



2024

# Sustainability Report





This is our third biennial report, highlighting our sustainability performance for 2022 and 2023.

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# Untapped potential, unlimited resolve

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Amid an ever-changing world, one constant is Hemlock Semiconductor's commitment to creating a more sustainable society and a healthier planet for future generations. This publication, our third biennial sustainability report, updates our sustainability efforts across multiple fronts and highlights how HSC products are powering the low-carbon, digital world.

Since our first report in 2020, we have focused on more deeply understanding our environmental impacts – positive and negative, internally and externally – and have developed a cohesive strategy and focus for our sustainability efforts. We have implemented many changes, some large and some small, but all of which move us closer to meeting our decarbonization goals and attaining the voluntary commitments we set forth in our 2022 sustainability report.

At HSC, we take a broad and inclusive view of sustainability. Our team is working diligently to reduce waste, reuse critical resources, power our manufacturing processes with cleaner energy, enhance safety, strengthen our workplace culture and create more resilient communities where our employees live and raise their families.

With a 60+ year history in the silicon industry, HSC is one of only five companies in the world capable of making the semiconductor-grade polysilicon that powers the world's most advanced microchips. Our recently completed Next-Generation Finishing (NGF) facility takes the purity of our polysilicon to the next level, enabling our global customers to fabricate the ever smaller and faster chips needed to support the AI revolution and drive innovation in medical technology, autonomous vehicles, aerospace, military applications and much more.

HSC's hyper-pure polysilicon also plays a key role in the world's clean energy transition. Many of the leading solar cell and module manufacturers rely on HSC's responsibly sourced, ultra low-carbon, solar-grade polysilicon to power their photovoltaic products.

We recognize that combating climate change is a global imperative. That's why, in partnership with industry peers, we are also working diligently to decarbonize the global solar supply chain. Understanding HSC's Scope 3 emissions – those attributable to our supply chain – is one of the core sustainability initiatives we've launched since our last report.



**Even as we make measurable progress toward achieving HSC’s sustainability goals, it is clear that we have untapped potential and unlimited resolve to do even more.**

The people who work at HSC are the key to unlocking that potential. We have seen time and again how our team members step up to challenges and find ways to creatively drive our business growth, while staying true to our values. How we do the work is as important as the work itself. This report includes profiles of several HSC employees who exemplify our company values of teamwork, responsibility, excellence and customer focus.

Perhaps the most profound and impactful change in this respect is fully integrating more than 500 former contract employees into our full-time HSC workforce. Prior to the integration, HSC hired contract operators through a local employment agency. Now we are One Team and every production worker is fully aligned to our Values, Vision and Purpose. We all receive full employment benefits, including health insurance, vacation time and a retirement account. The integration has also created new pathways for career advancement, a pipeline that is already paying dividends for production team members looking to learn, engage with more of our processes and move up to leadership roles. Integrating our production workforce was a critical step toward fully realizing our One Team philosophy.

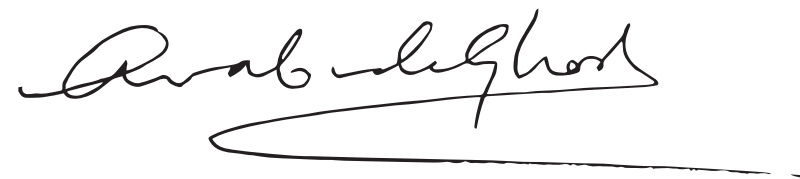
Continuing our relentless focus on safety, this report outlines our major safety findings and improvements. One finding of particular interest is that while reported safety incidents spiked over the past two years, we believe this is largely due to improved reporting that stems directly from our workforce integration. Our success in quickly diagnosing and resolving these issues is another testament to the power of teamwork.

It comes as no surprise that our commercial team reports tremendous growth in HSC’s solar markets and steady growth in our semiconductor markets. The global shift to clean energy continues to drive demand for responsibly sourced solar-grade polysilicon, while the rapid rise of artificial intelligence is accelerating demand for ever-purer polysilicon that will drive future innovation and leading-edge microchips. These favorable market conditions have allowed us to restart HSC’s solar assets, which were idled during the pandemic amid weak demand for photovoltaic products. We are proud to resume our role as a key supplier powering the global clean energy transition.

We have also worked diligently to further diversify our metallurgical-grade silicon supply chain, and we are proud to have worked to create a gold standard of traceability.

I invite you to take the time to learn more about HSC’s sustainability journey. I’m excited by the progress we’ve made in the last two years, and we have only just begun to tap our potential for reducing HSC’s carbon footprint, strengthening the communities where our employees live and creating a workplace culture where our team members are empowered to bring their best selves to work every day.

Sincerely,



AB Ghosh  
Chairman and CEO





# About Hemlock Semiconductor

Hemlock Semiconductor (HSC) is the largest U.S. producer of high-purity polysilicon products for the semiconductor and solar power industries. As the foundational material used to create microchips, polysilicon is crucial for smartphones and computers, as well as the technology of the future, where the Internet of Things and artificial intelligence meet on new innovations, such as autonomous vehicles, aerospace and medical technology. We're also moving the world toward a greener future by supplying polysilicon for the rapidly growing solar power industry.

Our vision is to become the leading polysilicon provider to a low-carbon and digital world.

**Nearly every electronic device produced today contains silicon that was purified by HSC.**

We are passionate about silicon-based technology and its unique potential to connect and energize the world we share. Dedicated to sustainability and environmental responsibility, we have honed our manufacturing process to deliver products with an ultra low-carbon

footprint. We also put a strong emphasis on public safety and take pride in being an involved and active community leader in the Great Lakes Bay Region of Michigan.

HSC is owned by two world-leading applied science and technology companies: 80.5% Corning Inc. and 19.5% Shin-Etsu Handotai. We began operations in 1961.

HSC serves two vital industries:

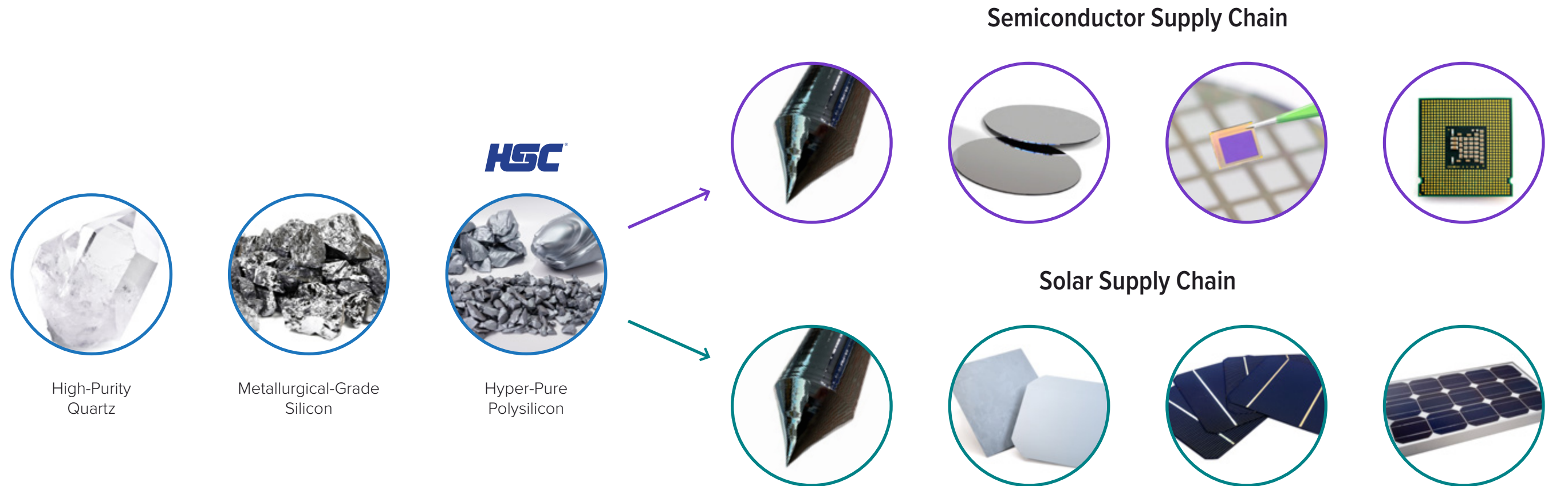
- The solar power industry utilizes HSC's high-purity, solar-grade polysilicon to manufacture monocrystalline ingots and wafers to produce sustainable solar cells, panels and arrays.
- The semiconductor industry relies on HSC's chip-grade polysilicon as the foundational material for a wide array of electronic devices, including smartphones, computers, tablets, televisions and more.

HSC utilizes best-in-class manufacturing technologies to ensure a high-quality product for our customers. We're continuously finding ways to utilize new technological developments in artificial intelligence and machine learning to drive innovation and streamline our production.



# HSC serves two vital industries: **semiconductor and solar power.**

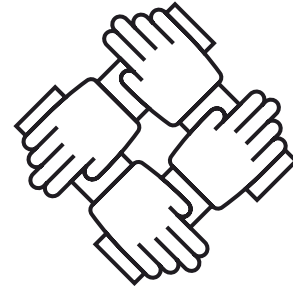
————— POLYSILICON —————> INGOT —————> WAFER —————> CELL —————> CHIPS & MODULES





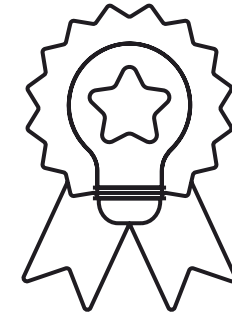
# Our Values

Our corporate values are reflections of our corporate character. They are the principles that we live by, that create the culture in which we work and the reputation we enjoy. They calibrate us toward actions that make us proud of our company and earn Hemlock Semiconductor the genuine respect of our stakeholders, customers, suppliers and community. When we live our values, we act as a good corporate citizen.



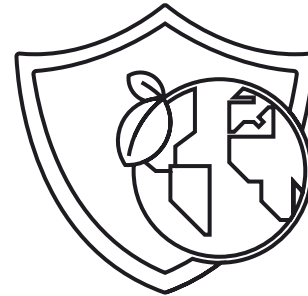
## Teamwork

We collaborate and engage as One Team for the good of HSC, recognizing the important role that each person plays in our shared outcomes.



## Excellence

We are the best-in-class and are committed to developing an exceptional workforce where people do their best work and produce the best product.



## Responsibility

We safely use, manage and protect the resources entrusted to our care.



## Customer Focus

We deliver quality work to both our internal and external customers on time, every time.



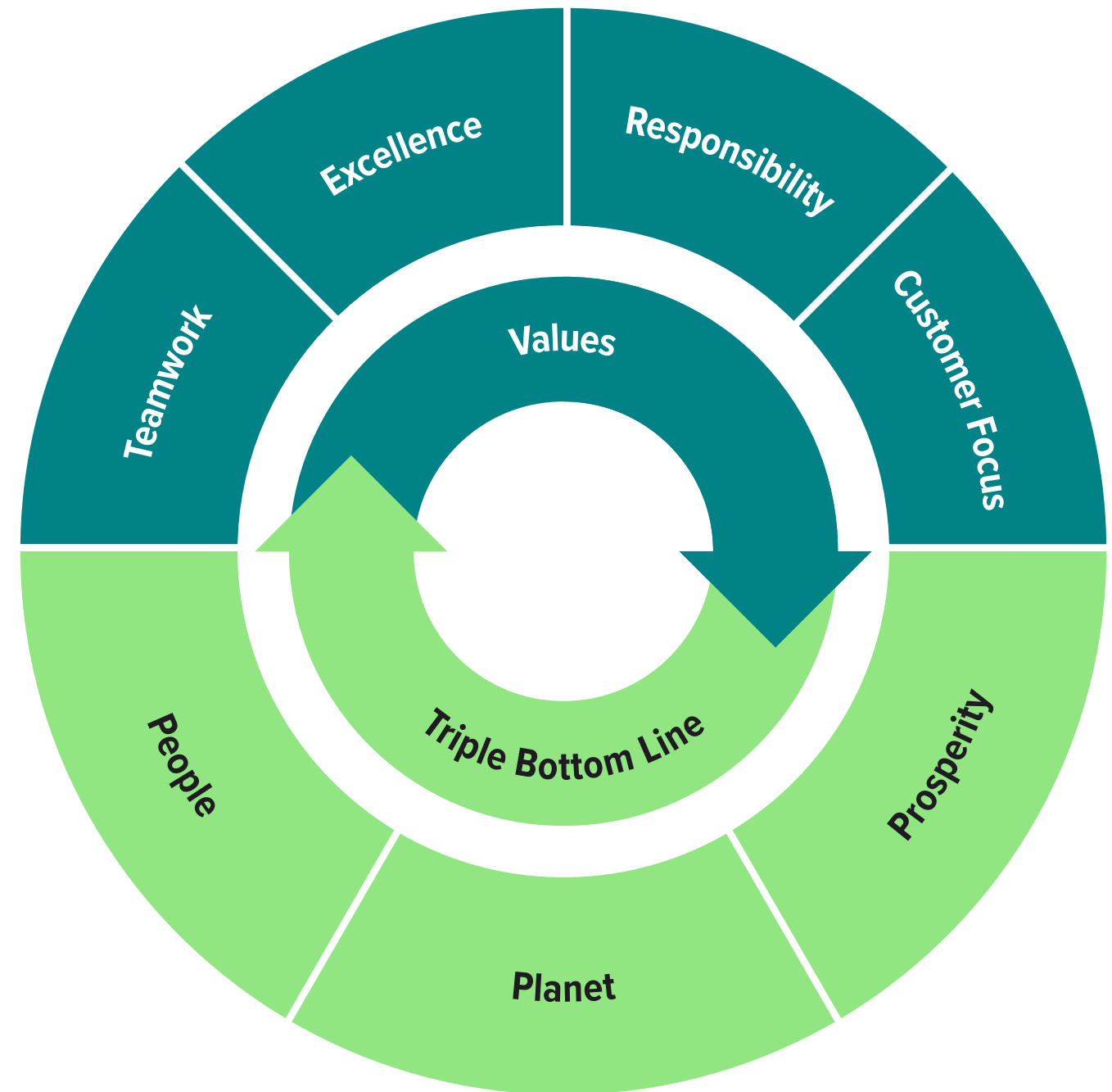


## Sustainability underpins how we think about each value.

Our definition of sustainability encompasses the triple bottom line – People, Planet and Prosperity — each of which is key to fully embedding our values into how we do our work.

