

COMMUNICATION ON PROGRESS (COP) 2011

"In the past year, Topsil continued the journey towards a more sustainable existence. We are looking forward to completing our new production plant this year that will include a number of environmentally sound solutions for the manufacture of ultra-pure silicon. We are, moreover, pleased to see that our equipment to recycle grinding water, purchased late 2010, considerably lowered our HQ water consumption, 2011."

KALLE HVIDT NIELSEN
CEO



Topsil Semiconductor Materials A/S wishes to reconfirm our continued support of the UN Global Compact in the below statement:

March 2011

United Nations Global Compact

On behalf of Topsil Semiconductor Materials A/S I hereby reconfirm our company's continued support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Topsil Semiconductor Materials A/S became signatory to the Global Compact in March 2011 from the conviction that the ten principles well reflect our operating philosophies and business standards. We thus acknowledge our responsibility to balance economic interests with those of our stakeholders and the environment.

In this annual Communication on Progress, we describe our actions to further integrate the Global Compact and its principles into our business strategy, culture and daily operations. Our management team leads the range of activities and continues to identify sustaining ways of meeting our commitment to the UN Global Compact.

We further commit to share this information with our stakeholders using our primary channels of communication.

Kind regards,

KALLE HVIDT NIELSEN
CEO



TOPSIL IN BRIEF

Topsil was founded by Haldor Topsøe in 1958. Focusing on innovation technology and process optimisation, Topsil is today among the world's leading enterprises in the development and production of ultra-pure silicon addressing the power market, and other selected niche markets in the semiconductor industry. By the end of 2010, Topsil's markets were worth slightly more than DKK 7 billion, according to independent industry analyst, Yole Developpement.

The power market targets mainly the energy, transport, industrial, medical and telecommunications sectors and is characterised by very high, high and medium high voltage components. The manufacture of ultra-pure silicon is extremely complex and therefore only a handful of companies in the world can supply it, including Topsil.

Topsil's ultra-pure silicon is used as raw material in components used for conducting and controlling electricity from one point to another with a minimum loss of power. Silicon, which is sold in wafers, is used in e.g. high-speed trains, wind turbines, industrial motor controls and the power grid. Today, about three quarters of Topsil's products end up in clean tech applications, which may be defined as products that are involved with energy savings or energy efficiency.

Driven by globally increasing energy consumption and increasing investments in transport and energy control, the power market has seen good growth rates in recent years. Yole Developpement foresees that market growth will continue in the years to come, especially within the medium voltage segments. Despite the overall favourable trends, 2011, however, was impacted by the change of political focus in most major economies, driven by the ongoing financial challenges, resulting in pronounced caution concerning new investment.

Since its foundation, Topsil has been located in Denmark (HQ), and Polish subsidiary, Cemat was acquired 2008. Cemat specialises in manufacturing silicon of less purity than that of Topsil, for the medium and low voltage levels. Furthermore, it has the equipment and expertise necessary to conduct silicon wafering which has enabled Topsil to transfer some of this previously externally conducted activity to Cemat.

NEW PLANT IN CLEANTECH PARK

In order to accommodate overall favourable market trends and to meet customer demands on product development, steadily tighter quality limits, lower cost and shorter lead times, Topsil is building new, future proof facilities in Copenhagen Cleantech Park, close to the existing headquarters.

The construction will be completed in 2012 and the new plant will include a number of environmentally sound solutions. In addition to boosting capacity and enabling larger diameter wafers, supporting Topsil's entry into additional markets, among others, the new location serves as a statement of Topsil's progressing commitment to the environment, clean technology and energy effectiveness.

The construction phase of the new plant will be completed H1 2012, after which a gradual transfer of technology of people from the existing headquarters will commence.

FORECAST FINANCIALS 2011

Topsil 2011 forecast revenue amounts to in the range of DKK 370m (2010 amounted to DKK 456.7), forecast EBITDA is DKK 35m (2010 amounted to DKK 102.0m).

