solar Energy AG arising from the negative purchase price agreed are also included under this heading. The negative purchase price has been agreed for the acquisition of a large part of the production lines and other assets from Bosch Solar Energy AG in Arnstadt, Thuringia, by SolarWorld Industries Thüringen GmbH, a wholly owned subsidiary of SolarWorld AG, Bonn, by way of an asset deal in the prior year.

The payments for asset investments contain € 43k (prior year € 322k) for "Exploration and evaluation" included in intangible assets.

c) Cash flow from financing activities

Cash flow from financing activities is characterized from the repayments of financial liabilities. The most substantial components are various scheduled repayments agreed within the financial restructuring program. In the reporting period also one unscheduled repayment has been made. Finally, the item shows interest paid and in the prior year also restructuring expenses incurred with regard to compensation and restructuring fees for creditors.

In addition to the repayment of financial liabilities that can be taken from the cash flow, it could be reduced further because of derecognition of another loan within the context of the deconsolidation by € 1.2 million. Likewise, in the prior year in addition to the repayment of financial liabilities that can be taken from the cash flow, the sale of Solarparc GmbH's photovoltaic operations further reduced the financial liabilities by € 1.0 million while the deconsolidation of Solarparc Projekt IV GmbH & Co. KG further reduced it by € 1.7 million. These were non-cash transactions, as each purchaser assumed the corresponding liability.

d) Cash and cash equivalents

As in the prior period, cash and cash equivalents at the end of the period exclusively consist of liquid funds as recognized on the consolidated balance sheet. In the prior year, cash and cash equivalents whose availability was restricted for more than 3 months were included in financial assets. Bank accounts with a credit balance of € 155k (prior year € 475k) are subject to pledge agreements.

42. CONTINGENT LIABILITIES

Our subsidiary SolarWorld Industries Sachsen GmbH (formerly Deutsche Solar GmbH) is currently the defendant in court proceedings with the silicon supplier Hemlock Semiconductor Corp. The subject of the court proceedings is the non-acceptance of silicon from long-term silicon contracts concluded with this silicon supplier. Due to the non-acceptance, the silicon supplier claims an amount of USD 585 million on the basis of a "take or pay" obligation and in damages. Furthermore, interest claims have been asserted on this. Projected up to the balance sheet date, these would amount to USD 171 million. According to external legal opinions there are anti-trust concerns under European law regarding the effectiveness of the underlying supply contracts, which could mean that the purchasing obligations are null and void. From SolarWorld's perspective, the supplier is therefore not entitled to claim damages. In addition, SolarWorld Industries Sachsen GmbH has further substantial lines of defenses against the validity of the claims. However, the District Court for the Eastern District of Michigan, in which the case is unfolding at first instance, ordered on October 28, 2015, to deny a motion to allow illegality under European antitrust law as a line of defense in the proceedings. The partial decision of the court is of technical nature and is no assessment that the underlying agreements do not violate EU antitrust law. All other lines of defense remain allowed.

In case of a negative ruling in the first instance, there will still be the possibility of appeal in the United States, and the defense of illegality under EU antitrust law can be reconsidered at that stage. In addition, a potential U.S. ruling has to comply with the essential principles of the German law in order to be recognized and enforced in Germany. Thus, a German court would have to reassess a potential ruling, if it were to be enforced in Germany. At the latest at this stage, the illegality of the underlying agreements due to infringement of EU antitrust law would become relevant again. Therefore, even in case of a negative ruling in the U.S., SolarWorld continues to assess the probability of enforcement of such ruling as low. Nevertheless, at this point in time the outcome of the proceedings cannot be finnaly estimated. Depending on the outcome, therefore it is possible that SolarWorld Industries Sachsen GmbH might be liable for damages up to the claimed amount.

43. RELATED PARTY DISCLOSURES

The following material transactions involving related parties were conducted in the reporting period 2015:

With contract dated December 11, 2015 SolarWorld AG & Solar Holding GmbH in GbR Auermühle sold its property held as business asset to companies related to Dr.-Ing. E.h. Frank Asbeck with effect from December 31, 2015. The transaction was carried out in two stages. In a first step a portion of the property was transferred to Solar Holding Beteiligungsgesellschaft mbH against reduction of its company shares. SolarWorld AG's shares in SolarWorld AG & Solar Holding GmbH in GbR Auermühle thereby increased to 94.23 percent. In a second step the remaining part of property after this transaction was sold also in December 2015. The purchase price was € 22.4 million. With the transactions the financial liabilities related to the property in an amount of € 6.4 million were transferred to the purchasers.

Administration and commercial property in Bonn as well as a solar park in Freiberg were rented and leased from Dr.-Ing. E.h. Frank Asbeck and close family members. The annual rent and lease payments amounted to € 1.4 million (prior year € 1.3 million). For other services and on-charges of costs incurred especially in connection with the management of solar parks, a net amount of € 289k (prior year € 354k) was invoiced to Dr.-Ing. E.h. Frank Asbeck and his individual enterprise. At the end of the period, all receivables (prior year € 148k) were settled.

SolarWorld AG & Solar Holding GmbH in GbR Auermühle took out a € 900k loan on October 22, 2014 and a further loan of € 300k on February 22, 2015 from an entity directly controlled by Dr.-Ing. E.h. Frank Asbeck. At reporting date the loan liability did not exist any longer. Please refer to note 41. c). In the reporting period 2015, the respective interest for 11 month amounts to € 63k (prior year € 11k). Liabilities from this transaction do not exist at reporting date (prior year € 11k).

In the period of time after its derecognition SolarWorld AG & Solar Holding GmbH in GbR Auermühle generated rental income in an amount of € 153k from properties leased to SolarWorld group. No receivables from this transaction are unsettled at the end of the period.

Project services and module deliveries in the net amount of € 475k (prior year € 0k) were rendered or supplied to entities indirectly and directly controlled by Dr.-Ing. E.h. Frank Asbeck. At the end of the period, all receivables were settled. At reporting date, however, there was a payment received in the amount of € 158k (prior year € 0k) for the supply of modules not delivered till that date.

Services and on-charges of costs incurred in the amount of € 261k (prior year € 312k) were rendered to entities indirectly and directly controlled by Dr.-Ing. E.h. Frank Asbeck. As already in the prior year, no receivables from this transaction are unsettled at the end of the period.

On February 25, 2014, SolarWorld took out a loan (Super Senior Facility Agreement or short SSFA) from Qatar Solar Technologies Q.S.C., Qatar, amounting to of € 50.3 million including interest on balance sheet date. Several collaterals were provided for the loan. Please refer to note 32. The respective interest expenses for the reporting period amounted to € 3,441k (prior year € 2,575k).

SolarWorld group has entered into contracts regarding the construction of solar parks for Qatar Solar Technologies Q.S.C., Qatar, amounting to € 3.8 million. At reporting date, advances received in the amount of € 0.5 million resulted from this transaction. Furthermore, SolarWorld group reacquired assets from Qatar Solar Technologies Q.S.C. of € 1.3 million due to higher demand on the US solar market. Services related to this transaction amounted to € 0.1 million. Liabilities of € 1.3 million were outstanding at reporting date which shall be off-set against trade receivables from the project contracts.

On the basis of a corresponding shareholder agreement, Qatar Solar Technologies Q.S.C., Qatar, called in equity contributions of US$ 1,450k in November 2013 and of US$ 11,603 in January 2015. According to the agreements from the financial restructuring the obligation claimed in January 2015 will be paid by Qatar Solar S.P.C. and granted to SolarWorld AG as a further loan. Payment of both obligations is deferred until March 31, 2016. We refer to our comments in note 35.

Employee representatives to the Supervisory Board, who are in employment with SolarWorld AG or one of its subsidiaries, have received remunerations (excluding the remuneration for the Supervisory Board) in the total amount of € 147k during their activity in the Supervisory Board.

The partnership Schmitz Knoth Rechtsanwälte, Bonn, – a party related to the former chairman of the Supervisory Board, Dr. Claus Recktenwald, in terms of IAS 24 – handles SolarWorld group's legal issues. Upon approval of the Supervisory Board, in the prior year a total fee of € 0.4 million was rewarded for these services until his resignation on May 30, 2014.

Remuneration and share ownership of members of the executive and Supervisory Board is listed in note 45 and presented in the remuneration report of the management report.

All transactions were carried out at arm's length.

44. EMPLOYEES

The average number of employees amounted to 2,838 (prior year 2,701) and falls upon the entity's areas of operations and segments as follows:

Number	2015	2014
Production Germany	1,721	1,751
Production U.S.	658	503
Trade	349	327
Other	110	120
Total	**2,838**	**2,701**

Per December 31, 2015, the number of employees amounted to 2,932 (prior year 2,701) and included 49 trainees (prior year 44).

45. EXECUTIVE BOARD MANAGEMENT BOARD AND SUPERVISORY BOARD

For assuming their duties in both parent company and subsidiaries in 2015, the members of the Management Board received total remuneration payments of € 2,719k (prior year € 2,276k), which includes variable remuneration of € 877k (prior year € 554k).

Mr. Klebensberger's board function as Chief Operations Officer ended in February 2013. On the basis of his still ongoing contract, he received continued payment of remuneration amounting to € 285k in 2014. In the reporting period no payments had to be made.

For assuming their duties in both parent company and subsidiaries in 2015, the members of the Supervisory Board received remuneration payments including reimbursements in a total amount of € 518k (prior year € 312k), each plus statutory VAT. As in the prior year, the total does not include any variable remuneration.

Individualized disclosures regarding the remuneration of the board of directors' members are included in the entity's management report.

As in the prior year, the appointed members of the Management Board are:

- Dr.-Ing. E. h. Frank Asbeck (Chief Executive Officer)
- Dipl.-Kfm. tech. Philipp Koecke (Chief Financial Officer)
- Dipl.-Wirtschaftsing. Frank Henn (Chief Sales Officer)
- Attorney at law Colette Rückert-Hennen (Chief Information, Brand & Personnel Officer)
- Dipl.-Ing. Jürgen Stein (Chief Product Officer)

At reporting date, the chairman of the Management Board, Dr.-Ing. E.h. Frank Asbeck, indirectly and directly owned unchanged to the prior year 20.85 percent of the shares in SolarWorld AG.

As in the prior year, members of the Supervisory Board are:

- Dr. Georg Gansen (Chairman), attorney-at-law/corporate legal counsel of Deutsche Post AG, Bonn
- Heiner Eichermüller, Scottsdale/Arizona, United States (Deputy Chairman until June 2, 2015), freelance senior business consultant
- Dr. Khalid K. Al Hajri, Doha, Qatar
- Faisal M. Al Suwaidi, Doha, Qatar
- Dr. Andreas Pleßke, Herrsching am Ammersee, Germany
- Jürgen Wild, Vaucresson, France

The chairman of the Supervisory Board, Dr. Georg Gansen, does not hold office in any other boards of directors and similar supervisory bodies to be established according to law.

On June 2, 2015, the following employee representatives were appointed by court upon the Management Board's application:

- Gerald Voigt, Chemnitz, Germany (Deputy Chairman since June 2, 2015), trade union Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE) district manager for Dresden/Chemnitz
- Wolfgang Lemb, Frankfurt am Main, Germany, member of the management board of trade union Industriegewerkschaft Metall (IG Metall)
- Dr. Ute Mareck, Freiberg, Germany, manager of technology and process at SolarWorld Industries Sachsen GmbH
- Peter Finger, Bonn, Germany, Chairman of the Works Council of SolarWorld AG
- Joachim Götz, Erfurt, Germany, Chairman of the Works Council of SolarWorld Industries Thüringen GmbH
- Anke Martin-Heede, Weißenborn, Germany, Chairwoman of the Group Works Council and of the Works Council of SolarWorld Industries Sachsen GmbH

These Supervisory Board members were serving on an interim basis until the election by direct vote of the employee representatives on September 29/30, 2015, by the employees at the German sites.

Thus, the following six employee representatives have been members of the Supervisory Board since the election by direct vote and therewith since October 2015:

- Gerald Voigt, Chemnitz, Germany (Deputy Chairman since June 2, 2015), trade union Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE) district manager for Dresden/Chemnitz
- Albrecht Handke, Dresden, Germany, press and public relations officer, member of the works council of SolarWorld Industries Sachsen GmbH
- Wolfgang Lemb, Frankfurt am Main, Germany, member of the management board of trade union Industriegewerkschaft Metall (IG Metall)
- Dr. Ute Mareck, Freiberg, Germany, manager of technology and process at SolarWorld Industries Sachsen GmbH
- Alexander Richter, Freiberg, Germany, member of the works council of Solar-World Industries Sachsen GmbH and member of the group works council of SolarWorld AG
- Olaf Zirr, Erfurt, Germany, team manager QHSE and deputy chairman of the works council of SolarWorld Industries Thüringen GmbH

The deputy chairman of the Supervisory Board, Gerald Voigt, is also member of the Supervisory Board of envia Mitteldeutsche Energie AG, Chemnitz.

46. AUDITOR'S FEES

In 2015, total fees invoiced by the auditor of the consolidated financial statements, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg/Bonn, including reimbursement of costs, amount to:

a) Year-end audit € 0.7 million (prior year € 0.7 million)
b) Other certification services € 0.0 million (prior year € 0.2 million)
c) Tax consulting € 0.0 million (prior year € 0.0 million)
d) Miscellaneous services € 0.1 million (prior year € 0.2 million)

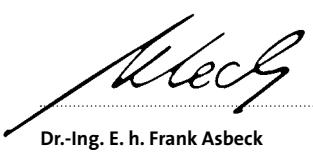
Furthermore, in the prior year transitory items in an amount of € 1.0 million have been recharged in the scope of the financial restructuring.

47. CORPORATE GOVERNANCE

In November 2015, Supervisory Board and Management Board issued the statement required by § 161 AktG, stating that, with a few exceptions, the recommendations of the "Deutscher Corporate Governance Kodex" (German Corporate Governance Code) issued on May 5, 2015, were and are complied with. Both the declaration of compliance and explanations for exceptions are published on the SolarWorld AG website (www.solarworld.de/investorrelations/entsprechenserklaerung).

Bonn, March 15, 2016

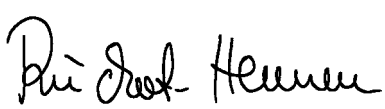
SolarWorld AG
The Management Board



Dr.-Ing. E. h. Frank Asbeck
Chief Executive Officer (CEO)

Dipl.-Wirtschaftsing. Frank Henn
Chief Sales Officer (CSO)

Dipl.-Kfm. tech. Philipp Koecke
Chief Financial Officer (CFO)



RAin Colette Rückert-Hennen
Chief Information,
Brand & Personnel Officer (CIBPO)

Dipl.-Ing. Jürgen Stein
Chief Product Officer (CPO)

AUDIT OPINION

We have audited the consolidated financial statements – comprising the statement of financial position, statement of profit and loss, statement of comprehensive income statement of changes in equity, statement of cash flows and notes to the consolidated financial statements – of SolarWorld Aktiengesellschaft, Bonn, for the period January 1, 2015 to December 31, 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, the additionally applicable requirements of the German commercial law (§ 315a sec. 1 HGB [Handelsgesetzbuch – German Commercial Code]) and the supplementary provisions of the articles of association are the responsibility of the company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch - German Commercial Code] and German generally accepted standards for the audit of annual financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of financial position, financial performance and cash flows in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting information of the consolidated subdivisions, definition of the consolidated entity, applied accounting and consolidation principles and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as applicable in the EU, the additionally applicable requirements of the German Commercial Code (§ 315a sec. 1 HGB) and the supplementary provisions of the articles of association and give a true and fair view of the financial position, financial performance and cash flows of the group. The group management report is consistent with the consolidated financial statements and, as a whole, provides a true and fair view of the group's position and suitably presents the opportunities and risks of future developments.

Without qualifying this assessment, we refer to the comments in the group management report. The group management report's section "forecast," subsection "risk report" and there, in particular, "overall conclusion of the management board regarding the risk situation of the group" states that the ability of the company and the group to continue as a going concern materially depends on achieving the expected positive results from the adopted operational measures, the expected increase in sales revenue and the non-occurrence of any extraordinary termination exercised by the creditors of borrowed funds. To the extent to that the company's assumptions regarding the calculation of agreed financial covenants as well as possible transactions requiring approval prove to be inaccurate or if the actual developments differ from those expected by the legal representatives thereby resulting in a violation of contractually agreed financial covenants, the creditors of borrowed funds will be entitled to extraordinary termination, the consequence of which will be an insufficient cash position, which will endanger the ability of the company to continue as a going concern.

Bonn, March 15, 2016

BDO AG
Wirtschaftsprüfungsgesellschaft

signed **Lubitz**
Wirtschaftsprüfer
(German Public Auditor)

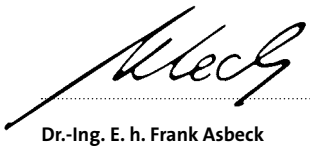
signed **Ahrend**
Wirtschaftsprüfer
(German Public Auditor)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements 2015 give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report 2015 includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Bonn, March 15, 2016

SolarWorld AG
Board of Management



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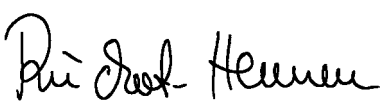

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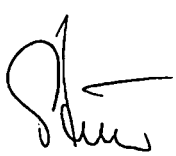

Dipl.-Ing. Jürgen Stein
Chief Product Officer (CPO)

SERVICE

GLOSSARY

A

Active patent – A granted patent is considered to be active so long as the maximum patent duration of 20 years has not expired and the patent is not abandoned before then.

Albedo – The albedo, or albedo coefficient, refers to reflectivity of a surface. It describes the ratio of light reflected from the surface to the light falling on the surface. For example, an albedo of 0.7 means that 70 percent of incident light is reflected back by the surface.

B

Bifacial solar cell – With bifacial ► *solar cells*, both sides of the solar cell generate electrical power by harnessing both direct and indirect sunlight.

Bill of materials – Detailed and exact list of all components required to manufacture a product unit

Branding – Strategic marketing activity intended to create a strong, effective identity for the brand and so raise the profile of a company's products

Busbar – A busbar is an extremely thin metallic strip used to conduct electric current. During the manufacturing of crystalline solar power modules, busbars are soldered onto the solar cells to connect them electrically. These contacts are visible as thin vertical stripes on the cell surface.

C

Capital stock – Total of the par value of all stocks issued by a company

Carbon dioxide (CO_2) – Odorless, invisible gas consisting of carbon and oxygen. The increase of its concentration in the atmosphere is caused by the use of fossil energy sources and contributes to global warming.

Carbon Disclosure Project (CDP) – Global cooperation between more than 820 institutional investors with investment capital with about US$ 100 trillion. The goal is to disclose ► *greenhouse gas emissions* by companies and their respective strategies concerning action on climate change. The CDP is the world's largest freely available emissions inventory for corporate ► *CO_2emissions*. SolarWorld AG has been regularly participating in this project since 2006.

Cash flow statement – Identification and reporting of income and expenditure generated or consumed by a company within a specific period of time from ongoing business, investment and financing activities

Cell ► *Solar cell*

CO_2 ► *Carbon dioxide*

CO_2 emissions ► *Greenhouse gas emissions*

CO_2-equivalent (CO_{2eq}) – Contribution of a greenhouse gas to the greenhouse effect. The greenhouse gas potential of ► *carbon dioxide (CO_2)* is used as a comparative value to describe the global warming effect of different greenhouse gases uniformly over a certain period of time.

Commercial – In the photovoltaic industry, commercial refers to mid-sized systems installed on company buildings, community roofs or similar facilities. Cf ► *Residential* and ► *Utility*

Compliance – Observing laws, regulations, internal and external guidelines and codes which are followed on a voluntary basis. The goal is to avoid illegal and/or illegitimate activities.

Corporate culture – The fundamental beliefs, values and attitudes shared by the members of a company concerning the purpose of the company. Corporate culture expresses, for example, the value notions that management holds and the way they deal with one another and with employees.

Corporate Governance ► *German Corporate Governance Code*

Covenants – Agreements that, for example, require a borrower to achieve defined financial ratios

D

Declaration of compliance – Declaration by the Management Board and the Supervisory Board pursuant to § 161 German Stock Corporation Act (AktG) stating the extent to which they follow the recommendations of the ► *German Corporate Governance Code*

Deferred taxes – Result from differences in tax burdens where taxable profit differs from earnings in the commercial-law financial statements due to tax rules

Depreciation – The annually increasing decline in the value of fixed assets and equipment is taken into account by systematically setting off the original cost against tax over the years of their use. Depreciation is treated as an expense for accounting purposes.

Direct material – Material that is incorporated directly into the product cf. ► *Indirect material*

Direcotors´ Dealings – Securities transactions by managers or persons/companies close to them involving stocks in their own listed companies.

Dividend – Portion of the earnings of a stock corporation distributed to the shareholders on an annual basis. The distribution of these earnings is resolved by the Annual General Meeting.

E

Earnings per share – Group earnings divided by the weighted number of stocks

EBIT – Earnings Before Interest and Taxes. Result after deduction of all operating costs. EBIT is usually used to evaluate a company's earnings position, particularly for international comparisons as it does not include national taxes.

EBITDA – Earnings Before Interest, Taxes, Depreciation (on property, plant and equipment) and Amortization (of ► *intangible assets*). This indicator facilitates international comparisons as it does not include national taxes.

EEG ► *Renewable Energy Sources Act*

Efficiency –Efficiency describes the ratio of usable energy to input energy. For solar power modules, the efficiency indicates the amount of solar irradiance that is converted into electrical output.

Einstein Award – Award presented by SolarWorld since 2005 to persons who have rendered outstanding services in the area of solar energy. In addition, young scientists have been awarded the SolarWorld Junior Einstein Award since 2006 for their scientific work in specialist areas relating to ► *photovoltaics*.

Employer branding – Activities of a company to create a brand image as an attractive employer both internally and externally

Energy payback time/CO_{2eq} payback time – The amount of time it takes the ► *solar power system* to produce as much energy as was used to manufacture it. Accordingly, the CO_2 payback time refers to the time it takes to compensate for the greenhouse gases that were emitted during manufacturing.

Equity – Balance sheet item consisting of the ► *capital stock*, reserves and accumulated results that are available to the company to be used for investments (for example)

Equity ratio – Measures ► *equity* as a proportion of the total ► *capital stock*. Used to assess the creditworthiness of a company

ERP system – Enterprise Resource Planning System. Application software to support all business processes running within an enterprise. Using various units for different functional areas (e.g. sales, controlling, HR), enterprise resource planning is implemented with the aid of a common database.

F

Fair disclosure principle – Equal treatment of all shareholders and other stakeholder groups in the disclosure of information

Feed-in tariff – In Germany, for example, utilities are obliged to buy electricity from renewable sources and pay for it at a current rate. This is regulated by the ► *Renewable Energy Sources Act*.

G

German Corporate Governance Code (GCGC) – The code comprises the rules applying to corporate management and supervision in Germany. Furthermore, it provides recommendations and suggestions. Thus, the GCGC is to promote the trust of international and national investors, of customers, employees and the public as stakeholders in the management of German companies.

Gigawatt (GW) – One gigawatt equals one billion (1,000,000,000) ► *watts*

Global Compact (GC) – Also "United Nations Global Compact"; is concluded between companies and the UN with the objective of making globalization more ecologically and socially compatible

Global reporting initiative (GRI) – Global multi-stakeholder network of experts to define a global standard for the preparation of sustainability reports. The GRI reporting framework serves to ensure systematic presentation of the economic, ecological and social performance of companies in order to facilitate comparisons between companies and a transparent presentation of the development over time.

Greenhouse gas emissions – Greenhouse gases interfere with the natural balance of the atmosphere, which may lead to climate change. The most important man-made greenhouse gases are ► *carbon dioxide (CO_2)* from the combustion of fossil energy sources (about 60 percent) and methane from agriculture and mass animal husbandry (about 20 percent).

Grid parity – Parity between the price of solar-produced power and domestic electricity prices. This is achieved when the purchase price of solar power is the same as normal domestic electricity from the wall socket.

I

Impairment – Adjustment item to cover the impairment of a fixed or current asset item carried under assets in the balance sheet

Income statement – Period-related comparison of the incomes and expenditures of a company

Indirect material – Material or services that are not required for directly manufacturing a product. cf. ► *direct material*

Ingot ► *solar ingot*

Intangible assets – Include concessions, commercial property rights, licenses, corporate goodwill, patents etc.

International accounting standards (IAS) – Collection of uniform international standards and interpretations in which the rules of external reporting for capital-market-oriented companies are listed

International accounting standards board (IASB) – Internationally staffed independent body of accounting experts that develops the ► *International Financial Reporting Standards (IFRS)* and revises them as and when required

International financial reporting interpretations committee (IFRIC) – Discusses current accounting issues that are differently or incorrectly treated because of insufficient guidance concerning the IAS and IFRS standards. Furthermore, it deals with new sets of conditions that have not yet been covered by IAS/IFRS.

International financial reporting standards (IFRS) – Collection of internationally applicable standards and their official interpretations that lists the rules guiding the external reporting of capital-market-oriented companies

Inverter – Converts the direct current generated by ► *solar modules* into the alternating current required by the grid. It also monitors the grid connection.

ISO 14001 – International environmental management standard that lays down requirements to be met by an environmental management system

ISO 9001 – International standard on quality management that determines the generally accepted requirements to be met by a ► *quality management system*

K

Kilowatt (kW) – One kilowatt equals 1,000 *watts*

L

Large-scale project – Large ► *solar power system*, mostly ground-mounted installations. Primarily, these are plants with a rated output of more than 100 kW.

Lock-up period – Designates a period of time, agreed between the issuer and shareholder, in which shares acquired by the shareholder may not be sold

M

Margin – Difference or market margin between producer (production) price and sales (consumer) price of a tradable product. The margin allows the overhead costs included in production and distribution to be covered.

Market capitalization – Valuation of a company at the stock exchange. Measurement referring to the number of stocks times the stock price

Megawatt (MW) – Equals one million (1,000,000) watts

MENA – Acronym for the Middle East & North Africa region. It extends from Morocco in the west to Iran.

Module ► *Solar module*

Monocrystalline – Conditions prevailing during crystallization result in the solidification of the ► *solar-grade silicon* in a single large and homogeneous cylindrical crystal. Cf. ► *multicrystalline*

Multicrystalline – The conditions prevailing during crystallization cause the ► *solar-grade silicon* to solidify into a silicon block consisting of several small crystals which overall does not show a completely homogeneous arrangement of atoms. Cf. ► *monocrystalline*

N

Natural hedging – Export-oriented companies can hedge themselves against exchange rate risks by site selection, purchasing policy and/or determination of contractual currency.

O

Off-Grid – Solar power systems not directly connected to the power grid. The power generated is consumed directly or stored locally.

On-Grid – Solar power systems connected to the regional power grid. The operator of the system can feed electricity into the grid when electricity production is high (strong solar radiation) and can also take electricity from the grid if necessary.

P

PERC (passivated emitter rear cell) – A passivated emitter and passivated rear of the ► *solar cell* reduce optical and electrical losses. In conventional ► *solar cells*, the back of the cell is screen-printed with an aluminum coating, which acts as a contact. But in PERC cells, the rear is given a dielectric coating (e.g. silicon dioxide). The contacts for carrying electricity are formed individually by laser. PERC technology increases the efficiency of the ► *solar cell*. Apart from higher output, PERC also improves the cell's low-light performance.

Photovoltaics – Describes the direct conversion of solar radiation into electrical energy

Polysilicon – Silicon crystals with a high degree of purity sufficient for solar applications. The chemical element silicon is a semiconductor that forms crystals with a stable diamond structure. For use in the solar industry, the raw silicon has to be purified into polysilicon.

Primary sources of energy – Naturally occurring energy sources such as the sun, wind, water, coal, crude oil, natural gas, and nuclear fuels, which have to be converted (e. g. in power plants) to generate usable energy for end consumers

Prime Standard – Legally regulated listing segment of the Frankfurt Stock Exchange for companies meeting particularly stringent international transparency standards. Precondition for admission to DAX, MDAX, TecDAX or SDAX

Provisions – Balance sheet items in which amounts are accrued for uncertain future liabilities that can, however, already be estimated at the present time (e.g. pension payments, taxes)

Q

Quality management – Application of measures serving to improve products, processes or services of any kind. It is considered part of functional management, aiming to enhance the efficiency of a transaction or workflow.

R

Renewable Energy Sources Act – Law promoting renewable energies in Germany (Erneuerbare-Energien-Gesetz, EEG). It regulates the preferred purchase, transmission and compensation of electricity from renewable sources. ► *feed-in tariffs* are fixed for twenty years.

Residential – Segment in the solar market for small systems ► *Commercial* and ► *Utility*

RISE – Describes the four-dimensional corporate mission of SolarWorld AG. An acronym for Responsibility, Innovation, Sustainability, Engagement. These provide guidance for all HR strategy measures.

Risk management – Procedure for the identification, measurement and avoidance/reduction of risks or the implementation of corresponding measures

S

SAP – Name of software manufacturer, with headquarters in Baden-Württemberg, Germany. Main product is a ► *ERP system*.

Self-consumption – Self-generated power can be consumed directly, the rest can be fed into the public grid. In both cases, the ► *feed-in tariff* for solar power is guaranteed by the German state for 20 years through the ► *Renewable Energy Sources Act*. The more power is used straight from the roof, the higher the return on investment from a solar array will be. The self-consumed rate can be boosted to more than 90 percent with intelligent products for consumption control. People who produce their own power are more independent of increasing electricity prices. At the same time, the strain on the grid is reduced since solar power generation and consumption occur together in the same building.

Shop-floor management – Effective approach aimed at continuous process improvements at the site of value creation through collaboration between employees and executives directly in production

Silicon ► *Polysilicon*

Solar2World – In this program, SolarWorld supports aid projects in developing countries with ► *off-grid solar power systems* that promote sustainable economic development.

Solar cell grid – To collect and transport electrical current in the ► *solar cell*, an extremely fine grid made up of metallic conductive material is applied on the cell surface area. This is called a solar cell grid. To impact solar cell performance as little as possible, the solar grid should cover the minimum area of the cell possible and have low electrical resistance.

Solar cell – Solar cells interconnected in a ► *solar module* allow sunlight to be turned into electricity via the photovoltaic effect. The cell consists of two layers that are deliberately contaminated (doped). At the interface of the two layers, an electric field is formed. When a light beam hits an electron in the upper layer, it can move freely and migrates to the outside. This creates a voltage that can be tapped via external contacts.

Solar ingot – Block made from a semiconductor material such as silicon, with either a ► *monocrystalline* or ► *multicrystalline* structure

Solar module – Consists of interconnected ► *solar cells*, which are sealed with silicone behind glass in an aluminium frame to make the module weather-resistant

Solar power system/solar power plant – Complete system of ► *solar modules*, racking system etc. generating direct current through the photovoltaic effect; an ► *inverter* converts the power into alternating current before it is fed into the grid. More and more solar power systems comprise components that facilitate ► *self-consumption*.

Solar wafer – Thin slice made of ► *solar-grade silicon*, used to produce ► *solar cells*. They can be either ► *monocrystalline* or ► *multicrystalline*.

Stakeholder – Groups or individuals who may influence the goals achieved by a company or who are affected by these goals. The key stakeholder groups include employees, shareholders, investors, suppliers, customers, consumers, authorities and non-governmental organizations.

Supply chain management – Involves planning and managing all tasks across the entire value-creation process, from supplier selection and procurement to logistics

Supply chain – Network of organizations with involvement upstream and downstream of various value creation processes and activities

Sustainability – 1. Characteristic of a system that continues to exist in the long term; 2. Scientific concept concerning the objective limits to environmental exploitation; 3. A concept in ethical standards at the core of which is the issue of justice and balance

T

"Take or pay" obligation – Contractual "payment guarantee" agreed between supplier and buyer which requires the buyer to pay a fixed amount regardless of whether the agreed quantity is taken or not. Consequently, if the agreed minimum quantity is not purchased, the payment is still due.