HSC has achieved the following Quality and Environment, Health and Safety Certifications:

- [Clean Corporate Citizen](#) for Michigan
- [Quality Management System](#) IATF 16949 / ISO 9001
- [Responsible Care Management System](#) RC 14001
- [Environmental Management System](#) ISO 14001



# Moving Towards a More Sustainable Society

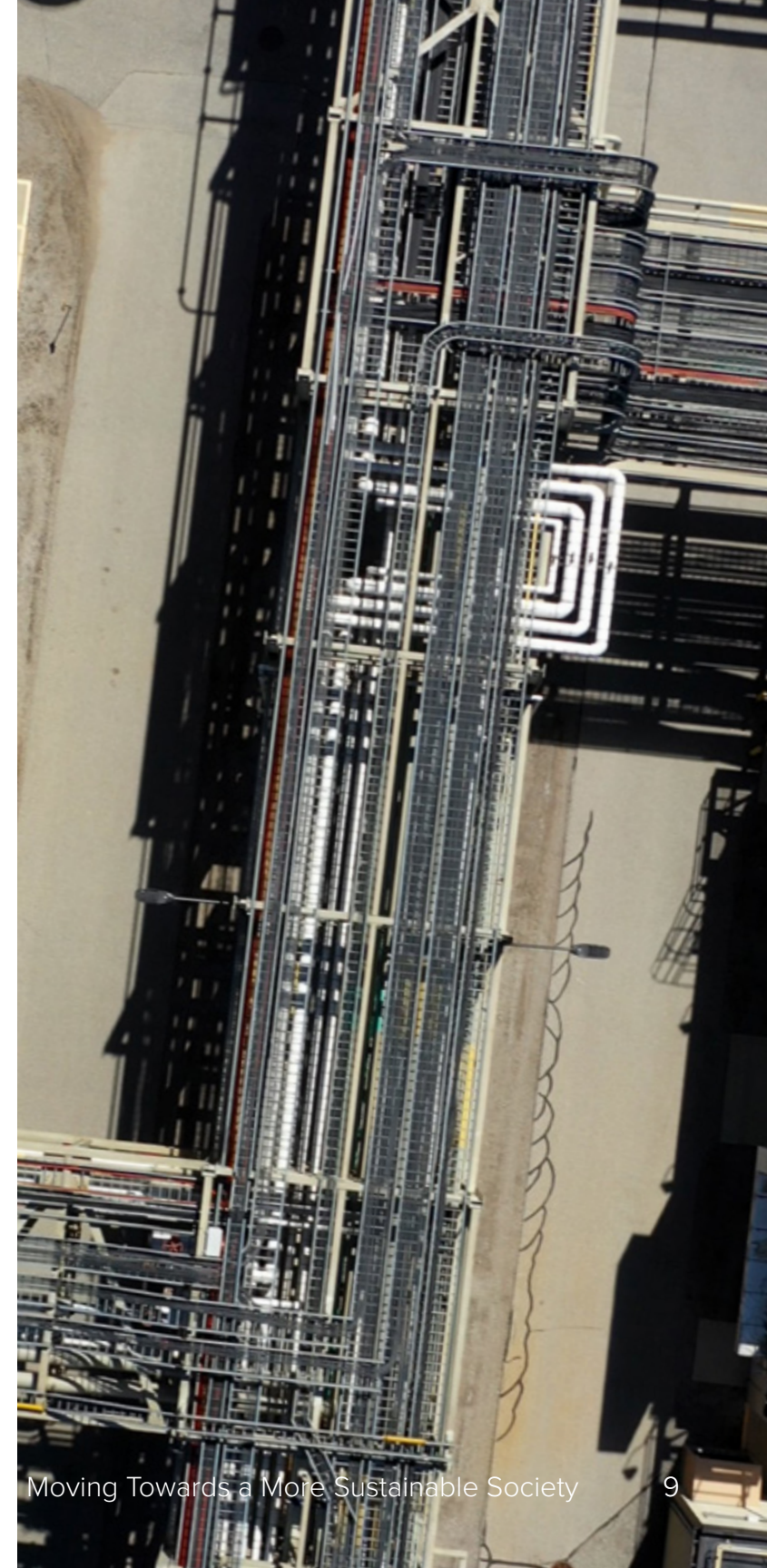
## Our Vision, Focus and Materiality Discussion

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Each of us has a role to play, both as employees of HSC and as citizens of the world. We acknowledge that the private sector has a major responsibility to not only operate in ways that respect the planet and support an equitable and fair society, but also to deliver products and solutions that help us as a global society move toward a sustainable, low-carbon world.

Our sustainability vision is: *“HSC will lead the transformation to a sustainable society by reducing our carbon footprint, exemplifying clean manufacturing and creating strong supply chain partnerships.”*

We have developed a set of actions we believe will drive us to achieve our vision. These actions are measurable, and progress is regularly reported to senior leadership.





# Materiality Assessment

In 2020, we conducted a materiality assessment using key issues identified in the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), CDP (formerly known as Carbon Disclosure Project) and both the American Chemistry Council's Responsible Care® Principles and their [Sustainable Chemistry Principles](#) commitment. We engaged senior leadership, a cross section of employees and our Community Advisory Panel (CAP) to understand which issues were most important for HSC. In 2023, based on engagement with key stakeholders, we elevated water and sanitation as material issues. Based on that input, we have identified these issues as the most important for the future health of the business:



# Aligning with the UN Sustainable Development Goals

We assessed the 17 Sustainable Development Goals (SDGs) to determine which goals most clearly align with our business. While all the goals are important, we believe the goals where we can make the most difference are:











# Voluntary Commitments

Based on the materiality assessment, as well as our analysis of the SDGs and our Life Cycle Assessment (LCA) work, in 2022 we adopted the following voluntary commitments to ensure that we achieve our goal of leading the transition to a sustainable future.

## Our 2022 Commitments

## Progress Since 2022

<p>HSC proudly aligns with our parent company's (<a href="#">Corning Inc.</a>) Science-Based Targets initiative (<a href="#">SBTi</a>) to reduce Scope 1 and 2 greenhouse gas emissions 30% by 2028 aligned with a 1.5°C maximum temperature rise.</p>	<p>Enhance strategies to drive waste streams into their lowest possible environmental impact.</p>	<p>Continue learning from our injuries and property incidents to maintain our safety metrics in the top quartile of our industry benchmark – NAICS 327000 – Nonmetallic Mineral Product Manufacturing.</p>	<p>Continue strong corporate citizenship, community financial support. Encourage increased employee volunteerism by rewarding and recognizing employees' efforts.</p>	<p>Develop strategies for creating a more diverse, equitable and inclusive culture, while advancing underrepresented people within our entire organization.</p>	<p>Partner with suppliers to live our <a href="#">Supplier Code of Conduct</a> and reduce greenhouse gas emissions.</p>
<p> Worked closely with Corning Inc. to develop a holistic roadmap to reduce Scope 1, 2 &amp; 3 greenhouse gas emissions consistent with their SBTi. Implemented multiple energy efficiency projects and continued to assess additional projects. Signed on with Energy Star in 2022 and DOE Better Climate Challenge in 2023.</p>	<p> Developed new management process to support waste reduction.</p>	<p> Significantly stepped up our safety activities, putting both people and capital to work to reduce our OSHA total recordable injury rate (TRIR).</p>	<p> Announced a new Corporate Contributions Strategy to build on three pillars: Energize, Create, Build.</p>	<p> Developed a robust five-prong strategy to drive clear actions to achieve a diverse and inclusive workplace.</p>	<p> Engaged with global suppliers to transition from MG-Silicon suppliers utilizing coal to those using charcoal from sustainably managed forests.</p>

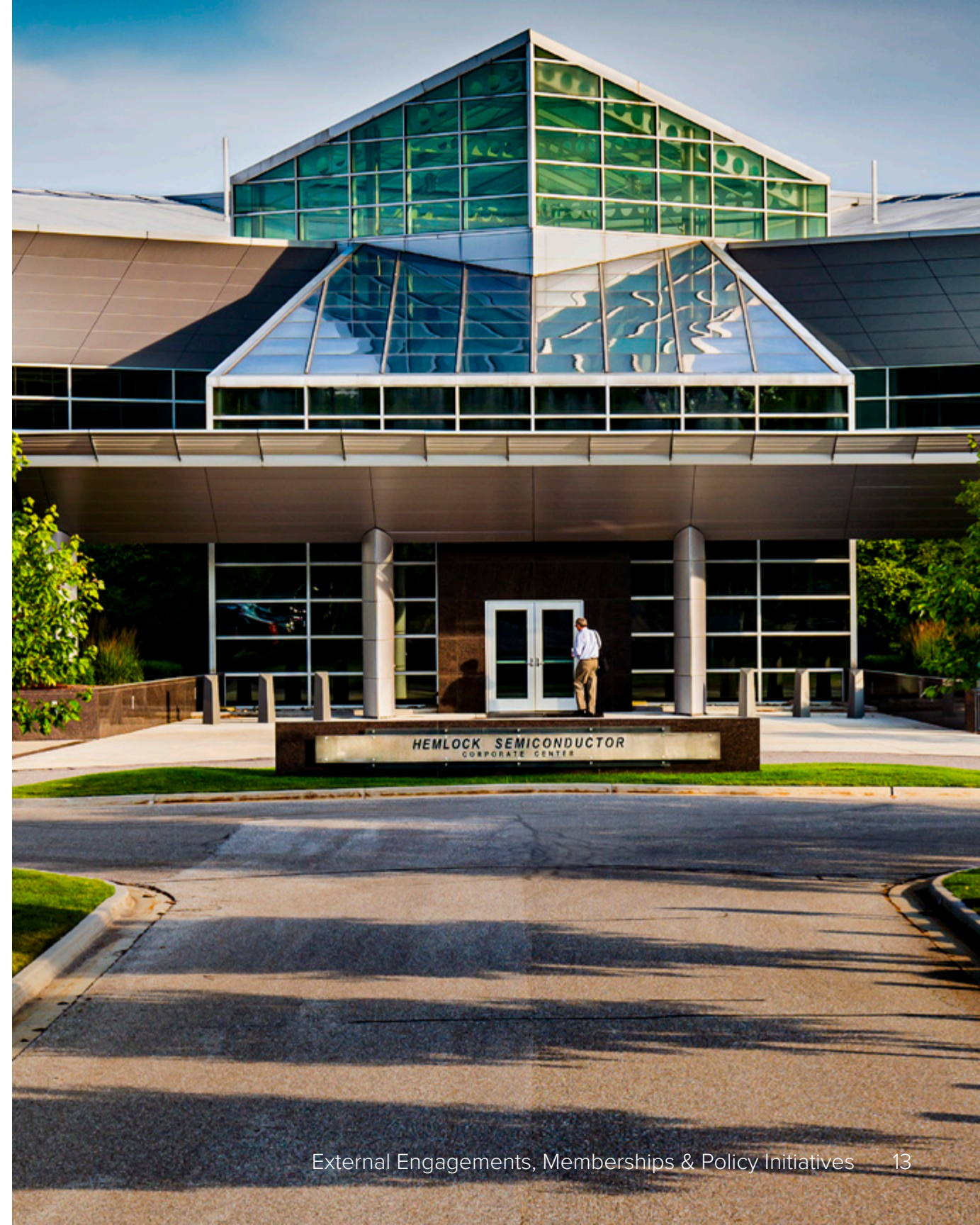
# External Engagement, Memberships & Policy Initiatives

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HSC is leading the creation of more sustainable domestic supply chains for both the semiconductor and solar power industries. HSC works continually with stakeholders to bolster investments in cutting-edge manufacturing technologies along the entire supply chain.

When it comes to solar, HSC teams with our partners to spread awareness of U.S.-made polysilicon's imperative role in decarbonizing and de-risking the solar supply chain.

U.S.-made polysilicon facilitates the production of ultra low-carbon solar panels, allowing solar developers and owners to reduce embodied carbon by up to 50 percent. The Ultra Low-Carbon Solar Alliance defines embodied carbon as the greenhouse gases (GHG) released throughout the entire solar panel supply chain. This includes extracting materials from the ground, as well as transporting, refining, processing and assembling all materials into solar panels.







In 2023, we were part of a working group at the Global Electronics Council (GEC) that developed the criteria for the assessment of ultra low-carbon solar (ULCS) modules. The criteria have since been included in the EPEAT standard — the world's premier ecolabel for electronics — for solar modules.

As a major energy user, we continue to engage in research to better assess opportunities for lower carbon alternatives. One such initiative was a research assessment of the [State of Michigan Hydrogen Demand Analysis](#) completed by the University of Michigan. We believe these engagements encourage better policymaking to support the transition to clean energy.

In June 2024, two solar module manufacturers achieved the original EPEAT standard. Their inclusion in the EPEAT registry activated the U.S. Federal Acquisition Regulation (FAR) — the first time for solar modules — which requires the federal government to procure products that meet key sustainability requirements when three or more EPEAT-certified products (by two or more manufacturers in one category) are available. All future newly registered solar modules must now meet the ULCS threshold.

[EPEAT for Solar | Global Electronics Council](#)

Our initiatives include supporting the Clean Energy Buyers Alliance ([CEBA](#)) and being a founder of its “[Beyond the Megawatt](#)” (BTM) initiative. BTM maximizes the environmental and social outcomes of the transition to clean energy by leveraging the influential demand of large energy customers. The initiative aims to benefit people and the planet by contributing to carbon-free energy systems that are resilient, equitable and environmentally sustainable.

