WACKER

CREATING TOMORROW`S SOLUTIONS

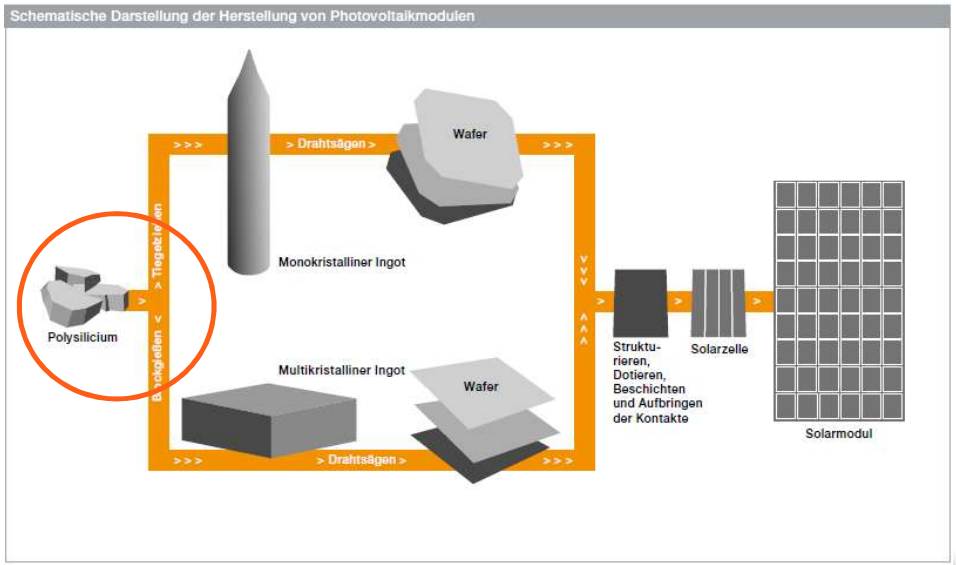
Solar CEO Meeting with EU Commissioner Kadri Simson

BD P, May 2020

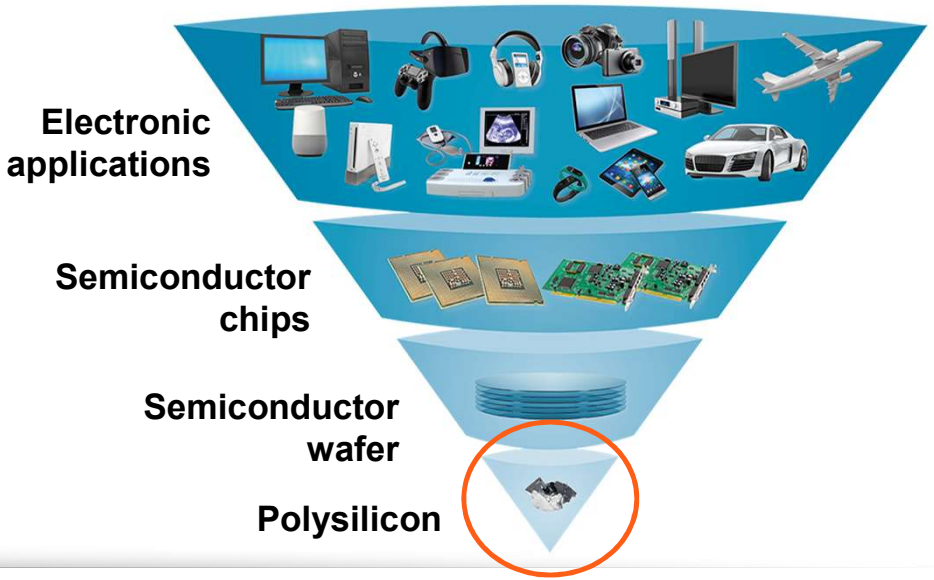
WACKER Polysilicon –
First step in the Solar and Semiconductor value chain

- WACKER is the leading manufacturer of hyperpure polysilicon – the **key raw material for the semiconductor and PV industry providing 3000 high wage industrial jobs** in the EU
- As the only manufacturer in Europe, WACKER's polysilicon is a strategic industrial component for driving the **renewable energy transformation** and **digitalization in the EU**.
- WACKER polysilicon has a significantly lower CO2-footprint than other manufacturers: Additional 3 Mio/t. CO_2 emissions annually, in case of production substitution from China