U

Utility – Large ground-mounted systems for the large-scale production of solar power to be fed into the grid. In general, these solar power stations have a capacity greater than one ► *megawatt*. Cf. ► *Commercial* and ► *Residential*

V

Value chain – Term used to designate the entirety of all production processes in which value is added to a product. The stages of Solar World's value chain range from ► *polysilicon* to ► *solar modules*.

W

Wafer ► *solar wafer*
Wafering – The step in the ► *solar wafer* manufacturing process in which ► *solar ingots* are sawn into bars and then into thin slices
Watt – International measuring unit for power output, named after James Watt, standard sign "W"
Watt-peak (Wp) – Unit of measurement commonly used in ► *photovoltaics* to specify the electrical power output of ► *solar cells* or ► *solar modules*
Working capital – Inventories plus trade receivables minus trade payables. It provides information about the company's financial stability and flexibility.

ACRONYMS AND ABBREVIATIONS

A

AG – German Stock Corporation
AktG – German Stock Corporation Act

B

B2B – business to business
B2C – business to consumer
Benelux – Belgium/Netherlands/Luxembourg

C

CEO – Chief Executive Officer
CFO – Chief Financial Officer
CIBPO – Chief Information, Brand and Personnel Officer
CO_{2eq} – CO_2 equivalent
COO – Chief Operating Officer
CPO – Chief Product Officer
CSO – Chief Sales Officer

D

D&O – Directors and Officers

E

EBIT – Earnings Before Interest and Taxes
EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization
EEG – German Renewable Energy Sources Act
E. h. – Honorary degree
ERP – Enterprise resource planning

G

GbR – Company under civil law
GCGC – German Corporate Governance Code
GmbH – Company with limited liability
GW – Gigawatt
GWh – Gigawatt-hour

H

HGB – German Commercial Code

I

IAS – International Accounting Standards
IASB – International Accounting Standards Board
IFRIC – International Financial Reporting Interpretations Committee
IFRS – International Financial Reporting Standards
IfW – Institute for the World Economy
Inc. – Incorporated
ISIN – International Securities Identification Number
ISO – International Organization for Standardization
IT – Information technology
ITC – Investment Tax Credit

K

k€ – Thousand €
K.K – Kabushiki kaisha (Japanese Stock Corporation)
kW – Kilowatt
kWh – Kilowatt-hour

L

LLC – Limited Liability Company
LP – Limited Partnership
Ltd. – Limited Company

M

MW – Megawatt

Q

Q.S.C. – Qatari Shareholding Company

P

PERC – Passivated Emitter and Rear Cell
PTE Ltd. – Private Limited

R

R&D – Research and development
RoCE – Return on capital employed

S

S.à r.l. – Société à responsabilité limiteé (French company with limited liability)
S.P.C. – Segregated Portfolio Company

V

VorstAG – German Act on the Appropriateness of Management Board Remuneration

W

WpHG – German Securities Trading Act

FINANCIAL AND EVENT CALENDAR 2016

MARCH 17, 2016	**Publication of Annual Group Report 2015** www.solarworld.de/financial-reports Press Conference on Financial Statements, Bonn (Germany) Analysts´ Conference Call
MARCH 15–18, 2016	**Mostra Convegno Expocomfort, Milan (Italy)**
MARCH 15–16, 2016	**Power and Electricity World Africa, Johannesburg (South Africa)**
MARCH 16–17, 2016	**Solar Solutions, Haarlemmermer (Netherlands)**
APRIL 25–29, 2016	**Hannover Messe, Hanover (Germany)**
MAY 12, 2016	**Publication of Consolidated Interim Report 1st quarter 2016** www.solarworld.de/financial-reports Analysts´ Conference Call
MAY 16–20, 2016	**Mexican International Renewable Energy Congress, Mexico City (Mexico)**
MAY 17–19, 2016	**African Utility Week, Cape Town (South Africa)**
JUNE 7, 2016	**Annual General Meeting, Bonn (Germany)**
JUNE 22–24, 2016	**Intersolar Europe, Munich (Germany)**
JULY 11–14, 2016	**Intersolar North America, San Francisco (U.S.)**
AUGUST 14, 2016	**Publication of Consolidated Interim Report 1st half 2016** www.solarworld.de/financial-reports August 15, 2016: Analysts´ Conference Call
SEPTEMBER 7–9, 2016	**PVExpo Osaka, Osaka, (Japan)**
SEPTEMBER 11–15, 2016	**Solar Power International, Las Vegas (U.S.)**
SEPTEMBER 12–16, 2016	**Electra Mining, Johannesburg (South Africa)**
SEPTEMBER 21–22, 2016	**East Africa Power Industry Convention (EAPIC), Nairobi (Kenya)**
OCTOBER 4–5, 2016	**All Energy Australia, Melbourne (Australia)**
NOVEMBER 14, 2016	**Publication of Consolidated Interim Report 3rd quarter 2016** www.solarworld.de/financial-reports Analysts´ Conference Call

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SUSTAIN
ABILITY
IN DETAIL
2015

COMPANY PROFILE AND REPORT CONTENTS

THE CORE OF OUR BUSINESS ACTIVITIES IS SUSTAINABILITY

G4-2

We're building a solar world. The vision of utilizing the unlimited power of the sun to give people throughout the world the opportunity of a sustainable development has been accompanying SolarWorld from its very beginnings. We make sustainability a top management priority (1). This statement defines SolarWorld and heads the list of the signed Changemaker commitments. Membership of the Changemaker Manifesto reflects the guiding principle of our company: "Not sacrificing tomorrow for today. Not sacrificing here for somewhere else." This is the reason why we integrate sustainable principles into our management processes and our entire value chain (2). By actively involving our employees and generating their enthusiasm for the subject of sustainability (3) we support the implementation of our goals.

We pursue the objective of reducing our use of natural resources per production unit. We limit environmental effects via increasing resource efficiency. We have included the continuous improvement of energy efficiency in our environmental goals, and we dedicate ourselves to covering electricity requirements through renewable energies (4). We pursue the goal of reducing our emissions intensity for harmful substances and greenhouse gases. During their lifetime, our modules compensate for the emissions of greenhouse gases caused during production many times over (5). We also optimize our material cycles, recycle the water used in production and avoid waste (6). The fact that we regard ourselves as a pioneer of a new generation of sustainable companies is also demonstrated by the fact that we clearly surpass the normal industry or statutorily prescribed social standards (7). We also oblige our suppliers and partners to comply with sustainable principles (8), demand and actively encourage sustainable conduct by our customers and other stakeholders, and strive to achieve an increasingly sustainable orientation of our product portfolio (9).

The tenth and final Changemaker commitment states: "We communicate our progress in a transparent manner, honestly and regularly" (10), and is implemented in this sustainability report among other places. We have been reporting within the framework of the Global Reporting Initiative (GRI) since our 2007 Annual Group Report. This makes the present report the ninth in a row. SolarWorld continues to report comprehensively ("In accordance – comprehensive") and has an audit performed by on the central sections BDO AG Wirtschaftsprüfungsgesellschaft. For the sake of integrated reporting, sustainability issues that have a direct or indirect influence on our business success are set out in the management report. Further information that is relevant to individual stakeholder groups is disclosed in this annex, "Sustainability in detail". The most important aspects and topics are described under ► *Reporting – p. 188* and under ► *Management approach – p. 191*.

The aim of the reporting is to clearly illustrate the role of the SolarWorld group in society and the effects on the economy, the environment and people. We are not yet in possession of an analysis that shows the main effects per stakeholder group. The SolarWorld group is currently faced by the challenge of surviving in a market with enormous price pressure. We anticipate that our positioning as a company that acts responsibly will have a positive impact on our image and the brand, and will yield competitive advantages in the longer term. For the time being, the increasing scarcity of

fossil fuels and continuing climate change are creating more opportunities than risks, especially for solar energy because it offers solutions to these challenges. Risks arise primarily from the effects of production on the environment, health and safety. We believe that these risks tend to be low compared with other industries, although we expect that as a result of global procurement, risks across all sustainability dimensions will increasingly arise from the value chain.

Detailed information on the most important opportunities and risks is set out in the Management Report. ► *Group management report forecast – p. 063* ► *Climate change: Opportunities and risks – p. 208* Challenges and opportunities are identified within the scope of our opportunity and risk management system. ► *Opportunity and risk management system – p. 065*

REPORTING

G4-18-21+48

The process of determining the content of the report must take account of the four basic principles of the Global Reporting Initiative (GRI): materiality, engagement of stakeholders, sustainability context and completeness. Based on the materiality analysis, the Investor Relations department produces the draft report, which is examined by the Management Board and Supervisory Board. Finally, the analysis is discussed with the Management Board. The Management Board may request amendments and gives final approval to the report.

The totality of the aspects and topics considered is made up of those of the Global Reporting Initiative (GRI 4.0), the core topics of the management reporting, the principles of the UN Global Compact, the key performance indicators and descriptions of the EFFAS/DVFA, as well as any topics put forward by stakeholders.

In order to extract the material topics and aspects from this totality, we assess the topics from the perspective of the company (by questioning the management) as well as from the perspective of the stakeholders. The individual stakeholder groups are questioned by us each year. As part of a materiality analysis, stakeholders are asked to assess the aspects and topics of importance to them. The questionnaire from the previous year has been revised. In 2015, the research and consulting company Servicebarometer AG was commissioned to prepare an anonymous survey. As a result, it was possible to conduct a large-scale, direct survey for the first time, thus improving the validity of the materiality analysis. The stakeholders were contacted by email in October 2015, and requested to complete this questionnaire online and anonymously. The Internet-assisted survey made it possible to question considerably more stakeholders than in previous years. The Management Board was interviewed directly.

SolarWorld had its 2013 reporting evaluated by "future e.V. – verantwortung unternehmen". One of their suggestions was to implement a simpler and more transparent definition of sustainability issues. The methodology was changed for the 2014 report and further developed for the 2015 report. In addition to the relevance of a theme for SolarWorld AG, we also ask about the relevance for the value chain. Weighting of the relevance using a probability of change is no longer carried out.

We do not define any absolute value for differentiating material and non-material topics, but rather include the topics with the five highest ratings respectively in our considerations. We consider on the one hand the relevance for SolarWorld AG, and on the other hand the relevance for the value chain. The orientation towards the future was further

emphasized and specified more precisely by asking questions on the relevance of a aspect over the next 10 years. In this way we wish to recognize future topics at an early stage. Stakeholders who are unable to express needs, for example future generations or the ecosystem, are not shown as an independent group of stakeholders. Instead, we attempt to cover these perspectives by including scientists in our stakeholder survey.

MATERIAL ASPECTS AND TOPICS FOR THE SOLARWORLD GROUP

Aspect/topics
Business model & strategy of the SolarWorld group
Compliance – Environmental aspects
Compliance Anti-corruption & fair competition
Employee-employer-relationship
Energy & transportation

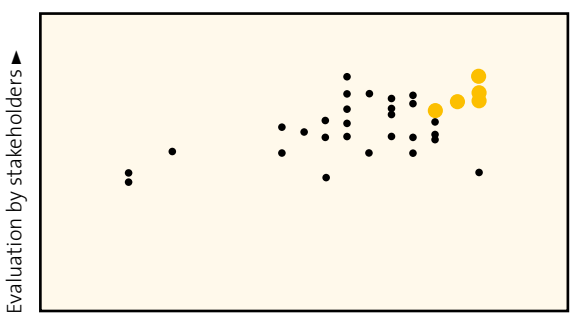
T 48

MATERIAL ASPECTS AND TOPICS IN THE VALUE CHAIN

Aspect/topics
Compliance – Anti-corruption & fair competition
Compliance – Environmental aspects
Child & forced labor
Environmental impact in the value chain
Supplier assessment

T 49

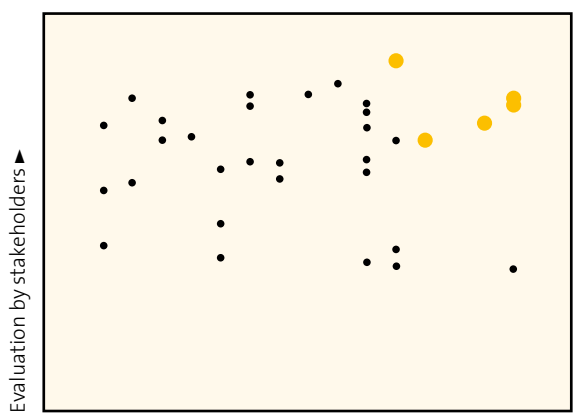
MATERIALITY MATRIX: ARRAY OF ASPECTS AND TOPICS FOR THE SOLARWORLD GROUP



■ „Top 5“

G 23

MATERIALITY MATRIX: ARRAY OF ASPECTS AND TOPICS FOR THE VALUE CHAIN



■ „Top 5“

G 24

All results from the analysis are presented at the end of the report ►*Appendix: Materiality Analysis – Assessment of all aspects and topics – p. 274*

G4-17+22+23

REPORTING SCOPE AND BOUNDARY

The general reporting limit covers all organizational units over which we exercise control and over which we have significant influence, i.e. all SolarWorld group companies ► *Consolated financial statements – Group structure – p. 118* Upstream and downstream stages of the value chain outside of the SolarWorld group can only be included to a limited extent, due to a lack of control and insufficient influence.

In terms of indicators, subsidiaries and leased facilities are included as a matter of course. Joint ventures are only included if we exert operational control and significant strategic influence with regard to a specific indicator, which is not currently the case with our joint ventures. According to the Global Reporting Initiative, SolarWorld exerts control if SolarWorld governs the financial and operating policies of an enterprise so as to obtain benefits from its activities. Significant influence, for the Global Reporting Initiative, is when SolarWorld has the power to participate in the financial and operating policy decisions of the entity but does not exert control over those policies.

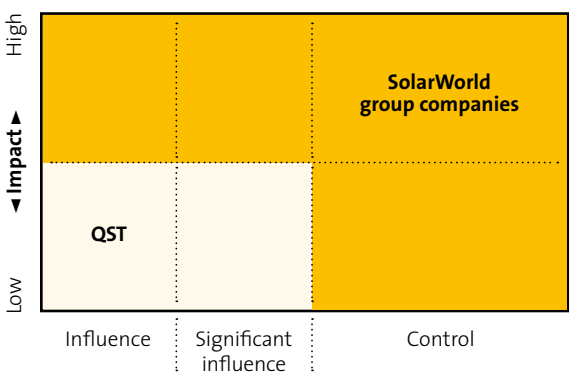
Outsourced activities (e.g. to logistics companies) are not included, with the exception of the key indicators with special reference to the value chain. Any reporting limits that depart from this principle are indicated for each individual item of the Global Reporting Initiative. As far as possible, data is collected and interpreted such that it is representative for the group. Any particular aspects are highlighted per key performance indicator.

In general, data is collected via the group's software systems (e.g. Navision, Targit – since October 2015 via the SAP-ERP). Data is collated by the respective departments. The majority of ecological and social indicators are calculated via a SharePoint solution. Individual items of information are collected via interviews and e-mail contacts. In each case, the calculation bases and estimates are explained in the key performance indicators.

This report is based on standard G4 of the Global Reporting Initiative. Comparability with previous years is ensured through continuity in reporting limits and indicators. Where the data or collection method of previous years could be improved, the information has been updated. This is shown in the explanations concerning the key performance indicators.

The margin of error (i.e. measuring errors or possible inaccuracies in estimations) of our quantitative data has thus far not been analyzed for cost reasons. If we are aware that the validity is limited, this is shown in the respective explanations. To date, it is not possible to calculate a quantitative statistical margin of error. If significant errors are discovered, they are corrected and commented on in the explanations.

REPORTING BOUNDARY



G 25

G4-33

CONFIRMATION BY THIRD PARTY

The present report (sections „Company profile and report contents" as well as „Performance indicators") was subjected to audit inspection by BDO AG Wirtschaftprüfungsgesellschaft, in accordance with the Generally Accepted Assurance Principles for the Audit or Review of Reports on Sustainability Issues established Institute of Public Auditors in Germany (IDW). ► *Confirmation – p. 275* This standard (PS 821) includes and exceeds the standards contained in ISAE 3000.

MANAGEMENT APPROACH

G4-DMA, G4-14+46+47

The management approach of the SolarWorld management is aimed primarily at first recognizing and assessing opportunities and risks. Subsequently, measures are taken in order to counter negative effects on economic, ecological and social aspects. Where possible, positive effects should be purposefully promoted and used in the form of opportunities. Based on the corporate strategy, the Management Board defines the essential features of the risk policy and manages the company accordingly. Global Opportunity and Risk Management reporting to the Management Board is done monthly, as well as immediately in case of very important effects. In turn, the Management Board is responsible for risk reporting to the Supervisory Board. Taking into account the acceptable overall risk level, the Management Board assesses all options available to the company to counteract the risks identified as being a threat to the company's survival. The Supervisory Board is involved in an advisory capacity in all decisions concerning fundamental structural measures.

Materiality limits are assessed at least annually (at the start of a fiscal year) for appropriateness and, when required, adapted to changed conditions or requirements. This assessment is performed at the local level by the local risk manager in coordination with the management of the subsidiary and in consultation with the global risk manager, as well as at group level by the global risk manager in consultation with the Management Board. ► *Opportunity and risk management system – p. 065*

Especially for SolarWorld as a sustainably positioned company, ecological and social issues offer a chance for the company to differentiate itself from competitors and, in accordance with the precautionary principle, commit early to sustainable solutions. The precautionary principle implies the following: If there is any danger of serious or irreversible damage, uncertainties in the scientific assessment should not serve as a reason for postponing cost-effective measures to prevent environmental damage or adverse health effects until a later date. The precautionary principle has been institutionalized in our company through the integrated management system (quality, health, safety and environmental management system) as well as the compliance management system. In the customer base, there are signs of a slowly increasing trend towards LOHAS (Lifestyles of Health and Sustainability), while cost aspects remain the dominant driving force in the decision process of our customers. We react to this situation by focusing on cost-reducing projects without neglecting sustainability.

Within the scope of the materiality analysis, themes have been identified that are of particular relevance to the stakeholders and the SolarWorld management. This year's analysis identified predominantly HSE and compliance themes as being material.

BUSINESS MODEL AND STRATEGY OF SOLARWORLD. Our stakeholders and the SolarWorld management assess the business model and the strategy of SolarWorld AG as being of particular relevance. The aspect is relevant above all for the company and less so for the value chain. Our business model comprises primarily the manufacture and sale of crystalline solar power technology. In this respect, SolarWorld is active at all stages of the solar value chain. SolarWorld offers solar power solutions for commercial and private users. This comprises multi and monocrystalline solar power modules as well as complete solar systems with rack systems, inverters, energy management system and storage system. Further services comprise the project planning, construction and operation of large-scale solar power stations. ► *Company profile – p. 019*

SolarWorld is represented in all established and growing markets, and has sites in eleven countries with around 3,800 employees worldwide. The group strategy is derived from the SolarWorld Vision and is aimed at establishing a globally sustainable energy supply. The SolarWorld management

wishes to offer added value with customer-oriented solar power solutions, and to meet the highest international quality standards. ► *Strategy – p. 021*

COMPLIANCE – ENVIRONMENTAL ASPECTS AT SOLARWORLD AND IN THE VALUE CHAIN. From a management perspective and a stakeholder perspective, compliance with environmental laws and standards is of particular relevance for both the company and its value chain. Our manufacturing sites are in Germany and the United States. There, we are governed by strict statutory requirements, compliance with which is checked regularly both internally and externally. The management approach involves continuous monitoring of the sustainability performance. Our production sites have established environmental management systems in accordance with ISO 14001. ► *Ecological performance – p. 212*

When carrying out its work, the management pays attention to possible compliance violations within the value chain. Influence over suppliers is increased through regular supplier audits as well as the Supplier Code of Conduct. This code requires suppliers to adhere to applicable environmental laws and standards, and to set up effective systems for identifying possible risks.

Compliance – fair competition and anti-corruption at SolarWorld and in the value chain. In the opinion of our stakeholders and the management, the aspects of fair competition and anti-corruption are of particular relevance for both SolarWorld and the value chain. In order to systematically avoid legal and reputational risks, the SolarWorld management has set up a compliance committee. Through the SolarWorld Code of Conduct, the full Management Board, with the consent of the Supervisory Board, has created binding guidelines that strictly forbid all employees to violate competition-law principles. Through our Supplier Code of Conduct, we also expect our suppliers to comply with international anti-corruption standards, even if the direct influence of the SolarWorld management is limited. We stand for fair and responsible competition, and also expect the same from our competitors. ► *Compliance – p. 259*

ENERGY UND TRANSPORT. The aspects energy and transport are particularly important from a company perspective. Our German production sites have set up energy management systems in accordance with ISO 50001. The aim of the management system is to identify improvement measures and to increase energy efficiency. Our production processes are in part highly energy intensive. For this reason, the management has approved the environmental goals 2020. The fundamental component of these goals is energy consumption and the related emissions. We set ourselves target figures there for the reduction of energy consumption and emissions. These goals should be achieved through modern systems and optimized production processes. ► *Environmental commitment – p. 212* ► *Environmental goals – p. 044*

SUPPLIER ASSESSMENT. Above all our stakeholders regard the subject supplier assessment as being very relevant. The SolarWorld management has the assessment of suppliers carried out internally. To this end, criteria have been determined that are included in the assessment with differing weightings. The criteria are quality, technology, logistics, compliance and sustainability. With the help of the assessment we select suitable suppliers that satisfy our requirements.

SUPPLIER SELECTION CRITERIA

G 26

CHILD AND FORCED LABOR IN THE VALUE CHAIN. For the SolarWorld management, responsible corporate management also includes a prohibition on child and forced labor. The management assesses the subject as being important for the group and the value chain. As the SolarWorld production sites are in Germany and the United States where there is high national protection, the risk of child and forced labor within the group can be considered very low. Given the increasingly more global value chain, the focus is more on this. Based on the guidelines of the International Labor Organization and the SA 8000 standard of AccountAbility, our Supplier Code of Conduct strictly forbids child and forced labor. The code is a constituent part of contracts, and compliance with it is checked through regular supplier audits. The management is aware that a certain residual risk exists due to the global procurement strategy. ► *Compliance – p. 259*

ENVIRONMENTAL EFFECTS IN THE VALUE CHAIN. Above all from the stakeholder perspective, environmental effects within the value chain are particularly relevant. The SolarWorld management is also anxious to consider the environmental effects within the value chain. However, direct influence is hardly possible as raw materials are purchased on international markets. Within the context of the lifecycle analysis, environmental effects on our production units resulting from the value chain are also taken into consideration. We publish the results of this analysis in the Annual Group Report. ► *Environmental commitment – p. 044*

EMPLOYEE-EMPLOYER RELATIONSHIP AT SOLARWORLD. From the company perspective, the relationship between employees and employer is of particularly great importance. The management approach of SolarWorld aims to maintain and promote an intact relationship between the company and its employees. Committed and motivated employees are the key to the success of the company. Within the context of the Change Program established in 2012, employees are required to involve themselves in changes in the group. This is intended to promote the commitment of the employees, and to tackle and reduce fears of employees at an early stage. Our sites in Germany have set up works councils to safeguard the interests of employees. In addition, a group-wide works council was elected in 2014 and started its work at the end of 2014. Since 2015, SolarWorld AG has also had an equal-representation Supervisory Board, comprising representatives of the shareholders and the employees. ► *Corporate governance report – p. 091* ► *Diversity and equal opportunities – p. 248*

DEVELOPMENT OF THE SOLAR MARKET. From the company's point of view, the development of the solar market clearly stands out as being material, and this topic is highly significant from the stakeholder perspective too. Solar market trends have a direct impact on demand, and therefore have a strong influence on the current and future success of the business. The management approach aims to shape these general conditions: The key factors are strategic market development in sales and marketing, product development for the respective markets and customer groups, and political influence exerted by the group. Overall, however, the group's influence on solar market trends is limited. ► *The market – p. 030*

The effectiveness of the measures carried out is measured on the basis of agreed targets. The management approach is assessed regularly via the monitoring of corresponding key performance indicators – weekly, at least however once per year. ► *Management and control – p. 023* ► *Economic position 2015 – p. 053*

G4-34+40+41+43

SUPERVISORY BODIES

Members of the Management Board are chosen with the aim of bringing together the necessary technical expertise and the necessary management experience for core issues in the group. The CEO, **Dr.-Ing. E.h. Frank Asbeck**, holds a degree in agricultural engineering and an honorary doctorate from the Faculty of Chemistry and Physics of TU Bergakademie Freiberg. He was involved in development projects in Africa before setting up SolarWorld AG. He is a founding member of the Green Party. **Frank Henn (Dipl.-Wirtschaftsing.)** draws on experience in sales and marketing in multinational companies. He has been CSO of SolarWorld AG since 2004. **Philipp Koecke (Dipl.-Kfm. tech.)** joined SolarWorld AG after

working in the finance and banking sector. He has been SolarWorld AG's CFO since 2003. **Colette Rückert-Hennen (attorney)** was a lawyer before working in tourism for 20 years. She has extensive experience in international management and has been Chief Human Resources and Brand Officer at SolarWorld since 2011 as well as Chief IT Officer since spring 2013. **Dipl.-Ing. Jürgen Stein** worked in the production environment and international sales before switching to purchasing some 10 years ago. Jürgen Stein has extensive experience in international management and joined SolarWorld in 2011. Since 2013, he has been Chief Product Officer. ► *Boards of SolarWorld AG – p. 097*
Overall, there has been a high degree of continuity in the composition of the Management Board since the company's founding. These are not managers with short-term appointments, and this serves to counteract any tendency in corporate management toward making fast profits. As an example, the CEO is simultaneously the founder and major shareholder of the company. There are no cross-holdings, there are no controlling shareholders, and the relationships to related companies are disclosed in the ► *Corporate governance report – p. 091*.

The Supervisory Board of SolarWorld AG has had equal representation since June 2015. To achieve this, the total number of members of the Supervisory Board was increased by a further six members from the employee side, in addition to the existing six members from the shareholder side. Initially and in accordance with the German Codetermination Act, six members from the employee side were appointed by court order until such time as the new members were elected. The works council provided information concerning the election procedure for the equal-representation Supervisory Board at an extraordinary works meeting in July 2015. As this is a German law, only employees at the German sites were eligible to vote. All employees employed in the company for at least 3 months were entitled to vote. This also applied to temporary staff. Under German law, three employee representatives, one representative of the executive employees as well as two trade-union representatives were elected. The election was held in fall 2015, and the results were announced at the beginning of October. Voters also had the option of a postal vote. The election is held every five years. The shareholder representatives on the Supervisory Board are elected by the Annual General Meeting. The statutory gender quota as from 2016 applies only to newly elected Supervisory Boards, and will be applied in the next electoral period at SolarWorld.

On the shareholder side, the Supervisory Board is made up of the Chairman **Dr. Georg Gansen** and the Supervisory Board members **Heiner Eichermüller**, **Dr. Khalid Klefeekh Al Hajri**, **Faisal M. Al Suwaidi**, **Dr. Andreas Plesske** and **Jürgen Wild**. All shareholder representatives on the Supervisory Board are appointed until the conclusion of the Annual General Meeting which decides on the approval of the Supervisory Board's actions and the Management Board's actions for the fiscal year 2019.

Olaf Zirr, Albrecht Handke and **Alexander Richter** were elected as employee representatives. **Dr. Ute Mareck** was elected for the executive employees, and **Wolfgang Lemp** and **Gerald Voigt** as representatives of the trade unions. ► *Boards of SolarWorld AG – p. 097*

No Supervisory Board member is older than 70 years. The Management Board and Supervisory Board are responsible for their own further training in terms of sustainability. Details on the independence of the Supervisory Board are disclosed in the ► *Corporate governance report – p. 091*.

The Management board and supervisory board are responsible to further their training on sustainability.

G4-34+36+37+42+44+45+48+49

MANAGEMENT, ASSESSMENT AND MONITORING OF SUSTAINABILITY PERFORMANCE

Our vision ► *www.solarworld.de/vision* has always been based on the principle of sustainability, and sustainable corporate management is a core constituent of our corporate policy. The entire Management Board is committed to sustainability (SolarWorld Changemaker Manifesto). Each member of the Management Board drives the subject forward within his/her area. Colette Rückert-Hennen, Chief Information, Brand and Personnel Officer, is responsible for corporate social responsibility within the group. Jürgen

Stein, Chief Product Officer, is responsible for the sustainable consumption of resources and product development as well as for sustainability within the supply chain. Chief Sales Officer Frank Henn supports sustainable development in the trade and sales area. Philipp Koecke, Chief Financial Officer, is responsible for transparency in reporting on the subject of sustainability, as well as for monitoring the sustainable performance indicators. Dr.-Ing. E. h. Frank Asbeck bears overall responsibility as CEO.

The strategic development of the company's purpose is the responsibility of the Management Board. To this end, it seeks guidance and suggestions from the senior executives. SolarWorld employs various management instruments in considering economic, ecological and social aspects ► *Corporate management and control – p . 023*. We have been certified in accordance with DIN ISO 9001, DIN ISO 14001, DIN ISO 50001 and BS OHSAS 18001. Opportunities and risks are covered comprehensively by our risk management tools ► *Group management report forecast – p. 063*. The achievement of all group targets is reviewed regularly (on a monthly to yearly basis depending on urgency). Our sites report the sustainability indicators to the Investor Relations department. Data is collected and evaluated there. We comprehensively disclose our sustainability performance via our reporting. ► *Communication on progress for the UN Global Compact – p. 270* ► *KPIs and KPNs for ESG – p. 261* ► *GRI index – p. 264*. The managers provide the Management Board with an insight into the themes highlighted as material by the dialog with stakeholders. ► *Stakeholders – p. 197* Authorities for economic, ecological and social topics are delegated by the Management Board to executives (either through job descriptions in which the tasks and responsibilities are clearly defined, or on a project-specific basis). Powers are given by the respective company's management.

G4-49-50, 56-58

COMPLIANCE, ETHICS AND INTEGRITY

Our guiding principles apply throughout the group and are to be implemented by means of our management instruments and via the examples set by our executives. The SolarWorld Code of Conduct is based on international standards (e. g. those of the International Labor Organization and of the UN Global Compact), and is supplemented by further corporate policies and guidelines. The SolarWorld Code of Conduct commits all Management Board members to compliance. This aspect is the particular responsibility of the Chief Information, Brand and Personnel Officer, Colette Rückert-Hennen. The global compliance officer reports to her and is autonomous in this function. The Supervisory Board receives an annual compliance report from the global compliance officer, a copy of which is also delivered to the full Management Board and the auditor. In case of serious compliance incidents, information is sent immediately to the Supervisory Board.

Each SolarWorld site also has local compliance officers who support the global compliance officer in his/her work. The global compliance officer is in charge of the local compliance officers and heads the compliance committee. The compliance committee meets at least quarterly and discusses preventative measures, among other things. Alongside the global compliance officer, other members of the compliance committee are the Chief Information, Brand & Personnel Officer, Chief Financial Officer, Senior Auditor Internal Audit, Vice President Finance and Corporate Control, Director of Global Controlling (including risk management), and the Vice President Global Human Resources. The main tasks of the compliance committee are to analyze compliance cases, to decide on action to be taken in serious compliance cases, to develop and implement improvement measures, to close gaps in corporate guidelines, and continually improve the compliance organization. Training is conducted throughout the group in the main risk areas, which are identified via the compliance risk analysis.