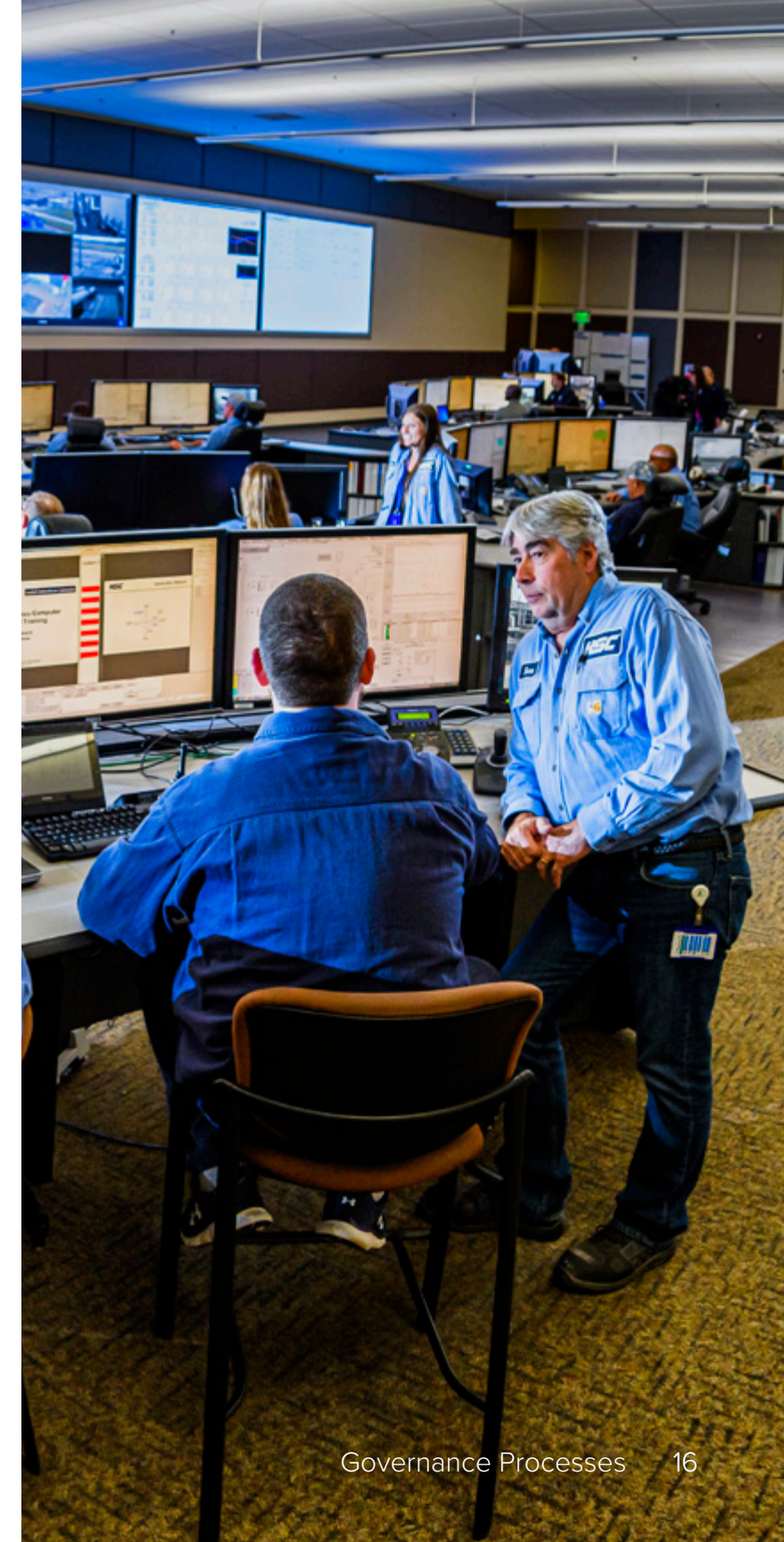
## Affiliations





# Governance Processes

Our Sustainability Steering Team is responsible for setting strategy and ensuring the implementation of programs to achieve our commitments. The Steering Team meets monthly to review projects and timelines and vet proposed strategies and opportunities. The Steering Team includes key members of our Executive Leadership Team for high-level decision making.





# Environmental Performance for the Planet

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As a primary area of focus, we believe we must manage the raw materials we use and the products we manufacture in a safe and environmentally responsible manner. Consumers and industrial customers are increasingly including environmental performance alongside quality, price and delivery in their purchasing criteria.

We are striving to create zero waste and emissions from our operations, while continuing to make sure we are competitive in the markets we serve.





# Energy Management

“The greenest kilowatt-hour is the one we never used.”

Phil Rausch, SVP Commercial

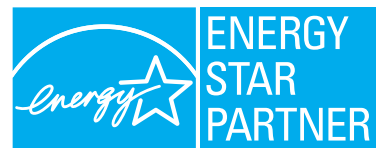
As the largest electricity user in Michigan, HSC is aggressively targeting energy efficiency initiatives to drive 2% year-over-year energy intensity reductions. We have broken down the program into focus areas to drive our progress in saving electricity and reducing our use of natural gas.

Our energy program has been reinvigorated with the use of new technology, like acoustic devices that help us find steam leaks much quicker, particularly in

hard-to-reach locations. In 2023, we completed an advanced process control upgrade, which has optimized how the boilers are used to produce steam for our operation. The upgrade significantly reduces our use of natural gas in our boilers.

We spent an average of 6% of our capital expenditures on energy improvements over each of the past two years.

HSC was recognized nationally with Energy Star’s “Top Project” award for an energy efficiency project that reduces heat loss by decreasing energy leakage in our waste heat recovery process. By normalizing our electricity, natural gas, waste heat and steam usage, we targeted our waste heat system and upgraded our control valves used for steam generation, thereby reducing the need to run boilers with natural gas.



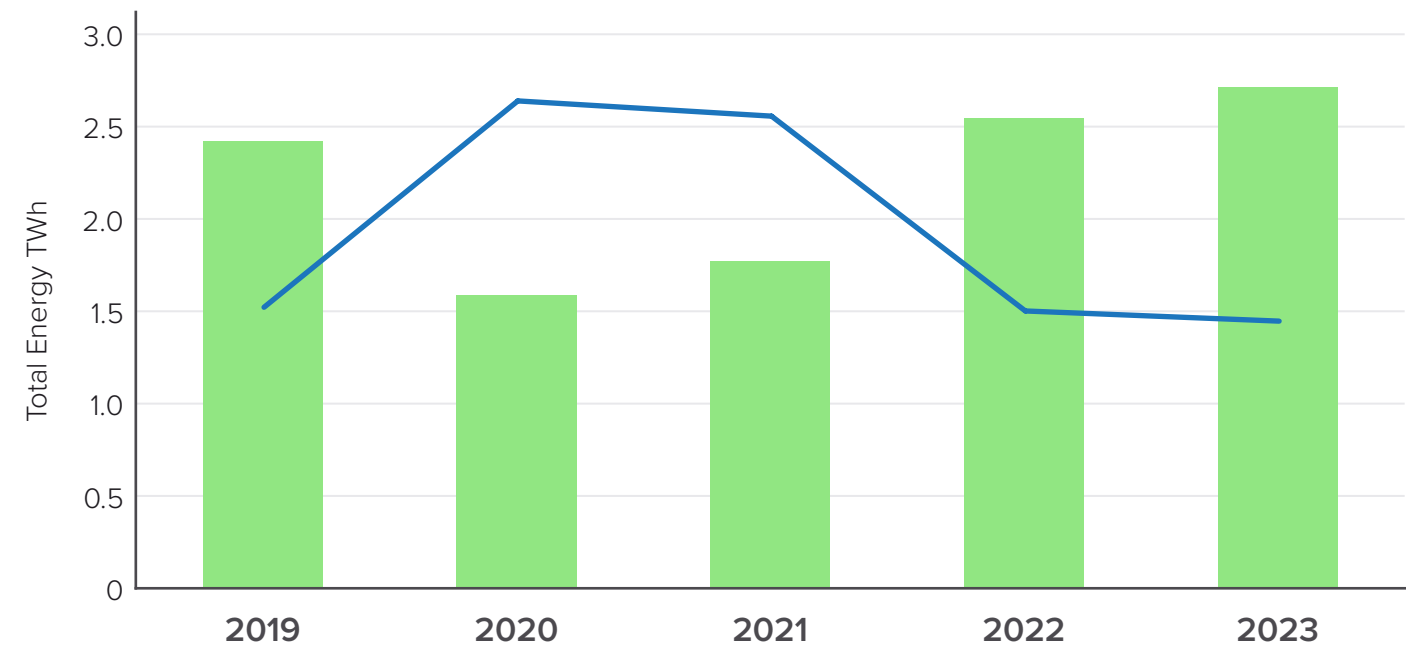
■ Energy Consumed, TWh  
— Energy Intensity (2019=1)

We continue to partner with our electricity supplier, Consumers Energy, to assess options to reduce energy usage. We also signed a letter of intent with the U.S. Department of Energy (DOE) Better Climate Challenge, enabling HSC to tap into DOE/National Lab technical resources to help accomplish our energy efficiency goals.

Our energy use declined significantly in 2020 and 2021, because our solar polysilicon business was idled. With the demand surge for U.S. solar-grade

polysilicon and its sustainability qualities, we restarted production and saw a rebound in our energy use. While we are proud that our polysilicon is supporting the growth of low embodied carbon solar panels, we will continue seeking ways to reduce our energy use to achieve our greenhouse gas reduction commitment.

**Total Energy and Energy Intensity**

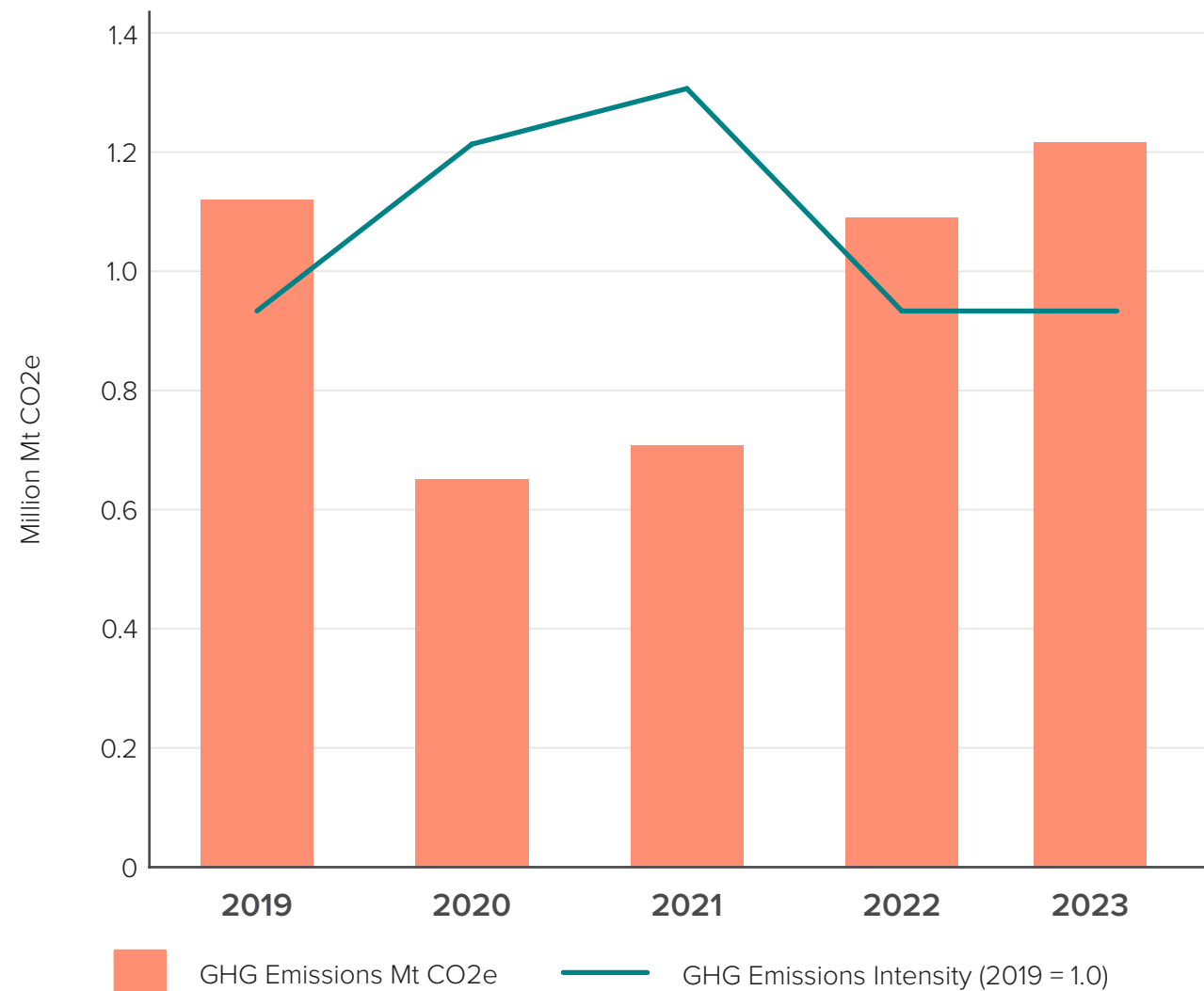




# Greenhouse Gas Emissions

HSC's Scope 1 and 2 greenhouse gas emissions (GHG) are largely driven by our energy usage and the carbon intensity of the electricity we buy. We are fortunate to operate in Michigan, which has an aggressive grid decarbonization commitment with a goal to attain 100 percent clean and carbon-free energy (solar, wind, geothermal, hydropower and nuclear) by 2040. Intermediate targets are 15 percent clean energy through 2029, 50 percent by 2030 and 60 percent by 2035.