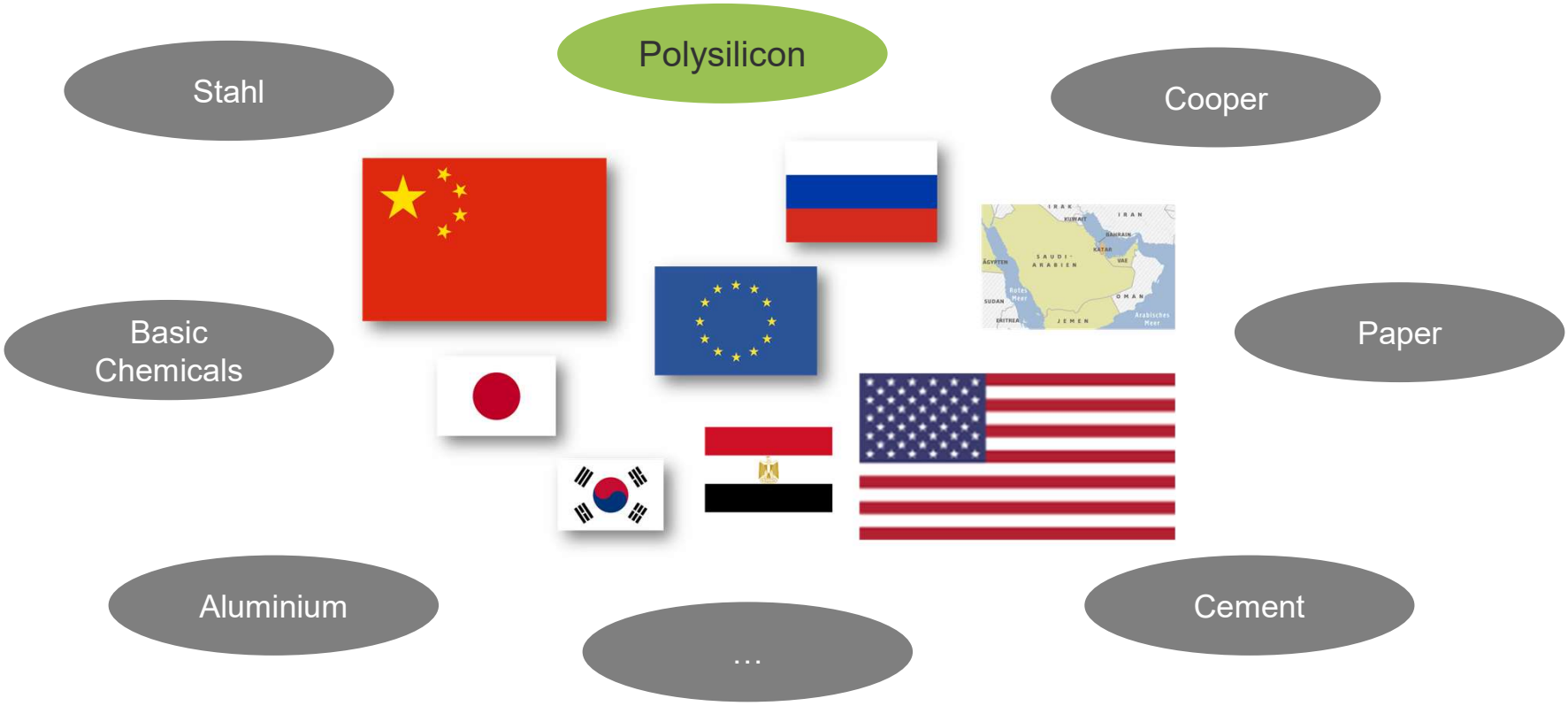
Example: Solar modules



Example: Electronics



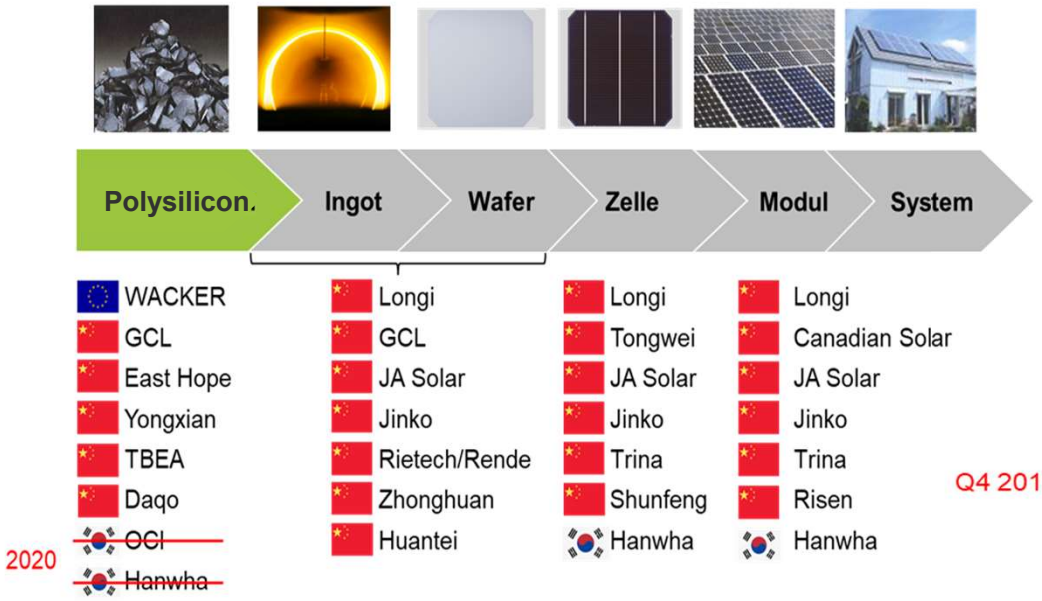
Energy Intensive Industry in EU is Exposed to Competitiors in Other Regions of the World Receiving Subsidized Electricity Prices