Questions and hints can be addressed directly to all compliance officers in the company, as well as through our whistleblowing system "SolarWorld SpeakUp", which is part of the compliance organization and is operated by our Dutch service provider People Intouch B.V. Employees and suppliers have access to this. Employees are informed about this system when hired, as well as in compliance training. The information can be found at any time on the compliance intranet website. Suppliers are informed via email and our

website. "SolarWorld SpeakUp" is available unrestrictedly (24/7): to employees in the languages German, English, Spanish and French, and to suppliers in German and English. It is managed by the global compliance officer, and the compliance committee is automatically involved with every tip. Users can remain anonymous (as permitted by law). All retaliation is strictly forbidden by the Code of Conduct. In 2015, 6 (2014: 1) reports were made via the system. None of these notes was a compliance case. All other target groups are able to contact the compliance committee via email at ► *integrity@solarworld.com*. Alternatively, there is a contact form on the website that can be completed anonymously and which reaches the global compliance officer directly.

Employees also have the possibility to approach the Management Board with information and suggestions, either through their managers or directly. At our Arnstadt, Bonn and Freiberg sites, employees can also raise their concerns via the works council. Under German law, in many areas there are certain aspects which are subject to co-determination, which means that although employees cannot issue direct instructions to the Management Board, they are able to exert influence via the works council and either prevent or encourage particular developments. In addition, the possibility now also exists of putting forward matters of interest to employees via the equal-representation works council and the group works council. Stakeholders can directly approach the Management Board and the Supervisory Board with information and suggestions. Special communication mechanisms have not yet been implemented.

German stock corporation law regulates the exchange of information between shareholders and the Supervisory Board/Management Board. Shareholders have a right of participation (Section 118 (1) of the German Stock Corporation Act (AktG)) and a right to information at the Annual General Meeting (AGM) (Section 131 (1) AktG), and can exert an influence by speaking and voting at the AGM (Sections 12, 134 AktG, Articles of Association of SolarWorld AG), submitting counter-proposals (Section 126 AktG), demanding amendment of the agenda (Section 122(2) AktG, with 5 % or more of voting rights or a shareholding of at least € 500,000.00), submitting proposals for the election of Supervisory Board members (Section 127 AktG), and by calling an extraordinary shareholders' meeting (Section 122 AktG, provided that on a cumulative basis at least 5 percent of the nominal capital is represented, and provided the applicants demonstrate that they have held the shares for at least 90 days prior to the date of receipt of the demand, and will hold the shares until such time as the Management Board decides on the application). The Management Board and Supervisory Board take questions from shareholders at the Annual General Meeting. Shareholders vote on whether to approve the Management Board's and Supervisory Board's actions during the past year. The capital market regulations are supplemented by the recommendations of the German Corporate Governance Code (GCGC), which the Management Board and Supervisory Board of SolarWorld have complied with and will continue to comply with – with the exception of a few disclosed exceptions. Our shareholders have the possibility of expressing their concerns at the Annual General Meeting or can contact the Investor Relations department via ► *placement@solarworld.com*.

In June 2015, the main topics discussed at the AGM of SolarWorld were: the completed financial restructuring, the turnaround forecast, operational restructuring measures, the ongoing legal dispute with the silicon supplier Hemlock Semiconductor Corp. in the United States, the takeover of the cell and module production of Bosch Solar Energy AG, renegotiation of silicon contracts as well as related value adjustments, further expansion of production capacities, product innovation, in particular storage solutions, trade complaints and compensation measures in the United States and the EU, as well as the forthcoming Supervisory Board election (including the subjects independence of the Supervisory Board, financial expertise and diversity). ► *The stock – p. 026* ► *Corporate governance report – p . 091*

SolarWorld signed up to the United Nations Global Compact in 2009 and has pledged to work for its 10 Principles. This includes making explicit reference to them in the SolarWorld Code of Conduct. We also try to commit our business and contract partners to complying with similar standards. The Supplier Code of Conduct requires our business partners to comply with all applicable environmental and social legislation, rules and standards and to operate an efficient system to identify and eliminate potential hazards. In addition, our

suppliers are encouraged to make their contractors and other business partners comply with these standards, too. The Supplier Code of Conduct is a constituent part of contracts and is included in our general terms and conditions, and is enclosed to all orders.

STAKEHOLDERS

G4-24

SolarWorld is in continuous contact with its stakeholders. In this respect, above all employees, customers (certified partners and wholesale), suppliers, banks & creditors, governments & authorities are involved in decisions. Shareholders and investors as well as analysts and brokers are also regarded as an own stakeholder group. Other stakeholders considered are non-government organizations (NGOs), competitors, the local population, associations & trade groups, employee representatives & employer associations, as well as the press and the interested public.

G4-25

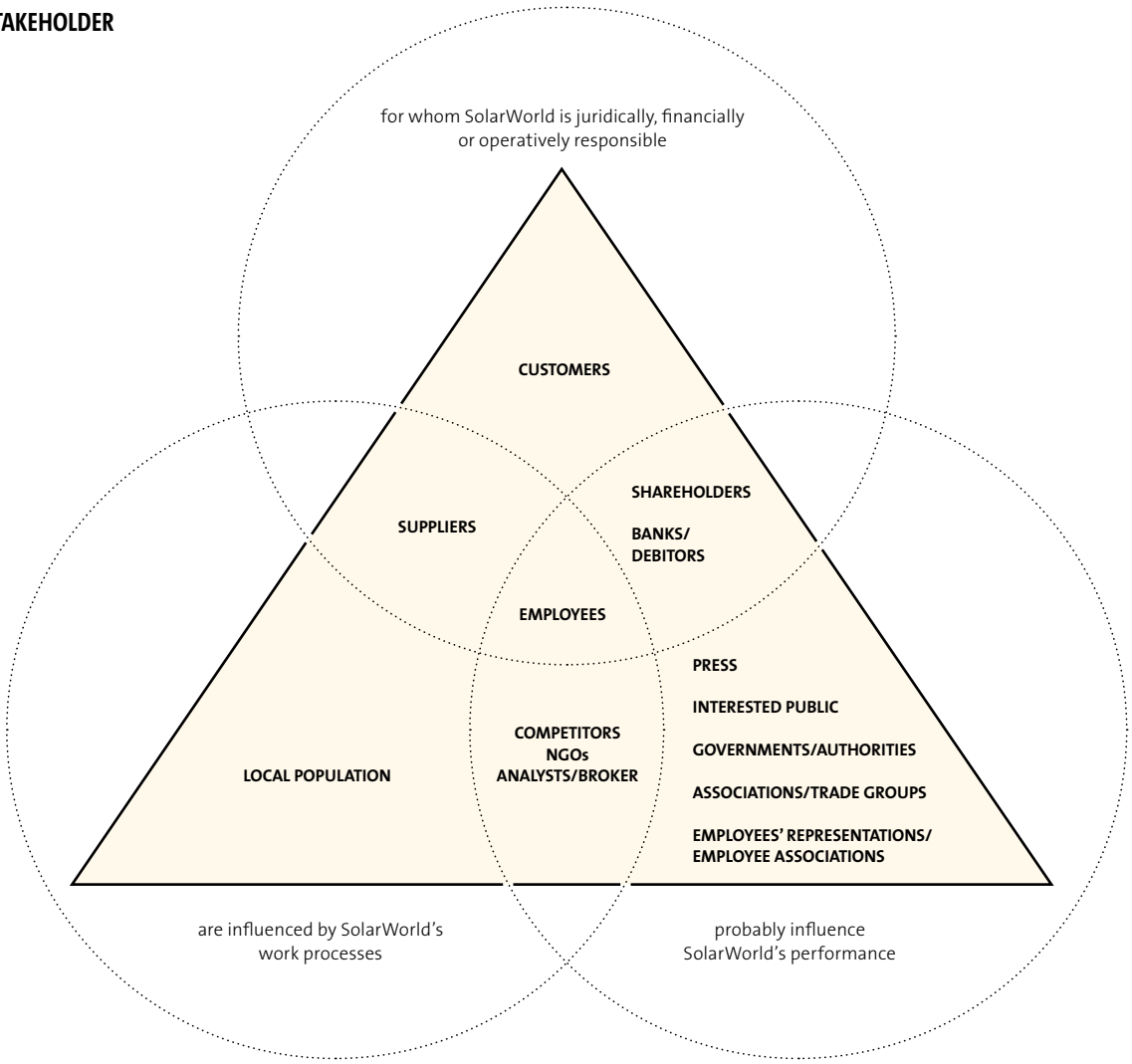
IDENTIFICATION AND SELECTION OF STAKEHOLDERS

Based on Mason and Mitroff, 1981, and the criteria of the AccountAbility standards AA 1000 SES, we use the following questions to determine the stakeholder groups:

- Who are we responsible for (in legal/financial/operational terms)?
- Who is directly or indirectly affected by/dependent on our activities or the impact of such activities?
- Who is in a position to influence (hamper/promote) or decide about implementation of our activities?
- Who are we in close contact with or maintain long-term relationships with?
- Who has voiced their opinion on issues of relevance to us?
- Which groups (formed by demographic or other characteristics) are likely to be interested in our activities and the results of these activities?

We maintain contact to all stakeholder groups, particularly intensively to the stakeholders for whom we bear direct responsibility.

STAKEHOLDER



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The figure above provides an overview of our stakeholders based on the scheme underlying the AA 1000 Standards which is made available by a member organization, the not-for-profit Institute of Social and Ethical Accountability.

G4-26+27

DIALOGUE WITH STAKEHOLDERS

The needs of all named stakeholder groups are included but they are analyzed to varying degrees of depth. SolarWorld carries out an internal analysis for all stakeholder groups, based on information available within the company and in external studies. We survey our customers annually and maintain an intensive dialog with our Partner Advisory Board. Systematic customer surveys are carried out among our wholesalers and installers. So far, end customers have only been interviewed on an ad-hoc basis since such surveys require a lot of time and effort. Purchasing has stepped up communication with suppliers in recent years, e.g. via annual supplier days. We survey our suppliers once a year on the occasion of the supplier rating. For the first time, a large-scale survey of our stakeholders was carried out to determine material reporting subjects. The results flow into the Group Report and are set out in the ► *Management approach – p. 191*. In 2015, the first global employee survey was carried out with a high response. The subjects highlighted should be tackled with corresponding measures. In the mid-term, dialog will include other stakeholder groups, too.

We maintain close links with the communities at our SolarWorld sites and discuss specific concerns. In projects from our Solar2World program ► w*ww.solarworld.com/solar2world*, we donate solar power modules to NGOs that use these modules for projects in developing countries. The NGOs apply to us and establish contact to the project partners on site. In the projects, we then work with regional contact persons in order to find solutions that create the greatest possible benefit for the people on site, and that can be implemented by partners on site.

Thanks to our membership in associations and interest groups as well as our cooperative initiatives with scientific institutions, we maintain a regular dialog on social policy issues with stakeholders. We exchange information on the subjects lifecycle, recycling and sustainability, among others with Eurosolar and the Silicon Valley Toxics Coalition (SVTC). We also maintain a dialog with the Solar Energy Industry, Association (SEIA), , locally in Oregon (OSEIA), Florida (FlaSEIA) and California (CALSEIA), in particular on political questions and trade complaints.

Topics of discussion with our stakeholders have been, for example, the expected operational turnaround, the group-wide expansion of PERC production, further potential for cost reduction, the ongoing legal dispute with the silicon supplier Hemlock Semiconductor Corp. in the United States, the positioning of SolarWorld on the U.S. market, and the possible consequences of the threatened expiry of the investment tax credit (ITC) program. At the end of 2015, however, it was decided that this program will be extended until 2021.

We offer all stakeholders the possibility of contacting us at any time via ► *placement@solarworld.com* as well as ►*sustainability@solarworld.com*. Alternatively, stakeholders can send us a message – even anonymously if they so wish – via SolarWorld Speak Up.

The Communications on Progress follows the 10 Principles of the Global Compact and is made through group reporting procedures, which means it is available to all interested parties. Stakeholder initiatives can also influence the implementation of these principles, for example, via networks built by/with stakeholders or standards requested by stakeholders.

As a result, the company is largely aware of the needs and will take them into account in its decision-making processes.

STAKEHOLDERS

Main stakeholders	Instruments
Employees	Direct contact, employee surveys, works councils, company suggestions scheme
Applicants	Direct contact, company presentations
Customers (wholesalers, installers, end customers)	Direct contact, annual customer survey
Suppliers	Direct contact, supplier surveys, supplier days
Shareholders and investors	Direct contact, feedback after road shows, corporate news, Annual General Meeting
Banks/creditors	Direct contact
Residents/local population	Direct contact e.g. during events on the SolarWorld site, in the event of concerns or complaints voiced; for Solar2World projects direct involvement in the project

Other stakeholders	Instruments
Analysts/brokers	Direct contact, feedback after road shows, investor days, corporate news
Governments/authorities	Direct contact
Non-governmental organizations (NGOs)	Networks, discussion forums
Interested public	Reporting, corporate news
Employees' representatives/employee associations	Direct contact in meetings and negotiations
(Professional) associations/industrial trading groups	Direct contact via networks, trade shows, etc.
Competitors	Market research, direct contact
Press	Interviews, press releases, press conferences

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ENGAGEMENT IN NETWORKS AND INITIATIVES

G4-16
MEMBERSHIPS

SolarWorld holds the following memberships:

VOLUNTARY MEMBERSHIP OF ASSOCIATIONS AND ADVOCACY ORGANIZATIONS

Organization	Since	Member	Function
FlaSEIA (Florida Solar Energy Industries Association)	1989	SolarWorld Americas Inc.*	Board member
Semiconductor, Environmental, Safety and Health Association	1989	SolarWorld Americas Inc.*	Member
ASQ (American Society for Quality)	1992	SolarWorld Americas Inc.*	Member
Singapore Natinoal Employers Federation (SNEF)	1996	SolarWorld Asia Pacific Pte Ldt.	Member
UL/PV section	1997	SolarWorld Americas Inc.*	Advisory Council member
NFPA (National Fire Prevention Association)	1998	SolarWorld Americas Inc.*	Member
DGS (Deutsche Gesellschaft für Sonnenenergie) e. V.	1998	SolarWorld AG	Member
Eurosolar	1999	SolarWorld AG	Member
FSEC (Florida Solar Energy Center)	2000	SolarWorld Americas Inc.*	Board member
Freiberger Interessengemeinschaft der Recycling- und Entsorgungsunternehmen (F.I.R.E.) e. V.	2002	SolarWorld Industries Sachsen GmbH	Member
Dresdner Gesprächskreis der Wirtschaft und Wissenschaft e. V.	2002	SolarWorld Industries Sachsen GmbH	Member
Bundesverband Solarwirtschaft	2003	SolarWorld AG/Milan Nitzschke	Member (Board member since 2007)
Silicon Saxony e. V.	2003	SolarWorld Industries Sachsen GmbH	Member
Verband der industriellen Energie- und Kraftwirtschaft (VIK)	2005	SolarWorld Industries Sachsen GmbH	Member
"Technische Universität Bergakademie Freiberg" foundation	2006	Prof. Dr. Peter Woditsch	Member of the foundation council
Stifterverband für die Deutsche Wissenschaft	2006	Mario Behrendt	Member of the regional trust for central Germany
The Association of Chartered Certified Accountants (ACCA) and the Malaysia Institute of Accountants (MIA)	2006	Cheryl Liew	Member
OSEIA (Oregon Solar Industry Association)	2007	SolarWorld Americas Inc.	Board member
Zoologisches Forschungsmuseum Alexander Koenig, Leibniz-Institut für Biodiversität der Tiere	2007	Dr.-Ing. E. h. Frank Asbeck	Chairman of the trustees of the Alexander-Koenig-Gesellschaft
Hillsboro Chamber of Commerce	2007	SolarWorld Americas Inc.	Member
Columbia-Willamette Compensation Group	2007	SolarWorld Americas Inc.	Member
International Facility Management Association	2007	SolarWorld Americas Inc.	Member
Portland Business Alliance	2007	SolarWorld Americas Inc.	Member
Portland Human Resource Management Association	2007	SolarWorld Americas Inc.	Member

Organization	Since	Member	Function
Bergstädtischer Sportclub Freiberg e. V.	2008	SolarWorld Industries Sachsen GmbH	Supervisory Board member
CALSEIA (California Solar Energy Industry Association)	2008	SolarWorld Americas Inc.	Member
Foundation council of the Mittelsächsisches Theater foundation	2008	Mario Behrendt	Member
Oregon Business Association	2008	SolarWorld Americas Inc.	Member
Westside Transportation Alliance	2008	SolarWorld Americas Inc.	Member
UN Global Compact	2009	SolarWorld AG	Member
Centre of Excellence for TPM at Ansbach University	2010	SolarWorld Industries Sachsen GmbH / Mario Behrendt	Member
Gesellschaft für Datenschutz (GDD) e. V.	2011	SolarWorld Industries Sachsen GmbH/Thomas Leuschel	Member
Greater Portland Construction Partnership	2011	SolarWorld Americas Inc.	Member
South African Photovoltaic Industry Association	2011	SolarWorld Africa (Pty) Ltd./ Gregor Küpper	Member
Sustainable Energy Society of Southern Africa	2011	SolarWorld Africa (Pty) Ltd.	Member
South African-German Chamber of Commerce	2011	SolarWorld Africa (Pty) Ltd./ Gregor Küpper	Advisory board member/Member of the Regional Council Western and Eastern Cape, Head of Portfolio Energy & Renewable Energy for Western and Eastern Cape
Enerplan	2011	SolarWorld France SAS	Member
Sustainable Energy Association of Singapore (SEAS)	2011	SolarWorld Asia Pacific Pte Ltd.	Member
Clean Energy Council, Australia	2011	SolarWorld Asia Pacific Pte Ltd.	Sponsoring Member
Asia Photovoltaic Industry Association (APVIA)	2011	SolarWorld Asia Pacific Pte Ltd.	Member
Renewable Energy & Energy Efficiency	2012	SolarWorld Americas Inc.	Advisory board member
Photovoltaic Austria	2012	SolarWorld AG	Member
MX: Membership in Manufacturing Excellence	2012	SolarWorld Industries Sachsen GmbH	Member
Utah Solar Energy Association (UT Solar)	2012	SolarWorld Americas Inc.	Member
Solar Oregon	2012	SolarWorld Americas Inc.	Member
Hawaii Solar Energy Association	2012	SolarWorld Americas Inc.	Member
Solar Electric Power Association	2013	SolarWorld Americas Inc.	Member
Solar Austin Foundation	2013	SolarWorld Americas Inc.	Member
IEK (Initiative Erfurter Kreuz)	2014	SolarWorld Industries Thüringen GmbH	Member
Landesverband Erneuerbare Energien NRW e. V (LEE)	2015	Milan Nitzschke	Board member
ThEEN e. V. (Thüringer Erneuerbare Energien Netzwerk)	2015	SolarWorld Industries Thüringen GmbH	Member

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** This includes the former Shell Solar/Siemens Solar/Arco Solar.*

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PARTICIPATION IN INITIATIVES

participates in the following initiatives:

PARTICIPATION IN INITIATIVES

	Timeframe	Locations	Established by/including	Motivation
Application of: a) DIN ISO 9001 b) DIN ISO 14001 c) DIN ISO 50001 d) BS OHSAS 18001	Since: a) 2004 b) 2010 c) 2013 d) 2012	a) SolarWorld group b) SolarWorld group (since 2014 without sales sites in ROW) c) German production sites d) Solar Industries Sachsen (module production), SolarWorld Industries Thüringen (module production), SolarWorld Americas Inc. (module production and logistics), SolarWorld Holding	a) – c) ISO d) BSI	Voluntary
Member of the UN Global Compact	Since 2009	SolarWorld group	United Nations	Voluntary
Reporting in accordance with KPIs and KPNs for ESG by EFFAS/DVFA	Since 2008	SolarWorld group	EFFAS/DVFA	Voluntary
Code of Conduct	Since 2013	SolarWorld group	Employees	Voluntary
Reporting under the GRI framework	Since 2007	SolarWorld group	GRI, based on a worldwide multi-stakeholder dialog	Voluntary
Participation in the Carbon Disclosure Project (CDP)	Since 2005	SolarWorld group	Institutional investors	Voluntary

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AWARDS

GREEN BRANDS 2015/2016

SolarWorld qualified once again for the GREEN BRANDS seal. The seal I presented annually to brands with a proven track record of environmentally sustainable actions both inside and outside the company. GREEN BRANDS is an international and independent brand marketing organization headquartered on the "emerald isle" of Ireland. The intentionally acknowledgement certificate is awarded following a challenging three-stage process (nomination, validation and final evaluation by an independent jury). The award underpins the SolarWorld group's environmental responsibility and sustainable corporate governance.

CHANGEMAKER 2015

At the beginning of 2015, SolarWorld published its first progress report for the Changemaker program of the Utopia Foundation. SolarWorld was accepted into this program in February 2014 with the publication of the Changemaker Manifesto. The Utopia Changemaker Manifesto is a voluntary commitment by responsible companies for sustainable corporate management. Companies that become Changemakers publically commit to transparency and to dialog on Germany's largest website for sustainable consumption. The level of the voluntary commitment is assessed by an independent expert network of the Utopia Foundation.

BRAND OF THE YEAR 2015 (3rd PLACE), HANDELSBLATT

In 2015, SolarWorld achieved 3rd place in the Handelsblatt ranking "Brand of the year" in the category "Energy and Chemistry". The ranking is produced by the Handelsblatt newspaper in cooperation with the market research institute "Yougov". The number of brands analyzed in all categories was 735. The results of the ranking are based on a representative survey involving around 700,000 online interviews.

OEKOM RESEARCH, PRIME B+ (2014: PRIME B+)

SolarWorld has retained its PRIME Standard rating from oekom research. Companies that received Prime status are sustainability leaders in their industry. Thus, the SolarWorld stock continues to qualify as an ecological and social investment. According to oekom, the change in the overall score from A (2013) to B+ is due to an adjustment of scoring system, and therefore does not mean that SolarWorld's sustainability performance has substantially worsened.

SILICON VALLEY TOXICS COALITION SCORECARD RANKING, 2nd PLACE 2 (2014: 4th PLACE)

In its survey, non-profit enterprise Silicon Valley Toxics Coalition (SVTC) assesses companies according to a variety of criteria such as environment, health and safety, sustainability, worker's rights and safety and social fairness. Aspects considered include product return systems and recycling, worker's health and safety, a life cycle analysis, an analysis of the use of chemicals, and disclosure statements. In the 2015 ranking, SolarWorld achieved second place with 94 points, behind SunPower (97 Points) and ahead to Trina Solar (93 Points).

PERFORMANCE INDICATORS

ECONOMIC PERFORMANCE

G4-EC1+4+7

ECONOMIC VALUE

This list is intended to provide information on the total economic value generated directly by the company and how it is used, in particular the ratio between distributed and retained economic value. It is considered in monetary terms.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

in k€	2015	2014	2013	2012	Comment
a) Income	853,290	797,084	510,172	747,088	Sales revenues + other operating income + net income from investments accounted for using the equity method + interest and other financial income
Distributed monetary value					
b) Operating expenses	-712,201	-605,510	-591,406	-1,122,057	Changes in inventory of products + own work capitalized + material costs + depreciation + other operating expenditure
c) Salaries and company benefits	-157,989	-138,281	-112,366	-129,648	Personnel expanditure
d) Payments to capital providers	-27,945	519,356	-71,803	-55,257	Interest and other financial expenses + net earnings from financial instruments
e) Payments to public authorities	-744, Deutschland: -264, Frankreich: -168, USA: -43, Singapur: -17, Südafrika: 251, Japan: 0	-3,073, Deutschland: -2,642, Frankreich: -158, USA: -37, Singapur: -180, Südafrika: -56	-3,383, Deutschland: -2,091, USA: -1,177, Singapur: -48, Südafrika: -67	-4,945, Deutschland: -4,780, USA: -78, Singapur: -70, Südafrika: -17	Taxes income (without defferred taxes) ► *16. Income taxes – p. 113*
f) Investments in the community	-165	-119	-101	-375	Donations in money and in kind (donations to political parties are not included and have not been made since 2010)
Retained monetary value (negative: reversal of retained monetary value)	**-45,754**	**569,457**	**-268,887**	**-564,819***	

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** Main impact 2012 from extraordinary amortization*

No significant investments in infrastructure and services, provided mainly for public benefit, were made in 2015. We assume that positive and negative effects of our activities will balance each other out. However, a needs analysis was not performed. Nevertheless, we support such investments in the infrastructure and in services via our Solar2World projects through module donations to, for example, schools, hospitals or radio stations in developing countries. In 2015, 113 (2014: 120) kWp were delivered in the context of Solar2World.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

in k€	2015	2014	2013	2012
Investment grants	1,247	8,288	10	27,508
Research grants	8,015	7,373	7,195	5,261

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There is no government body holding shares in SolarWorld AG. In Germany, the group pays the EEG levy. The production sites at Freiberg and Arnstadt pay a reduced EEG levy amounting to € 1 million. Furthermore, the electricity tax paid by the production sites in Germany is reduced by around 84 percent (equivalent to around € 1 million).

G4-12+EC9

PROCUREMENT

Purchasing is a global, strategic area in the SolarWorld group. ►*Global supply chain – p. 039* Apart from ensuring security of supply, the goal of the purchasing strategy is a competitive advantage for the SolarWorld group on the international solar market, currently in particular through cost savings. The Supplier Development Program was set up to invest in long-term business relationships and develop suppliers. We have been hosting supplier events since 2012 where we encourage discussion of sustainability-related topics.

Material suppliers and service providers for the SolarWorld group are, depending on the context, our main suppliers or, in particular, the suppliers of direct material. We name main suppliers the strategic suppliers (meaning the largest in terms of purchasing expenditures), the suppliers with a unique selling proposition, and the technology partners. Our supply chain is strongly characterized by suppliers of direct material. They provide us with the input factors for the Bill of Materials (BOM) and the Balance of System (BOS) and make up more than 65 (2014: 60) percent of procurement costs. At almost 5 (2013: 5) percent of expenditures, suppliers of operating supplies (e.g. energy, water) have only a limited influence. In 2014, a total of around € 650 (2014: 540) million went to suppliers and service providers. As a result of our global sourcing strategy, 35 (2014: 57) percent of procurement costs are paid to suppliers located in Europe and the United States. In Asia, it is now 64 (2014: 42) percent; and in other countries 1 (2013: 1) percent. The geographical position plays a minor role in selecting suppliers since the equipment and commodity market is an international market. For our (not-for-profit) Solar2World

projects, we involve local partners as far as possible in particular for rack technology and installation. Despite that, the selection is made according to commercial criteria as well as to the criteria quality, technology, logistics and sustainability, with local manufacturers having a logistical advantage. Sustainability is included in the overall evaluation with a weighting of 15 percent. At the beginning of 2015, we evaluated 93 (2014: 84) percent of our direct material suppliers – certifications in 2015: 98 (2013: 98) percent DIN ISO 9001, 75 (2013: 80) percent DIN ISO 14001, 48 (2014: 46) percent BS OHSAS 18001, 33 (2014: 35) percent DIN ISO 50001. 38 (2014: 22) percent of the suppliers have a sustainability report following recognized standards (e.g. along GRI or ISO 26000). We perform on-site quality audits on average every two to three years for all direct material suppliers with a significant risk assessment. Criteria for the risk assessment are, for example, whether the supplier is new, what type of material the supplier supplies, the country in which the supplier is located and which local standards therefore apply, which certifications the supplier has, the results of material tests, and if there were complaints. Audits look for deviations in the areas of production, quality assurance systems, change management, shipping and accounting. Audits are performed on an ad hoc basis where a concrete reason exists. In 2015, 26 (2014: 25) percent of suppliers of BOM and BOS were audited by SolarWorld on the basis of a risk assessment. Normally, the share of BOM and BOS is approximately 30 percent per year. In the future, the material sustainability risks in the value chain will be taken into account more strongly during these on-site visits.

The analysis and evaluation of the supply chain is gaining importance for SolarWorld, but is still a big challenge due to its complexity, especially regarding the upstream suppliers. For instance regarding the the non-use of conflict materials, the tracing of the source, origin or production conditions for second and third-tier suppliers has been achieved through self-reporting. Since 2015, we are using the software tool "risk methods", with which the supply chain is depicted and analyzes systematically publicly available information.

G4-EC2

CLIMATE CHANGE: OPPORTUNITIES AND RISKS

Our management takes account of the effects of climate change on our business activities via the opportunities and risks management. ►*Management report forecast – p. 063*

We see more opportunities than risks for SolarWorld, given the great upsurge in interest in solar energy over recent years, which is partly a result of the climate debate. An important milestone in this debate was the UN Climate Change Conference held in Paris at the end of 2015. Among other things, this conference agreed to limit the rise in average temperature to notably below 2 degrees Celsius on the pre-industrial level. Additionally, an annual investment fund of 100 billion dollars is to be set up from 2020 to 2025 for the removal of climate damage, and for the switch to a globally sustainable energy supply. Emission-free and low-risk energy supply can only be implemented with the help of renewable energies, an area where photovoltaics make a significant contribution. The United Nations officially recognizes solar energy as a source of energy that has net zero greenhouse gas emissions. We therefore expect solar energy to achieve competitive advantages over conventional energy sources in the long term. On the one hand, solar energy offers major potential for decentralized energy supply and thus lower line and distribution costs. National dependence on imports of energy resources can also be reduced.

SolarWorld is faced with the following regulatory, physical and other risks.

REGULATORY, PHYSICAL AND OTHER RISKS

Risk driver	Description	Potential impact	Time-frame	Impact – Direct/ Indirect	Likelihood	Magni-tude of impact
Renewable energy regulation	Changes in regulations on renewable energies that hinder the use of solar energy in key markets	Decline in demand for products/services	Currently	Indirect (Client)	Low	High
Taxation and regulation of fuels/energy	Higher operating costs for transport (of goods) and journeys by employees to/from the place of work	Increased costs in the value chain	2–5 years	Direct	Probable	Moderate
Uncertainty concerning future regulation	Uncertainty concerning the medium and long-term development regarding regulation of renewable energies in key markets	Decline in demand for products/services	2–5 years	Indirect (custom-ers)	Probable	Moderate
Other physical climate drivers	Just like other companies, we are also affected by climate change; however, we are not hindered to any particular extent by special factors	Decline in production capacity/interruption of production	Currently	Direct	Quite probable	Low to moderate
Company image	Parts of the general public tend to have a negative attitude towards solar energy as a result of the discussion concerning the regulation of renewable energies, the trade litigation in the U.S. and the EU trade complaint in the U.S. and in the EU.	Decline in demand for products/services	Currently	Indirect (custom-ers)	Probable	Moderate

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The risks stated can have financial effects if they materialize, for example through a decline in demand, production, or increased costs. An important part of our business activities is therefore aimed at developing new, more efficient products, reducing costs and acquiring customers in new markets, in order to minimize or spread the effects of these sources of risk. The biggest physical risks identified by the Intergovernmental Panel on Climate Change (IPCC) include the rise in sea levels, water shortage, hurricanes and typhoons as well as flooding and drought, depending on the particular region. Although SolarWorld is not a company whose geographical location makes it particularly affected by physical climate risks, our company is also faced by a general risk resulting from extreme weather conditions. For example, damage to buildings or systems, interruption of operations or impairment of the upstream and downstream parts of the value chain could result in high financial burdens. We reduce this risk through ongoing insurance cover against damage through storm, hail, snow loads, avalanches, flooding, ground submergence and landslides. Apart from damage to buildings and systems, our insurance also covers reduced profits, caused by interruption of operations resulting from property damage related to the above mentioned risks, suffered by SolarWorld or our suppliers. This reduces the financial risk overall; nevertheless, the insurance deductible, a pre-determined maximum level of compensation and a possible exclusion of benefits mean that this risk cannot be fully eliminated. As regards the risk associated with the company image, negative financial effects can result from a drop in sales. Measures here involve above all the dialog with the stakeholders and the ongoing participation in the political debate. Overall, the costs of the bundle of preventative measures are lower than possible costs that would be incurred by the company without the said measures.