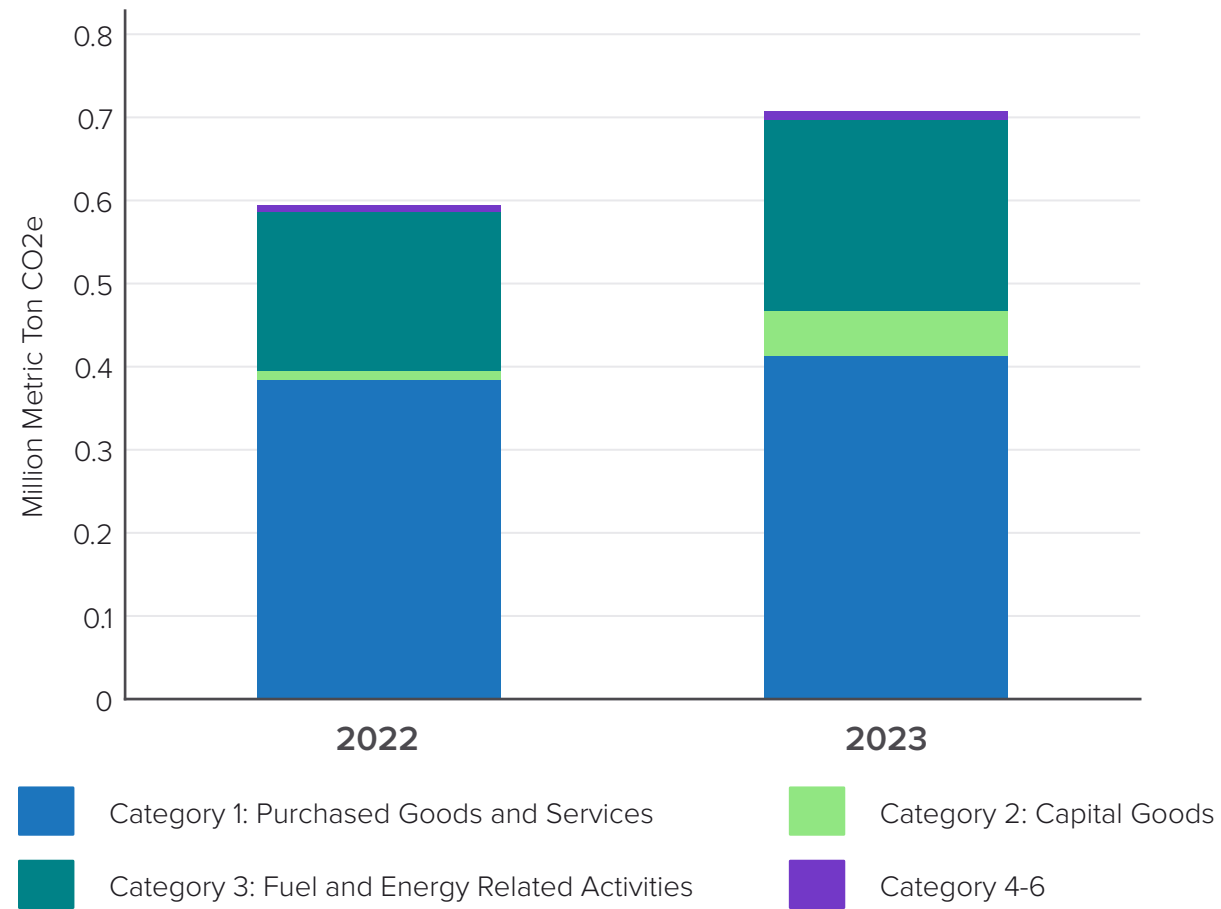
### Scope 1 and 2 Greenhouse Gas Emissions



Scope 1 GHG emissions are direct emissions from sources owned or controlled by the organization. Primarily natural gas at HSC.  
Scope 2 GHG emissions are indirect emissions from sources not owned or controlled by the organization. Primarily electricity at HSC.

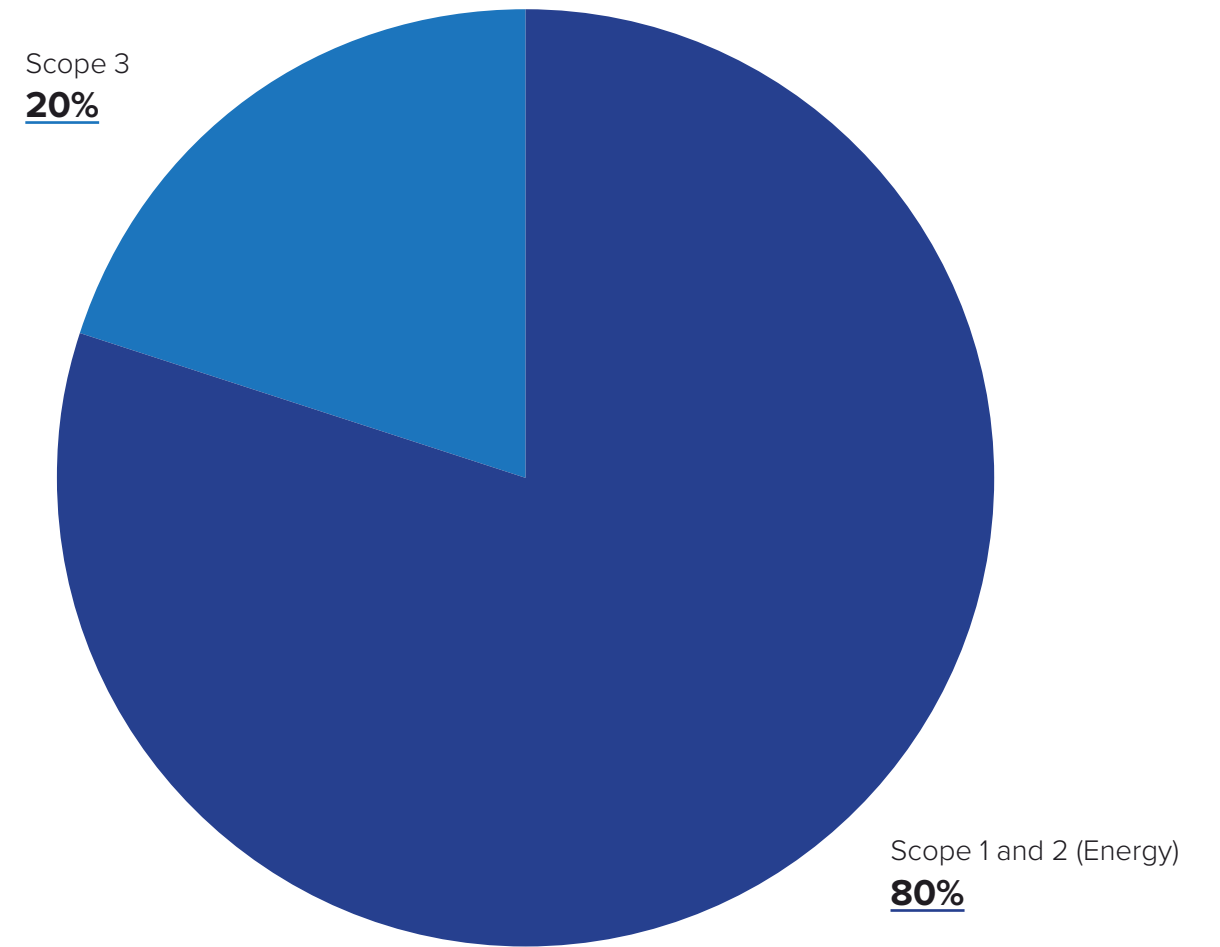
We have started to track our Scope 3 GHG emissions to prioritize where we should focus on reducing emissions across our value chain and launched a supply chain project on Metallurgical-Grade Silicon.

### Scope 3 Greenhouse Gas Emissions, Mt CO2e



Scope 3 GHG emissions include all other indirect emissions that occur in an organization's upstream and downstream activities.

### LCA % Carbon





# Water Usage and Wastewater Management

Continuing to reduce our total water consumption is an important component of our environmental program. The global nonprofit World Resources Institute (WRI) developed a publicly available tool for organizations to assess their future water risks. Based on the [WRI Aqueduct Tools](#), the baseline water stress risk at our Hemlock site in Thomas Township, Michigan is assessed as medium-to-high. This insight is helping to drive the business case to find ways to reduce our dependence on water resources.

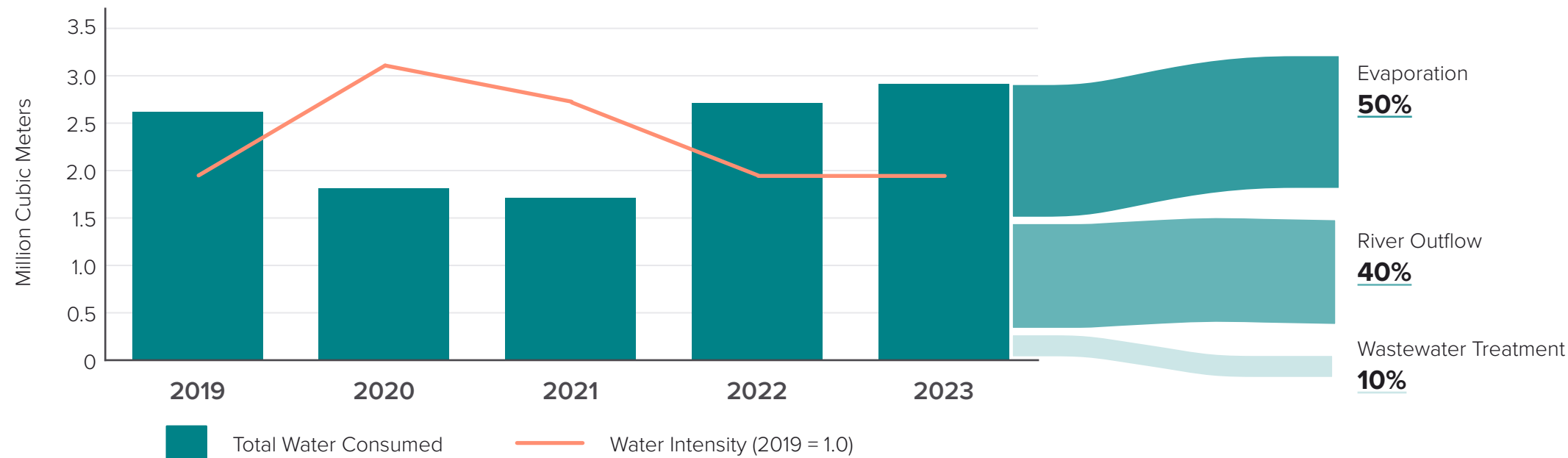
Driven by senior leadership, we have developed a water strategy to assess how our water use will be impacted by future growth projects. A key aspect of

the strategy is determining opportunities to recycle water within our manufacturing operations. We currently recycle an estimated 26 million gallons annually. The proposed project would allow us to significantly increase the amount of water we recycle, offsetting water we would otherwise purchase from our utility. We continue to assess opportunities to reduce both water consumption and wastewater generation.

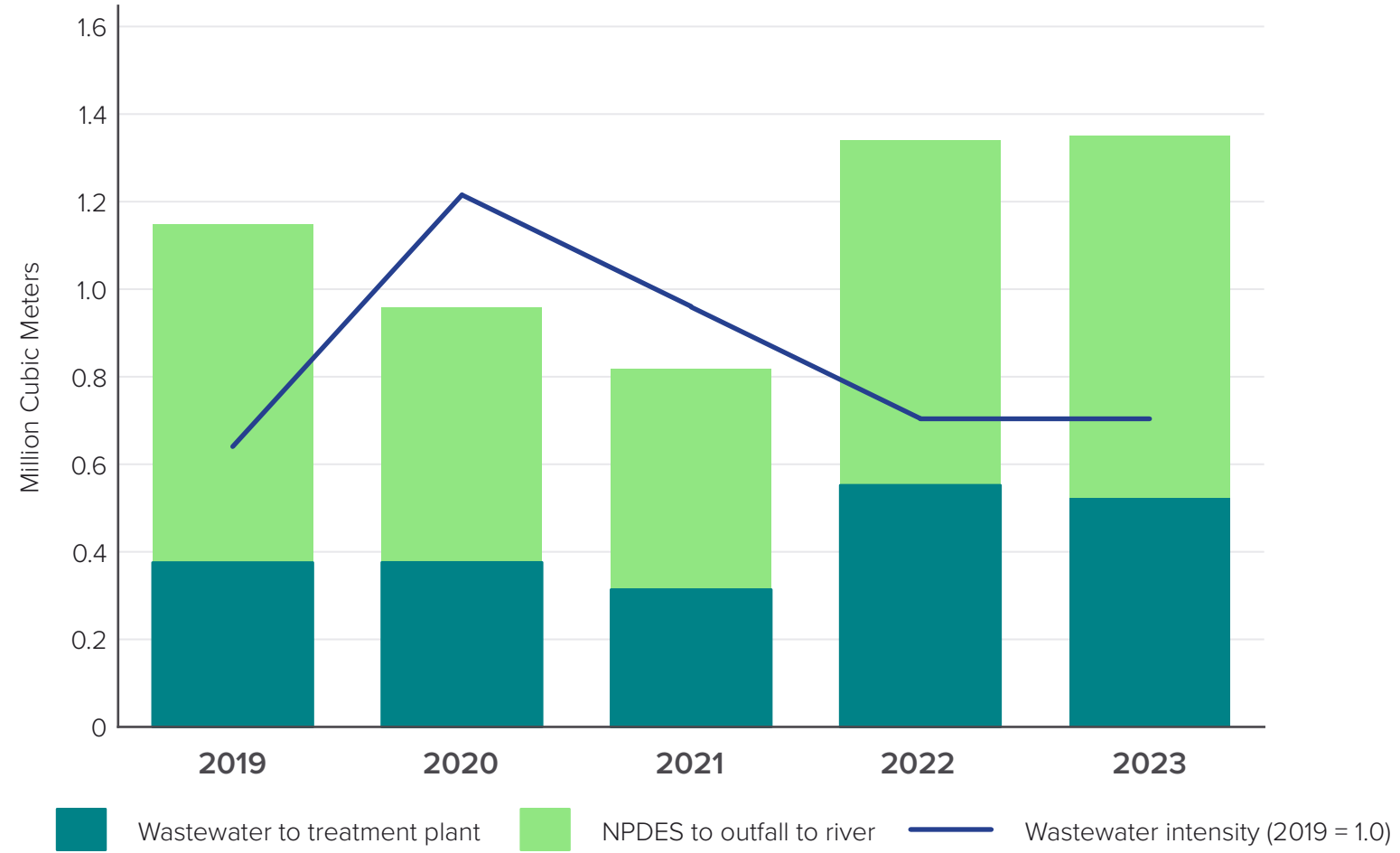
Our water consumption in 2020 and 2021 decreased due to lower production volumes, but production is now back to 2019 levels.

All water used on our site is potable water sourced from the Thomas Township Water Department. About 50 percent of the water we use evaporates. While 40 percent returns to the McClellan Run River following National Pollutant Discharge Elimination System (NPDES) regulations, we send the remaining 10 percent to sanitary and wastewater treatment facilities.

Water Consumption and Water Intensity



## Wastewater Management



Our water use and wastewater generation declined significantly in 2020 and 2021, because our solar polysilicon business was idled. With the demand surge for U.S. solar-grade polysilicon and its sustainability qualities, we restarted production and saw a rebound in our water use and wastewater generation.