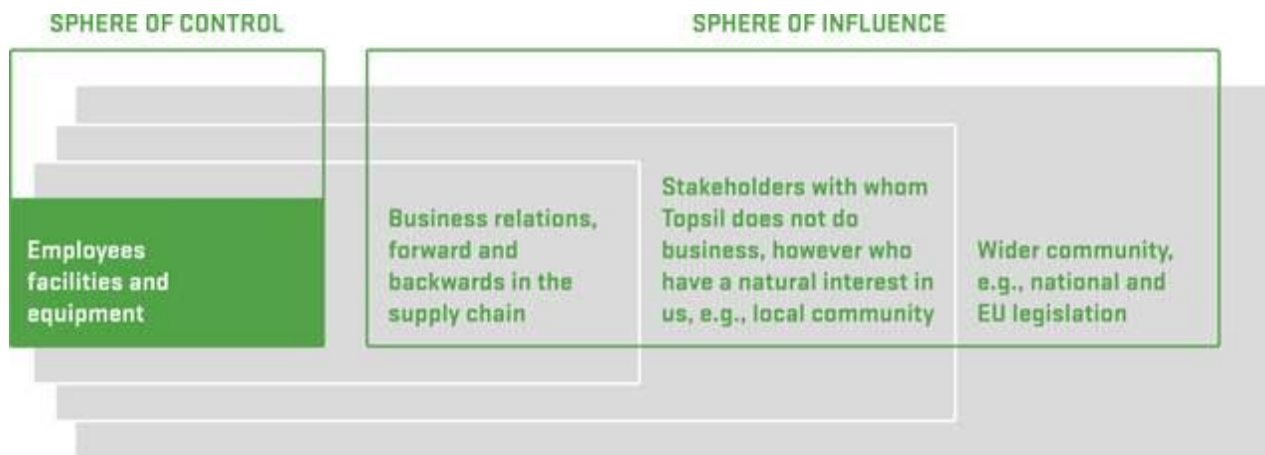
At the end of 2011, Topsil had 367 employees.



APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

Stakeholder focus

Topsil has divided the main stakeholder groups into two types of spheres, please see below. The 2011 activities have primarily, but not exclusively, concerned the sphere of control.



Framework

Topsil's aggregated CSR framework appears below. It is based on the fact that 75% of Topsil's products end up in clean tech devices, combined with identified strategic issues within the sphere of control, as well as other important issues that as a minimum require our continuous attention and compliance with applicable legal standards.





HUMAN RIGHTS PRINCIPLES

Topsil supports the following human rights principles

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses

Policy on diversity

Operating globally, Topsil regards a diverse workforce as an asset. We hire on the basis of talent and personality and offer the same possibilities to all employees, regardless of their background, religion, political conviction, gender or age. We encourage that everybody reach their full potential in accordance with personal ambitions and goals.

We promote a work environment of respect and inclusion and expect our employees to act politically and religiously neutral, when acting on the behalf of the company. We acknowledge the right to organise and bargain collectively and do everything in our power to avoid discrimination.

Goals

During 2012, corporate figures on ethnicity, gender balance and age will be appear from the company homepage.

Implementation

According to the Danish Companies Act, Topsil staff has a statutory right to elect a number of Board of Directors representatives, corresponding to half the number of externally elected members. Hence, two Topsil employees are full members of the Board.

In 2011, Topsil formulated and introduced a set of values, headed by top management, and further introduced and discussed in all HQ company departments. The values concern aspirational behaviour regarding performance, continuous improvement, diversity and cooperation.

Management regularly obtains employee feedback on the overall company climate through the works council, individual appraisals and an annual employee survey, initiated 2011.

Topsil has furthermore adopted an anti-bullying policy.

Measurement of outcomes

Topsil believes that transparent communication on the general company climate will contribute to maintaining a healthy company culture. Minutes of works council meetings are distributed to all staff just as the results of the HQ employee survey were presented to all employees and in each department, late 2011 and beginning of 2012.