SolarWorld has the following regulatory, physical and other opportunities.

REGULATORY, PHYSICAL AND OTHER OPPORTUNITIES

Opportunity driver	Description	Potential impact	Time-frame	Impact – Direct/ Indirect	Likelihood	Magni-tude of impact
General environmental standards, including planning standards	As the problem of climate change is increasingly becoming a focal point of public attention worldwide, new regulations and directives are being implemented, aimed at reducing CO_2 emissions through the introduction of green technologies and products. Following the nuclear accident in Fukushima, politicians are increasingly recognizing the importance of renewable energies as one of the key solutions. Over the course of recent years, the use of low-emission products as a contribution towards climate protection has developed into an important market worldwide. For companies like SolarWorld whose products offer solutions for reducing climate change, new guidelines on climate protection represent important business opportunities.	Rising demand for existing products/services	1–5 years	Direct	Quite probable	Moderate to high
International agreements	The European Union has declared its willingness to reduce its share of greenhouse gas emissions by 20 % by 2020. One way of achieving this target is by raising the share of renewable energies in the energy mix by 2020. The U.S. wishes to lower CO_2 emissions in energy production by 32 % relative to 2005 levels through the Clean Power Plan. The focus is on reducing coal-generated power and expanding renewable energies. The 2015 UN Conference on Climate Change in Paris approved an international agreement that provides for a limit on average temperature rise to notably below 2 degrees and a switch to a sustainable energy supply.	Rising demand for existing products/services	2–10 years	Direct	Quite probable	Moderate to high
CO_2 taxes	A CO_2 tax would support the use of renewable energies such as solar energy.	Rising demand for existing products/services	6–10 years	Indirect (Customers)	Moderately probable	Moderate
Regulations and standards in the field of product labeling	Credible product labeling for high product quality as well as high ecological and social standards facilitate the purchasing decision for customers.	Rising demand for existing products/services	1–5 years	Indirect (Customers)	Probable	Low to moderate
Further climate opportunities	Changing physical climate parameters are a clear argument in favor of the use of solar energy. Extreme weather conditions are increasing public awareness of the extent of these risks.	Rising demand for existing products/services	6–10 years	Indirect (Customers)	Probable	Moderate
Changing consumption patterns	Solar systems are becoming increasingly popular because they reduce energy costs and increase energy independence.	Rising demand for existing products/services	1–5 years	Direct	Quite probable	Moderate
Company image	Positive image of a company that invests in clean products and a sustainable society.	Possible assertion of higher prices	1–5 years	Direct	Quite probable	Moderate

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We use our life cycle analysis to determine the environmental characteristics of our products, and present the results in a detailed and transparent manner in the annual report to the Carbon Disclosure Project (CDP). This is a unique selling point compared to our direct competitors, as product sustainability and transparency are increasingly important for customers and governments. In addition, the lifecycle analysis enables the identification of potential for optimization, which serves as a decision-making aid for cost reductions in the product lifecycle. Optimized cost structures and further technological progress enable further reductions in the price per watt peak, and continued improvement of our competitiveness.

As regards the opportunities associated with regulation, positive financial effects can result from a possible increase in demand as well as through higher prices for high-quality products on the market. Solar energy constitutes an important alternative for the production of environmentally friendly and low-risk electricity. At the same time, stricter climate-protection standards are increasing our business potential. This opportunity can be exploited among other things through marketing campaigns to raise public awareness, as well as lobbying with the aim of gaining the support of politicians for a sustainable energy supply. Physical changes caused by climate change (for example drought, flooding, storms) are increasing public awareness. This confirms our core business and creates opportunities for the company. The financial effects can therefore be assessed as positive. At the same time, we are involved on an ongoing basis in the public political debate. These costs are part of general marketing and PR costs; here too however, we assume that the positive financial effects will outweigh the costs.

Changing consumption patterns towards a LOHAS orientation can stimulate demand for sustainable power and thus have a positive effect on our business. In terms of the image of the company, financial opportunities can result from a whole series of factors, for example from greater brand awareness, increased support by our stakeholders and the reputation of being an attractive employer. To make use of this opportunity, we practice sustainable corporate management and communication of our successes in the field of sustainability: for example through campaigns, annual reports as well as corresponding marketing measures. It is not possible to quantify the costs of climate protection and climate adaptation, as the measures set out are on a much broader base. We assume that the positive financial effects will outweigh the costs.

The total costs spent on dealing with risks and opportunities are not yet being assessed.

ECOLOGICAL PERFORMANCE

SolarWorld supplies the technology for converting sunlight into power. The manufacture of this technology is resource and energy-intensive and constitutes a major cost lever for the group. At the same time, it is accompanied by direct environmental effects. The economic and ecological effects are particularly closely interrelated in terms of the consumption of resources, and frequently point in the same direction. For example, efficiency measures usually pay off twice. This is not the case with trade-offs, and the effects are in the opposite direction – for example if the use of another substance shows lower environmental effects but involves higher costs. To include the ecological environmental effects of the supply chain, SolarWorld carries out lifecycle analyses for our modules, starting with the extraction of raw materials. This analysis is carried out using the SimaPro software solution and the eco-balance database ecoinvent.

Regular internal and external checks are carried out. Internal checks are carried out by the Internal Audit department and via cross audits, during which departments from the various sites check one another. External checks are carried out within the scope of the certification under the quality management standard DIN ISO 9001, the environmental management standard DIN ISO 14001, BS OHSAS 18001, as well as the energy management standard DIN ISO 50001. No significant deviations were found during the audits. We also possess an established Teamwork Production Management (TPM) system, which achieves at comprehensive process optimization and efficiency improvements.
► *Production – p. 036*

The data has been estimated for the year 2015 and is provisional: The month of December as well as the data for the sales sites in Bonn, France, South Africa Singapore & Japan have been projected on the basis of prior-year figures, comparative months and comparative sites. This is necessary on the one hand because accounting information is received with a time delay and thus can no longer be included in the reporting. On the other hand, certain forms of consumption at the sales sites are covered in lump-sum manner via the office rent. Data is updated as necessary in our annual disclosure via the Carbon Disclosure Project (CDP). 2015 saw an update of the database and further development of the calculation methods, meaning that variations are possible as regards the key performance indicators in the 2014 report. To ensure that the results remain comparable, the key performance indicators for 2014 have been re-calculated where necessary.

G4-EN29+39

There were no complaints registered in 2015. There were no environmental offences and no sanctions.

ENVIRONMENTAL GOALS

Since the start of 2013, we have set ourselves global environmental goals with a time horizon to 2020 that are also part of our Changemaker Manifest. These goals are broken down across individual sites and translated into specific measures. We report annually on the progress, the assessment is made internally on a quarterly basis. Targets that have not yet been achieved or where our performance has deteriorated make it clear to us that we must identify and use potential for improvement. If we achieve an environmental target earlier than 2020, we shall set ourselves a new, challenging target. For example, we significantly surpassed our 2020 target for specific water consumption as early as 2014. We have therefore set ourselves a new target in this respect.

ENVIRONMENTAL GOALS 2020

	Unit	Base year 2012	Goal 2020/ percentage change	Status 2015/ percentage change vs. 2012
Energy & climate protection				
Groupwide energy consumption	kWh/Wp	0.63	0.47, -25 %	0.52, -17 %
Cumulated energy demand (life cycle)*	MJeq/Wp	9.93	7.45, -25 %	7.47, -25 %
Groupwide CO_2 emissions	$kgCO_{2eq}$/Wp	0.45	0.29, -35 %	0.47, +5 %
Global Warming Potential (life cycle)	$kgCO_{2eq}$/Wp	1.33	0.98, -25 %	0.73, -45 %
Average CO_2 emissions from passenger cars in the SolarWorld vehicle fleet (new passenger cars)**	gCO_{2eq}/km	152 (all passenger cars)	95, -38 %	129, -15 %
Water				
Specific volume of water consumption	m^3/MWp	2,253	1,802, -20 %	1,637, -27 %
Specific volume of waste water discharge	m^3/MWp	1,738	1,564, -10 %	1,506, -13 %
Waste				
Specific volume of waste	t/MWp	26.9	24.2, -10 %	27.3, +1 %

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* *Since 2015, the calculations have been carried out using further-developed methods, databases and conversion factors. To ensure that the results remain comparable with those for 2014, these figures have also been adjusted retrospectively.*

** *The emissions data which takes account of the corrected levels following the Volkswagen emissions scandal is not currently available. We therefore use the original data for our calculations.*

The starting up of crystallization results in a deterioration in group-wide CO_2 emissions per watt peak. Previous scope-3 emissions now fall within the scope-2 range. This can also be seen from the cumulated energy demand for the lifecycle of our modules. There, the environmental target set for 2020 has already almost been achieved in 2015.

G4-EN1+2

MATERIALS USED

Overall material consumption rose by 19.7 percent in 2015 (2014: 32.6 percent). The consumption of materials from external suppliers also rose by 19.5 (2014: 32.9) percent, and consumption from internal sources by 45.0 (2014: 6.0) percent. This development can be attributed to a further increase in production. Non-renewable materials only account for a tiny proportion of overall material consumption. No reliable information is available on the recycling rate of our input factors. Consequently, we can only state here the proportion that is recycled directly at our site. This key performance indicator primarily concerns water processed and re-used by us. Since 2012, the packaging material at Hillsboro has been passed on to an external recycling partner and is therefore excluded from this analysis.

MATERIALS USED

in t	2015	2014	2013	2012
Total materials used	**1,835,952**	**1,533,213**	**1,156,075**	**1,345,866**
of which materials purchased from external suppliers	1,815,886	1,519,370	1,143,012	1,322,252
of which materials obtained from internal sources	20,065	13,842	13,064	23,614
of which raw materials	4,513	3,508	3,002	1,033
of which associated process materials	1,694,701	1,449,181	1,040,430	1,289,701
of which semi-manufactured goods or parts	132,024	76,547	109,920	53,901
of which materials for packaging purposes	4,714	3,976	2,724	2,198
Non-renewable materials	201,322	129,171	144,525	92,792
Direct materials	125,026	76,547	109,920	54,104
Recycled input materials (without upstream chain)	9,540	20,945	22,270	24,629
Percentage of recycled input materials	0.52%	1.37%	1.93%	1.83%
Hazardous substances (HF, Pb, HNO_3, POCl, Silane, NaOH, HCl, KOH, NH_3)	6,674	8,785	4,862	9,376

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The auxiliary materials used are assessed both qualitatively (e.g. in terms of the statutory requirements, technology and control of processes) as well as quantitatively. A summary of the assessment is produced at least annually in the analysis of environmental impacts. In addition, goals and measures are defined to reduce the consumption of materials (e.g. reduction in chemical usage in cell production). We comply with the respective legal requirements regarding hazardous substances. Despite the rise in production figures and related material consumption, the use of hazardous substances was greatly reduced.

LAND USE

The amount of land used has an impact on the environment, especially if surfaces are built over or sealed. The total plant area was reduced in 2015, as space not required at the Freiberg and Hillsboro sites was sold off. As a result, the key performance indicator for sealed area also fell. Nevertheless, a photovoltaic system was built on open space at the Hillsboro site in 2015, as a result of which the key performance indicator for built-over area increased. It was not possible to include data on land use for the sales sites in France, South Africa, Singapore and Japan, as the offices are in rented premises and their share of the space cannot be determined.

LAND USE

in m²	2015	2014	2013	2012
Total holding area	943,475	1,095,951	906,182	924,694
of which sealed area	338,932	352,717	348,155	337,808
of which built-over area	256,413	249,588	185,980	188,909

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G4-EN3

ENERGY CONSUMPTION INSIDE THE GROUP

Energy consumption is fed from the so-called primary sources (gas, oil, diesel, gasoline) and the secondary sources (electricity, local heat). Despite numerous projects aimed at reducing energy consumption, for example the installation of new wire-sawing technologies, group-wide energy consumption increased. This is due primarily to the starting up of crystallization in Arnstadt in the first half of 2015, as well as to the group-wide introduction of a new cell generation. Group-wide, electricity and natural gas are the largest sources of energy. Gas consumption in Hillsboro fell as a result of a mild winter, while electricity consumption rose following the resumption of crystallization. This therefore also resulted in higher specific energy consumption (per Wp).

The share of renewable sources is the same as in the local energy mix. We use factors from the ecoinvent database to convert the secondary energy consumption into the indirect primary energy consumption. For energy payback times, please consult the Management Report. ► *Environmental commitment – p. 044*

ENERGY CONSUMPTION INSIDE THE GROUP

	2015	2014	2013	2012
Direct primary energy consumption in MJ	**215,694,944.6**	**189,686,415.1**	**203,336,522.9**	**206,086,696.0**
of which gas	212,567,790.6	188,539,552.0	202,675,836.7	205,477,229.4
of which heating oil	569,827.4	484,651.4	68,724.9	108,513.0
of which diesel	2,058,436.8	571,082.4	589,721.3	499,161.6
of which gasoline	402,494.4	3,484.8	2,240.0	1,792.0
of which other	96,395.4	87,644.5	0.0	0.0
Secondary energy consumption in MJ	**1,316,301,581.2**	**904,515,835.4**	**747,828,820.8**	**1,167,905,779.7**
of which electricity	1,315,376,262.4	903,084,536.6	747,828,820.8	1,167,905,779.7
of which local heat	925,318.8	1,431,298.8	0.0	0.0
Indirect primary energy consumption in MJ	**4,212,165,060.0**	**2,894,450,673.4**	**2,393,052,226.6**	**3,737,298,495.2**
of which electricity	4,209,204,039.8	2,889,870,517.2	2,393,052,226.6	3,737,298,495.2
of which local heat	2,961,020.2	4,580,156.2	0.0	0.0
Total primary energy consumption in MJ, i.e. direct and indirect consumption	**4,427,860,004.6**	**3,084,137,088.5**	**2,596,388,749.5**	**3,943,385,191.2**
Proportion of renewable energies in the electricity mix	35.8 %	34.5 %	35.1 %	31.4 %
Self-generated electricity in kWh (by own PV systems) fed into the grid	16,766,498.2	10,940,024.1	8,648,224.6	9,869,288.9

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Previous years' data has been slightly adjusted because of an improved database.

G4-EN4-7

ENERGY CONSUMPTION IN THE VALUE CHAIN

In our lifecycle analysis, we calculate total energy consumption in the value chain including all processes and input factors through to the completion of our products, i.e. from the "cradle" through to the "factory gate". This is the cumulative energy demand (CED). This key performance indicator underlines how energy intensive the manufacture of a product is. Here, we use the SimaPro software and the ecoinvent database.

For 2015, we have improved the calculation method, and have continued to adapt conversion factors of the respective sites, for example for conversion of natural gas from cubic meters into kilowatt hours.

The energy intensity is expressed per production unit, i.e. watt peak. In 2015 this totaled 7.47 (2014: 6.27) MJ_{eq}/Wp group-wide. Given a shipment volume of 1,159 (2014: 873) MW, this equates to 8,658 (2014: 5,474) TJ_{eq} in absolute figures. Overall, the energy requirement for the products manufactured by SolarWorld rose by 1,208 kJ/Wp compared to the previous year (2014: fell by 2,830). For further information, please refer to the Management Report.
► *Environmental commitment – p. 044*

CUMULATIVE ENERGY DEMAND IN MJ_{eq} /Wp

The cumulative energy demand describes how much energy is needed for the production of a watt peak (Wp).

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G4-EN8-10

WATER CONSUMPTION

Absolute water consumption in the group rose by 28.8 (2014: 31.7) percent in 2015, due to further increases in production and the introduction of new processes and technologies. Relating this water consumption to the volume of shipments produces the specific water consumption. This fell to 1,637 (2014: 1,908) m³/MWp as a result of savings and increased efficiency. As a result, the environmental target on water consumption for 2020 has already been achieved. Reductions in water consumption are being striven for primarily at the production sites, as these are the largest consumers. The aim is increased processing and re-use of water. As an example, the need for fresh water in Arnstadt and Freiberg has been optimized. In addition, attention is being paid during production projects to ensuring that own water processing systems are used in individual production steps.

Fresh water is obtained in different ways depending on the geographical conditions. Our Freiberg production site obtains raw water for production processes from the Lichtenberg dam reservoir (approx. 30 percent) and the Hüttenteich artificial lake (approx. 70 percent). Water for our production site in Arnstadt is piped from a drinking water reservoir some distance away. Changing from the original municipal water supply to the water piped from the dam reservoir reduced the hardness of the raw water, which significantly reduced the load on high-purity water installations. All water used for production at Hillsboro comes from the municipal water supply. The site does not operate its own pumping systems. The raw water then passes through corresponding processing stages at the respective sites and is treated in multiple stages to get process water. Depending on the application, the raw water is disinfected, filtered and its pH is adjusted. Following this treatment, approx. 35 percent of process water goes through softening, demineralization and disinfection stages to provide completely demineralized water. Process water is mainly (50–80 percent) used to supply production

facilities as saw water and for cooling. The different qualities of process water that are obtained are used e.g. for cooling and supplying the production facilities. Approx. 80 percent of saw water is recycled. The SolarWorld group aims to continuously reduce its water consumption and to further increase the proportion of reused water.

WATER CONSUMPTION

	2015	2014	2013	2012
Total water withdrawal in m³	**1,981,633.7**	**1,538,953.3**	**1,168,436.7**	**1,260,643.4**
of which surface water	786,439.0	922,209.0	577,878.0	541,301.0
of which rainwater	0.0	0.0	0.0	0.0
of which water from municipal water supply	1,195,194.7	616,744.3	590,558.7	719,342.4
of which ground water	0.0	0.0	0.0	0.0
Water recycled/reused in m³	**66,191.7**	**16,911.7**	**135,473.5**	**187,019.8**
Water recycled/reused as a percentage of total water withdrawal	3.3 %	1.1 %	11.6 %	14.8 %

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G4-EN22

WASTEWATER

One of SolarWorld's most important environmental goals, alongside the careful use of resources, is to keep the environmental impacts of production to a minimum. ► *Environmental goals – p. 212* To help achieve this, our in-plant wastewater treatment facilities include an extensive controlling and monitoring system with individual flow component collection. Regular evaluations are carried out in respect of the quantities, quality criteria and analyses from our in-plant water and wastewater treatment systems (e.g. temperature, pH, electrical conductivity, adsorbable organically bound halogens (AOX)). The site-specific prescribed limit values for wastewater are monitored internally and by local agencies. Depending on its origin and constituents (e.g. sanitary wastewater, chemically contaminated wastewater), wastewater generated at the various sites is collected and treated in various different streams. These are then discharged directly (bodies of water) or indirectly (communal wastewater system). As yet we have very little information concerning the exact water treatment methods of the local wastewater associations.

In 2015, the absolute volume of wastewater increased as a result of the higher production quantities; however, the specific volume of wastewater based on the unit of production (Wp) was reduced. Our environmental goal for 2020 has already been achieved in 2015. ► *Environmental goals – p. 212*

WATER DISCHARGE

in m³	2015	2014	2013	2012
Total wastewater discharge	1,630,593.6	1,336,489.2	1,012,247.0	996,849.6

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G4-EN15-21

EMISSIONS

Group-wide emissions of greenhouse gases again rose in 2015 to 0.47 (2014: 0.31) $kgCO_{2eq}$ /Wp. This development can be attributed to a further increase in production. The specific CO_2 emissions also rose in 2015. This development is attributable to higher energy requirements following the ramping up of crystallization in Arnstadt and Hillsboro.

Emissions are calculated with the help of calculation tools of the GHG Protocol. The error rates that may be caused by the estimates and the calculation tools are not known. Details on the payback times of our modules can be found in the Management Report. ► *Environmental commitment – p. 044* As part of the Carbon Disclosure Project, we produce an annual "program response" which is essentially a greenhouse gas report. The most recent report is also available to download from our website.

Other indirect emissions from the business activities that do not occur at own or controlled sources (scope-3 emissions) are calculated on the basis of our lifecycle analysis. The 2015 figure for goods and services bought increased by 3 percent to 696,301 (2014: 674,032) tCO_{2eq}. Although our sales increased by one-third, the Scope-3-emissions remained almost unaffected (+3.3 %), since we have increased the share of primary products (ingots) that we produce our self. These emissions are now attributed to Scope-2-emissions. Upstream transport accounted for 25,845 (2014: 20,676) tCO_{2eq}. The figure for in-plant waste was 1,088 (2014: 1,350) tCO_{2eq}.

GREENHOUSE GAS EMISSIONS

	2015	2014	2013	2012
Direct and indirect emissions in tCO_{2eq} (Scope 1+2)	**178,458.4**	**125,568.8**	**95,693.0**	**139,371.8**
Direct emissions in tCO_{2eq} (Scope 1)	11,528.9	11,708.9	11,611.0	10,728.9
Indirect emissions in tCO_{2eq} (Scope 2)	166,929.5	113,859.8	84,082.1	128,643.0

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Previous years' data has been slightly adjusted because of an improved database.

The table for further emissions primarily includes key performance indicators from the United States. Only the indicator for nitrogen oxides also includes the production sites in Freiberg and Arnstadt. The emissions are calculated using calculation aids for air emissions. The emissions occur primarily in wafer production. In 2015, these rose as a result of the increased production quantities. The other emissions are in the form of carbon monoxide.

OTHER AIR EMISSIONS

in t	2015	2014	2013	2012
U.S.				
Hazardous air pollutants	0.00	0.00	0.00	0.00
Nitrogen oxides (NO_x)*	18.99	15.81	9.07	5.80
Fine dust (PM10)	0.40	0.99	0.45	0.50
Persistent organic pollutants	0.00	0.00	0.00	0.00
Sulphur oxides (SO_x)	0.26	0.20	0.27	0.20
Exhaust gas and fugitive emissions	0.00	0.00	0.00	0.00
Volatile organic components (VOC)	35.15	37.24	28.20	27.30
Other standard air emissions	3.29	4.52	3.80	4.00

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** Including the production sites in Freiberg and Arnstadt*

Various local laws and regulations apply. For example, our German production sites are subject to the German Federal Immission Control Act (Bundes-Immissionsschutz-Gesetz). This legislation and accompanying ordinances define detailed requirements for the approval, construction and operation of facilities which are particularly likely to have detrimental environmental impacts on the air, water and soil. Materially analogous emissions occur at our production sites in the form of exhaust air. A comprehensive assessment of all relevant emissions from the process exhaust air was carried out at the time of commissioning of our production facilities. A voluntary examination program was prepared on the basis of this assessment, in order to carry out single or repeat measurements at various sources of emissions during ongoing production. Wafer production facilities, for example, are required by law to measure their emissions on a regular basis. Since all facilities are built to the latest standards and operate in accordance with all legal requirements in the respective countries, there have been no relevant fluctuations in emitted substances and quantities over the period to date. Depending on the materials and hazardous substances present in process exhaust air, the respective types of exhaust air are pre-treated using burner-scrubber and crossflow scrubber systems. Furthermore, in addition to various collecting devices, flow monitors are fitted in the untreated air pipes. Any failure or fault in the exhaust air scrubbers is detected, and results in an emergency shutdown of the facility. Hence it is not possible for untreated exhaust air to be released. Additionally, there are forms of process exhaust air that contain no relevant hazardous substances when used as intended, for example air from safety extraction systems that has no effect on the environment and is given off untreated.

SolarWorld does not use or emit any nitrogen trifluoride (NF_3).

G4-EN23

WASTE AND RECYCLING

The absolute amount of waste increased in 2015 due to higher production volumes. Per unit produced (Wp), the specific volume of waste decreased compared to the previous year, but was still above the 2012 value: This in mainly a result of changes in production (the implementation of a new cell generation and the ramp-up of the crystallization). ►*Environmental goals – p. 212*

WASTE AND RECYCLING

in t	2015	2014	2013	2012
Total weight of waste	30,702.6	23,020.6	10,013.8	14,814.6
of which hazardous waste	15,714.3	10,037.6	1,292.9	1,352.0
of which recycled or reused	90.4 %	85.4 %	0.0 %*	0.0 %*
of which non-hazardous waste	14,988.3	12,983.0	8,720.9	13,462.6
of which recycled or reused	69.2 %	70.2 %	15.8 %*	28.1 %*

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** For 2013 and 2012, there is no data available on recycling shares for Freiberg.*

A breakdown of data by waste desposal method is not yet available for Germany. In Germany, our waste is disposed by local service providers. For the U.S., the data for each disposal method is collected via the service provider. We have no information that any applicable laws and regulations are not being adhered to.

WASTE BY DISPOSAL METHOD

in t	2015	2014	2013	2012
USA				
Recycled non-hazardous waste	1,440.0	1,669.7	1,205.7	2,753.2
Recycled hazardous waste	0.0	0.0	0.0	0.0
Recovered non-hazardous waste	21.1	11.5	139.5	977.7
Recovered hazardous waste	0.0	0.0	0.0	0.0
Reused non-hazardous waste	6.0	4.7	28.8	22.5
Reused hazardous waste	0.0	0.0	0.0	0.0
Composted non-hazardous waste	0.0	0.0	5.8	9.6
Landfilled non-hazardous waste	3,415.8	2,742.5	2,143.4	2,077.7
Landfilled hazardous waste	0.0	0.2	0.2	0.4
Incinerated non-hazardous waste	0.0	0.0	0.0	0.0
Incinerated hazardous waste	0.1	0.1	2.4	9.1
Waste water treatment (non-hazardous waste)	0.0	22.5	405.9	617.5

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G4-EN28

RECYCLING OF USED MODULES AND PACKAGING MATERIALS

The EU Directive WEEE (Waste Electrical and Electronic Equipment) regulates the proper recycling of waste electrical and electronic equipment and its financing by manufacturers or importers at the European level. This law for the disposal of electronic waste, which now also defines discarded solar modules as electronic waste, has been revised at the European level (WEEE2). A free return system for solar modules will be created in all European Union countries. Manufacturers or importers will then share responsibility for accepting and properly disposing of returned solar modules. The activities for implementation of WEEE2 began in January 2014, and most countries have already implemented the ratification of WEEE2 under national law. The European Union had originally required the implementation of WEEE2 under national law by February 2014. In 2015, the German Electrical and Electronic Equipment Act was amended and the new version came into effect in October. Germany has therefore also implemented the WEEE2 directive under national law.

With the implementation of WEEE2 in the EU member states, the right of return changes fundamentally for consumers. Old modules, thus far accepted voluntarily by SolarWorld, can now be taken to the communal recycling center by their owners or, given larger volumes, collected directly from the place of occurrence. Manufacturers or importers must now report their shipment volumes in Germany monthly to a central body, the National Register for Waste Electric Equipment (EAR). Depending on the respective market share, manufacturers are informed of how many modules they are required to send for proper disposal. According to information from the disposal industry, significantly reduced prices for the recycling of old modules can be expected in the future. Certified waste management companies are able to recycle old modules in such a way that almost all of the reusable material can be fed into production processes as secondary raw materials. SolarWorld has concerned itself in good time with finding a partner for recycling the old modules, through whom the registration and return can be processed. Recycling is then carried out via certified partners.

Owing to the long service life of solar modules, we do not yet have any significant volumes of returned products to report. In contrast, packaging materials are already produced at product delivery.

Our products are packaged primarily to protect them during transportation, not for advertising purposes. In Germany, we have contracted out recycling and reuse operations to Interseroh Dienstleistungs-GmbH. The properly reported quantities of authorized packaging materials are determined by Interseroh on the basis of their inspection specification (in particular based on purchasing statistics, invoices and delivery notes), and are attested by auditors in the following year. These figures do not include materials taken back and recycled via a different collection system or in the framework of our own collection system as well as packaging material which has verifiably been exported. As the evidence for the year passed is always received with a time delay, the volumes of the respective previous year are always taken for the Bonn site. Interseroh sorts and recycles 100 percent of materials by material types.

PACKAGING MATERIALS

in t	2015	2014	2013	2012
Carton/cardboard/paper	779.8	791.5	817.0	1,119.1
Wood	1,172.3	1,229.7	1,081.3	1,096.2
Plastics/polyethylene-film/strapping bands/polystyrene/polyethylene protective corners/polyurethan/stretch film/plastic pallets and barrels	304.6	287.2	657.8	414.4
Other recycling (mixed: hard plastics, metal, compost)	16.3	16.3	18.8	87.1
Total	**2,272.9**	**2,324.6**	**2,565.6**	**2,716.8**

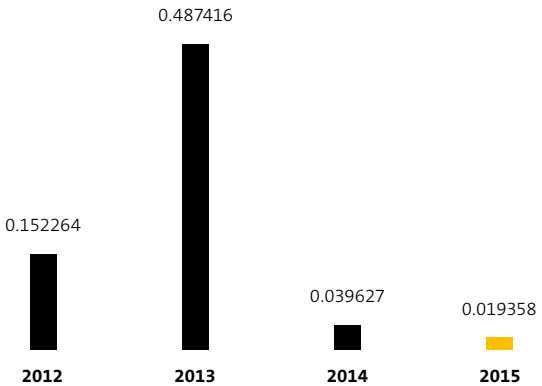
T 67

G4-EN12+24+27

ENVIRONMENTAL IMPACTS

We are not aware of any major impacts on biodiversity in protected areas or in areas of high biodiversity outside protected areas relating to our activities, products or services at our sites. We have taken out insurance against risks under the German Environmental Damage Act. The law governs liability claims resulting from damage inflicted on protected species and natural habitats, as well as water and soil pollution. In the reporting period there were no significant spills (chemicals, oils, fuels). SolarWorld has taken out insurance against risks under the German Environmental Damage Act. The law governs liability claims based on damage to persons and property, caused through the spread of harmful substances via the so-called environmental paths soil, water and air. The products of SolarWorld have no significant environmental impact in terms of material input, water, emissions, discharge water, noise or waste. The modules are taken back and recycled at the end of their lifetime in accordance with the revised WEEE Regulation. Our lifecycle analysis shows that we are continuously improving our production, and hence our sales are compensating for ever greater volumes of emissions. As part of our lifecycle analysis we also shed light on environmental effects that go beyond the ►*Environmental commitment – p. 044* analysis set out in the Management Report, and that emanate from the overall manufacturing process, i.e. starting from the extraction of raw materials. For this, we use the SimaPro software and the econinvent database. The environmental impact categories are calculated using the CML method. In recent years we have achieved an improvement with some effects.

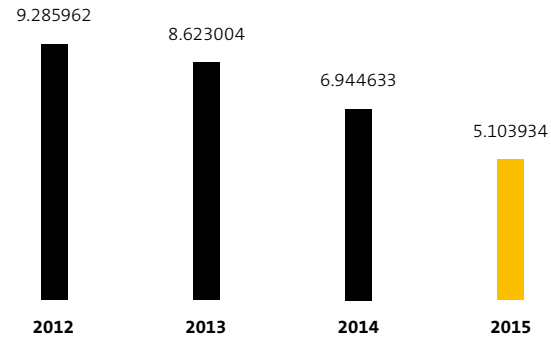
ABIOTIC DEPLETION
IN kg SB_{eq} /kWp



The consumption of abiotic resources refers to the consumption of non-renewable raw materials, for example air, water, ore and other mineral raw materials. This is associated with harm to the environment and the state of the environment.

G 29

ABIOTIC DEPLETION OF FOSSIL FUELS
IN MJ/Wp



The consumption of fossil energy sources (oil, gas, coal) is also abiotic consumption and is also associated with environmental impacts. Fossil energy sources are considered fully replaceable by other energy sources. As a result, consumption is stated in megajoules (MJ).