# Waste Management

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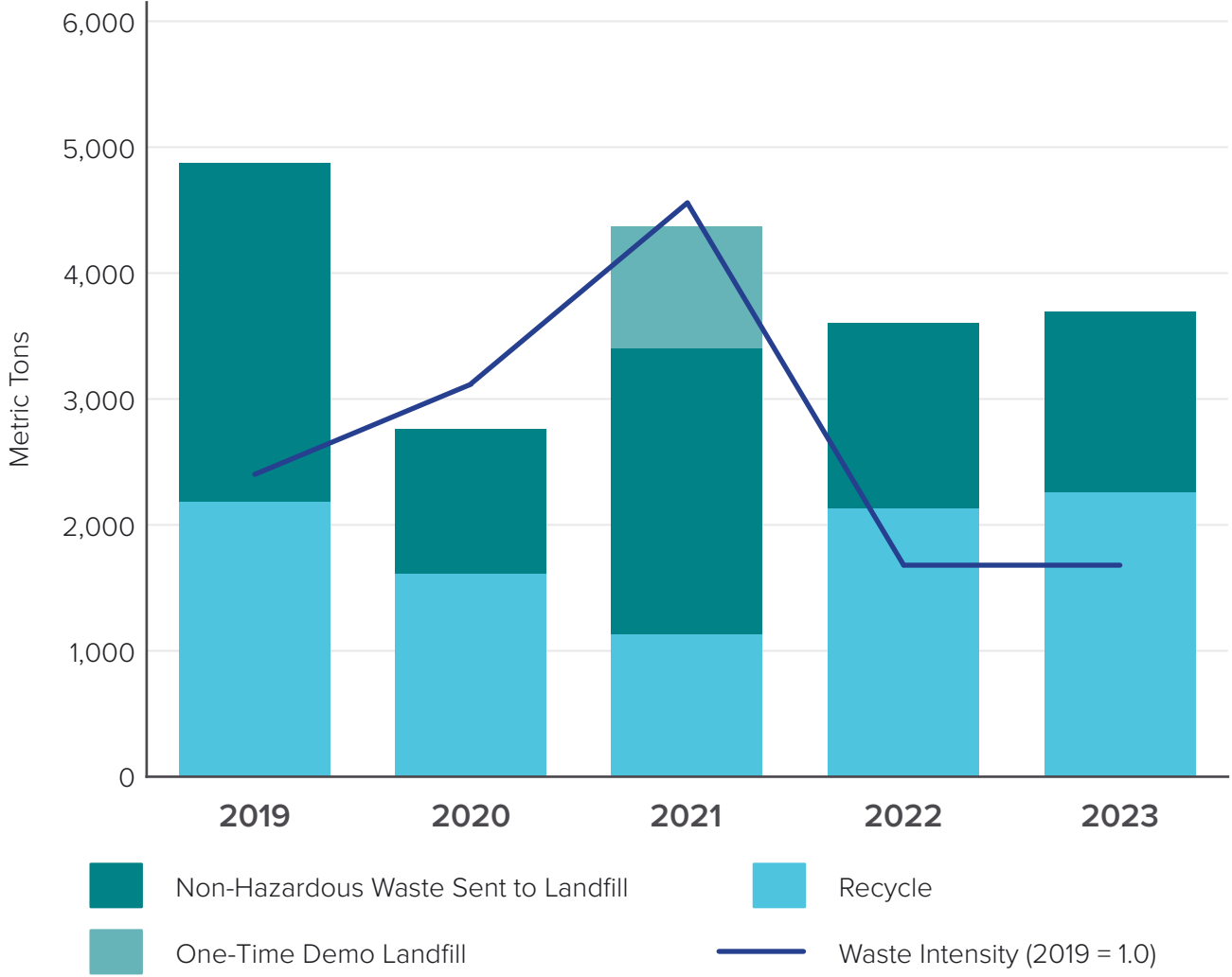
In support of our voluntary commitment to enhance strategies to drive waste streams into their lowest possible environmental impact, we believe that waste reduction and recycling are important areas for HSC. Over the past two years, we have focused on building a more robust management system and prioritizing the areas where we can have the most impact. Since 2019, we have increased the percentage of waste that is recycled from 45 percent to 61 percent. We have established a workflow to ensure that the recyclable materials we collect are transported to recycling operations. Our recycling streams include cardboard, pallets, scrap metals, concrete and a mixed stream from offices and the cafeteria.

We have also stepped up our employee engagement to encourage recycling. One example is our internal communications initiative on battery recycling, not only for batteries used on site, but also for those used at home. We are also working closely with our supplier of low-density polyethylene (LDPE) film to take back the film and reuse it in their process.

We expect an increase in landfill waste from the recent startup of our Next-Generation Finishing facility. We are seeking potential outlets for the material to avoid significantly increasing the waste we send to the landfill.



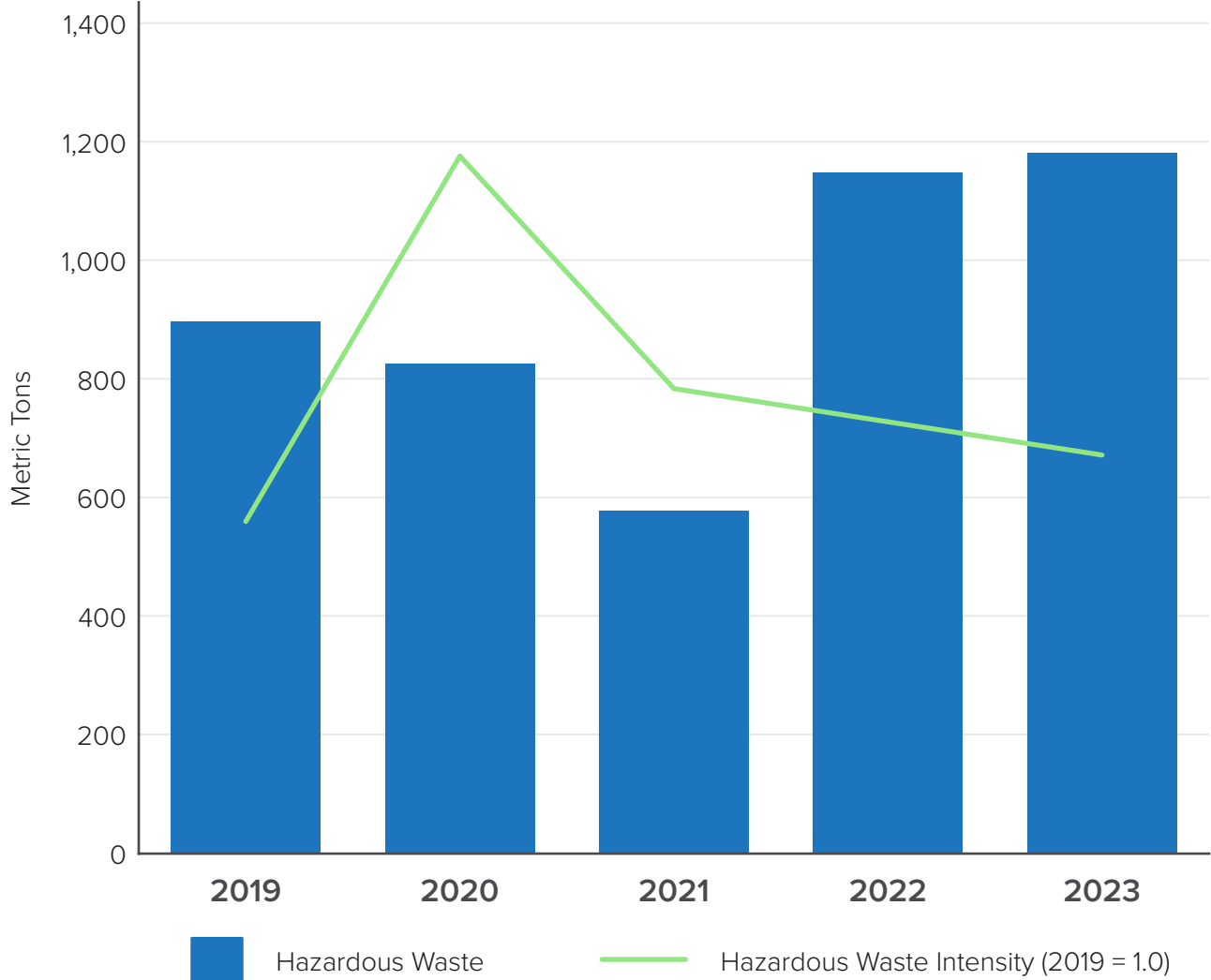
### Non-Hazardous Waste and Recycle Management



Note: In 2021, we demolished a legacy production building to make room for new technology growth opportunities. A significant fraction of the demolition waste was unable to be recycled and sent to a non-hazardous waste landfill.

Due to HSC’s solar business being idled in 2020 and 2021, our hazardous waste generation was reduced. With the business growing again, hazardous waste generation is increasing, and we are responding with projects to reduce the generation of hazardous waste.

### Hazardous Waste Management





# Building Social Value

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We view the social component of Environmental, Social and Governance (ESG) broadly, considering how we engage with our employees and the communities where we operate. We believe it is important that our employees are proud to work at HSC and can carry that pride into our local communities. We are actively involved in building great communities where our employees live and raise their families.



**HSC**

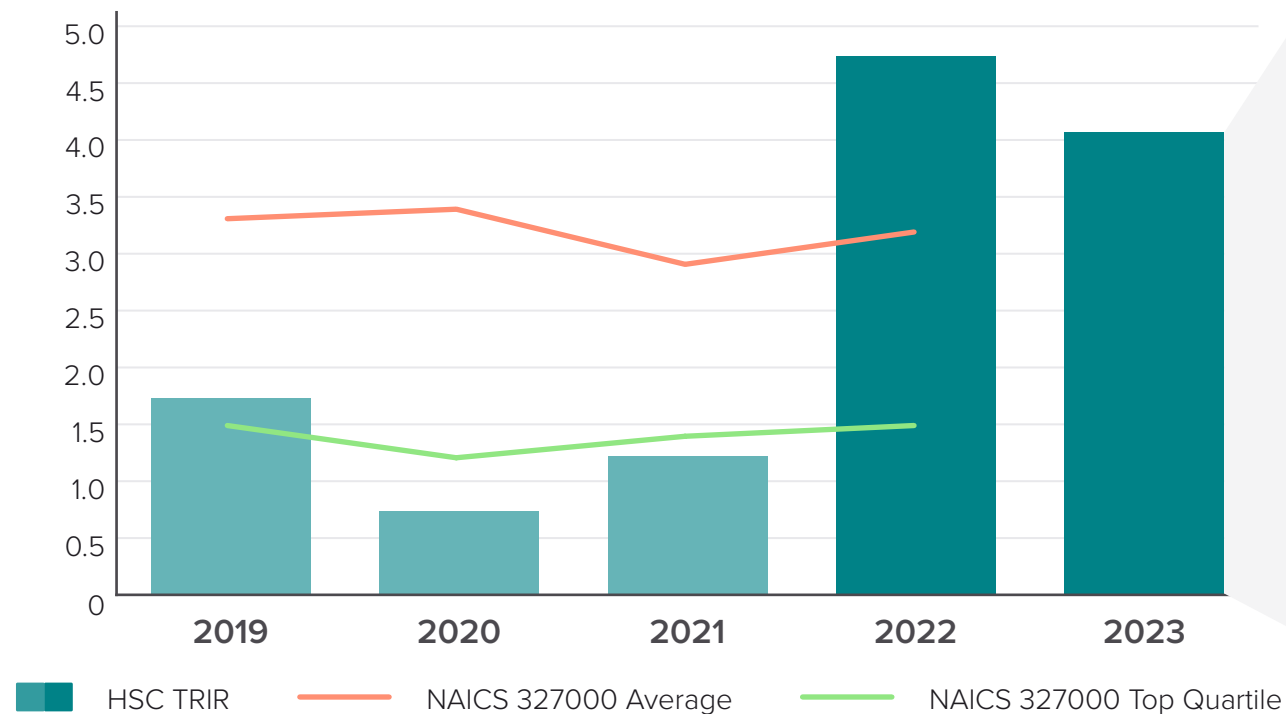
# Safety and Health

The safety of our employees and community is foundational to our values. We are on a journey to zero for both injuries and process safety incidents. Since HSC was founded more than 60 years ago, we have had no employee or contractor work-related fatalities. We recognize that making sure every employee returns home injury-free at the end of the day is critically important.

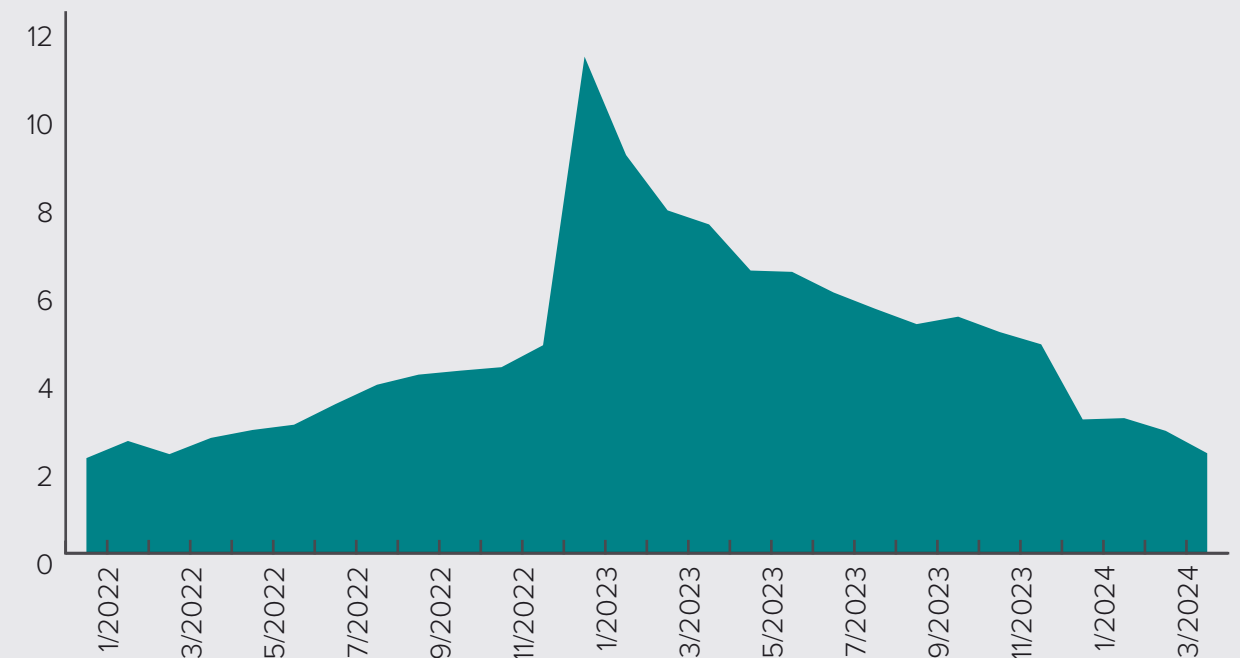
In January 2022, we integrated over 500 contractors into full time HSC roles. Subsequently, our overall injury rate

rose steadily throughout 2022. Diving into the reasons for the increase, we realized that before the integration, the two organizations were assessing injuries differently. After the integration, injuries were reported based on a consistent operational definition. We made a concerted effort to accurately count all injuries by the end of 2022, creating an increase in our reported injury rate. In January 2023, we reported a spike in our injuries due to falls that stemmed from an ice storm. Since that peak, we have reported month-over-month improvements in our injury rates.