The management team, furthermore, reviewed the overall results of the employee survey to identify relevant areas of action, late 2011.



LABOUR RIGHTS PRINCIPLES

Topsil supports the following labour rights principles

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Policy on safety

Safety must be top of mind when Topsil employees go to work. It is our position that all accidents can and should be prevented and that all hazards must be minimised through ongoing, structured efforts.

Literally speaking, we want our staff to go home from work as healthy as they were when they arrived. In order to obtain this goal, it is a continuing objective to prevent accidents and work related ill-health through effective management, administration, education and training.

Goals

Topsil strives to obtain an ultimate goal of zero work related accidents, defined as any work related injury, resulting in one or more days of absence.

Implementation

The health and safety of any Topsil employee is guarded through well-established health and safety bodies on each company location. The safety organisation consists of management and staff representatives and is overall responsible for Topsil's health and safety performance. The safety organisation oversees compliance with applicable legislation and plans activities to continuously improve performance.

Topsil has mapped major, potential areas of safety issues, in terms of severity and likelihood. As a consequence, Topsil during 2011 particularly focused on acid management. Efforts included internal acid handling education activities and local hospital involvement, to make sure that the nearest hospital has the know-how and the equipment necessary to handle potential acid incidents.

Measurement of outcomes

Management regularly follows up on Topsil's safety performance. This is done as safety reporting every three months at a management meeting. The reporting is, furthermore, made internally public.



ENVIRONMENT PRINCIPLES

Topsil supports the following environment principles

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

Policy on the environment

Topsil continuously strives to reduce the environmental impact of our operations by integrating environmental consideration into any activity with an environmental impact. We give priority to areas where we believe the effect will be greatest and commit to working methodically to reduce our energy consumption and waste, year on year.

We meet environmental regulations and laws in the countries where we operate, and measure and set targets for our environmental performance.

Goals

Topsil sets specific targets for energy and water consumption year on year, concerning each location. Specific targets for the new plant will be set no later than 2014.

In 2012, Topsil will review the current waste management principles.

Implementation

Late 2010, Topsil installed new equipment to recycle grinding water. The installation paid well off during 2011, when on average 80% of the grinding water was recycled at the HQ, hence decreasing the overall water consumption at this production site.

The construction of Topsil's new plant took off in April 2011. The construction process progresses according to plan, and the planning of new more environmentally friendly equipment proceeded. The equipment will be installed in the completed plant starting H2 2012.

Measurement of outcomes

Topsil corporate management continuously monitors the aggregated water and energy consumption. The most recent figures are presented at a management meeting every three months and, furthermore, made internally public.



ANTICORRUPTION PRINCIPLE

Topsil supports the following anticorruption principle

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Policy and practice

It is Topsil's policy not to offer or accept customer gifts, representing other than small value. It is widely known practice that any gift or present received by a Topsil employee will be shared amongst the staff.

Goals

In 2012 Topsil expects to formulate the current policy and practice in writing.

Implementation

No specific initiatives were taken 2011.

Measurement of outcomes

In 2011, Topsil did not systematically measure the outcome of the current practice.



DISSEMINATION OF OUR COP REPORTING

- Topsil's COP for 2011 is published on Topsil's website www.topsil.com
- Topsil's COP for 2011 is published on the UN Global Compact website www.unglobalcompact.org
- Topsil's COP for 2011 is published on Topsil's intranet.
- Topsil's COP for 2011 will be communicated to our value chain

REPORTING PERIOD:

This report focuses on the results of activities for Topsil's fiscal year 2011 (from 1 January 2011 through 31 December 2011). Topsil signed the UN Global Compact 8 March 2011. Hence the some of the activities covered in this report were initiated prior to signature date

PUBLICATION:

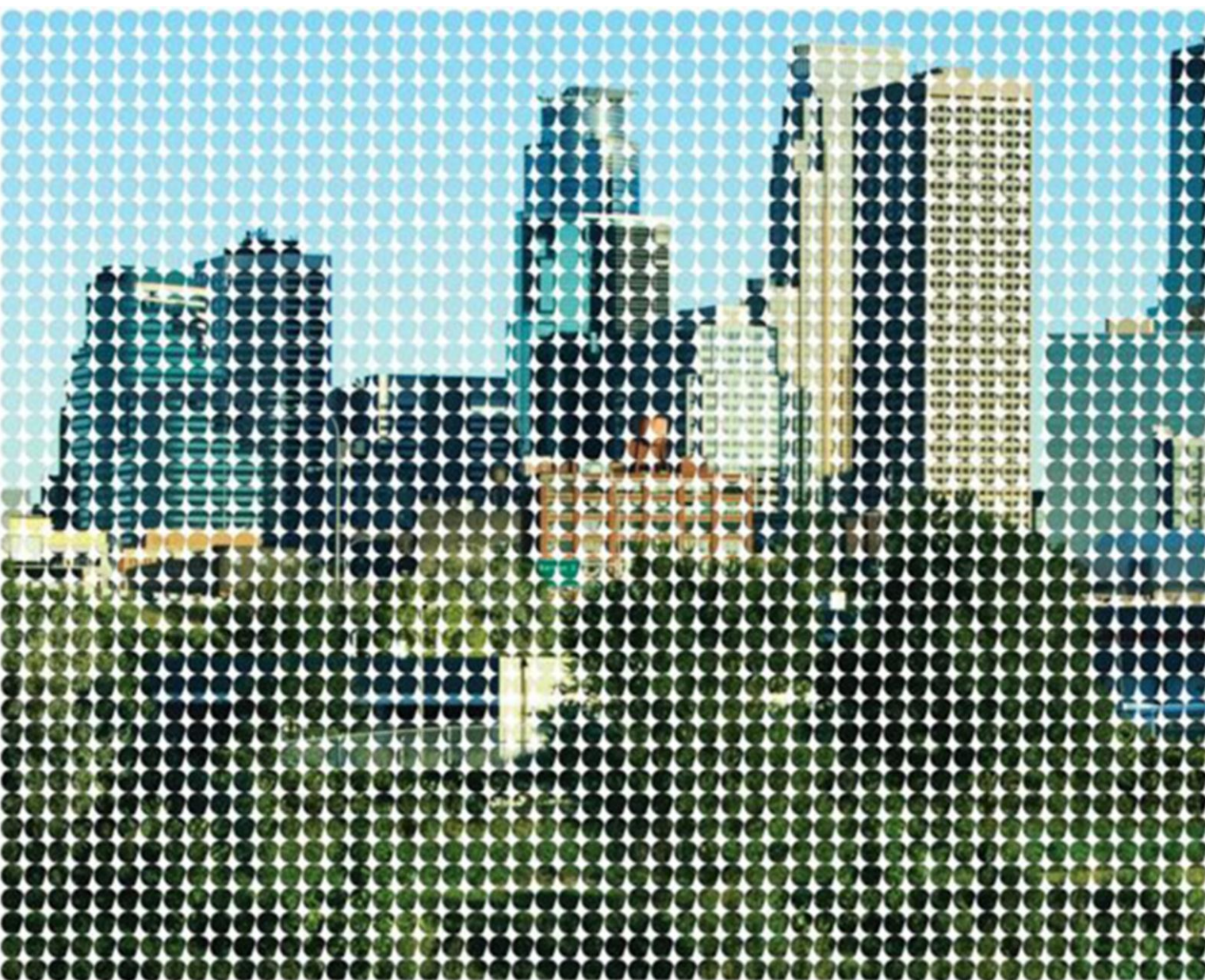
Current issue: March 2012

Next issue: Scheduled for March 2013, covering FY 2012

FURTHER INFORMATION:

Further information on Topsil A/S and our approach to Corporate Social Responsibility on www.topsil.com

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