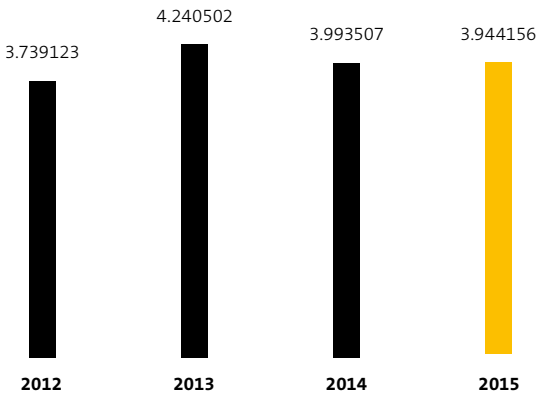
G 30

ABIOTIC DEPLETION

Abiotic depletion means the consumption of resources that are not renewable, or to be precise are not of plant or animal origin, i.e. they do not grow back. Abiotic resources may be reusable, however, e.g. air and water. Fossil fuels, ores and other mineral raw materials (including sand and salts) are also abiotic resources. Abiotic consumption describes the depletion potential of a resource, i.e. the relationship between global annual consumption and the available supply of the respective resource. Recycling or substitution with renewable resources decreases abiotic depletion. Consumption of the various different resources is expressed in terms of the reference resource antimony, as antimony equivalent (Sbeq). Only the abiotic depletion of fossil fuels (crude oil, gas, coal) is stated in megajoules (MJ), since these resources – unlike other abiotic resources – are considered to be not recyclable and fully replaceable. For the first time, we are providing detailed reporting of the abiotic depletion of fossil energy sources in a graphic.

ACIDIFICATION

IN kg SO_{2eq} /kWp

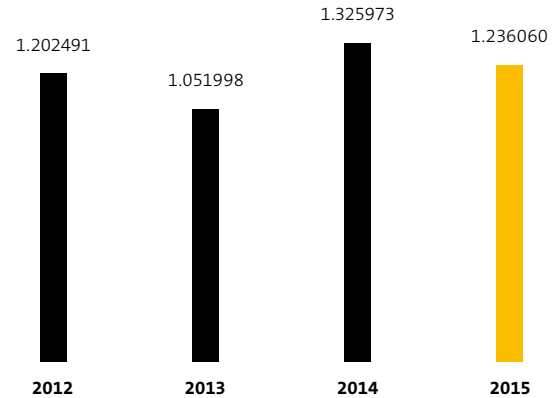


Soil and water are damaged due to acidification, e.g. due to high concentrations of CO_2 or nitrogen, acid rain, or fertilizer.

G 31

EUTROPHICATION

IN kg PO_{4---eq} /kWp



Eutrophication means the enrichment of soil and water by nutrients, especially nitrates and phosphates, resulting in overfertilization which can disturb the species composition.

G 32

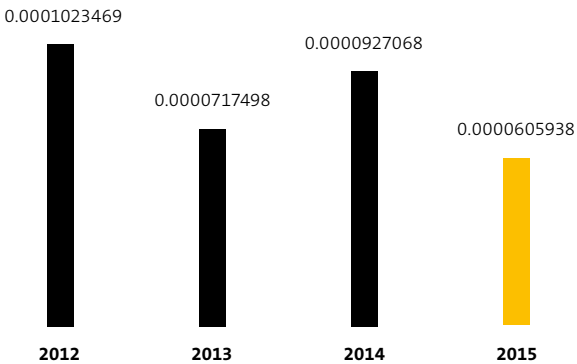
ACIDIFICATION

Acidification of soil and water occurs via acid rain, i.e. the conversion of air pollutants (especially sulfur dioxide and nitrogen oxides) into acids, and through ammonia enrichment, for example from excessive fertilizer use. Acid rain attacks buildings and metals, while many plants are harmed by acidic soils. The acidification potential is given in sulfur dioxide equivalent (SO_{2eq}).

EUTROPHICATION

Euthrophication means nutrient contamination, i.e. the enrichment of soil and water with various nutrients (in particular nitrates and phosphates), and is expressed as phosphate equivalent ($PO4_{---eq}$). In water bodies, this can lead to algae growth, reduced oxygen content, and fish mortality. These can also be referred to as “collapse” phenomena. Moreover, leaching of nutrients can cause nitrates to enter the groundwater, but in small quantities these are toxicologically safe.

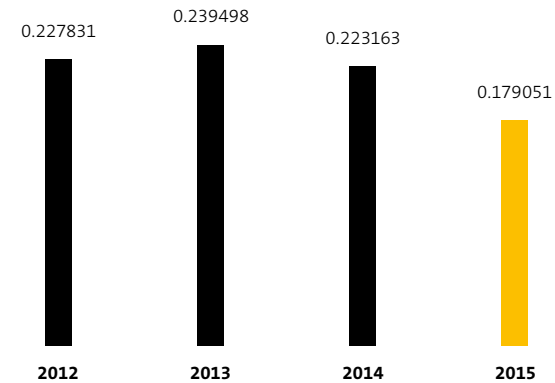
OZONE LAYER DEPLETION
IN kg CFC-11_{eq}/kWp



The destruction of the ozone layer is primarily caused by gaseous halogen compounds, resulting in a harmful intensity of ultraviolet (UV) radiation.

G 33

PHOTOCHEMICAL OXIDATION
IN kg C_2H_4 /kWp



Photochemical oxidation (known as "summer smog") is caused by reactions between nitrogen oxides (NO_x) and volatile organic compounds (VOC) under UV radiation.

G 34

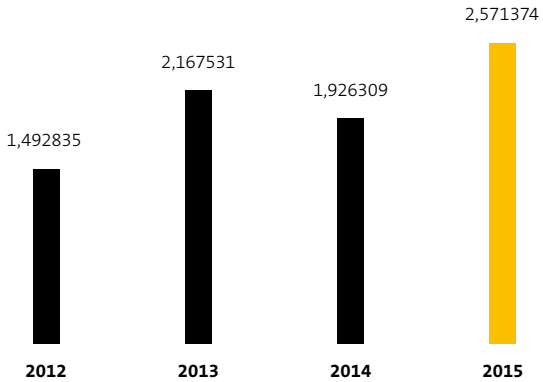
OZONE LAYER DEPLETION

Ozone in the stratosphere protects life on Earth, since it absorbs harmful UV radiation. Depletion of the ozone layer is caused mainly by chlorofluorohydrocarbons (CFCs) and nitrogen oxides (NO_x). A lower concentration of ozone in the upper atmosphere results in a harmful intensity of UV radiation on the ground. Trichlorofluoromethane (CFC-11_{eq}) is used as the reference substance.

PHOTOCHEMICAL OXIDATION

Photochemical oxidation, also known as summer smog, is caused by reactions between sunlight and nitrogen oxides (NO_x) as well as volatile organic compounds (VOC). This creates ground-level ozone, which is a harmful trace gas, in contrast to its protective function in the stratosphere. The concentration of ground-level ozone depends on the weather (high temperatures, low humidity, little wind). The potential for photochemical oxidation is stated as ethylene equivalent (C_2H_{4eq}).

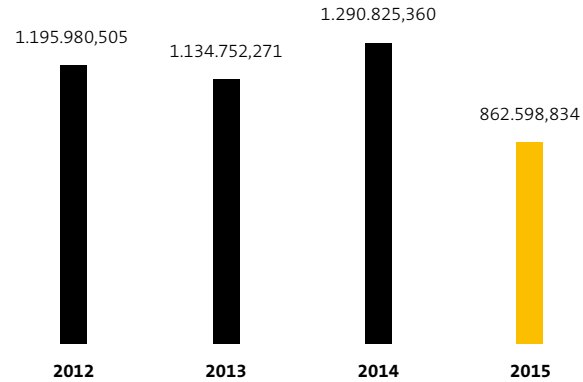
TERRESTRIAL ECOTOXICITY
IN kg 1,4-DB_{eq}/kWp



Terrestrial ecotoxicity: Terrestrial ecotoxicity means the harmful impact of numerous poisonous substances (e.g. heavy metals and organic substances) on terrestrial ecosystems.

G 35

MARINE AQUATIC ECOTOXICITY
IN kg 1,4-DB_{eq}/kWp



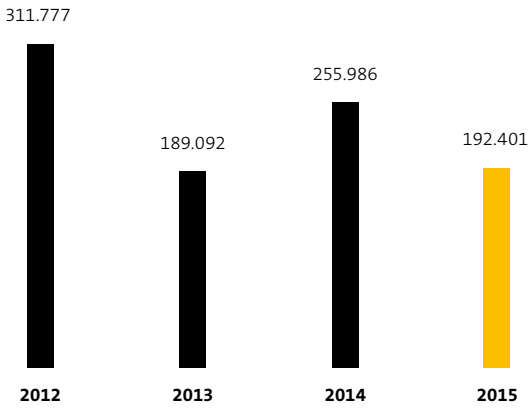
Marine aquatic ecotoxicity means the harmful impact of numerous poisonous substances (e.g. heavy metals and organic substances) on marine ecosystems.

G 36

ECOTOXICITY

Terrestrial toxicity describes the harmful impact of poisonous substances on flora (plants), fauna (from micro-organisms to animals), and fungi, in and on land. Aquatic toxicity indicates the threat to organisms in oceans and fresh water from toxic substances. Human toxicity specifically indicates the threat to people. Many poisonous substances exist, for example heavy metals, salts and organic compounds. The potential toxicities of the various substances are considered in relation to the reference substance 1,4-Dichlorobenzene (1,4-DB_{eq}).

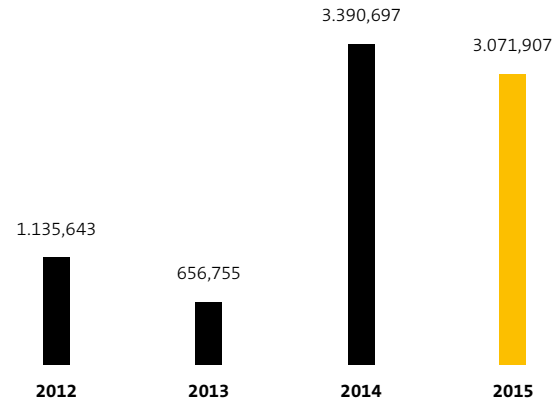
FRESH WATER AQUATIC ECOTOXICITY
IN kg 1,4-DB_{eq}/kWp



Fresh water aquatic ecotoxicity means the harmful impact of numerous poisonous substances (e.g. heavy metals and organic substances) on the fresh water ecosystems.

G 37

HUMAN TOXICITY
IN kg 1,4-DB_{eq}/kWp



Human toxicity means the harmful impact of numerous poisonous substances (e.g. heavy metals and organic substances) on the human organism.

G 38

SOCIAL PERFORMANCE

G4-10

EMPLOYMENT TYPES AND EMPLOYMENT CONTRACTS

The trend that had already established itself in 2014 was again maintained in 2015. In the course of the further increase in production, the number of employees again rose, with the result that almost 3,000 people work at the German SolarWorld sites.The number of employees at German sites has remained essentially unchanged compared with the previous year. Overall, 73.1 (2014: 78.8) percent of group employees work in Germany, excluding temporary workers and trainees. The largest site in terms of the number of employees is the production site in Freiberg. As part of the restructuring of Solarpark GmbH into a pure service company, the number of employees there fell significantly. A large share of the employees were taken over into SolarWorld AG. Germany-wide, the share of part-time workers rose to 4.5 (2014: 3.9) percent. Employees can implement their wishes for part-time work to a predominant extent within the context of their working-hours schemes. The share of employees with a permanent contract remained almost constant at 95.4 (2014: 96.7) percent. SolarWorld relies primarily on temporary workers to be able to react quickly to fluctuations in production. The number of temporary workers rose significantly in 2015. This development is attributable above all to the production site in Arnstadt. SolarWorld is constantly on the lookout for qualified and motivated employees, and took over 32 temporary employees into permanent positions in Germany in 2015. The share of temporary workers in the overall number of employees (FTE) is 25.6 (2014: 16.0) percent. Company training is important for us, which is why the number of trainees increased to 49 (2014: 44), of which a good 10.2 (2014: 9.1) percent are female. As a result, the trainee ratio in 2015 was 2.3 (2014: 2.0) percent.

In Bonn and Freiberg, full-time employees have a contractually agreed working week of 40 hours, in Arnstadt a 38-hour week is agreed by collective agreement. Time recording is practiced in Freiberg and Arnstadt, not however

in Bonn. Employees in Arnstadt who are not covered by the collective agreement also have a 40-hour week, without time recording.

The full-time equivalent (FTE) is a standardized comparison factor that expresses the working hours of the employees as an equivalent of full-time employees.

EMPLOYMENT TYPES AND CONTRACTS

Germany	2015	2014	2013	2012
Total headcount (incl. temporary workers)	2,971	2,641	1,647	1,685
Total headcount (excl. temporary workers)	2,157	2,161	1,447	1,559
Employees excl. trainees (FTE)	2,064.4	2,089.9	1,372.3	1,462.0
Employees excl. trainees	2,108	2,117	1,397	1,486
of which women	516	526	303	323
of which men	1,592	1,591	1,094	1,163
Part-time workers	94	83	56	58
of which women	71	67	45	45
of which men	23	16	11	13
Employees on permanent contract	2,012	2,048	1,307	1,380
of which women	506	524	266	293
of which men	1,506	1,524	1,041	1,087
Temporary workers (people)	814	480	200	126
of which women	210	117	47	37
of which men	604	363	153	89
Temporary workers (FTE)	529.2	333.9	111.4	52.3
of which women	131.3	78.2	27.4	14.2
of which men	397.9	255.7	84.0	38.1
Temporary workers taken over	32	17	15	15
Trainees	49	44	50	73
of which women	5	4	5	15
of which men	44	40	45	58

T 68

The number of employees at our U.S. site in Hillsboro rose significantly in 2015 by 37.2 (2014: -10.2) percent. The reason is a notable increase in production as a result of improved market conditions and higher sales. In total, 25.9 (2014: 20.3) percent of group employees work at the U.S. site. The number of part-time employees remains at a very low level. Part-time work is generally interpreted as a negative signal in the United States, since it can indicate underemployment. At our U.S. site, the working week is 40 hours. Due to legal differences (for example weak protection against dismissal, written employment contracts not mandatory), there is no breakdown into fixed-term and indefinite employment relationships. Hence it is not possible to report any figures here. The number of temporary workers was reduced greatly to 88 (2014: 196). Given the high capacity utilization and the planned expansion of production, more than 230 temporary workers were taken over into permanent positions at SolarWorld. As a result, the share of temporary workers in the overall staff (FTE) fell strongly to just under 11.8 (2014: 36.0) percent. Company training as known in Germany is still not common. As a result we have no trainees in the United States.

U.S.	2015	2014	2013	2012
Total headcount (incl. temporary workers)	836	741	723	846
Total headcount (excl. temporary workers)	748	545	607	769
Employees excl. trainees (FTE)	747.3	544.1	607.0	769.0
Employees excl. trainees	748	545	607	769
of which women	216	147	165	205
of which men	532	398	442	564
Part-time workers	3	2	0	1
of which women	1	1	0	1
of which men	2	1	0	0
Employees on permanent contract	-	-	-	-
of which women	-	-	-	-
of which men	-	-	-	-
Temporary workers (people)	88	196	116	77
of which women	28	69	35	21
of which men	60	127	81	56
Temporary workers (FTE)	88.0	196.0	116.0	77.0
of which women	28.0	69.0	35.0	21.0
of which men	60.0	127.0	81.0	56.0
Temporary workers taken over	238	60	33	35
Trainees	0	0	0	0
of which women	0	0	0	0
of which men	0	0	0	0

T 69

The number of employees at our rest-of-the-world sites has risen slightly, as we have formed a new sales subsidiary in Japan. By contrast, the number of employees at the sites in France and South Africa has fallen. The number of part-time workers remained constant, while the share of full-time employees fell. All SolarWorld employees at these sites have indefinite employment contracts. The number of temporary workers also remained constant. No trainees are employed there. The working week at all sites is 40 hours.

Rest of the world	2015	2014	2013	2012
Total headcount (incl. temporary workers)	28	25	19	27
Total headcount (excl. temporary workers)	27	24	19	27
Employees excl. trainees (FTE)	26.8	23.8	18.9	27.0
Employees excl. trainees	27	24	19	27
of which women	11	12	10	11
of which men	16	12	9	16
Part-time workers	2	2	1	1
of which women	2	2	1	1
of which men	0	0	0	0
Employees on permanent contract	27	24	11	26
of which women	11	12	6	11
of which men	16	12	5	15
Temporary workers (people)	1	1	0	0
of which women	0	0	0	0
of which men	1	1	0	0
Temporary workers (FTE)	0.0	1.0	0.0	0.0
of which women	0.0	0.0	0.0	0.0
of which men	0.0	1.0	0.0	0.0
Temporary workers taken over	0	0	0	0
Trainees	0	0	0	0
of which women	0	0	0	0
of which men	0	0	0	0

T 70

Group-wide, SolarWorld employed 3,835 (2014: 3,407) people as at the balance sheet date, equivalent to an increase of 12.6 percent. As a result, SolarWorld employs almost 4,000 people for the first time in its history. This underlines the expansion course as the largest non-Asian manufacturer of crystalline solar power technology. Even without taking account of temporary workers and trainees, the number of employees rose by around 7.3 (2014: 32.8) percent. The number of temporary workers also rose by around 13.8 (2014: 52.6) percent, although the ratio to full-time employees remained almost constant. The number of temporary workers rose by around 33.4 (2014: 114.2) percent to 903 (2014: 677). The share of temporary workers compared to all employees was just under 21.7 (2014: 20.0) percent. Group-wide 270 (2014: 77) temporary workers were taken over into permanent positions at SolarWorld. Temporary workers are used primarily to cover production peaks. The figures on trainees refer exclusively to the German sites, as the dual vocational training system is not practiced in the United States or at the sales sites in France, South Africa, Singapore and Japan.

Group	2015	2014	2013	2012
Total headcount (incl. temporary workers)	3,835	3,407	2,389	2,558
Total headcount (excl. temporary workers)	2,932	2,730	2,073	2,355
Employees excl. trainees (FTE)	2,838.5	2,657.8	1,998.2	2,258.0
Employees excl. trainees	2,883	2,686	2,023	2,282
of which women	743	685	478	539
of which men	2,140	2,001	1,545	1,743
Part-time workers	99	87	57	60
of which women	74	70	46	47
of which men	25	17	11	13
Employees on permanent contract	2,039	2,072	1,318	1,406
of which women	517	536	272	304
of which men	1,522	1,536	1,046	1,102
Temporary workers (people)	903	677	316	203
of which women	238	186	82	58
of which men	665	491	234	145
Temporary workers (FTE)	617.2	530.9	227.4	129.3
of which women	159.3	147.2	62.4	35.2
of which men	457.9	383.7	165.0	94.1
Temporary workers taken over	270	77	48	50
Trainees	49	44	50	73
of which women	5	4	5	15
of which men	44	40	45	58

T 71

G4-LA14-16

No complaints concerning work practices were submitted, processed or solved in 2015 via formal complaint mechanisms. Our suppliers are not yet systematically checked in terms of work practices. We are not aware of any significant effects on work practices in the supply chain. The "risk methods" software tool that has been in use since 2015 is also designed to provide corresponding information on possible incidents. For further information about employees, please consult the Management Report. ► *Employees – p. 048*
► *Future strategic alignment of the group – p. 082*

G4-LA1

ATTRITION

The constantly increasing production volumes are resulting in a sustained rise in employee numbers. Our Code of Conduct strictly forbids any form of discrimination. The prohibition also applies to job applicants. The figures on attrition do not include temporary workers, trainees or interns. 151 (2014: 99) new employees were recruited in Germany in 2015. 31 (2014: 29) of these were women. Overall, there were 33 (2014: 15) internal appointments in Germany, i.e. the employees moved from one SolarWorld company to another. In the United States, more than 300 new employees were recruited, with a large share being accounted for by temporary workers taken over into permanent positions. Overall, 34 (2014: 32) percent of new recruits were women. Group-wide 469 (2014: 198) employees were recruited, 33 (2014: 31) percent of which are female. On the other hand, 219 (2014: 276) employees left the SolarWorld group in 2015. The attrition rate in Germany remains unchanged at 5 (2014: 5) percent. At the U.S. site, the rate almost halved to 16 (2014: 29) percent. Nevertheless, the rate is very high compared to German sites. However, given the lower protection against dismissal and shorter notice periods, the attrition rate is normal for this labor market. At group level, the rate is 8 (2014: 10) percent and thus on a slight decline. Major attrition in percentage terms are partly due to the low absolute number of employees, at our smaller sales subsidiaries.

To enable comparisons with previous years, the following pages also report figures on attrition and new appointments in past reporting periods.

ATTRITION

Hirings 2015	Germany	U.S.	ROW	Group
Men	104	205	5	314
Percentage	69%	66%	83%	67%
Women	47	107	1	155
Percentage	31%	34%	17%	33%
Percentage of newly hired employees 2015				
up to age 30	26%	39%	0%	35%
aged 31–40	44%	26%	17%	32%
aged 41–50	21%	16%	67%	18%
aged over 50	9%	18%	17%	15%
Percentage of employees leaving 2015				
up to age 30	21%	39%	67%	31%
aged 31–40	36%	25%	0%	30%
aged 41–50	27%	18%	0%	22%
aged over 50	13%	18%	33%	16%
Employees leaving the company 2015				
Voluntarily, men	49	55	0	104
Percentage	45%	51%	0%	48%
Voluntarily, women	15	33	2	50
Percentage	14%	31%	67%	23%
Termination by employer, men	35	17	1	53
Percentage	32%	16%	33%	24%
Termination by employer, women	9	2	0	11
Percentage	8%	2%	0%	5%
Attrition rate 2015	**5%**	**16%**	**10%**	**8%**

T 72

Hirings 2014	**Germany**	**U.S.**	**ROW**	**Group**
Men	70	63	3	136
Percentage	71%	68%	50%	69%
Women	29	30	3	62
Percentage	29%	32%	50%	31%
Percentage of newly hired employees 2014				
up to age 30	43%	41%	50%	42%
aged 31–40	31%	30%	50%	31%
aged 41–50	17%	11%	0%	14%
aged over 50	8%	18%	0%	13%
Percentage of employees leaving 2014				
up to age 30	36%	19%	0%	26%
aged 31–40	36%	27%	100%	31%
aged 41–50	21%	22%	0%	21%
aged over 50	7%	32%	0%	21%
Employees leaving the company 2014				
Voluntarily, men	63	61	0	124
Percentage	55%	38%	0%	45%
Voluntarily, women	15	31	0	46
Percentage	13%	19%	0%	17%
Termination by employer, men	19	50	0	69
Percentage	17%	31%	0%	25%
Termination by employer, women	17	19	1	37
Percentage	15%	12%	100%	13%
Attrition rate 2014	**5%**	**29%**	**4%**	**10%**

T 73

Hirings 2013	Germany	U.S.	ROW	Group
Men	54	38	2	94
Percentage	70%	70%	50%	70%
Women	23	16	2	41
Percentage	30%	30%	50%	30%
Percentage of newly hired employees 2013				
up to age 30	42%	44%	50%	43%
aged 31–40	38%	27%	0%	32%
aged 41–50	13%	16%	50%	15%
aged over 50	8%	13%	0%	10%
Percentage of employees leaving 2013				
up to age 30	33%	29%	33%	30%
aged 31–40	32%	29%	33%	31%
aged 41–50	23%	22%	33%	23%
aged over 50	11%	20%	0%	16%
Employees leaving the company 2013				
Voluntarily, men	72	87	5	164
Percentage	49%	39%	56%	44%
Voluntarily, women	21	38	2	61
Percentage	14%	17%	22%	16%
Termination by employer, men	36	80	2	118
Percentage	25%	36%	22%	31%
Termination by employer, women	17	16	0	33
Percentage	12%	7%	0%	9%
Attrition rate 2013	**9%**	**32%**	**43%**	**17%**

T 74

G4-LA2

BENEFITS TO EMPLOYEES

SolarWorld offers its employees various non-cash benefits. These vary depending on the site and taking account of national and statutory circumstances. All employees throughout the group have an entitlement to parental leave, although the scope differs greatly from country to country. ►*Parental leave – p. 235* With the exception of the United States, we offer company provident benefits to all employees, irrespective of their weekly working hours. At all German sites as well as at the sales sites in France and South Africa, we offer our employees a company pension scheme (including via conversion of remuneration). In the United States, active employees working more than 30 hours per week are entitled to life assurance, health insurance, disability insurance as well as a company pension as company benefits. Permanent employees at the sales site in Singapore receive a life assurance policy, company health insurance, disability insurance but no company pension. Employees at the sales sites in France and Japan are entitled to company health insurance and disability insurance. We also offer a commuting allowance at the new sales site in Japan.

Throughout Germany, employees upwards of certain management levels or in specific positions (for example in the field sales force) are entitled to a company car. In Bonn, special parking spaces have been available for employees with electrical vehicles since 2015. In Freiberg, there are free shuttle busses from the station to the plant grounds in the winter months. Employees at all German sites receive financial support for midday meals and various healthcare offers (for example the company's own fitness studio at the Bonn site as well as a masseur who can be booked by the employees). These services are provided for trainees and temporary workers too. At Solarparc GmbH, employees can obtain a reduced-fare ticket for travel on local public transport. At SolarWorld AG, the transport operators do not offer a reduced-fare ticket at an attractive price, as there is not enough demand from employees. Employees in Germany and at the sales sites can obtain special conditions for the purchase of a solar power system. Employees in Germany generally have a right to one day of paid leave for certain occasions. SolarWorld grants additional paid leave, for example in the case of marriage or death (of a spouse or partner, or close relative). Permanent employees in Bonn also receive a childcare allowance. Employees in Germany are provided with free drinks. In the United States, continued payment of remuneration is offered in forms not prescribed by law there – for example in cases of illness, death, during the vacation period or even if an employee is required to perform jury service. Employees throughout the group also receive bonus payments if they make a particular contribution towards the success of the company, for example through inventions. The company also assumes costs for training and further training. In the United States, veterans receive remuneration entitled "military pay". Part-time employees in the group have entitlements equivalent to those of full-time employees. Temporary workers can make use of the generally accessible non-cash benefits (e.g. shuttle service, free drinks). We do not offer stock options.

G4-LA3

PARENTAL LEAVE

According to the German Federal Parental Allowance and Parental Leave Act (Bundeselterngeld- und Elternzeitgesetz), in Germany every employee including trainees and interns is entitled to parental leave. Following consultation with the GRI, we calculated the number of people who are entitled to parental leave according to this definition. Both parents can take parental leave simultaneously up to three years. With the employer's consent, it is also possible in principle to split parental leave into two periods of time. Thus a maximum of twelve months of parental leave can be delayed until the child reaches the age of eight. Men are

increasingly taking parental leave, usually for two months, to extend the time that the parental allowance is paid to the maximum possible period of 14 months. Legal protection for and entitlements to parental leave are very extensive in Germany, compared with other countries around the world.

In 2015, the number of employees taking parental leave rose slightly, the number of those returning fell slightly. Overall, there were no major fluctuations in the figures compared to the previous year at any of the German sites in 2015.

PARENTAL LEAVE

Germany	2015	2014	2013	2012
Employees entitled to take parental leave	2,125	2,240	257	128
which of women	529	563	61	38
which of men	1,596	1,677	196	90
Employees who took parental leave	105	98	88	69
which of women	34	28	41	34
which of men	71	70	47	35
Employees who returned to their job at the end of parental leave	85	93	58	48
which of women	22	26	15	12
which of men	63	67	43	36
Employees who were still employes in the company 12 month after the end of parental leave	230	187	121	39
which of women	60	57	34	6
which of men	170	130	87	33

T 75

In the United States, parental leave is regulated at federal level (Family and Medical Leave Act), and at state level (e.g. Oregon Family Leave Act). Various requirements have to be met: depending on the applicable law, employees need to have been employed in the company for varying lengths of time and have served different numbers of working hours. If these conditions are met, employees can take a defined number of weeks (e.g. 12 weeks in Oregon) of parental leave, which depending on the state is unpaid (e.g. in Oregon) or paid. It is not currently possible in the United States to ascertain how many employees are entitled to parental leave. Figures only show how many employees have actually taken parental leave. The number of employees who took parental leave fell slightly compared to the previous year, and is at a low level. The same applies as regards the employees returning after the end of the parental leave. Based on our experience, employees usually return to the company after taking parental leave.

U.S.	2015	2014	2013	2012
Employees entitled to take parental leave	-	-	-	-
which of women	-	-	-	-
which of men	-	-	-	-
Employees who took parental leave	14	18	14	25
which of women	6	5	5	6
which of men	8	13	9	19
Employees who returned to their job at the end of parental leave	10	17	14	21
which of women	4	4	5	4
which of men	6	13	9	17
Employees who were still employes in the company 12 month after the end of parental leave	16	12	0	1
which of women	3	5	0	0
which of men	13	7	0	1

T 76

Differing statutory rulings apply respectively at our sales sites in France, South Africa, Singapore and Japan as regards the scope of parental leave. The figures are obtained from the respective HR departments and reported. Due to the low number of employees, the numbers taking parental leave are also low.

Rest of the world	2015	2014	2013	2012
Employees entitled to take parental leave	5	25	0	2
which of women	1	13	0	1
which of men	4	12	0	1
Employees who took parental leave	0	0	0	2
which of women	0	0	0	1
which of men	0	0	0	1
Employees who returned to their job at the end of parental leave	0	0	0	1
which of women	0	0	0	0
which of men	0	0	0	1
Employees who were still employes in the company 12 month after the end of parental leave	0	1	1	0
which of women	0	1	1	0
which of men	0	0	0	0

T 77

Despite the overall sharp rise in number of employees, the number of employees who have taken parental leave has increased only slightly. The number of employees returning after the end of parental leave has decreased to 95 (2014: 110). Overall, this variation is within the normal range.

Group	2015	2014	2013	2012
Employees entitled to take parental leave	2,154	2,265	257	130
which of women	542	576	61	39
which of men	1,612	1,689	196	91
Employees who took parental leave	120	116	102	96
which of women	41	33	46	41
which of men	79	83	56	55
Employees who returned to their job at the end of parental leave	95	110	72	70
which of women	26	30	20	16
which of men	69	80	52	54
Employees who were still employes in the company 12 month after the end of parental leave	247	200	122	40
which of women	64	63	35	6
which of men	183	137	87	34

T 78

The figure "Employees with an entitlement to parental leave" covers all employees with an entitlement to parental leave in 2015, even if they left the company during the course of the year. In principle, all SolarWorld employees are entitled to parental leave. The figure "Employees still employed in the company 12 months after the parental leave" is intended as an indication of whether work and family are compatible at SolarWorld.

G4-11

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

The joint works council for the SolarWorld AG and Solarparc GmbH companies is made up of five female and four male employees. In addition, there is also a works, business, remuneration and working-hours committee, among others. Since 2014, SolarWorld AG and Solarparc GmbH have also had a joint youth and trainee representative body, and since 2015 a joint representative body for the severely disabled. Neither of the Bonn-based companies is affiliated to a trade union, so their employees are not covered by collective agreements.

In Freiberg there is a works council (which currently has 18 works council members), a representative body for youth and trainees, a representative body for people with severe disabilities, an economic committee, union workplace representatives and a company bargaining agreement concluded with the trade union IG BCE (applicable to SolarWorld Industries Sachsen GmbH and SolarWorld Innovations GmbH). Not all Freiberg employees fall under the arrangements and provisions of the existing company agreement. However, since the works agreements, informal agreements etc. at Freiberg constitute collective bargaining agreements, the collective agreements cover all employees as a matter of principle, with the exception of the company boards (management boards and managing directors) and executives ("leitende Angestellte", see German Works Constitution Act (Betriebsverfassungsgesetz) for definition).

There is a works council at Arnstadt as well. This is made up of 13 members and is sub-divided into various committees, for example the business, remuneration or work and health committee. Here too, the majority (98 percent) of employees are unionized. A collective agreement has been made with the trade union IG Metall.