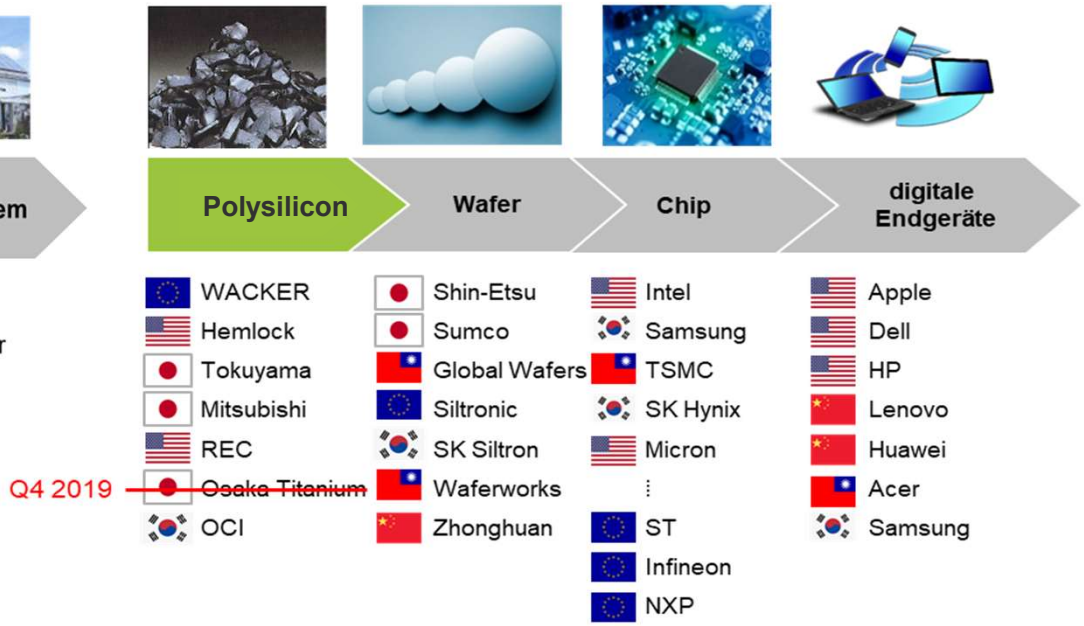
“Made in China 2025”: The solar value chain is already dominated by China; Semiconductor industry is the next target……

Status as of 2020

Solar Value Chain:



Semiconductor Value Chain



- Decisive factor for competitiveness is **electricity cost !**
- Chinese profit from a variety of state subsidies (e.g. coal-generated electricity < 2,6 ct/kWh !).

Source: WACKER Polysilicon

An Own „Strategic Value Chain“ for Renewables Would be Key to Achieve the targets of the EU Green Deal.

1. Electrification of the EU Industry needs huge renewable energy production capacity to reach climate neutrality by 2050.

- Solar as a **strategic value chain and re-launching European solar production via IPCEIs** accelerates renewable deployment and strengthens Europe‘s technological and industrial autonomy from Asia towards decarbonization.

2. European carbon leakage protection must include an instrument that considers the incremental transformation costs (OPEX), to enable CO2-free production technologies to be competitive in a global environment.

- Introducing **industrial electricity prices** based on contracts for differences would offer economic incentives to invest in electrification as well as provide effective support for transitioning sectors exposed to carbon leakage risk.

3. Funding for OPEX-instruments must be secured either on a European level or by allowing Member States to establish national aid instruments.

- This requires a targetd **revision of the EEAGs**.