OSHA Total Recordable Injury Rate (TRIR)



OSHA TRIR Monthly





# HERE SAFETY COUNTS

Throughout 2022 and into 2023, the HSC Executive Leadership Team drove three pillars of action to increase awareness, provide resources and drive down injury rates to pre-integration levels.

- *Leadership and Culture:* HSC leadership has “walked the talk” by focusing on safety and investing in the actions needed to make sustainable improvements in our safety performance.
- *Case Management:* Learning to intervene earlier to keep small pains from becoming injuries. We hired medical staff and an athletic trainer to support employees.
- *Process Improvements:* We invested in people – four full-time equivalents (FTE) – to develop a deeper understanding of the root causes of injuries and have deployed over \$1 million in capital across small and large projects to make our processes safer.

We are continuing the actions that have driven our improved safety performance as we return to the injury rate of the top quartile of our peer companies. Behavioral-based safety training and regular audits by all supervisors, including leadership, demonstrate the continued importance we place on a safe workplace.

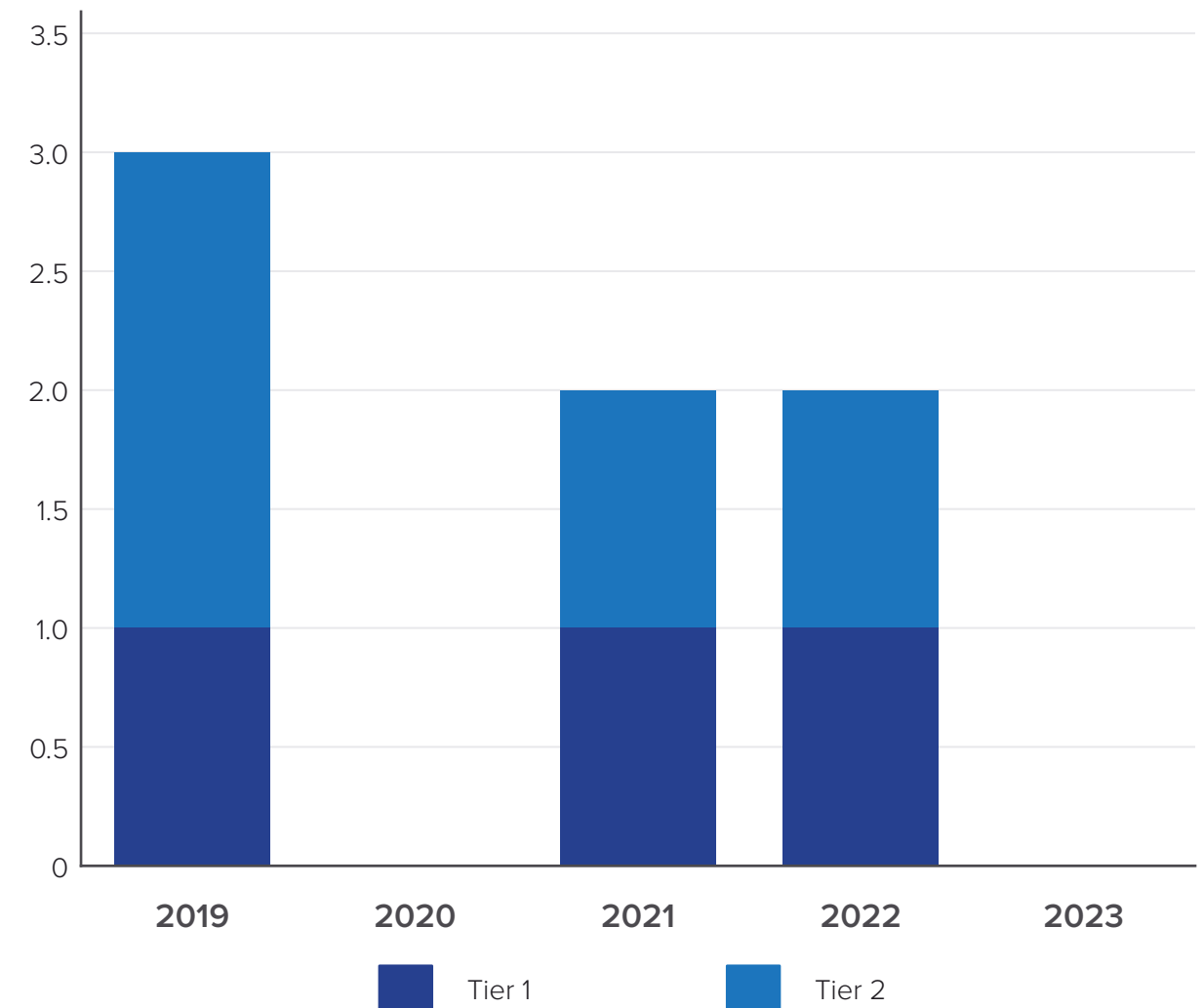


# Process Safety Management

We continue to focus on reducing our process safety incidents to zero, including adding a new, full-time process safety engineer. Outside our operations, we have not had any incidents related to the distribution of our products over the past five years.

While we strive to ensure that we do not have any process safety incidents, we also maintain strong relationships with local community first responders. In 2024, we hired a Site Security Specialist to coordinate our program. We have hosted tours and training events for representatives from local township emergency agencies, so they understand what we do at HSC and the risks in our operations. Building these relationships facilitates a quick and efficient response if there is an emergency. Our dedication to community safety extends beyond collaboration. Through our Emergency Services Grant program, we actively support local first responders and provide critical funding for essential equipment and training.

### Process Safety Incidents



Tier 1: An unplanned or uncontrolled release of any material, including non-toxic and non-flammable materials, from a process that results in a consequence above industry-established thresholds.

Tier 2: Similar unplanned release from a process that results in roughly an order of magnitude lower impact than Tier 1 Process Safety Incidents.



# Community Engagement and Support

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We believe we are an important part of the communities surrounding our facilities. As such, communicating in an open and honest way with area residents is important to ensure that the community has access to important information about HSC operations and that we understand the concerns and needs of our neighbors.

As part of our commitment to Responsible Care, an initiative of the American Chemistry Council, our [Community Advisory Panel](#) (CAP) was established in 1997 and provides a forum to address issues and opportunities affecting Hemlock Semiconductor and the local community. The CAP consists of representatives from the community, such as residents, business owners, educators, civic and public safety leaders, plus HSC management.

Three times per year, we publish a newsletter to inform our neighbors surrounding our site about happenings at HSC, our employees' engagement in the community and safety and environmental topics. An example of a recent newsletter is available here: [Summer 2024 Newsletter](#). We also schedule tours of the Hemlock facility so our neighbors can learn more about HSC's global impact and the products we make.

We recently upgraded our Corporate Contributions Strategy and are now focused on three areas to support the community. As part of our ongoing commitment to the region, we continue to invest approximately \$1 million annually through our corporate giving efforts.



## Energize

HSC employees are energizing our community through service.



## Create

We're dedicated to creating a vibrant hometown.



## Build

Our future depends on building a diverse and equitable talent pipeline.



## Energize

Each year, HSC employees serve on numerous boards and donate thousands of volunteer hours to support nonprofit and community programs across the Great Lakes Bay Region. HSC employees also are empowered to recommend sponsorships and youth grants that make a difference in the communities they call home.

For example, an employee-led committee has been entrusted with spearheading the United Way campaign and devising fun and engaging fundraising initiatives for our site. These initiatives are designed to help us reach our \$120,000 goal each year. In 2023, HSC employees raised close

to \$120,000, which HSC matched. Through our Community and Regional Empowerment ([CARE](#)) Fund, we invest up to \$300,000 annually in local nonprofit projects and programs. We've partnered with community foundations in Saginaw, Bay and Midland counties to support youth programs. Our youth grant program not only funds these initiatives, but also empowers our employees to get involved by sponsoring grant requests.

Beyond financial support, we have a strong volunteer culture, and in 2022 and 2023, HSC recorded nearly 9,000 hours that our employees volunteered to support various organizations in the community.





## Create

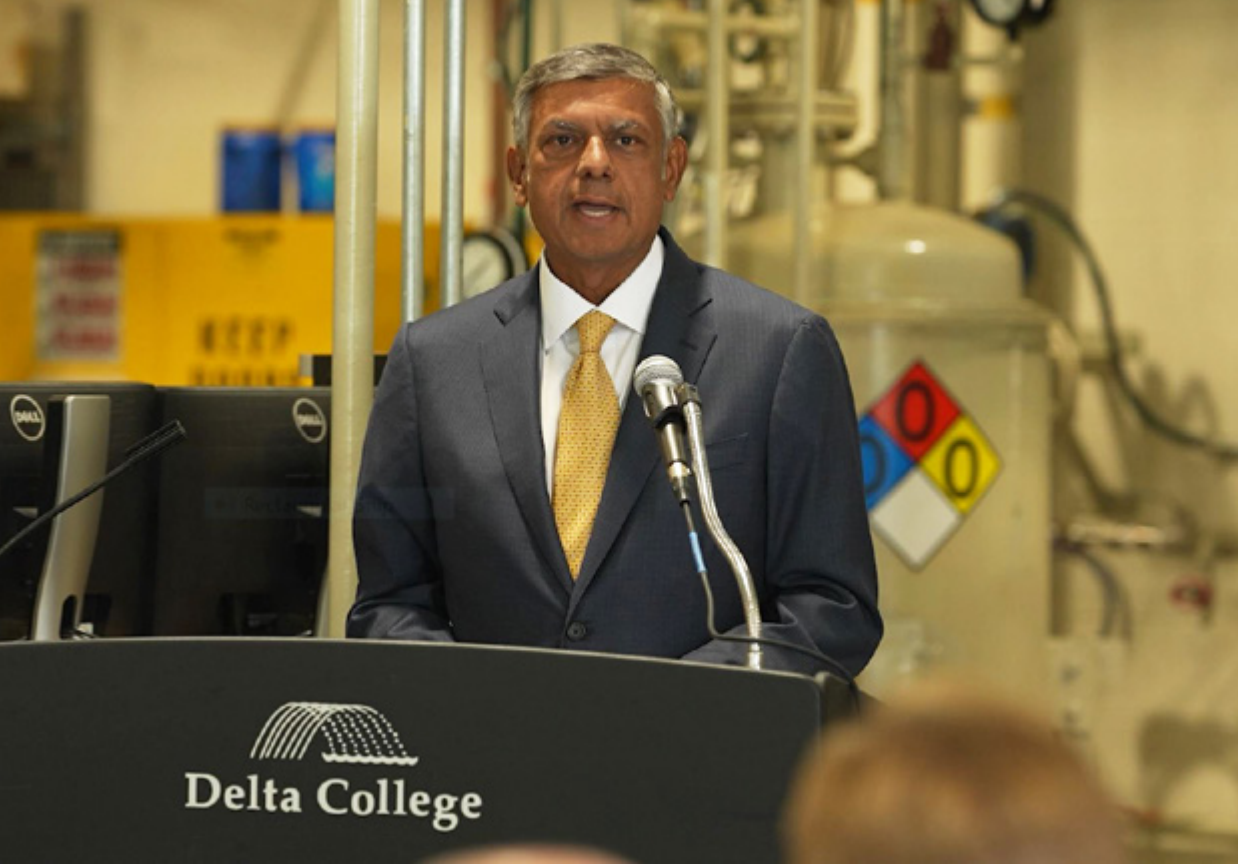
We continue to invest in our communities and create spaces that people find enjoyable to live, work and play in, making our region a magnet for the best and brightest minds.

HSC's sponsorship of [TempleArts](#) supports 30,000-50,000 visitors annually to the two historic arts and culture pillars of our region. Among the most impactful cornerstones of the HSC-TempleArts partnership is the 'Arts for All' program, which provides Family Museum memberships for all K-12 students in Saginaw County. Membership includes free classes, workshops, open studio, theatrical plays, live music, films, tours, field trips

and more. Another pillar of the partnership is the impact on representation through the lens of arts and culture with our DEI focused programs, including Black History Month, Cultural Education series, Juneteenth, Dia de Los Muertos and more. HSC has also supported the modernization and infrastructure of new sound and stage equipment at the Temple Theatre. HSC's support goes beyond donations and takes a hands-on approach to the operation and preservation of the Saginaw Art Museum and The Temple Theatre by orchestrating extensive volunteer efforts that are invaluable to TempleArts and the communities it serves.







## Build

HSC needs to attract and retain a talented workforce to remain a pivotal part of the global economy.

Delta College and the Michigan Economic Development Corporation's (MEDC) Talent Action Team have joined forces to create state-of-the-art semiconductor training programs. HSC partnered with Delta College to expand the semiconductor curriculum and create meaningful activities to

support student studies. The program launched in late 2023 and has served over 500 students. HSC also participated in [MiCareerQuest Middle Michigan](#), an immersive career readiness event for middle and high school students. HSC engaged students through one-on-one conversations and hands-on activities that allow them to experience various aspects of work at HSC. In 2022, we were recognized for having the best booth for engaging students.



# Diversity, Equity & Inclusion

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HSC is still early in our work on diversity, equity and inclusion (DEI). With a high-performance culture where talent and hard work matter, we value the unique perspectives, backgrounds, experiences and ways of thinking of all our employees. Our leaders work hard to understand and provide flexible solutions to enable every individual to contribute to their fullest.

Since 2017, we have increased our hiring of women and underrepresented males into professional and technical roles, but we still have untapped potential in creating a more diverse and inclusive organization. The integration of contract employees in early 2022 marked a positive step towards greater workforce diversity. We are dedicated to expanding these efforts to include salaried professional and leadership positions.

Among other steps, we introduced unconscious bias training; engaged an onsite success coach to address barriers that affect productivity, attendance and retention; and conducted a survey to give us insights regarding inclusive leadership behaviors.

We have established a holistic strategy to ensure that we make a step change in our performance.

## Reputation

Cultivate a reputation as an inclusive employer endorsed by both staff and the community.

## Talent

Recruit, nurture and retain diverse talent to energize innovation and growth.

## Culture

Champion an inclusive culture that embraces diversity and promotes equity and belonging.

## Growth

Intentionally plan for workforce needs and enhance access to opportunities by eliminating barriers.

## Governance

Foster policies and procedures that permeate all levels of the organization to institutionalize DEI thinking in the way we work.