As a matter of course, we comply with all legal rules and regulations in this regard (especially with the German Works Constitution Act). Transparent processes for selecting applicants, hiring employees, and their relocation, promotion and dismissal are ensured through statutory, collectively agreed and site-specific rules. It is our aim to seek cooperation with the works council, and people who perform tasks for the works council or for the other bodies mentioned above are given the appropriate time off to do so and provided with

the materials and space they need, as well as funding for training, etc. Alongside everyday communication, there is a regular meeting structure for the parties within the company and within the works council bodies. In addition to the bulletin boards and email, the works council can of course also use the intranet as an information medium, for example via own intranet sites. Trade unions are also provided with corresponding information and communication means. Other channels for communication between the works council and employees include advice surgeries, works meetings and surveys. An employee survey by the works council is planned for the first quarter of 2016.

The group-wide works council comprises six members (two each from Freiberg, Arnstadt and Bonn). They communicate via teleconferencing and regular meetings at the sites.

In the United States our employees are generally not represented by a trade union or a works council. At our sales site in France, all employees are covered by collective agreements, while at our Japan, South Africa and Singapore sites, none are.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

Germany	**2015**	**2014**	**2013**	**2012**
Employees falling under collective bergaining agreements	1,812	1,820	1,120	1,179
Percentage (in relation to total headcount, excl. temporary workers)	84 %	84 %	77 %	76 %

U.S.	**2015**	**2014**	**2013**	**2012**
Employees falling under collective bergaining agreements	0	0	0	0
Percentage (in relation to total headcount, excl. temporary workers)	0 %	0 %	0 %	0 %

Rest of the world	**2015**	**2014**	**2013**	**2012**
Employees falling under collective bergaining agreements	5	5	5	6
Percentage (in relation to total headcount, excl. temporary workers)	19 %	21 %	26 %	22 %

Group	**2015**	**2014**	**2013**	**2012**
Employees falling under collective bergaining agreements	1,817	1,825	1,125	1,185
Percentage (in relation to total headcount, excl. temporary workers)	62 %	67 %	54 %	50 %

T 79

G4-LA5-8

HEALTH AND SAFETY

In Germany, the Occupational Safety Act prescribes an occupational safety committee for companies with more than 20 employees. Senior executives, occupational safety experts, company doctors, safety officers as well as the works council are represented on this committee. The number of participants varies depending on local structures. The committees meet at least once per quarter and discuss subjects related to occupational safety and accident prevention. There are also working groups for occupational health and safety at our German production sites in Freiberg and Arnstadt. These are not prescribed by law, but have been initiated by the employees. The working groups do not have a fixed number of participants; any interested employee can participate.

The work committee in Hillsboro is made up of at least four members (two from the employer side and two elected by the employees). Representatives selected from the employees can belong to any level of the hierarchy. There is also a "safety leadership team" with nine members.

OCCUPATIONAL SAFETY COMMITTEES

Company	Level/function	Average number of participants	Number of employee representatives (works council)
Solarparc GmbH	managing director, safety officers, company physicians, works council, expert for occupational safety	9	1
SolarWorld AG	board member, safety officers, company physicians, works council, expert for occupational safety	10	1
SolarWorld Industies Sachsen GmbH	managing director, safety officers, company physicians, works council, expert for occupational safety	15	2
SolarWorld Innovations GmbH	managing director, safety officers, company physicians, works council, expert for occupational safety	8	1
SolarWorld Industries Thüringen GmbH	managing director, safety officers, company physicians, works council, expert for occupational safety	9	>2
SolarWorld Americas Inc.	All levels, there is no works council	16	0

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Health, safety and environment are extremely high priorities for SolarWorld AG and its production sites. Employees at our production facilities are generally exposed to a higher health risk. Nevertheless, as operators of production and research facilities, we set high standards for safety in handling hazardous substances and dealing with possible sources of danger. Their implementation is documented in safety audits. The aim of the safety analysis is to recognize corresponding risks, to estimate the likelihood of their occurrence and damage potential, and to assess the risk to the company and the employees on this basis. These safety concepts are continuously reviewed and form part of internal emergency plans. All employees who are responsible for these environment and safety-related activities receive training. With regard to process engineering, plants are enclosed and equipped with effective, redundant safety precautions (e.g. air extraction systems and containment areas). At our German sites, the legally required information about safety measures and the correct procedure in the event of an incident is provided to neighboring businesses and local residents. Fire and gas warning systems as well as mobile and fixed firefighting systems are installed at all production sites. Because of regulatory requirements, the Arnstadt site has its own fire department, and at Hillsboro there is an on-site emergency response team. There is an emergency team at the Freiberg site to deal with incidents.

The data on illnesses/injuries covers the entire workforce, not however independent contractors or temporary workers. These are only taken into account in the figures on occupational accidents. Throughout the group, we make sure that working conditions for external contractors are as safe as they are for our employees. Inthe fiscal year, 19 (2014: 17) external contractors worked at SolarWorld AG. These contractors are integrated into the organizational structure of our company to such an extent that they receive corresponding training. As in the previous year, one independent contractor worked at SolarWorld Innovations GmbH and received occupational safety training just like the SolarWorld employees. In 2015, there were no external contractors in Arnstadt, in Hillsboro as well as at the sales sites in France, South Africa, Japan and Singapore.

We report our lost day and absentee periods in hours. In Bonn, the planned annual working time has to be estimated in some cases as the number of days of leave varies, especially among part-time employees. Consequently, the standard figure of 30 days of leave has been taken as the basis for all permanent employees in Bonn.

In Germany, occupational accidents are reportable if they involve an inability to work for at least three days. In the United States, occupational accidents are reportable if they involve, for example, a stay in hospital. Absence due to accidents relates to the planned working time. The accident statistics also include persons who are performing an activity for us but who are not employees of the SolarWorld group (e.g. student assistants, temporary workers). As in the previous year, there were no work-related fatalities.

The absentee rate is very different between regions, and tends to be highest in Germany. So far there have not been any significant fluctuations over the years in the absentee rate in the various companies. The absentee rate indicates the percentage of planned working time lost through absence due to illness.

The sickness rate indicates the percentage of employees who were reported sick at least once in the year. The sickness rate is calculated using the rolling average of employee numbers. The number of sick employees is not available as rolling average. Consequently, the sickness rate reported can be slightly higher than in reality.

The accident rate per 1,000 employees indicates the number of reportable occupational accidents per 1,000 employees, and differs between the various SolarWorld companies. This is also due to the differing definition of reportable occupational accidents. In Germany, the accident rate has risen to 20.2 (2014: 13.8) percent, while it fell to 8.6 (2014: 11.3) percent in Hillsboro. In 2015, there were no occupational accidents at our sales subsidiaries in South Africa, Singapore and Japan.

At SolarWorld, costs are incurred from a global policy provided by insurers Barmenia, and there are several items relating to health insurance benefits. These totaled around k€ 52 in 2015. These premiums do not include benefits for short-term international travel (<90 days). As these cannot be clearly allocated to the sites, this amount has not been included in the overview.

In Bonn, the costs of free drinks and fruit as well as for a masseur and a company-own fitness studio were included in the calculation. In Bonn and Freiberg there were various health offers in 2015; for example, health days were organized with workshops on first aid, dietary advice or back training. Employees in Arnstadt took part in various regional sporting events, and exclusive conditions are offered by a nearby fitness studio. In the United States, we offer extensive health advising via health insurers. The first global SolarWorld Fitness Challenge was started in the year under review. The aim was to collect at least 2 million steps each day throughout the group, and thus to pay a virtual visit to each site in four weeks. In Germany, health costs fell to around k€ 490 (2014: 561). In the United States too, the costs fell to around k€ 514 (2014: 521). Group-wide, the costs for health and safety fell slightly to k€ 1,016 (2014: 1,091).

Given the frequency of work-related illnesses, healthcare and workplace ergonomics are very important. High psychic and physical burdens in administration and production should be avoided if possible, or at least reduced. Many of these topics are subject to co-determination and are therefore regularly discussed with the works council and additional bodies, and measures jointly decided.

HEALTH AND SAFETY

Germany	2015	2014	2013	2012
Planned working time in hours (men, excl. temporary workers)	3,068,134	3,063,883	2,343,935	2,687,585
Planned working time in hours (women, excl. temporary workers)	913,640	926,158	557,016	674,548
Actual hours worked (men, excl. temporary workers)	2,881,792	2,442,025	1,858,160	1,878,148
Actual hours worked (women, excl. temporary workers)	952,344	727,849	463,399	567,680
Actual hours worked (men, incl. temporary workers)	3,605,070	2,933,089	2,114,746	2,593,215
Actual hours worked (women, incl. temporary workers)	1,194,973	874,771	535,688	683,790
Absentee rate (hours lost/planned working time)	**7.5%**	**6.7%**	**5.9%**	**5.1%**
Absence due to sickness in hours (men)	212,939	193,512	140,353	132,583
Absence due to sickness in hours (women)	86,492	73,458	29,917	38,727
Number of employees reporting sick (men)	1,310	1,238	972	1,074
Number of employees reporting sick (women)	501	469	271	304
Sickness rate, total	**85.5%**	**78.8%**	**77.0%**	**81.2%**
of which men	72.3%	72.5%	78.2%	77.9%
of which women	27.7%	27.5%	21.8%	22.1%
Number of reportable occupational accidents (men incl. temporary workers)	39	25	25	30
Number of reportable occupational accidents (women incl. temporary workers)	13	10	5	4
Absence due to accidents in hours (men, excl. temporary workers)	4,317	5,630	3,720	4,022
Absence due to accidents in hours (women, excl. temporary workers)	1,601	930	168	88
Number of fatalities (men, incl. temporary workers)	0	0	0	0
Number of fatalities (women, incl. temporary workers)	0	0	0	0
Accident rate (per 1,000 workers, men and women, incl. temporary workers)	**20.2**	**13.8**	**16.9**	**16.9**
Accident rate (per 1,000 employees, men, incl. temporary workers)	20.0	13.0	17.6	19.3
Accident rate (per 1,000 employees, women, incl. temporary workers)	20.5	16.4	14.2	8.9
Total direct costs for employee health and safety in the calendar year in €	**489,023**	**561,460**	**436,184**	**266,541**

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U.S.	2015	2014	2013	2012
Planned working time in hours (men, excl. temporary workers)	1,010,744	923,133	1,147,016	1,420,506
Planned working time in hours (women, excl. temporary workers)	405,511	352,567	434,762	511,636
Actual hours worked (men, excl. temporary workers)	948,727	818,517	995,235	1,288,655
Actual hours worked (women, excl. temporary workers)	373,423	302,757	362,627	440,548
Actual hours worked (men, incl. temporary workers)	1,139,159	1,024,962	1,122,319	1,485,120
Actual hours worked (women, incl. temporary workers)	464,370	398,222	420,304	516,588
Absentee rate (hours lost/planned working time)	**1.8 %**	**1.6 %**	**1.7 %**	**1.8 %**
Absence due to sickness in hours (men)	17,471	14,363	18,865	25,140
Absence due to sickness in hours (women)	8,298	6,549	8,189	9,903
Number of employees reporting sick (men)	504	420	522	666
Number of employees reporting sick (women)	224	176	205	250
Sickness rate, total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
of which men	69.2 %	70.5 %	71.8 %	72.7 %
of which women	30.8 %	29.5 %	28.2 %	27.3 %
Number of reportable occupational accidents (men incl. temporary workers)	5	4	1	1
Number of reportable occupational accidents (women incl. temporary workers)	2	4	1	2
Absence due to accidents in hours (men, excl. temporary workers)	97	217	168	180
Absence due to accidents in hours (women, excl. temporary workers)	15	858	984	120
Number of fatalities (men, incl. temporary workers)	0	0	0	0
Number of fatalities (women, incl. temporary workers)	0	0	0	0
Accident rate (per 1,000 employees, men and women, incl. temporary workers)	**8.6**	**11.3**	**2.6**	**2.9**
Accident rate (per 1,000 employees, men, incl. temporary workers)	8.7	7.9	1.8	1.3
Accident rate (per 1,000 employees, women, incl. temporary workers)	8.4	19.7	4.6	7.4
Total direct costs for employee health and safety in the calendar year in €	**513,696**	**520,591**	**590,941**	**546,297**

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Rest of the world	2015	2014	2013	2012
Planned working time in hours (men, excl. temporary workers)	33,927	19,680	30,850	39,610
Planned working time in hours (women, excl. temporary workers)	22,447	21,217	23,409	17,811
Actual hours worked (men, excl. temporary workers)	33,799	19,624	28,570	37,362
Actual hours worked (women, excl. temporary workers)	22,190	20,889	21,717	16,891
Actual hours worked (men, incl. temporary workers)	33,826	20,104	28,570	37,362
Actual hours worked (women, incl. temporary workers)	22,190	20,889	21,717	16,891
Absentee rate (hours lost/planned working time)	**0.7 %**	**0.9 %**	**1.1 %**	**1.1 %**
Absence due to sickness in hours (men)	128	56	224	296
Absence due to sickness in hours (women)	257	328	348	328
Number of employees reporting sick (men)	6	4	8	11
Number of employees reporting sick (women)	7	9	10	8
Sickness rate, total	**43.9 %**	**53.8 %**	**86.7 %**	**74.0 %**
of which men	46.2 %	30.8 %	44.4 %	57.9 %
of which women	53.8 %	69.2 %	55.6 %	42.1 %
Number of reportable occupational accidents (men incl. temporary workers)	0	0	0	0
Number of reportable occupational accidents (women incl. temporary workers)	0	0	0	0
Absence due to accidents in hours (men, excl. temporary workers)	0	0	0	4
Absence due to accidents in hours (women, excl. temporary workers)	7	0	0	0
Number of fatalities (men, incl. temporary workers)	0	0	0	0
Number of fatalities (women, incl. temporary workers)	0	0	0	0
Accident rate (per 1,000 employees, men and women, incl. temporary workers)	**0.0**	**0.0**	**0.0**	**0.0**
Accident rate (per 1,000 employees, men, incl. temporary workers)	0.0	0.0	0.0	0.0
Accident rate (per 1,000 employees, women, incl. temporary workers)	0.0	0.0	0.0	0.0
Total direct costs for employee health and safety in the calendar year in €	**13,191**	**8,778**	**282**	**133,397**

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Group	2015	2014	2013	2012
Planned working time in hours (men, excl. temporary workers)	4,112,805	4,006,696	3,521,801	4,147,701
Planned working time in hours (women, excl. temporary workers)	1,341,598	1,299,942	1,015,187	1,203,995
Actual hours worked (men, excl. temporary workers)	3,864,319	3,280,166	2,881,965	3,204,164
Actual hours worked (women, excl. temporary workers)	1,347,958	1,051,495	847,743	1,025,119
Actual hours worked (men, incl. temporary workers)	4,778,055	3,978,155	3,265,635	4,115,697
Actual hours worked (women, incl. temporary workers)	1,681,533	1,293,882	977,708	1,217,270
Absentee rate (hours lost/planned working time)	**6.0 %**	**5.4 %**	**4.4 %**	**3.9 %**
Absence due to sickness in hours (men)	230,538	207,931	159,441	158,019
Absence due to sickness in hours (women)	95,046	80,335	38,453	48,958
Number of employees reporting sick (men)	1,820	1,662	1,502	1,751
Number of employees reporting sick (women)	732	654	486	562
Sickness rate, total	**90.2 %**	**84.2 %**	**85.8 %**	**88.6 %**
of which men	71.3 %	71.8 %	75.6 %	75.7 %
of which women	28.7 %	28.2 %	24.4 %	24.3 %
Number of reportable occupational accidents (men incl. temporary workers)	44	29	26	31
Number of reportable occupational accidents (women incl. temporary workers)	15	14	6	6
Absence due to accidents in hours (men, excl. temporary workers)	4,414	5,847	3,888	4,206
Absence due to accidents in hours (women, excl. temporary workers)	1,623	1,788	1,152	208
Number of fatalities (men, incl. temporary workers)	0	0	0	0
Number of fatalities (women, incl. temporary workers)	0	0	0	0
Accident rate (per 1,000 employees, men and women, incl. temporary workers)	**17.4**	**13.2**	**12.5**	**12.1**
Accident rate (per 1,000 employees, men, incl. temporary workers)	17.4	11.9	13.1	13.3
Accident rate (per 1,000 employees, women, incl. temporary workers)	17.3	17.3	10.4	8.2
Total direct costs for employee health and safety in the calendar year in €	**1,015,910**	**1,090,829**	**1,027,407**	**946,234**

T 84

G4-LA9

TRAINING AND PROFESSIONAL DEVELOPMENT

Because employees receive training on an as-needs basis, fluctuations are usual from year to year. Expenses for training activities are narrowly defined. Only direct costs (e.g. documented by invoices) are included. Costs for training courses offered e.g. by machine manufacturers as part of an entire package are not included. Similarly, no imputed costs for internal training (internal trainers instruct employees) are included, although the number of hours spent on such training courses is recorded. Our temporary workers receive the same training as our employees, wherever needed.

Within the framework of the Talent Management Program, a talent workshop lasting several days was held in Bonn in 2015, and was attended by employees from the sites in Hillsboro, Freiberg and Bonn. As part of the employee development, above all technical as well as IT user training, project management training or language training was provided. In addition to external training measures, SolarWorld places the main focus on coaching and learning-on-the-job, so as not only to generate new knowledge but also to make efficient use of this.

The validity of the figures on training and professional development in 2015 has improved significantly compared to the previous-year report. All SolarWorld sites, with the exception of the new sales subsidiary in Japan, document these figures. Since 2015, training data has also been collected for the U.S. site in Hillsboro differentiated by men and women as well as by managers and non-managers. The share of trained employees is calculated using the rolling average of the number of employees, instead of with data as at the balance sheet date. The number of trained employees is available in total figures, with the result that the share can be slightly higher than in reality. The share of employees participating in training or professional development measures rose to 73.1 (2014: 56.9) percent. Overall, group-wide expenditure on employee education and training has risen significantly to around k€ 641 (2014: 358). The main reason is that data from our Arnstadt site was collected for the first time; however, the figures for Hillsboro also rose significantly. The expenditure per employee on professional development increased to around € 220 (2014: 180). Despite the higher overall costs, the hours spent on training and professional development have fallen to around 28,000 (2014: 29,000) hours. The total number of professional development measures rose slightly to 832 (2014: 800). This is due to the increased need for training following the introduction of SAP.

INITIAL AND FURTHER TRAINING FOR EMPLOYEES

Group	2015	2014	2013	2012
Total training expenditure (in €)	**640,543**	**357,581**	**414,946**	**732,179**
Training expenditure per employee (in €)	**218.47**	**180.14**	**200.17**	**310.90**
Number of hours spent for training (total)	**27,766**	**28,806**	**183,957**	**31,518**
Number of hours spent for training (men in management positions)	4,495	2,521	2,610	4,308
Number of hours spent for training (women in management positions)	889	460	250	384
Number of hours spent for training (men, non-executive staff)	17,285	16,979	17,357	15,637
Number of hours spent for training (women, non-executive staff)	5,097	5,493	2,486	4,124
Number of training programs	**832**	**800**	**817**	**1,010**
Number of employees having completed training programs	**2,501**	**1,383**	**1,484**	**2,358**
Number of employees having completed training programs (men in management positions)	272	143	127	166
Number of employees having completed training programs (women in management positions)	60	22	19	24
Number of employees having completed training programs (men, non-executive staff)	1,641	851	942	996
Number of employees having completed training programs (women, non-executive staff)	601	243	222	294
Percentage of staff undergoing training per year	**73.1%**	**56.9%**	**57.8%**	**77.2%**
Average number of hours spent for training (men and women)	8.2	15.0	12.7	12.0
Average number of hours spent for training (men in management positions)	24.4	8.3	17.3	33.1
Average number of hours spent for training (women in management positions)	27.0	18.1	10.6	14.8
Average number of hours spent for training (men, non-executive staff)	9.7	14.1	13.5	10.9
Average number of hours spent for training (women, non-executive staff)	8.6	16.6	7.4	9.4

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All figures until 2015 without the Arnstadt site.
All non-bold numbers until 2015 without data from the United States.

SolarWorld encourages innovations, even beyond the boundaries of the group. For more than ten years, we have been recognizing people who have rendered outstanding service to the global use of solar energy as an energy source of the future through our annual SolarWorld Einstein Award. The SolarWorld Einstein Award 2015 was given posthumously to John W. "Bill" Yerkes. Thanks to his achievements in the industrialization of crystalline, silicon-based solar technology, he is regarded as the father of the modern-day solar industry. His widow Sara Yerkes and her daughter Kari Hummel received the award on his behalf. Bill Yerkes died on January 29, 2014, aged 79.

We have also presented the SolarWorld Junior Einstein Award to a young scientist since 2006. The SolarWorld Junior Einstein Award 2015, whose recipient is chosen in an international scientific competition, went to Michael Rauer. He earned his Ph.D. at the Fraunhofer Institute for Solar Energy Systems ISE with the dissertation "Alloying from Screen-printed Aluminum Pastes for Silicon Solar Cell Applications", and thus created the scientific basis for the further efficiency increase of crystalline silicon solar cells.

G4-LA12+EC6

DIVERSITY AND EQUAL OPPORTUNITIES

We promote equal opportunities throughout our group and take account of this aspect in recruitment and employment (Principle 6, Global Compact). The sole criteria are qualification, work experience and personal aptitude. Information on ensuring diversity and equal opportunities at SolarWorld is set out in our Code of Conduct. ►*Compliance, ethics and integrity – p. 195* ►*Employees – p. 048* ►*www.solarworld.de/sustainability*

Our reporting is based on the categories of gender, disability and age distribution. We disclose this data not only for governance bodies but also for the entire workforce. In Germany, it is illegal to ask for information about minority group membership (General Equal Treatment Act). In the United States, data is only recorded for employees who have actively registered themselves as members of a minority group. As a result, these figures are not meaningful, and we do not report this information.

The Group Management Board is made up of five members (four male members and one female member aged between 44 and 56) who do not belong to a registered minority. àManagement Board There are six shareholder representatives on the Supervisory Board, all of whom are male. The employee representatives on the Supervisory Board were elected in October 2015, and are made up of five male and one female member. The age range of the overall Supervisory Board is 33 to 62 years. The number of members of the Management Board and managing directors is shown in the tables as follows: Individuals with more than one function are only counted once. ►*Boards of SolarWorld AG – p. 097*

PROPORTION OF WOMEN

In spring 2015, the German parliament passed a law for the equal opportunity of women and men in leadership positions in the private sector and the civil service. All German companies listed on the stock exchange or subject to equal-representation co-determination must determine binding targets for a gender quota on Supervisory Boards, Management Boards and for the senior executives. SolarWorld AG supports diversity and equal opportunities, and therefore determined binding targets in August 2015. The share of women in management positions should be increased to 25 percent by mid-2017. From 2020, a female share of at least 25 percent should be achieved on each individual management level. As from January 1, 2016, a statutory gender quota of 30 percent applies to Supervisory Boards. As our Supervisory Board elections were held in 2015, the quota will not apply until the next cycle. These targets must not be underachieved in future.

Group-wide, the proportion of women has changed only slightly at 25.5 (2014: 25.2) percent; however, the share of female managers is a little lower at 16.7 (2014: 17.5) percent. Accordingly, the company is preparing measures to recruit and develop women for management positions. As a result, the percentage of women in the talent management program is currently at 50 percent. Across Germany, women accounted for 24.2 (2014: 24.5) percent of all employees, and 15.7 (2014: 16.5) percent of executives. In the United States, the proportion of women has risen slightly to 28.9 (2014: 27.0) percent. The share of female managers is almost unchanged at 20.7 (2014: 21.3) percent. The share of female employees at our sales sites in France, South Africa, Singapore and Japan fell to 40.7 (2014: 50.0) percent. The share of female managers is 0 (2014: 50.0) percent. This strong fluctuation in the shares is attributable to the low total number of employees at the sales sites in rest of world.

DIVERSITY AND EQUAL OPPORTUNITIES

Germany	2015	2014	2013	2012
Number of Management Board members/managing directors	**11**	**13***	**13**	**14**
Proportion of women on the Management Board/among managing directors	9%	8%	8%	7%
1st tier of management	**15**	**11**	**12**	**48**
Proportion of women in the 1st tier of management	7%	9%	8%	15%
Other tiers of management	**195**	**249**	**156**	**103**
Proportion of women in other tiers of management	16%	17%	14%	14%
Non-executive staff	**1,898**	**1,857**	**1,229**	**1,335**
Proportion of women in non-executive positions	25%	26%	23%	23%
Trainees	**49**	**44***	**50**	**73**
Proportion of female trainees	10%	9%	10%	21%
Total workforce (incl. trainees)	**2,157**	**2,161**	**1,447**	**1,559**
Overall proportion of women	24%	25%	21%	22%

** Previous years' data has been slightly adjusted*

U.S.	2015	2014	2013	2012
Number of Management Board members/managing directors	**4**	**5**	**4**	**5**
Proportion of women on the Management Board/among managing directors	0.0%	0%	0%	0%
1st tier of management	**3**	**4**	**5**	**20**
Proportion of women in the 1st tier of management	0.0%	0%	0%	20%
Other tiers of management	**55**	**43**	**76**	**65**
Proportion of women in other tiers of management	22%	23%	32%	23%
Non-executive staff	**690**	**498**	**526**	**684**
Proportion of women in non-executive positions	30%	28%	27%	27%
Trainees	**0**	**0**	**0**	**0**
Proportion of female trainees	-	-	-	-
Total workforce (incl. trainees)	**748**	**545**	**607**	**769**
Overall proportion of women	29%	27%	27%	27%

Rest of the world	2015	2014	2013	2012
Number of Management Board members/managing directors	**5**	**3***	**5**	**6**
Proportion of women on the Management Board/ among managing directors	0%	0%	20%	17%
1st tier of management	**1**	**0**	**0**	**5**
Proportion of women in the 1st tier of management	-	-	20%	20%
Other tiers of management	**1**	**2**	**4**	**0**
Proportion of women in other tiers of management	0%	50%	-	-
Non-executive staff	**25**	**22**	**15**	**22**
Proportion of women in non-executive positions	44%	50%	53%	46%
Trainees	**0**	**0**	**0**	**0**
Proportion of female trainees	-	-	-	-
Total workforce (incl. trainees)	**27**	**24**	**19**	**27**
Overall proportion of women	41%	50%	53%	41%

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** Previous years' data has been slightly adjusted*

Group	2015	2014	2013	2012
Number of Management Board members/managing directors	**20**	**21**	**20**	**23**
Proportion of women on the Management Board/among managing directors	5 %	5 %	10 %	9 %
1st tier of management	**19**	**15**	**17**	**73**
Proportion of women in the 1st tier of management	5 %	7 %	6 %	16 %
Other tiers of management	**251**	**294**	**236**	**168**
Proportion of women in other tiers of management	18 %	18 %	20 %	17 %
Non-executive staff	**2,613**	**2,377**	**1,770**	**2,041**
Proportion of women in non-executive positions	27 %	27 %	24 %	24 %
Trainees	**49**	**44**	**50**	**73**
Proportion of female trainees	10 %	9 %	10 %	21 %
Total workforce (incl. trainees)	**2,932**	**2,730**	**2,073**	**2,355**
Overall proportion of women	26 %	25 %	23 %	24 %

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WORK FOR PEOPLE WITH DISABILITIES

SolarWorld is keen to also enable disabled persons to work. However, our direct influence on this aspect is limited, since it depends strongly on the applications we receive. Furthermore, it is a challenge to make a production facility entirely accessible for people with disabilities. Consequently, the group-wide share of disabled persons is very low.

To enable us to also make a contribution towards the inclusion of disabled persons, we work with organizations that promote the integration of people with disabilities into the workforce at our sites in Bonn, Freiberg, Arnstadt and Hillsboro. SolarWorld Industries Sachsen GmbH has module frame corners assembled by the "Stadtmission Chemnitz e.V.", the "Diakonisches Werk Freiberg" and "Lebenshilfe e.V. Freiberg". The total order volume is approx. k€ 116. In addition, we have solar cells laser cut by the "Stadtmission Chemnitz e.V." (annual order volume approx. k€ 160). The "Lebenshilfe Freiberg e.V." assembles hanger bolts and Kalzip clamps for us (order volume: k€ 5). The Arnstadt site has paper towels for production cut by "Christophoruswerk Erfurt gGmbH" (annual order volume: k€ 12.6). In the United States, we have a cooperation agreement with Edwards Enterprises, whose employees perform such duties as internal mail delivery and light cleaning.

EMPLOYEES WITH DISABILITIES

Germany	2015	2014	2013	2012
Employees with disabilities	**62**	**59**	**33**	**33**
Share of employees with disabilities	2.9 %	2.7 %	2.3 %	2.1 %

U.S.	2015	2014	2013	2012
Employees with disabilities	**20**	**15**	**4**	**0**
Share of employees with disabilities	2.7 %	2.8 %	0.7 %	0.0 %

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Rest of the World	**2015**	**2014**	**2013**	**2012**
Employees with disabilities	**0**	**0**	**0**	**0**
Share of employees with disabilities	0.0 %	0.0 %	0.0 %	0.0 %

Konzern	**2015**	**2014**	**2013**	**2012**
Employees with disabilities	**82**	**74**	**37**	**33**
Share of employees with disabilities	2.8 %	2.7 %	1.8 %	1.4 %

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AGE STRUCTURE

In human resources management, a normal distribution of age groups within the company is generally considered to be advantageous. At SolarWorld, the overall age distribution is balanced, without any major fluctuations compared with the previous year. The two main age groups in the age distribution are 31–40 years and 41–50 years. Group-wide and in Germany, around 60 percent of employees are in these age groups. In the United States the distribution is even more even. At the sales sites in France, South Africa, Japan and Singapore, the distribution is much less uniform by comparison due to the low numbers of employees. The average age in Germany is 42 (2014: 41) years, in the U.S. it is 41 (2014: 42) years, and at our sales sites in France, South Africa and Singapore it is 36 (2014: 34) years. The average age group-wide is 42 (2014: 41) years.

Germany	**2015**	**2014**	**2013**	**2012**
Percentage of employees aged 30 or below	13 %	15 %	18 %	21 %
Percentage of employees aged 31–40	32 %	32 %	34 %	34 %
Percentage of employees aged 41–50	30 %	31 %	30 %	29 %
Percentage of employees aged over 50	24 %	22 %	18 %	15 %
Percentage of executives aged 30 or below	6 %	4 %	6 %	5 %
Percentage of executives aged 31–40	38 %	39 %	40 %	41 %
Percentage of executives aged 41–50	42 %	44 %	45 %	43 %
Percentage of executives aged over 50	14 %	13 %	9 %	10 %
Percentage of non-executive staff aged 30 or below	14 %	16 %	20 %	23 %
Percentage of non-executive staff aged 31–40	32 %	31 %	34 %	33 %
Percentage of non-executive staff aged 41–50	29 %	29 %	27 %	28 %
Percentage of non-executive staff aged over 50	25 %	24 %	19 %	16 %
Average age	**42**	**41**	**40**	**40***

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** Correction: SolarWorld AG's data was not available.*

U.S.	2015	2014	2013	2012
Percentage of employees aged 30 or below	24%	21%	19%	25%
Percentage of employees aged 31–40	25%	25%	26%	29%
Percentage of employees aged 41–50	23%	26%	27%	25%
Percentage of employees aged over 50	28%	28%	29%	22%
Percentage of executives aged 30 or below	3%	0%	1%	0%
Percentage of executives aged 31–40	29%	26%	23%	0%
Percentage of executives aged 41–50	33%	43%	43%	50%
Percentage of executives aged over 50	34%	32%	32%	50%
Percentage of non-executive staff aged 30 or below	25%	23%	21%	25%
Percentage of non-executive staff aged 31–40	25%	25%	27%	29%
Percentage of non-executive staff aged 41–50	22%	24%	24%	25%
Percentage of non-executive staff aged over 50	28%	28%	28%	22%
Average age	**41**	**42**	**42**	**41**

Rest of the world	2015	2014	2013	2012
Percentage of employees aged 30 or below	33%	50%	37%	34%
Percentage of employees aged 31–40	30%	29%	30%	39%
Percentage of employees aged 41–50	30%	13%	28%	23%
Percentage of employees aged over 50	7%	8%	5%	4%
Percentage of executives aged 30 or below	0%	0%	0%	20%
Percentage of executives aged 31–40	0%	50%	75%	40%
Percentage of executives aged 41–50	100%	50%	25%	40%
Percentage of executives aged over 50	0%	0%	0%	0%
Percentage of non-executive staff aged 30 or below	36%	55%	55%	40%
Percentage of non-executive staff aged 31–40	31%	27%	27%	40%
Percentage of non-executive staff aged 41–50	26%	9%	12%	15%
Percentage of non-executive staff aged over 50	7%	9%	6%	5%
Average age	**36**	**34**	**36**	**35**

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Group	2015	2014	2013	2012
Percentage of employees aged 30 or below	16%	16%	19%	23%
Percentage of employees aged 31–40	30%	31%	32%	32%
Percentage of employees aged 41–50	28%	30%	29%	28%
Percentage of employees aged over 50	26%	23%	21%	17%
Percentage of executives aged 30 or below	5%	4%	4%	5%
Percentage of executives aged 31–40	36%	37%	35%	39%
Percentage of executives aged 41–50	40%	43%	45%	44%
Percentage of executives aged over 50	19%	16%	16%	11%
Percentage of non-executive staff aged 30 or below	17%	18%	21%	24%
Percentage of non-executive staff aged 31–40	30%	30%	31%	32%
Percentage of non-executive staff aged 41–50	27%	28%	26%	26%
Percentage of non-executive staff aged over 50	26%	24%	21%	18%
Average age	**42**	**41**	**41**	**40***

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** Correction: SolarWorld AG's data was not available.*

LOCALLY HIRED EMPLOYEES

We are ab international group and mainly recruit locally at our sites, although in this matter, there is no company guideline. We try to keep the number of expatriates down. Under various nondiscrimination provisions (federal agreement on application of equal opportunities legislation in Germany, rules and regulations by the Equal Employment Opportunity Commision and Affirmative Action in the U.S.) and pursuant to our group wide Code of Conduct, local candidates must not be given preference nor discriminated against in the recruitment process. For all management levels, we disclose the percentage of locally hired employees. At SolarWorld AG, figures for the expat status of executive staff are estimated because in some cases date on the original place of residence before joining the company are not available.

LOCALLY BASED HIRING OF EMPLOYEES

	2015	2014	2013	2012
Percentage of locally hired Management Board members and managing directors				
Germany	100%	100%	100%	100%
U.S.	75%	80%	75%	100%
Rest of the world	89%	20%	0%	17%
Percentage of locally hired managers (1st tier)				
Germany	100%	100%	100%	96%
U.S.	67%	75%	80%	90%
Rest of the world	100%	-	-	40%
Percentage of locally hired managers (other tiers)				
Germany	100%	100%	100%	100%
U.S.	96%	98%	99%	100%
Rest of the world	100%	100%	50%	-

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Previous years' data has been slightly adjusted because of an improved database.

G4-51-55+EC3+5+LA13

REMUNERATION

The remuneration of the Management Board is divided into fixed remuneration and variable remuneration. The variable remuneration of the members of the Management Board is based on the development of specific company KPIs. A sustainability component with a multi-year valuation basis completes the system. Severance pay in the event of leaving the company is not negotiated in advance (there are no "golden parachutes"). Since 2014, the Supervisory Board has received fixed remuneration. Management Board and Supervisory Board do not receive any pension benefits over and above those prescribed by law. ► *Remuneration report – p. 100*

The remuneration of the executives and of the management of the subsidiaries includes an individual variable that is linked accordingly to individual target agreements. Employees generally receive a variable bonus based on the group result, group bonus and any individual component. Depending on hierarchy level and division or department, the variable share is between 5 and 50 percent of the fixed remuneration. There are not normally any separate remuneration components for sustainability aspects, as these have already been taken into account in the strategic targets of our sustainable corporate management. To avoid conflicts of interest, SolarWorld does not offer any stock-based compensation elements. In this way, we wish to ensure that our management will not strive for short to mid-term share-price increases, but will rather act for the benefit of long-term corporate success. There are no hiring bonuses or payments as recruitment incentive, termination payments or reclamations. Since 2015, shift allowances paid to production workers have been added to the basic salary.

The total management compensation per member of the Management Board is capped at 20 times the average employee remuneration. The relationship of the annual remuneration of the highest-paid employee to average annual employee remuneration is reported separately for basic salary and bonus: The difference between the highest and the average basic salary in Germany is € 109,278 (2014: 197,574); the highest fixed remuneration is equivalent to four times (2014: six times) the average. With the bonus, differences and fluctuations between years can be very high, for example if employees make a particular contribution to the success of the company through inventions/innovations. As regards the bonus in Germany, the difference between the highest and the average is € 38,724 (2014: 40,589); the highest bonus is equivalent to six times (2014: four times) the average. In the United States, the difference between the highest and the average basic salary is € 133,015 (2014: 103,722); the highest fixed remuneration is equivalent to four times (2014: three times) the average. As regards the U.S. bonus, the difference is € 52,761 (2014: 28,860); the highest variable remuneration is equivalent to 24 times (2014: 13 times) the average.

The SolarWorld group has companies in a total of eleven countries. In addition to global remuneration principles, account must also be taken of various local conditions, for example collective bargaining agreements in Germany. In order to achieve comparable remuneration structures in all countries while offering normal market remuneration levels compared to companies in similar industries, we base our remuneration decisions on benchmarking through the global service provider Radford, who provides comparison figures for all target countries.

As a result of the group-wide remuneration model, which includes the applicable collective agreements, it is ensured that no salary differences exist between men and women. In Germany (General Equal Treatment Act) and the U.S. (Lilly Ledbetter Fair Pay Act), equal rights for men and women are stipulated by law. We disclose salary ranges and average salaries by executive and non-executive staff and by gender. The comparison is based on the annual gross basic salary (where applicable including holiday pay and Christmas bonus) and all other bonus payments. Company cars are not included. For reasons of data protection, we are unable to indicate the data for managers at our sales sites in France, South Africa, Singapore and Japan, as only very few employees belong to this group and this would enable conclusions concerning individual salaries.

The remuneration structures in Germany and the United States differ in particular as a result of the very different social insurance systems. In the United States, employees with special skills and qualifications and/or a long-standing career with the company also receive relatively high salaries, irrespective of whether they hold an executive position or not.

Group-wide, the variable salary components remained stable in 2015 – with the exception of non-managerial staff in the United States. As a rule, we pay salaries above minimum wage at all sites. In Germany, the difference compared to the statutory minimum wage of € 8.50 is at least € 0.50 (with student assistants/"marginal" part-time workers) or € 2.37 (with permanent employees). In Hillsboro, the difference compared to the minimum wage of $ 9.25 is $ 1.40 for temporary workers and $ 1.90 for permanent employees.

The pension commitments over and above the pension provisions prescribed by law are of the defined-contribution type. In Germany, SolarWorld offers a retirement savings program in the form of direct insurance and a pension fund. In two cases the benefits are of the defined-benefit type. Employees who were employed at the former Munich site are entitled to direct pension commitments (defined-benefit pension commitments).

SolarWorld Industries Thüringen GmbH provides employer and employee-financed pension commitments, although the former exist under the provisions made to safeguard existing standards of former companies. In 2015 the total commitments of SolarWorld were k€ 9,466 (2014: 10,848). ► *Consolated financial statments – retirement benefits – p. 137*

SALARY STRUCTURE

in €	2015			2014			2013		
Germany	**Lower Limit**	**Upper Limit**	**Average**	**Lower limit**	**Upper limit**	**Average**	**Lower limit**	**Upper limit**	**Average**
Executives (excl. managing directors and Management Board members)									
Basic salary: range and average (men)	29,968	150,000	60,339	28,682	237,308	65,003	26,369	259,745	55,174
Basic salary: range and average (women)	36,877	140,000	58,179	33,504	87,014	60,695	30,594	120,000	53,207
Bonuses: range and average (men)	0	46,752	9,244	0	54,000	14,795	0	34,093	10,356
Bonuses: range and average (women)	0	22,851	5,424	0	22,344	6,000	0	18,098	7,096
Basic salary: ratio women to men	1.23:1	0.93:1	0.96:1	1.16:1	0.36:1	0.93:1	1.16:1	0.46:1	0.96:1
Bonuses: ratio women to men	-	0.48:1	0.58:1	-	0.41:1	0.40:1	-	0.53:1	0.68:1
Non-executive staff									
Basic salary: range and average (men)	18,000	126,600	38,426	25,500	140,000	35,166	13,158	95,000	31,768
Basic salary: range and average (women)	24,913	73,000	39,069	24,000	66,636	39,508	24,000	67,728	33,925
Bonuses: range and average (men)	0	18,461	7,234	0	34,000	15,215	0	239,677	7,468
Bonuses: range and average (women)	0	19,750	10,085	0	14,202	8,315	0	13,499	4,999
Basic salary: ratio women to men	1.38:1	0.57:1	1.01:1	0.94:1	0.47:1	1.12:1	1.82:1	0.71:1	1.06:1
Bonuses: ratio women to men	-	1.06:1	1.39:1	-	0.41:1	0.54:1	-	0.05:1	0.66:1

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in €	2015			2014			2013		
U.S.	**Lower Limit**	**Upper Limit**	**Average**	**Lower limit**	**Upper limit**	**Average**	**Lower limit**	**Upper limit**	**Average**
Executives (excl. managing directors and Management Board members)									
Basic salary: range and average (men)	43,284	174,979	97,577	40,027	146,253	87,339	37,813	139,908	82,074
Basic salary: range and average (women)	49,731	132,230	99,795	62,273	107,827	89,276	31,763	98,314	68,779
Bonuses: range and average (men)	92	55,076	11,234	667	31,259	10,148	0	25,946	7,559
Bonuses: range and average (women)	1,368	16,276	8,692	4,231	10,731	6,400	671	13,542	5,631
Basic salary: ratio women to men	1.14:1	0.75:1	1.02:1	1.55:1	0.73:1	1.02:1	0.83:1	0.70:1	0.83:1
Bonuses: ratio women to men	14.85:1	0.29:1	0.77:1	6.34:1	0.34:1	0.63:1	-	0.52:1	0.74:1
Non-executive staff									
Basic salary: range and average (men)	23,047	138,141	45,458	18,388	102,069	40,246	18,192	98,314	37,826
Basic salary: range and average (women)	23,209	119,722	38,386	18,014	88,521	33,040	18,256	98,314	31,102
Bonuses: range and average (men)	92	19,765	2,138	66	25,164	2,032	76	16,750	1,667
Bonuses: range and average (women)	92	11,267	1,515	77	6,240	983	76	7,239	1,030
Basic salary: ratio women to men	1:1	0.86:1	0.84:1	0.97:1	0.86:1	0.82:1	1:1	1:1	0.82:1
Bonuses: ratio women to men	1:1	0.57:1	0.70:1	1.16:1	0.24:1	0.48:1	1:1	0.43:1	0.61:1

in €	2015			2014			2013		
Rest of the world	**Lower Limit**	**Upper Limit**	**Average**	**Lower limit**	**Upper limit**	**Average**	**Lower limit**	**Upper limit**	**Average**
Non-executive staff									
Basic salary: range and average (men)	14,316	113,944	36,184	13,668	101,530	40,433	10,380	47,500	26,802
Basic salary: range and average (women)	15,627	52,083	35,637	9,107	43,302	25,376	9,309	41,046	19,186
Bonuses: range and average (men)	835	28,621	15,373	723	25,382	9,766	961	12,500	5,165
Bonuses: range and average (women)	2,326	24,509	9,535	2,000	10,358	5,547	961	3,462	1,846
Basic salary: ratio women to men	1.09:1	0.45:1	0.98:1	0.66:1	0.42:1	0.62:1	0.89:1	0.86:1	0.71:1
Bonuses: ratio women to men	2.76:1	0.85:1	0.62:1	2.76:1	0.40:1	0.56:1	1:1	0.27:1	0.35:1

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For data protection reasons, we are not allowed to disclose the salaries for executives.

RESPONSIBILITY FOR CUSTOMERS AND PRODUCTS

G4-PR1-9

Each year, we survey the customer satisfaction of wholesalers and installers. 87.3 (2014: 86) percent of our customers are satisfied to very satisfied. In terms of product quality we achieve a satisfaction level of 99.5 (2014: 99) percent.

We source components from reputable manufacturers. The safety of the products we deliver is ensured by our quality management. Extensive product information is provided in the form of data sheets and assembly instructions. It goes without saying that SolarWorld solar modules satisfy international requirements in terms of product safety and user friendliness – be this a listing under the North American UL1703 standard or certification in accordance with the relevant standards IEC 61215 and IEC 61730. In the German market, the SolarWorld solar module is one of the few products bearing the GS symbol ("Certified safety") of the VDE (German Association for Electrical, Electronic & Information Technologies) in combination with the in-house rack system. The performance of the SolarWorld modules is tested by TÜV Rheinland. The "Power controlled" inspection mark documents that the rated power stated is adhered to and monitored by solar experts from the independent inspection service provider. SolarWorld was the first German manufacturer certified on this test basis. The battery systems are accompanied by a document from the manufacturer explaining the hazardous substances and the handling of the battery.

The following information is included in our product labeling of all our products (100 percent):

PRODUCT INFORMATION

Criteria	Procedure	Labeling of final products (module/system)
Origin of product components	In assessing the environmental impact, we also include the upstream process. We also assess our suppliers as required under ISO 9001. The same criteria are applied in selecting suppliers of consumables and raw materials. There is also a product information sheet for our cells.	The country of manufacture is indicated, but not the origin of individual components.
Composition	Not compulsory	Not indicated
Safe use of product	Our outgoing goods controls provide an additional check to ensure that no defective products are shipped, only products meeting customer requirements. In most cases, quality assurance agreements are additionally concluded with customers.	A warning about electrical danger is included. A user information sheet (assembly instructions) is included in deliveries.
Product disposal	The recycling of input and end products is carried out in accordance with statutory regulations. To be emphasized here is the revised WEEE Directive that has recently come into effect in Europe, whose latest version also includes photovoltaic products.	The labeling of modules and inverters is through the official symbol of the crossed out waste container.

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Possible effects on customer health and safety are tested in advance via the certification for 100 percent of the products produced by us, in order to identify potential for improvement. In 2015 as well as in the preceding years, there were no incidents whatsoever involving failure to comply with regulations and voluntary rules of conduct concerning the effects of products and services on health and safety. Furthermore, there were no violations of regulations or voluntary rules of conduct concerning the information on/labeling of products and services, no sanctions concerning products and services, and no violation of the protection of customer data or of the private sphere of customers. We do not sell products in target markets that are prohibited by statutory regulations or called into question through a public stakeholder debate.

The communication activities of SolarWorld are medium to long-term initiatives, designed to make solar power technology a firm constituent of sustainable energy production worldwide. This means that the awareness of consumers for thoughtful, resource-friendly actions to protect the climate and the environment should be enhanced.

In 2015, the focus of the communication was on the offer of complete systems for the generation of solar power, and the illustration of the related cost-savings on electricity from the grid. In addition, end consumers were able to plan their personal SolarWorld solar power system online using a specially designed solar power calculator, and received all necessary parameters, such as costs and yield of the system, at a glance. The marketing of the SunPac LiON battery system was a further focal point of the communication.

There are no written advertising-related rules of conduct or ESG (Environment, Social, Governance) standards specified for the entire organization. The SolarWorld group adheres to the law in its advertising and is guided by the SolarWorld values, ►*www.solarworld.de/sustainability* for example fair competition and avoidance of discrimination. We make our sponsoring activities transparent at all times.

COMPLIANCE

G4-HR1-12

EMPLOYEE AND HUMAN RIGHTS

According to the assessment of the HR departments of the individual sites, no business operations have been identified where freedom of association or the right to engage in collective bargaining could be significantly jeopardized. To date however, no formal procedure exists for identifying such business activities. We maintain open and direct dealings with employees, aimed at ensuring that any risks are reported to us. The legislation in Germany and the U.S. protects employees against any restrictions of their rights. At the site in South Africa, we currently have five employees, eight in France, nine in Singapore and five in Japan, which favors strong participation of the individual employees in the decisions of management. Thus far, no specific training measures have been carried out on human rights aspects. Nevertheless, these aspects will be taken into account in future e-learning training measures.

Our business activities do not involve a significant risk of incidents of child labor or work by young people under dangerous conditions, as the main sites are in Germany and the United States. There is also no significant risk of forced or compulsory labor. We also employ no prisoners. Our processes are transparent and are supervised via documentation in the work schedules. We also consider these aspects in our regular supplier audits. However, given our procurement strategy, our value chain is internationally oriented, meaning that this risk does tend to exist. However, there are no known significant effects. In 2015, we used the "risk methods" software tool to monitor the supply chain. We also emphatically oppose child, forced and compulsory labor in our Code of Conduct and in our Supplier Code of Conduct. Our Supplier Code of Conduct is based on the Social Accountability International standard (SA 8000) and forms part of contracts. ► *Compliance, ethics and integrity – p. 195* There was no systematic screening of our suppliers and contractors on human rights aspects in the past, nor is this set out in agreements. This was not a high priority in the past, as our suppliers and contractors were primarily based in Europe and the United States where strict national regulations apply. Because of the increasingly global procurement strategy, this aspect must receive more attention in the future.

In the reporting period, there were no significant investment agreements which were decisive in terms of volume or strategic importance for the company. As a result, there were no human rights clauses associated with such agreements. As in the preceding years, no violations of human rights were registered in 2015. There were likewise no changes in terms of the safeguarding of employee and human rights. To date, no processes have been subjected to examinations and effects analyses concerning observance of human rights. One case of discrimination was investigated in the United States. To date, we do not exert any influence on the rights of indigenous peoples through our business activities.

G4-SO3-11

ANTI-CORRUPTION EFFORTS, POLITICS AND IMPACT ON SOCIETY

Responsibility for corruption risks rests in the hands of members of the Management Board and managing directors. To support this we have a compliance organization and an internal corporate audit department. ► *Corporate governance – Compliance management system – p. 096*
► *Compliance, ethics and integrity – p. 195* The Corporate Audit conducted a total of five audits in the financial year 2015. Of these, three audits concerned the Bonn site, one the Hillsboro site and one the sales company in France. Focal points such as correctness, compliance and internal sales and approval processes were audited extensively. We define an auditable unit as being a company, a department,

a legal person, a major project or a process. In 2015, we identified a total of 77 auditable units, of which 15 were audited in terms of various risks, including compliance risks. This equates to 19% of the auditable units. In addition, the Corporate Audit concerned itself with various internal consulting projects in 2015, mainly for the introduction of SAP on October 1, 2015. ► *Internal control system – p. 024*

We also record the share of our shipment volumes in countries with a corruption index <60 determined by Transparency International. Further information can be found in the Management Report. ► *KPIs & KPNs for ESG – p. 261* ► *Compliance, ethics and integrity – p. 195* ► *Management report forecast – p. 063*

CORRUPTION RISKS

	2015	2014	2013	2012
Module corruption index	10.7%	13.5%	23.4%	20.8%
Wafer corruption index	24.7%	5.9%	86.6%	90.5%
Total corruption index	11.3%	13.3%	44.5%	25.6%

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The compliance committee carries out an ongoing risk analysis for the group. As a result of the business operations of SolarWorld, the main risk areas are: 1. Capital market compliance, 2. Corruption/anti-trust laws, 3. Export controls, 4. Data privacy & IT security. Training measures for the risk areas are conducted annually and group-wide. The information provided on the subject of compliance in this report therefore also applies to the subject of corruption prevention. The entire Management Board is informed regarding compliance (incl. anti-corruption). No statistics are as yet available concerning the share of trained and informed employees. All principal suppliers are informed of the Supplier Code of Conduct. ► *Compliance, ethics and integrity – p. 195* No political donations are made. No cases of corruption were investigated in 2015; there were likewise no ongoing or completed proceedings, and no legal action was brought whatsoever. In addition, no legal action was brought based on anti-competitive behavior.

No major cases of non-compliance with laws and regulations were determined in the reporting period or the previous years, nor were any out-of-court arbitration proceedings held. No complaints were lodged, processed or solved through formal complaint procedures regarding social impact. Our suppliers are not yet systematically checked in terms of these effects. We are not aware of any social effects in the supply chain. The risk methods software tool that has been in use since 2015 is also designed to provide corresponding information on possible incidents.

G4-SO1+2

LOCAL COMMUNITIES

The activities of SolarWorld Solicium GmbH are accompanied by stakeholder processes. The city council discussed with SolarWorld to determine the most environmentally friendly means of transport. The permit applications will contain plans for renaturation. However, no details are yet available. Critical voices have not yet reached us. On the contrary: Residents are very happy about the creation of jobs in their region. Besides this, no measures have been implemented for the inclusion of local communities, impact estimates or support programs. Furthermore, no business activities with significant actual or potential negative impact on local communities were identified.

KPIS & KPNS FOR ESG

The European Federation of Financial Analysts Societies (EFFAS) Commission on ESG and the German Society of Investment Professionals (DVFA) Commission on Non-Financials (CNF) publish the "KPIs and KPNs for ESG 3.0": Key Performance Indicators and Narratives on the integration of extra- and non-financial performance indicators pertaining to ESG (Environmental, Social, Governance), sustainability, corporate governance and risk management for integration into classical company rating and investment decisions. We have been reporting on the basis of these criteria since 2008.

PERFORMANCE INDICATORS AND NARRATIVES (SECTOR: RENEWABLE ENERGY EQUIPMENT)

for Environmental, Social, Governance (ESG) of EFFAS/DVFA

Indicator	Name	Description	2016	2015	2014	2013	2012	Comment
E01-01 (Scope I)	Energy efficiency	Total energy consumption (in primary GJ)	↑	4,427,860	3,084,137	2,596,389	3,943,385	We expect growth (under-proportionate to production increase) in 2015. ► *G4-EN4 – p. 215*
E02-01 (Scope I)	GHG emissions	Total GHG emissions (in tCO_{2eq})	↑	178,458	125,567	95,693	139,372	We expect growth (under-proportionate to production increase) in 2015. ► *G4-EN16 – p. 218*
S01-01 (Scope I)	Attrition	Share of employees leaving the company per year	←→	8 %	10 %	17 %	20 %	No distinction is made between fulltime and part time work. ► *G4-LA12 – p. 232*
S02-02 (Scope I)	Training and professional develop-ment/quali-fication	Average training expenditure/ employee (in €)	←→	218	180	200	311	► *G4-LA9 – p. 246*
S03-01 (Scope I)	Age struc-ture of the workforce	In 10-year steps	←→	<= 31: 16 % 31–41: 31 % 41–50: 31 % >50: 26 %	<= 31: 16 % 31–41: 31 % 41–50: 30 % >50: 23 %	<= 31: 19 % 31–41: 32 % 41–50: 29 % >50: 21 %	<= 31: 23 % 31–41: 31 % 41–50: 28 % >50: 17 %	► *G4-LA12 – p. 248*
S08-01 (Scope I)	Pay	Total amount of all bonus payments (in m€)	←→	19	30	12	19	We do not grant stock options. Data in 2011: only profit-oriented salary model. ► *G4-LA13 – p. 254*
S08-02 (Scope I)	Pay	Number of FTE who receive 90 % of the bonus payments	On this topic, we do not have any data yet, as our database does not allow for such analysis.					
S08-03 (Scope I)	Pay	Consideration of the ESG performance in the target agreements	The ESG performance is not explicitly considered in the target agreements but is included via the basic attitude towards sustainable corporate governance. Sustainability is one of the pillars of our compe-tence model.					
V01-01 (Scope I)	Litigation risks	Expenditures and fines for lawsuits and court cases regarding anti-competitive behavior, Anti-Trust, monopo-ly behavior (in m€)	n.s.	n.s.	n.s.	0.4	3	In the context of the trade case and complaints, Solar-World invested the indicated sum in the U.S. and the EU. For 2014, the sum cannot be disclosed, because it is considered confidential in the course of the litigation in the U.S.
V02-01 (Scope I)	Corruption	Share of business activity in regions with a corruption index of less than 60	←→	11 %	13 %	45 %	26 %	Since 2009, data for wafers and modules, previously only for modules ► *G4-SO2 – p. 259*

Indicator	Name	Description	2016	2015	2014	2013	2012	Comment
V03-02 (Scope I)	Earnings from new products	Earnings share from products with life cycles of less than 12 months	↓	67%	53%	60%	55%	Specifications relate to modules, rack system and complete systems. Estimates for previous years were based on data provided by SolarWorld AG and did not include products to which only minor modifications have been made.
V04-01 (Scope I)	Innovation	Total R&D expenditures (in m€)	←→	23.3	29.0	26.5	49.1	► *Innovation report – p. 040*
V04-12 (Scope I)	Innovation	Total investment in research on ESG relevant aspects	←→	100%	100%	100%	100%	Our entire business (solar energy) is ESG relevant.
E23-02 (Scope II)	Production loss	Monetary effects of production loss due to material bottlenecks (in €)	The information is not disclosed.					
E28-01 (Scope II)	Water consumption	Total water take-out (in m3)	↑	1,981,634	1,538,953	1,168,437	1,260,643	► *G4-EN8 – p. 216*
E33-01 (Scope II)	Environmental compatibility	Share of DIN ISO 14001 certified locations (weighted by average capacity)	←→	100%	100%	100%	100%	The indicator can decrease temporarily if new capacities are ramped up, which have not yet been certified at the cut-off date.
G01-01 (Scope II)	Donations to political parties	Donations to political parties (in k€)	←→	0	0	0	0	Since 2010, we have not made any political donations.
S11-01 (Scope II)	Relocation of work places due to restructuring	Total costs of relocation (in k€) including compensation payments, severance pay, outplacement, recruitments, training, consulting	↓	164	294	112	125	
V06-01 (Scope II)	Customer satisfaction with SolarWorld	Share of satisfied customers among all respondents	↑	87%	86%	94%	94%	Aggregate figure (Trade)
V10-03 (Scope II)	Effects of subsidies	Share of business activity in markets with feed-in tariff or regulated pricing	←→	100%	100%	100%	100%	The shipment share in markets without feed-in tariff or regulated pricing is still below 1%.
V13-01 (Scope II)	Utilization	Capacity utilization in relation to the nominal capacity (in percent)	The information is not disclosed. But we do disclose our capacities. ► *Production capacities and planned capacity expansion 2015 – p. 037*					
V28-01 (Scope II)	Supply chain	Total number of suppliers	←→	ca. 210	ca. 180	ca. 180	ca. 195	Bill of Material
V28-02 (Scope II)	Supply chain	Share (volume) of the 3 largest external suppliers	←→	21%	17%	13%	13%	
V28-03 (Scope II)	Supply chain	Sales share of suppliers (in %)	←→	ca. 64%	ca. 60%	ca. 60%	ca. 60%	Direct material ► *Procurement – p. 207*
E17-35 (Scope III)	Supply bottlenecks	Sales share of products containing Indium	Not used					
E17-36 (Scope III)	Supply bottlenecks	Total procurement volume Indium	Not used					

Indicator	Name	Description	2016	2015	2014	2013	2012	Comment
E22-01 (Scope III)	Raw material	Covered demand (in days) of A (B, C, D) materials	Through long-time contracts, we secure approx. 80 % of the required capacities.					
E23-01 (Scope III)	Production loss	Production loss, i.e. difference between planned and actual production, due to material bottlenecks (in %)	The information is not disclosed.					
E28-02 (Scope III)	Water consumption	Water (in m^3/MWp)	↓	1,637	1,908	2,958	2.253	► *Environmental goals – p. 212*
E28-03 (Scope III)	Water consumption	Ground water consumption (in m^3)	←→	0	0	0	0	
E28-04 (Scope III)	Water consumption	Waste water discharge (in m^3)	↑	1,630,594	1,336,489	1,012,247	996,850	► *G4-EN21 – p. 217*
V05-01 (Scope III)	Customer loyalty	Share of new customers (Authorized Installers)	←→	28 %	30 % (direct customers), 18 % (authorized installers)	64 %	64 %	The indicator across the group refers to module and system customers. Up until 2011 the information is estimated based on the data of SolarWorld AG. As of 2013, we differentiate between direct customers and authorized installers.
V05-03 (Scope III)	Customer loyalty	Market share (total)	←→	2 %	2 %	2 %	2 %	
V28-04 (Scope III)	Supply chain	Maintenance of ESG standards by suppliers	All main suppliers are audited along QHSE criteria every two to three years. The Supplier's Code of Conduct is a contract component. ► *Procurement – p. 207*					
V28-05 (Scope III)	Supply chain	Incentives for procurement to select suppliers who are well prepared in terms of ESG even though they may charge higher prices	SolarWorld's minimum standards have to be followed. Our suppliers' sustainability performance is systematically incorporated into their assessment. ► *Global supply chain – Procurement – p. 207*					

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GLOBAL REPORTING INITIATIVE (CATEGORIZATION AND INDEX)

GRI INDEX „IN ACCORDANCE“ WITH GRI G4 GUIDELINES – COMPREHENSIVE

Audit review by the BDO AG, Wirtschaftsprüfungsgesellschaft

G4 GRI Content Index

General Standard Disclosures

Standard	Description	Cross-reference/Direct answer	Omissions	External Assurance
Strategy and Analys				
G4-1	Statement from the most senior decision-maker	► *Letter by the Chairman – p. 006*	Not applicable	No
G4-2	Key impacts, risks and opportunities	► *G4-2 – p. 187*	Not applicable	Yes
Organizational Profile				
G4-3	Name of the organization	SolarWorld AG	Not applicable	Yes
G4-4	Primary brands, products, services	► *Glossary – p. 177* We are a vertically integrated company and occasionally fall back on tolling. Our logistics from factory gate to the customer are taken care of by service companiep.	Not applicable	No
G4-5	Location of the organization's headquarters	Bonn, Germany	Not applicable	Yes
G4-6	Countries where the organization operates	► *2.3.3 Group structure – p. 126*	Not applicable	Yes
G4-7	Nature of ownership and legal form	► *Shareholder structure – p. 028*	Not applicable	Yes
G4-8	Markets	► *The market – p. 030* ► *Strategy – p. 021*	Not applicable	Yes
G4-9	Scale of organization	► *Financial position – p. 058* ► *Employees – p. 048*	Not applicable	Yes
G4-10	Total workforce by employment type, employment contract and region	► *G4-10 – p. 227*	Not applicable	Yes
G4-11	Employees covered by collective bargaining agreements	► *G4-11 – p. 238*	Not applicable	Yes
G4-12	Description of supply chain	► *G4-12 – p. 207*	Not applicable	Yes
G4-13	Significant changes in size, structure, supply chain or ownership	► *2.3 Basis of consolidation and group structure – p. 123*	Not applicable	Yes
G4-14	Precautionary principle	► *G4-14 – p. 191*	Not applicable	No
G4-15	External agreements, principles or initiatives	► *G4-15 – p. 203*	Not applicable	Yes
G4-16	Association Memberships	► *G4-16 – p. 201*	Not applicable	Yes