This table shows the change in our overall demographics since 2019.

Employee Demographic	2019	2023
White Males	83%	58%
White Females	13%	15%
Non-White Males	2%	16%
Non-White Females	2%	11%



## Employee Spotlight: Gabe Therrien

Life as a deaf person sometimes presents certain challenges, but one of HSC’s newest employees doesn’t let it get in his way. While completing his studies at Chesaning Union High School and the Saginaw Career Complex, Gabe Therrien excelled in his student internship at HSC. After graduating, he was offered a full-time job at HSC as an electrician apprentice.

Gabe has received a warm welcome from his work colleagues and some of them are even learning sign language. Gabe says he’s learning new things every day and he’s a firm believer in the power of teamwork: “Being able to trust each other is most important to me.” To support Gabe’s success, HSC installed assistive technology on his phone, posted information in his work areas about basic communications using American Sign Language (ASL) and provided interpreter services, when needed, for meetings and training sessions.





These graphs show our 2023 gender and race/ethnicity distribution through our three job classifications.

# Serving Those Who Serve

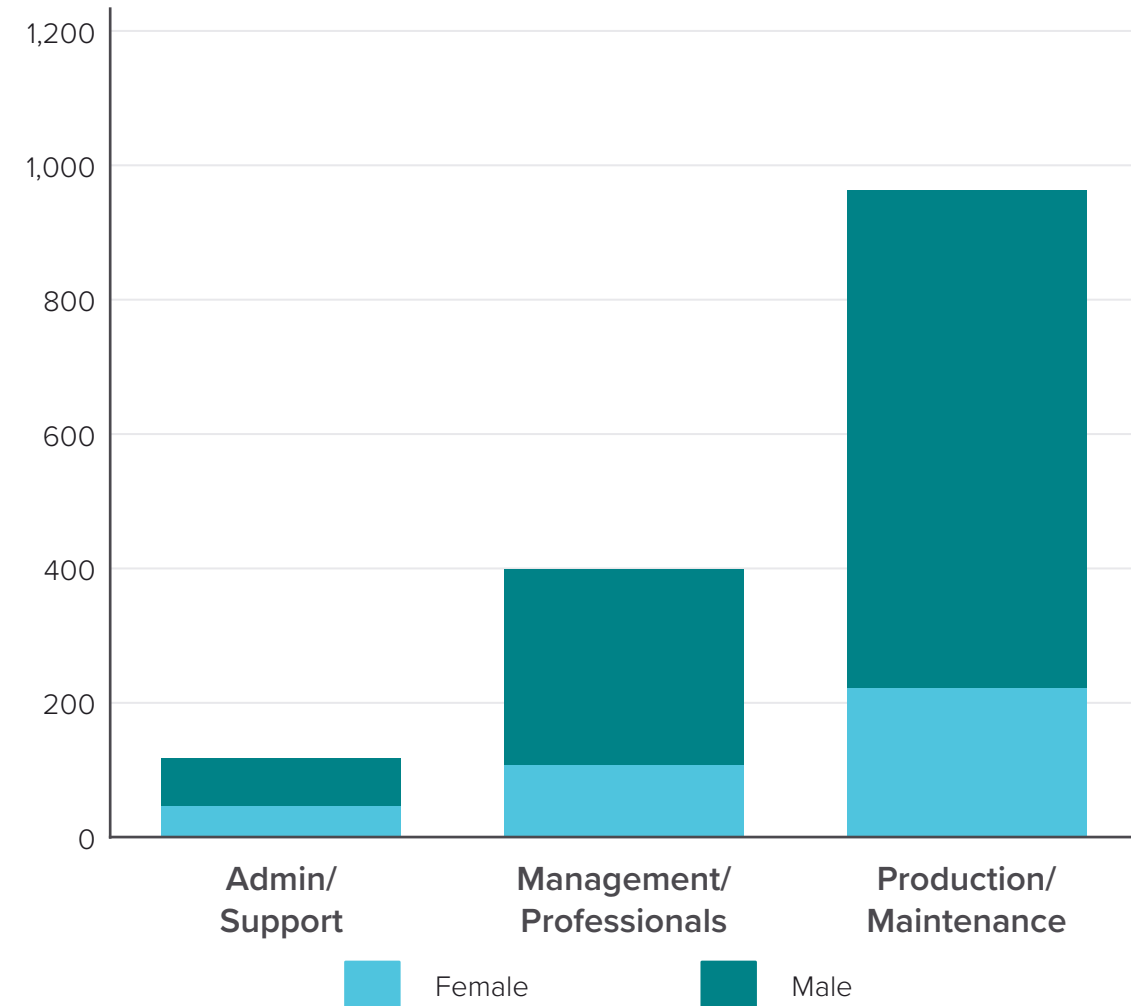


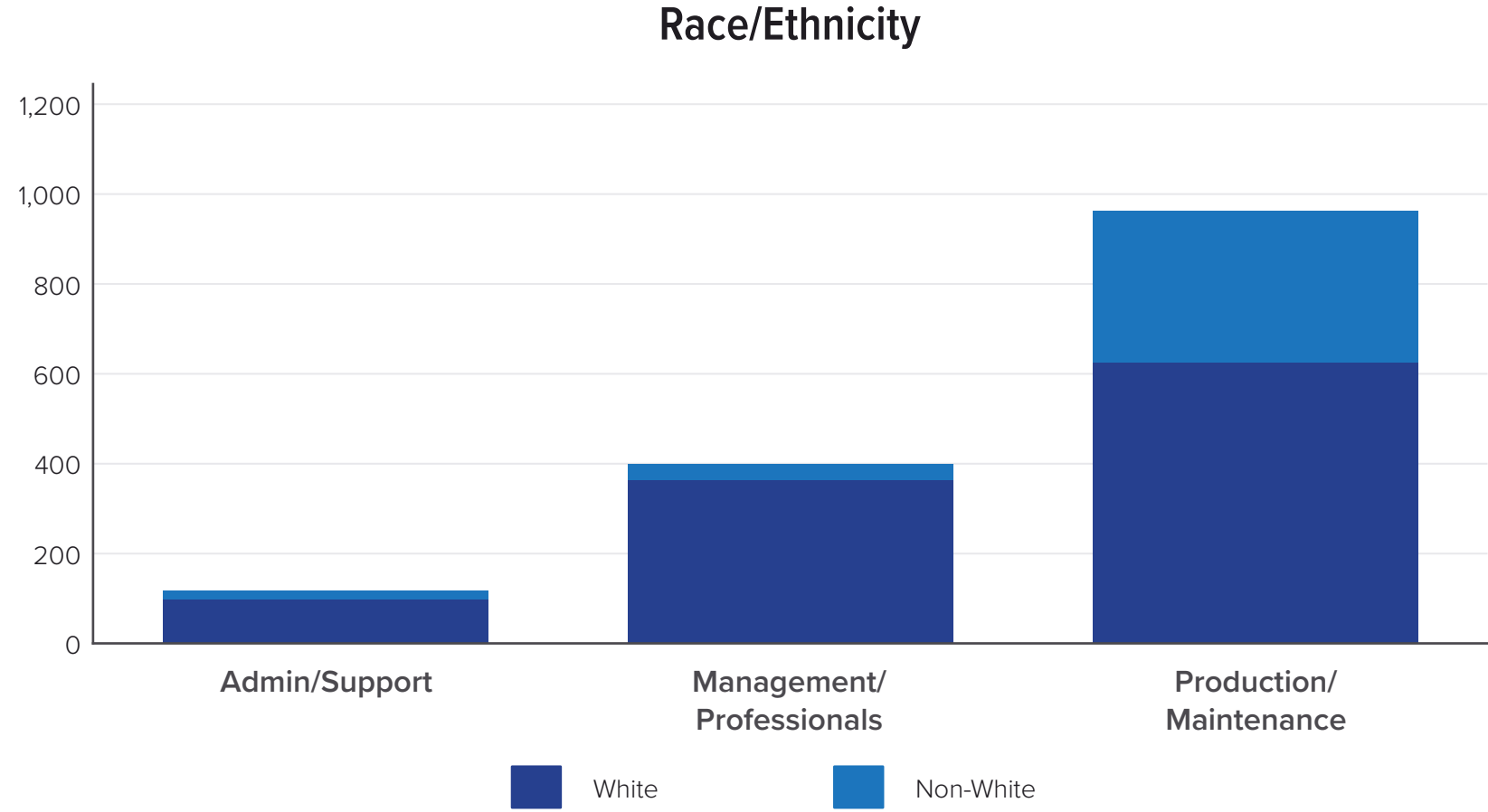
The Michigan Veterans Affairs Agency (MVAA) has officially certified our company as a Veteran-Friendly Employer (VFE) and Veteran Connector. This prestigious designation reflects our unwavering commitment to fostering a diverse and inclusive workplace environment that actively supports veterans.

Through this certification, we gain access to valuable resources that directly benefit veterans within our company and the broader community.

This certification marks a significant step forward, and we remain dedicated to continuously developing new initiatives that cultivate a workplace where veterans feel fully understood, valued and empowered to excel.

Gender





A robust set of Employee Resource Groups (ERGs) at HSC include Women, PRISM (Promoting Rights, Inclusion and Support for Marginalized LGBTQ+ Communities), New Hires, Employee Engagement, CARE (Community and Regional Empowerment) and United Way. We encourage employees to engage with ERGs that interest them.



# Enhancing LGBTQ+ Inclusion

PRISM, HSC's first employee-driven LGBTQ+ Employee Resource Group (ERG), was officially launched in June 2024, following months of development to align with the company's culture. Although it became formally recognized in June, PRISM began its activities, including events and educational sessions, early in 2023. The group's establishment was driven by employee pull plus executive support, and it has since focused on addressing legal and operational requirements to effectively support both on-site and off-site communities.

In its efforts to enhance LGBTQ+ inclusion at HSC, PRISM undertook a strategic and deliberate approach. It worked closely with leadership to address necessary legal and operational steps for creation and built a comprehensive plan that included allyship training, community mixers and leadership development. Facing challenges as the first employee-driven ERG, PRISM overcame initial obstacles by implementing leadership inclusivity training, which highlighted real-world scenarios and reinforced the need for understanding and navigating potential intolerance within the workplace.





# Empowering Employee Success

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At HSC, we know we cannot achieve our goals as a company without the hard work and dedication of our employees. We are proud to offer high-tech careers with excellent compensation, benefits and opportunities for advancement.

In addition to a competitive total compensation package (which includes base pay and a goal-driven incentive pay program), HSC benefits include:

- Medical, dental and vision coverage
- 401(k) retirement account
- 11 paid holidays, including Juneteenth
- 128 hours of paid time off the first year; more in future years
- Tuition reimbursement program
- Maternity and paternity leave
- Many other benefits programs, including adoption assistance and scholarships for employee dependents

HSC has traditionally provided employees with the necessary training and resources to function in their roles. As we rolled out our core values in 2022, we recognized the need to create a Learning and Development (L&D) organization that expands our training from initial onboarding to leadership development. The L&D organization includes 20 people who are focused on ongoing training for our 800 operators.

New employees now have a robust training program that ensures they learn about HSC's business, operations and key markets. New people managers are provided with development courses that help them flourish in their new role, including examples of different challenges with best practice approaches to address each challenge. Training modules have a consistent language, so as employees grow in the organization, the training programs build on previous lessons.

Our co-op program was upgraded to ensure that students are working in the areas they have been studying and have specific project objectives. All co-ops are now expected to present a final report at the end of each year working at HSC.



To make it easier to reach the site, HSC partnered with Saginaw Transit Authority Regional Services (STARS) to add a special route that starts at the STARS' headquarters in Saginaw and travels to Hemlock Semiconductor in Thomas Township. Known as the "HSC Silicon Express," the 15-mile, round trip route represents STARS' latest partnership with a local business. The route is subsidized for HSC employees.

HSC also participates in MI Tri-Share, Michigan's innovative cost-sharing program for childcare. Tri-Share makes childcare more affordable and accessible by splitting costs between parents, employer and the state. Childcare costs can be a burden for many of our valued employees and we are helping to remove this barrier.

Encouraging young people across the Great Lakes Bay Region to pursue careers in the skilled trades is the goal of a first-of-its-kind collaboration between HSC and the Saginaw Career Complex. Our new Youth Apprenticeship Program makes HSC the first company in the region to offer high school students unique opportunities that combine on-the-job training, professional mentorship and classroom studies that result in a skilled trades certification. The expanded apprentice program has been successful, with all recent apprentices hired full time after their training was completed.







## Employee Spotlight:

# Teamwork makes the dream work

When Geroid Cleveland (left) and Phil Alaniz (below) learned they would be offered jobs as full-fledged HSC employees, they were excited to hear the good news. Both had been working as contract employees in various roles at HSC's Hemlock site, but the company's move to assimilate its contract workforce opened new doors to advancement and job fulfillment.

"I've loved it ever since," Geroid says. "The culture is great, and everybody has a good attitude."

After 12 years as a contract worker, Phil now leads a 130-member solar production team. He says he was excited by the vision and passion behind the transition and the new opportunities that would be available to him.

Both men agree that teamwork is an important key to HSC's success. "Everybody's got to be on board to accomplish everything else," Geroid says. "Whatever you can do to teach someone or give someone knowledge to help them further their advancement, and help you be most efficient and productive, I think that's most important."

Phil agrees, noting that "the best part about working here is the teamwork within our group and within HSC. I feel like you could go up to anyone and I truly feel they would drop whatever they are doing to help."



## Employee Spotlight:

# Women at work

One of the successes of our workforce integration is empowering former contract employees to advance their careers as fully vested HSC employees. Two of those employees, Adriana Gonzales (left) and Cheryl Walker (right), both worked as contract employees for nearly 20 years. They shared their stories and why they were excited to become full-time HSC employees.

### **Adriana Gonzales, HSC Process Control Operator**

“I had gone back and forth between manufacturing and healthcare for much of my working career, but when I learned about the benefits around full-time work with HSC, I knew this was the career for me. I started as the sole woman in my department, but am blazing a path for myself and for my children. The ability to balance my time and resources is what makes this a great place to work for the long run. I’ve been able to turn this into a career, not just a job.”

### **Cheryl Walker, HSC Process Control Operator**

“For me, the most valuable part of working as a full-time employee at HSC is the empowerment. I’m responsible for multiple areas on site, and I’m empowered to make decisions and move forward. Transferring over through this process increased my level of perceived potential. It opened doors that we didn’t know were there and gave me opportunities for growth. I’ve had an incredible experience, and I know this has altered my future.”