G4 GRI Content Index

General Standard Disclosures

Standard	Description	Cross-reference/Direct answer	Omissions	External Assurance
Identified Material Aspects and Boundaries				
G4-17	Organizational structure	► *2.3 Basis of consolidation and group structure – p. 123*	Not applicable	Yes
G4-18	Process for defining report content	► *G4-18 – p. 188*	Not applicable	Yes
G4-19	Material Aspects which were identified in the process for defining report content	► *G4-19 – p. 188*	Not applicable	Yes
G4-20	Boundary within the organization	► *G4-20 – p. 188*	Not applicable	Yes
G4-21	Boundary outside the organization	► *G4-21 – p. 188*	Not applicable	Yes
G4-22	Restatement of information from earlier reports	► *G4-22 – p. 190*	Not applicable	Yes
G4-23	Changes in reporting scope, boundary or measuring methods	► *G4-23 – p. 190*	Not applicable	Yes
Stakeholder En agement				
G4-24	Stakeholder groups	► *G4-24 – p. 200*	Not applicable	Yes
G4-25	Identification and selection of stakeholders	► *G4-25 – p. 197*	Not applicable	Yes
G4-26	Engagement of stakeholders	► *G4-26 – p. 199*	Not applicable	Yes
G4-27	Key topics and concerns raised by stakeholders and reaction of the company	► *G4-27 – p. 199*	Not applicable	Yes
Report Profile				
G4-28	Reporting period	Calendar year 2015 (01/01/2015 – 12/31/2015) = business year 2015	Not applicable	Yes
G4-29	Date of last report, if applicable	Calendar year 2014 (01/01/2014 – 12/31/2014) = business year 2014	Not applicable	Yes
G4-30	Reporting cycle (annual, biennial, etc.)	Annual	Not applicable	Yes
G4-31	Contact for questions on report or its contents	Martin Schemoschek ► *sustainability@solarworld.com*	Not applicable	Yes
G4-32	GRI index	The present table ► *GRI Index – p. 264*	Not applicable	Yes
G4-33	External assurance	► *G4-33 – p. 190* ► *Confirmation – p. 275*	Not applicable	Yes

G4 GRI Content Index

General Standard Disclosures

Standard	Description	Cross-reference/Direct answer	Omissions	External Assurance
Governance				
G4-34	Governance structure of the organization	► *Management Board – p. 097*	Not applicable	Yes
G4-35	Delegating authority	► *G4-35 – p. 194*		Yes
G4-36	Sustainability organization	► *G4-36 – p. 194*		Yes
G4-37	Processes for consultation between stakeholders and the highest governance bodies	► *G4-37 – p. 194*		Yes
G4-38	Details of unitary organization	Not applicable		Yes
G4-39	Declaration stating whether the Chairs of the highest governance bodies are also an Executive Officer	By definition, the Chief Executive Officer is part of the top management.		Yes
G4-40	Process for determining the composition, qualifications and expertise of the members of the highest governance bodies and its committees under consideration of diversity (gender and other indicators)	► *G4-40 – p. 193*		Yes
G4-41	Mechanisms for avoidance of conflicts of interest within the highest governance bodies	► *G4-41 – p. 193*		Yes
G4-42	Roles of the highest governance bodies and senior executives in developing organization's purpose	► *G4-42 – p. 194*		Yes
G4-43	Measures taken to enhance knowledge of the highest governance bodies on sustainability topic	► *G4-43 – p. 193*		Yes
G4-44	Procedures for evaluating the highest governance bodies' own sustainability performance	► *G4-44 – p. 194*		Yes
G4-45	Procedures of the highest governance bodies for overseeing sustainability performance	► *G4-45 – p. 194*		Yes
G4-46	Roles of the hightest governance bodies in risk management	► *G4-46 – p. 191*		Yes
G4-47	Review of impacts, risks and opportunities	► *G4-47 – p. 191*		Yes
G4-48	Formal review and approval of the sustainability reporting	► *G4-48 – p. 194*		Yes
G4-49	Process for communicating critical concerns	► *G4-49 – p. 194*		Yes
G4-50	Nature and total number of critical concerns	► *G4-50 – p. 195*		Yes
G4-51	Renumeration Policy for top management and relationship to sustainability performance	► *G4-51 – p. 254*		Yes
G4-52	Determining compensation	► *G4-52 – p. 254*		Yes
G4-53	Compensation policies	► *G4-53 – p. 254*		Yes
G4-54	Comparison of salaries	► *G4-54 – p. 254*		Yes
G4-55	Percentage comparison of salaries	► *G4-55 – p. 254*		Yes
Ethics and Integrity				
G4-56	Statements of mission, values, codes of conduct, principles as well as status of implementation	► *G4-56 – p. 195*	Not applicable	Yes
G4-57	Internal and external mechanisms for seeking advice on ethical and integrity matters	► *G4-57 – p. 195*		Yes
G4-58	Internal and external mechanism for reporting concerns on ethical and integrity matters	► *G4-58 – p. 195*		Yes

Disclosures on Management Approach (DMA)

Standard	Description	Cross-reference/Direct answer	Omissions	External Assurance
G4-DMA	Management approach regarding the materiality aspects and themes	► *G4-DMA – p.191*		Yes

G4 GRI Content Index

Specific Standard Disclosures

Standard	Description	Cross-reference/Direct answer	Omissions	External Assurance
Economic				
G4-EC1	Direct economic value generated and distributed	► *G4-EC1 – p. 216*		Yes
G4-EC2	Financial implications due to climate change	► *G4-EC2 – p. 208*		Yes
G4-EC3	Coverage of organization's defined benefit plan obligations	► *G4-EC3 – p. 254*		Yes
G4-EC4	Financial assistance received from government	► *G4-EC4 – p. 206*		Yes
G4-EC5	Entry level wage compared to local minimum wage	► *G4-EC5 – p. 254*		Yes
G4-EC6	Locally based hiring of employees	► *G4-EC6 – p. 248*		Yes
G4-EC7	Infrastructure investments and services provided mainly for public benefit	► *G4-EC7 – p. 206*		Yes
G4-EC8	Indirect economic impacts	Not reported, not material		No
G4-EC9	Selection of locally based suppliers	► *G4-EC9 – p. 207*; The main locations are our production sites in Arnstadt, Freiberg and in Hillsboro. Accordingly, we define the EU and the U.S. as local markets (35 percent of procurement expenditures). The term "locally based" is defined in a way that is analogous to our segments (IAS 14). ► *15. Segment reporting – p. 147*		Yes
Environmental				
G4-EN1	Materials used	► *G4-EN1 – p. 213*		Yes
G4-EN2	Recycling input materials	► *G4-EN2 – p. 213*		Yes
G4-EN3	Energy consumption within the organization	► *G4-EN3 – p. 215*		Yes
G4-EN4	Energy consumption outside of the organization	► *G4-EN4 – p. 216*		Yes
G4-EN5	Energy intensity	► *G4-EN5 – p. 216*		Yes
G4-EN6	Reduction of energy consumption	► *G4-EN6 – p. 216*		Yes
G4-EN7	Initiatives for energy efficiency and renewable energy	► *Global supply chain – p. 039* ► *G4-EN7 – S. 216*		Yes
G4-EN8	Total water withdrawal	► *G4-EN8 – p. 216*		Yes
G4-EN9	Impact of water consumption	► *G4-EN9 – p. 216*		Yes
G4-EN10	Water recycled and reused	► *G4-EN10 – p. 216*		Yes
G4-EN11	Land in or adjescent to protected areas or areas of high biodiversity value	Not reported, not material		No
G4-EN12	Impact on biodiversity	► *G4-EN12 – p. 222*		Yes
G4-EN13	Habitats protected or restored	Not reported, not material		No
G4-EN14	Threatened species	Not reported, not material		No
G4-EN15	Direct greenhouse gas emissions	► *G4-EN15 – p. 218*		Yes
G4-EN16	Indirect greenhouse gas emissions	► *G4-EN16 – p. 218*		Yes
G4-EN17	Other relevant greenhouse gas emissions	► *G4-EN17 – p. 218*		Yes
G4-EN18	Greenhouse gas emissions intensity	► *G4-EN18 – p. 218*		Yes
G4-EN19	Initiatives to reduce greenhouse gas emissions	► *G4-EN19 – p. 218*		Yes
G4-EN20	Emissions of ozone-depleting substances	► *G4-EN20 – p. 222*		Yes
G4-EN21	NOx, SOx and other significant air emissions	► *G4-EN21 – p. 218*		Yes
G4-EN22	Total water discharge	► *G4-EN22 – p. 217*		Yes
G4-EN23	Waste by type and disposal method	► *G4-EN23 – p. 220*		Yes
G4-EN24	Significant spills	► *G4-EN24 – p. 222*		Yes
G4-EN25	Hazardous waste under Basel Convention	Not reported, not material		No
G4-EN26	Impact of water discharges on biodiversity	Not reported, not material		No

G4 GRI Content Index

Specific Standard Disclosures

Standard	Description	Cross-reference/Direct answer	Omissions	External Assurance
G4-EN27	Initiatives to mitigate environmental impacts	► *G4-EN27 – p. 222*	No conclusive list of individual initiatives; reason for improvement are diverse efficiency measures	Yes
G4-EN28	Packaging materials	► *G4-EN28 – p. 221*		Yes
G4-EN29	Sanctions for noncompliance with environmental laws and regulations	► *G4-EN29 – p. 212*		Yes
G4-EN30	Environmental impacts of transporting products	Not reported, not material		No
G4-EN31	Environmental protection expenditures	Not reported, not material		No
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Not reported, not material		No
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Not reported, not material		No
G4-EN34	Grievances about environmental impacts	► *G4-EN34 – p. 212*		Yes
Social				
G4-LA1	Attrition rate	► *G4-LA1 – p. 232*		Yes
G4-LA2	Benefits to full-time employees	► *G4-LA2 – p. 235*		Yes
G4-LA3	Return rate and retention rate after parental leave	► *G4-LA3 – p. 235*		Yes
G4-LA4	Minimum notice periods regarding significant operational changes	Not reported, not material		No
G4-LA5	Employees represented in worker health and safety committees	► *G4-LA5 – p. 240*		Yes
G4-LA6	Injuries, occupational diseases, lost days, absenteeism and work-related fatalities	► *G4-LA6 – p. 240*	Data protection: Occupational diseases can not be documented. In the U.S., sick leaves can not be documented.	Yes
G4-LA7	Counseling and training on serious diseases	► *G4-LA7 – p. 240*		Yes
G4-LA8	Health & safety topics covered in agreements with trade unions	Not material, topics of health and safety at the workplace are subject to co-determination (Works Council in Freiberg and Bonn). All of these agreements are signed by the company. ► *G4-LA8 – p. 240*		Yes
G4-LA9	Initial and further training for employees	► *G4-LA9 – p. 246*	Trainings per employee in the U.S.	Yes
G4-LA10	Programs for skills management and life-long learning	Not reported, not material		No
G4-LA11	Performance and career development reviews for employees	Not reported, not material		No
G4-LA12	Diversity and equal opportunities	► *G4-LA12 – p. 248*		Yes
G4-LA13	Ratio of women's basic salary to men's	► *G4-LA13 – p. 254*		Yes
G4-LA14	Percentage of new suppliers that were screened using criteria for labor practices	► *G4-LA14 – p. 231*		Yes
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	► *G4-LA15 – p. 231*		Yes

G4 GRI Content Index

Specific Standard Disclosures

Standard	Description	Cross-reference/Direct answer	Omissions	External Assurance
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	► *G4-LA16 – p. 231*		Yes
G4-HR1	Investment agreements	► *G4-HR1 – p. 259*		Yes
G4-HR2	Training on aspects of human rights	► *G4-HR2 – p. 259*		Yes
G4-HR3	Incidents of discrimination	► *G4-HR3 – p. 259*		Yes
G4-HR4	Freedom of association and collective bargaining	► *G4-HR4 – p. 259*		Yes
G4-HR5	Child labor	► *G4-HR5 – p. 259*		Yes
G4-HR6	Forced or compulsory labor	► *G4-HR6 – p. 259*		Yes
G4-HR7	Training of security personnel	► *G4-HR7 – p. 259*		

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FURTHER INFORMATION

COMMUNICATION ON PROGRESS TO THE UN GLOBAL COMPACT

GC ADVANCED LEVEL

This Communication on Progress includes the statement of Commitment to the Global Compact: ► *About this report – Sustainability – p. 006* the description of practical steps to implement the ten Principles of the Global Compact in fiscal year 2015 as well as the measurement of outcomes based on application of the Global Reporting Initiative's performance indicators.

OVERVIEW OF THE COMMUNICATION ON PROGRESS (GLOBAL COMPACT)

Issues	Principles of the Global Compact
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. Principle 2: Businesses should make sure that they are not complicit in human rights abuses.
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to free collective bargaining. Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor. Principle 5: Businesses should uphold the effective abolition of child labor. Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges. Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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Principles	Commitments: Quotations
Principles 1, 2, 6	Guideline 1: "We stand for respect and equal opportunities."
Principle 7	Guideline 2: "Our production is compatible with the protection of the environment using the best possible processes and product standards."
Principle 7	Guideline 3: "We use existing resources responsibly and sparingly."
Principles 1 and 2	Guideline 4: "We use state-of-the-art methods to avoid any health hazards and risks that may be caused by the SolarWorld group processes and products."
Principle 10	Guideline 5: "Fair competition is the very basis of our business activities. Bribery and corruption are unlawful and not tolerated."
Principles 1–10, especially Principles 4 and 5	Guideline 10: "We support the ten principles of the Global Compact of the United Nations and also demand compliance with it from our suppliers and business partners."
Principles 1 and 2	Code of Conduct: "We respect the rights and dignity of all employees."
Principle 3	Code of Conduct: "SolarWorld upholds the freedom of association and respects the right to free collective bargaining."
Principles 4 and 5	Code of Conduct: "Forced and child labor are strictly forbidden by law in most countries and worldwide at SolarWorld."

Principles	Commitments: Quotations
Principle 6	Code of Conduct: "Nobody, independent of his cultural, religious or personal background, shall be subjected to discrimination in the SolarWorld group."
Principles 7–9	Code of Conduct: "The SolarWorld group devotes particular attention to protecting the environment. It is our declared aim to promote the protection of climate and resources in active ways. We therefore fully pledge to respect all applicable rules and international standards."
Principle 10	Code of Conduct: "The SolarWorld group recognizes both the International Chamber of Commerce Rules of Conduct to Combat Extortion and Bribery in International Business Transactions published in 1999 and the OECD (Organisation for Economic Co-operation and Development) Anti-Bribery Convention of 1997. Please note that in connection with business activities, no unfair advantages, irrespective of whether in the form of cash or non-cash rewards, shall be offered or granted directly or indirectly either at home or abroad. Our operations are also subject to regulation by the antibribery laws of each country in which we operate, including the U.S Foreign Corrupt Practices Act and the UK Bribery Act. Vigilance is critical as we conduct increasingly more business globally. Increasing competitive pressures, both domestic and abroad, will not be permitted to undermine our commitment to ethical conduct and compliance with laws."

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Principles	Systems	Notes/Cross References
Principles 1–10	Values and guidelines	► *www.solarworld.de/values-and-guidelines*
Principles 1–10	Supplier Code of Conduct	► *G4-56 – p. 195* ► *G4-DMA – p. 191* ► *www.solarworld.de/supplierscodeofconduct*
Principles 1 and 2	Health & safety management	► *GRI Index – p. 264* ► *G4-LA5-8 – p. 240*
Principles 1 and 2	No use of private security forces by the SolarWorld group	
Principle 3	Guidelines and procedures do not favor individual associations or trade unions	► *G4-11 – p. 238* ► *G4-HR4 – p. 259*
Principle 3	Conditions permitting employees to exercise functions in associations or trade unions	► *G4-11 – p. 238* ► *G4-HR4 – p. 259*
Principle 4	Pay always exceeds the local minimum wage	Standard applies groupwide
Principle 4	Maximum regular working week is 40 hours, with incremental pay for overtime	Standard applies groupwide (in the U.S., no formal fringe benefits)
Principle 5	Minimum working age is respected, including when selecting suppliers	Minimum age 15 years (cf. ILO Convention 138(7)) or higher local minimum age groupwide standard
Principle 6	Standards enshrined in the German Equality Act (AGG) are applied	Standard applies groupwide (on a voluntary basis)
Principles 7–7, 9	Environmental management	► *G4-DMA – p. 191* ► *G4-EN1-34 – p. 212*
Principles 1–10	High legal standards in Germany and the United States	► *G4-EN21 – p. 218* ► *G4-EN28 – p. 221* ► *G4-LA6 – p. 240* ► *G4-HR4 – p. 259* ► *G4-PR3+6+9 – p. 257*
Principle 10	Compliance Management System	► *G4-56 – p. 195*

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Principles	Measures in 2015	Notes/Cross References
Principles 1–10	Continuation of the Compliance Management System	► *G4-56 – p. 195*
Principles 1–10	Continuation of the whistleblower system SolarWorld SpeakUp	► *G4-56 – p. 195*
Principles 1–10	Sustainable group governance	► *G4-56 – p. 195*
Principle 3	Agreements with trade unions	► *G4-11 – p. 238* ► *G4-HR5 – p. 259*
Principles 7–9	Life Cycle Analysis	► *Environmental commitment – p. 044* ► *G4-EN27 – p. 222*
Principle 7	Precautionary principle	► *G4-14 – p. 191*
Principle 8	PR activities to raise awareness	► *Global supply chain – p. 039* ► *G4-PR6 – p. 207*
Principle 9	Continuous, because our business is exclusively solar energy	► *www.solarworld.de/vision*
Principle 9	Technical innovations in research and development (purely solar group)	► *Strategy – p. 021*
Principle 9	Solar2World projects	► *G4-EC7 – p. 199*

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Principles	Performance (see GRI Performance Indicators)	Notes/Cross References
Principle 1	Subcategory: Human rights (all aspects) Subcategory: Society – local communities	► G4-DMA – p. 191 ► G4-HR1-12 – p. 259 ► G4-SO1-2 – p. 259
Principle 2	Subcategory: Human rights (all aspects)	► G4-DMA – p. 191 ► G4-HR1-12 – p. 259 ► G4-SO1-2 – p. 259
Principle 3	Category: Labor practices and decent work conditions – labor/management relations Subcategory: Human rights – freedom of association and collective bargaining	► G4-DMA – p. 191 ► G4-11 – p. 238 ► G4-LA5 – p. 240
Principle 4	Subcategory: Human rights – forced or compulsory labor	► G4-DMA – p. 191 ► G4-HR6 – p. 259
Principle 5	Subcategory: Human rights – child labor	► G4-DMA – p. 191 ► G4-HR5 – p. 259
Principle 6	Subcategory: Labor practices and decent work conditions (all aspects) Subcategory: Human rights – non-discrimination	► G4-DMA – p. 191 ► G4-10 – p. 227 ► G4-LA1-16 – p. 227 ► G4-HR3 – p. 259
Principle 7	Category: Environment (all aspects)	► G4-DMA – p. 191 ► G4-EN1-28 – p. 212
Principle 8	Category: Environment (all aspects)	► G4-DMA – p. 191 ► G4-EN1-28 – p. 212
Principle 9	Category: Environment (all aspects)	► G4-DMA – p. 191 ► G4-EN1-28 – p. 212
Principle 10	Subcategory: Society – anti-corruption Subcategory: Society – public policy	► G4-DMA – p. 191 ► G4-SO3-5 – p. 259 ► G4-SO6 – p. 259

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	Criterion	Notes/Cross-references
1	Mainstreaming into corporate functions and business units	SolarWorld's management determines the strategy and is responsible for its implementation in keeping with the principles of the Global Compact. The Management Board supervises its implementation. ► G4-DMA – p. 191 ► Corporate management and control – p. 023
2	Value chain implementation	SolarWorld has a Supplier Code of Conduct. The Supplier Code of Conduct requires our business partners to comply with all applicable environmental and social legislation, rules and standards and to operate an efficient system to identify and eliminate potential hazards. In addition, our suppliers are encouraged to make their contractors and other business partners comply with these standards, too. ► G4-56 – p. 195 Supplier audits are carried out at regular intervals. We assess the suppliers along our five dimensions (commercial criteria, quality, technology, logistics and sustainability).
3	Robust commitments, strategies or policies in the area of human rights	In its Code of Conduct, SolarWorld explicitly refers to Principles of the Global Compact. The Supplier Code of Conduct also deals with the protection of human rights. ► G4-56 – p. 195 In particular, the members of the Management Board, managing directors and other executives are responsible for compliance with the requirements.
4	Effective management systems to integrate the human rights principles	SolarWorld operates a compliance management system. As compliance training in 2015 focused on the main risks in the group, it was not possible to cover this subject. However, it is due for inclusion in future basic training courses. This topic is particularly significant in supplier management. Information and complaints relating to integrity can be submitted via the relevant channels within SolarWorld (e.g. Compliance Officers) or anonymously via SolarWorld SpeakUp.
5	Effective monitoring and evaluation mechanisms of human rights integration	Monitoring and evaluation are carried out via the internal points of contact (e.g. Compliance Officers) and via SolarWorld SpeakUp.
6	Robust commitments, strategies or policies in the area of labor	In its Code of Conduct, SolarWorld explicitly refers to Principles of the Global Compact. Labor is also dealt with in the Supplier Code of Conduct. ► G4-56 – p. 195 In particular, the members of the Management Board, managing directors and other executives are responsible for compliance with the requirements.
7	Effective management systems to integrate the labor principles	The human resources department ensures compliance with labor standards in the group. This is also a particularly significant consideration in supplier management. Information and complaints relating to integrity can be submitted via the relevant channels within SolarWorld (e.g. Compliance Officers) or anonymously via SolarWorld SpeakUp.
8	Effective monitoring and evaluation mechanisms of labor principles integration	Monitoring and evaluation are carried out via the internal points of contact (e.g. Compliance Officers) and via SolarWorld SpeakUp.
9	Robust commitments, strategies or policies in the area of environmental stewardship.	In its Code of Conduct, SolarWorld explicitly refers to Principles of the Global Compact. Environmental protection is also dealt with in the Supplier Code of Conduct. ► G4-56 – p. 195 A groupwide QHSE (Quality, Health, Safety & Environment) corporate policy also exists. In particular, the members of the Management Board, managing directors and other executives are responsible for compliance with the requirements.

	Criterion	Notes/Cross-references
10	Effective management systems to integrate the environmental principles.	SolarWorld is ISO 14001 certified. In addition to the environmental management system, local "Green Teams" exist in which employees take action for sustainability. Information and complaints relating to the theme of integrity can be directed to internal points of contact within SolarWorld (e.g. Compliance Officers) as well as anonymously via SolarWorld SpeakUp.
11	Effective monitoring and evaluation mechanisms for environmental stewardship	Monitoring and evaluation are carried out via the internal points of contact (e. g. Compliance Officers) and via SolarWorld SpeakUp.
12	Robust commitments, strategies or policies in the area of anticorruption	In its Code of Conduct, SolarWorld explicitly refers to the Principles of the Global Compact. Anti-corruption is also dealt with in the Supplier Code of Conduct. ► *G4-56 – p. 195* In particular, the members of the Management Board, managing directors and other executives are responsible for compliance with the requirements.
13	Effective management systems to integrate the anti-corruption principle	SolarWorld has implemented a Compliance Management System. In 2015 compliance trainings for our managers and Compliance Officers took place, during which the topic anti-trust was one major topic. Information and complaints relating to the theme of integrity can be directed to internal points of contacts (e.g. Compliance Officers) within SolarWorld as well as to SolarWorld SpeakUp.
14	Effective monitoring and evaluation mechanisms for the integration of anti-corruption	Monitoring and evaluation are carried out via the internal points of contact (e. g. Compliance Officers) and via SolarWorld SpeakUp.
15	Actions taken in support of broader UN goals and issues	SolarWorld has designed its corporate strategy and operational processes to step up its contribution to the Global Compact principles. ► *G4-56 – p. 206* SolarWorld also implements projects that support the UN goals and issues, in collaboration with NGOs and charitable institutions. ► *G4-EC7 – p. 195*
16	Strategic social investments and philanthropy	Under the umbrella Solar2World, SolarWorld implements solar electrification projects in developing countries. ► *G4-EC7 – p. 206*
17	Advocacy and public policy engagement	SolarWorld conducts lobbying work in order to help solar energy become competitive, and is an advocate of political funding programs. ► *G4-SO6 – p. 259*
18	Partnerships and collective action	SolarWorld also implements projects that support the UN goals and issues, in collaboration with NGOs and charitable institutions. ► *G4-EC7 – p. 206*
19	CEO commitment and leadership	► *About this report – Sustainability – p. 004*
20	Discussion of strategic aspects of the Global Compact at the Management Board level	The Board oversees the sustainability performance of the group. ► *G4-56 – p. 195* The main opportunities and risks in the short and medium term are disclosed. ► *Group management report forecast – p. 063*
21	Engagement with all important stakeholders	SolarWorld explains the stakeholder analysis, including the stakeholder summary and process of stakeholder identification and integration. ► *G4-24-27 – p. 197*

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APPENDIX: MATERIALITY ANALYSIS – ASSESSMENT OF ALL ASPECTS AND THEMES

ASSESSMENT OF ALL ASPECTS AND THEMES

	SolarWorld		Value chain	
Aspects/topics	**Board of directors**	**Stakeholder**	**Board of directors**	**Stakeholder**
Business model & strategy of the SolarWorld group	10.0	8.9	8.5	8.5
Corporate management & control	9.3	7.9	8.8	7.9
Macroeconomic influences	8.3	7.2	9.0	7.1
Solar market development	9.3	8.5	8.8	8.2
Economic indicators	9.3	7.6	8.8	7.2
Market presence	9.5	7.9	7.5	7.4
Business forecast	8.8	7.6	7.5	7.2
Chances & risk management system	7.8	7.6	6.5	7.7
Concrete opportunities	8.5	8.9	6.8	8.4
Concrete risks	8.5	7.9	8.0	7.9
Customer health & safety, protection of customer data	8.8	8.6	8.8	8.3
Products, services, innovations	8.5	8.6	7.8	8.3
Marketing & communication	8.0	8.0	8.8	7.8
Environmental impact	9.0	8.5	9.0	8.6
Employment	9.3	8.4	6.5	8.2
Employee-employer-relationship	9.8	8.5	7.0	8.2
Health & safety	9.3	8.4	7.8	8.4
Training & further education	8.5	8.1	6.8	7.7
Child & forced labor	9.3	8.6	9.8	8.2
Material	9.0	8.4	8.3	8.4
Energy & transportation	9.5	8.4	8.8	8.3
Water	9.0	7.9	7.5	7.8
Waste, waste water, emissions (discharge, filtering, avoidance)	9.0	8.3	7.3	8.1
Expenditure for environmental protection, maintenance of biodiversity	6.5	7.7	6.5	7.3
Dependency from suppliers	8.3	7.9	7.8	7.9
Procurement practices	7.8	8.1	7.0	8.1
Supplier rating	8.5	8.4	9.3	8.1
Business partners, investments	8.3	8.2	8.0	7.8
Local communities of	6.0	7.2	4.3	7.0
Indirect economic impacts	6.0	7.3	5.0	6.9
Respect of human rights	9.5	8.2	9.0	8.1
Corporate Governance	9.5	7.9	9.0	7.3
Compliance – Environmental aspects	10.0	8.6	10.0	8.3
Compliance – Anti-corruption & fair competition	10.0	8.5	10.0	8.4
Compliance – Political behavior	10.0	7.3	10.0	7.1

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CONFIRMATION FOR THE SECTIONS "COMPANY PROFILE AND REPORT CONTENTS" AND"PERFORMANCE INDICATORS" OF THE REPORT SEGMENT "SUSTAINABILITY IN DETAIL 2015" OF SOLARWORLD AG, BONN, FOR THE CALENDAR YEAR 2015

To SolarWorld AG, Bonn

We have subjected the sections "Company profile and report contents", as well as "Performance indicators" of the report segment "Sustainability in detail 2015" of SolarWorld AG, Bonn, to a review by an auditor. The segment covers the period from January 1, 2015 to December 31, 2015. The segment "Sustainability in detail 2015" was prepared in accordance with the criteria specified on page 188 of the segment (basic principles of the Global Reporting Initiative [GRI]).

The Management Board of SolarWorld AG is responsible for preparing the sections. Our task is to provide a certification for the sections "Company profile and report contents" and "Performance indicators" of the report segment "Sustainability in detail 2015" on the basis of our auditor review.

We conducted the auditor review of the sections "Company profile and report contents" and "Performance indicators" of the report segment "Sustainability in detail 2015" in accordance with the generally accepted German standards for auditing sustainability reports established by the Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association] (IDW). According to these standards, the audit review must be planned and carried out in such a way that we can rule out with limited assurance, through critical appraisal of the facts, that the report sections materially differ from the underlying criteria. An auditor review is limited primarily to making inquiries of company personnel and analytical judgments and thus does not provide the certainty achievable through an audit of financial statements.

Based on our auditor review, no facts have come to our attention which would lead us to believe that the sections "Company profile and report contents" and "Performance indicators" of the report segment "Sustainability in detail 2015" were not prepared in all material respects in accordance with the underlying criteria.

Bonn, 16 March 2016
BDO AG
Wirtschaftsprüfungsgesellschaft

Lubitz
Wirtschaftsprüfer

Ahrend
Wirtschaftsprüfer

ABBREVIATIONS SUSTAINABILITY

B

BS OHSAS – British Standard – Occupational Health and Safety Assessment Series
BOM – Bill of Materials
BOS – Balance of System C

C

C_2H_4 – Ethylen
CDP – Carbon Disclosure Project
CFC_{11eq} – Trichlorfluormethan equivalent
CH_3COOH – Acetic acid
CNF – Commission on Non-Financials
CO_{2eq} – Carbon dioxide equivalent
CML – Centrum voor Milieukunde at University Leiden

D

DIN – Deutsches Institut für Normung
DVFA – Deutsche Vereinigung für Finanzanalyse und Asset Management
DB_{eq} – Dichlorbenzene equivalent

E

EC – Economy
EFFAS – European Federation of Financial Analysts Societies
EN – Environment
EPIA – European Photovoltaic Industry Association
ESG – Environmental, Social, Governance
ERP – Enterprise Resource Planning

F

FTE – Full-time equivalent

G

GHG – Greenhouse Gas
GRI – Global Reporting Initiative

H

H_2SO_4 – Sulfuric acid
HCl – Hydrochloric acid
HF – Hydrogen fluoride
HNO_3 – Nitric acid
HR – Human Resources
HSE – Health, Safety and Environment

I

IDW – Institut der Wirtschaftsprüfer
IEA – International Energy Agency
IG BCE – Industriegewerkschaft Bergbau, Chemie, Energie a german trade union
ILO – International Labour Organization
ISAE – International Standards on Assurance Engagement
IPCC – Intergovernmental Panel on Climate Change
ISO – International Organization for Standardization

J

J – Joule

K

kJ – Kilojoule
KOH – potassium hydroxide
KPIs – Key Performance Indicators
KPNs – Key Performance Narratives
kWh – Kilowatt hours

L

LA – Labor
LOHAS – Lifestyles of Health and Sustainability

M

MJ – Megajoule
MJ_{eq} – Megajoule equivalent
MWh – Megawatt hours

N

N_2O – Nitrous oxide
NaOH – sodium hydroxide
NF_3 – nitrogen trifluoride
NGOs – Non-Governmental Organizations
NH_3 – ammonia
NO_x – Nitrogen oxides

P

Pb – Lead
PERC – Passivated Emitter Rear Cell
$POCl_3$ – Phosphorous oxychloride
PR – Product Responsibility
PO_{4---eq} – Phosphate ion equivalent

Q

QHSE – Quality, Health, Safety and Environment
QST – Qatar Solar Technologies

R

R&D – Research & Development

S

SAP ERP – Enterprise Resource Planning of SAP
Sb_{eq} – Antimony equivalent
SEIA – Solar Energy Industries Association
SiH_4 – Silane
SO_{2eq} – Sulphur dioxide equivalent
SO_x – Sulphur oxides
SVTC – Solar Valley Toxics Coalition

T

TCO_{2eq} – Tons of carbon dioxide equivalent
TJ – Terajoule
TPM – Teamwork Production Management

W

WEEE – Waste Electrical and Electronic Equipment
Wp – Wattpeak