# Supply Chain Management

Suppliers



We are continuing to engage our supply chain to drive progress on sustainability. Starting from the foundation of our [Supplier Code of Conduct](#), we are seeking ways to partner with suppliers to reduce environmental impacts and support a more circular economy, where all waste is reused or recycled, rather than being sent to a landfill.

One major program in the past 18 months is focused on our sourcing of Metallurgical-Grade Silicon (MG-Si). Our choice of processing raw materials for the silicon purification process – coal or charcoal – has major implications for the embodied carbon of MG-Si. Changing from coal to renewably-based charcoal reduces the MG-Si embodied carbon by 50 percent. We are engaging with global suppliers, shifting towards utilizing more MG-Si, based on charcoal from sustainably managed forests, as well as assessing the carbon intensity of the suppliers’ energy sources and their human rights practices.

The U.S. government has moved with urgency in recent years to ensure the solar supply chain is free of forced labor, and the solar industry has responded in kind. Materials from ethical and traceable suppliers are critical to the production

of our hyper-pure polysilicon. In line with our long-standing commitment to resilient and environmentally sustainable supply chains, HSC sources all MG-Si from suppliers that use quartz mined from North and South American sources.

HSC has enhanced our supply chain transparency work to achieve a gold standard in demonstrating that none of our raw materials are sourced from regions using forced labor. Our work involves close coordination with our partners and customers to provide material manifest and proof of supply chain security documentation.

We have significantly increased our supplier audits from five to six annually to over 20 as part of our focus to better understand the ESG performance of our suppliers.

Key raw material purchases:

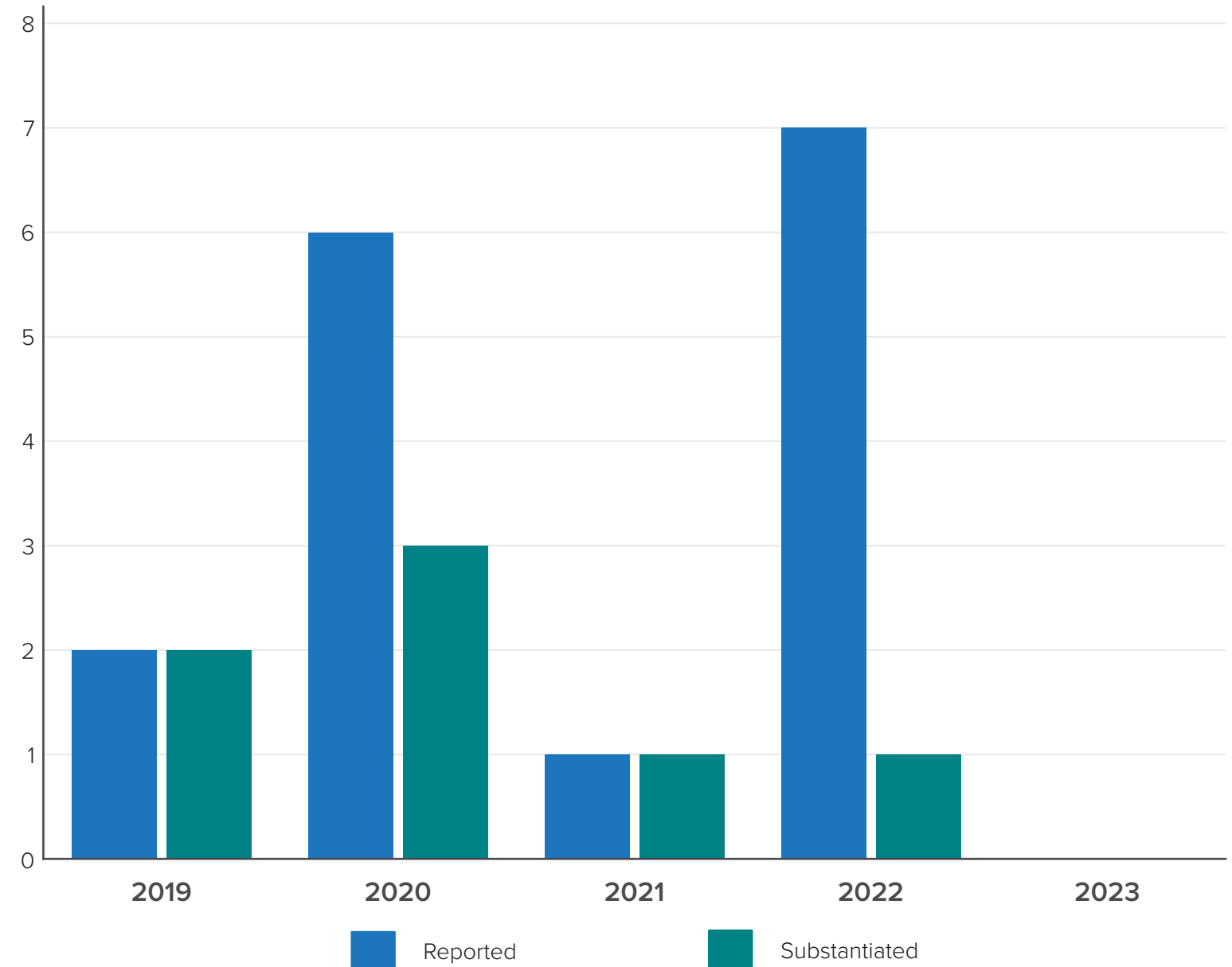
- MG Silicon
- Energy
- Bulk Gases
- Anhydrous HCl
- Water

# Ethics and Compliance

A high ethical standard is central to realizing our core value of Responsibility. Acting ethically and encouraging our co-workers to do the same are conditions of employment. Every employee is required to complete an annual [Code of Conduct](#) training program and is expected to report any potential violations of the Code so they may be investigated and addressed.

HSC takes very seriously all laws and regulations. There have been no significant violation notices since our previous report.

Number of Ethics Code of Conduct Violations







# Risk Management

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An Enterprise Risk Management (ERM) process is used to identify and assess the top strategic risks to achieving HSC's full potential. The Executive Leadership Team (ELT) members and functional organizations each identify key risks, then collectively rank and prioritize all risks. Specific tools are used to aid in ranking.

Each identified risk is ranked on likelihood and impact through blind voting. A heat map and comparison to prior year risk scores offer insights.

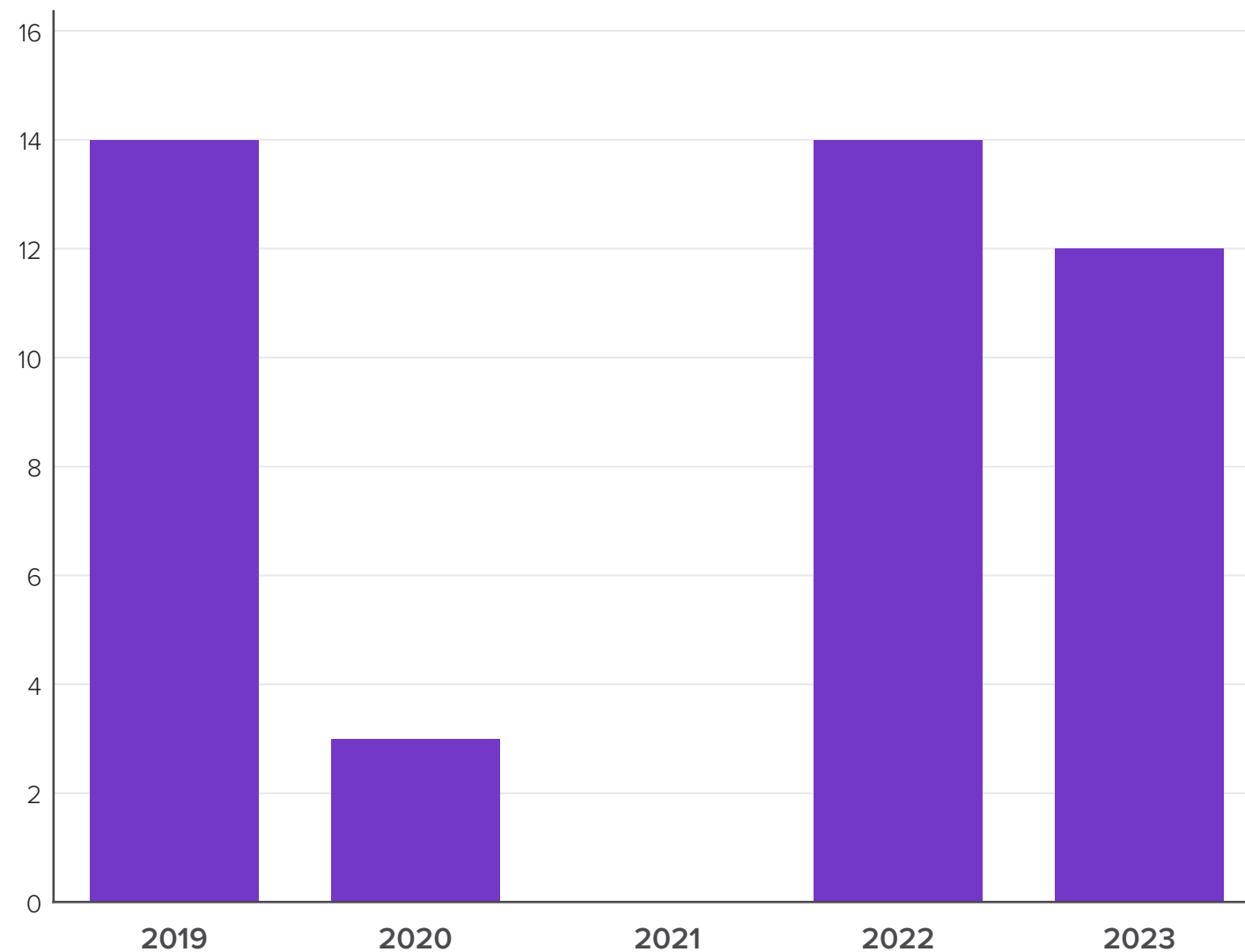
The result is a unified view of company-wide risk linked to HSC's strategic plans. Executives own each resulting mitigation plan and periodically perform ELT reviews for efficacy. New risks and additional actions are identified during periodic reviews.



# Product Stewardship

As a member of the [American Chemistry Council](#), we are committed to [Responsible Care®: Driving Safety & Sustainability](#). We take seriously our responsibilities around product stewardship. Our customers want to know that the products they buy from HSC are always properly packaged and documented to identify any hazards or potential safe-use issues. For our Chemical Sales business, we work closely with our customers to ensure they can handle the product safely and are trained to ensure there are no safety incidents associated with use of the product. Due to COVID-19 restrictions in 2020 and 2021, our customer audits were significantly reduced. We have since resumed our audits up near 2019 levels.

Responsible Care Audits





# Public Policy

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HSC was highly engaged in supporting the passage and implementation of the Inflation Reduction Act (IRA) and the CHIPS and Science Act of 2022. Each of these federal laws support the growth of U.S. industry and are critically important to ensuring that the U.S. continues to be a leader in renewable energy and semiconductor technologies.





# Innovation

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# Product Contributions to Sustainable Solutions

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Our overall strategic direction is unchanged: HSC remains focused on improving our quality, while making sure that our products have the lowest embodied carbon, enabling both our solar and semiconductor customers to grow with a lower Scope 3 footprint.

## **HSC on the Cutting Edge of Computing and Analytics**

Innovation continues to drive towards smaller and smaller electronic devices with higher computing power, requiring higher purity silicon to deliver the performance we have come to expect. We are in the final stages of starting up our Next-Generation Finishing process, which will provide our semiconductor customers with the purity levels they require. An additional benefit is that the new process will be significantly safer for our employees.

## **HSC on the Cutting Edge of Energy Storage**

One of the significant challenges of electric vehicle (EV) adoption is range anxiety — what happens if the battery runs out and there is no access to a charging station? HSC is working to deliver innovative technology that will make batteries more efficient, extending the range of current batteries or allowing auto manufacturers to reduce the weight of the battery for the same range. The technology not only increases the battery's efficiency, but also improves safety for drivers and first responders when the EV is involved in an accident. We are working with a team across the HSC supply chain to move as quickly as possible to deliver this technology.

## **HSC Solar Technologies to Support Expansion of the U.S. Domestic Solar Panel Production**

The U.S. federal government is investing billions of dollars to create a robust domestic supply chain for both solar and semiconductor technologies. HSC is making the strategic investments necessary to support this endeavor and to produce larger quantities of high quality, traceable, sustainable polysilicon to meet the needs of our global customers.

# What's Next

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I've had the privilege to lead HSC's sustainability efforts for over four years now. The job has been both rewarding and challenging as we seek to implement the changes necessary to make HSC a more sustainable company.

The integration of our contract workforce into full-time HSC employees has been a major step forward in our sustainability journey. Because of the work that has been done since early 2023, our employees are more likely to go home each night uninjured. There are enhanced career path opportunities for everyone and, while there is more work to be done, we are building a high-performing team based on our values of teamwork, responsibility, excellence and customer focus. We will continue to learn from the integration and drive progress toward achieving our overall sustainability commitments.

Over the past two years, we have partnered more with [Corning Incorporated](#), our majority owner, to determine the best strategies for HSC to support achieving Corning's SBTi goal. We are working through a roadmap that includes energy efficiency investments, as well as approaches to utilize more renewable energy. I expect that the partnership will lead to more thoughtful and creative approaches to our decarbonization work.

The hard truth about sustainability is that no one can do it alone. I cannot understate the importance of our partnership work – whether through the [Ultra Low-Carbon Solar Alliance](#) (ULCSA) developing a new embodied carbon standard that

we embedded into the solar EPEAT standard, or our work with [Consumers Energy](#) to support our energy efficiency and green energy strategies, which resulted in a significant rebate based on our energy reduction. I expect that our partnership work will continue to grow and pay dividends as we utilize the power of the full supply chain to drive more sustainable actions.

I want to thank HSC employees for all the work they have done over these past two years – we are seeing significant progress in many areas. But we can't get complacent or discouraged. There is so much more that we need to do, and at times it can feel overwhelming. Aligned to our "get better every day" mantra, we will keep chipping away to find those small steps that add up to real change and reveal our untapped potential. I am excited to continue supporting that work so that in 2026 we will be reporting even more progress toward our voluntary sustainability commitments.



Steven Holty  
Sustainability Leader





# Contact Us

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## For more information:

Visit our website: [hscpoly.com](https://hscpoly.com)

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## For questions:

Please reach out to us at [hscpoly.com/contact](https://hscpoly.com/contact)