

Ensuring Supplier Compliance

Training on the German Supply Chain Act and Business Partner
Code of Conduct

Introduction

Dear Valued Business Partner,

Thank you for taking the time to participate in SGL Carbon's Supplier Compliance Initiative. Your involvement is crucial to our shared goal of ensuring ethical, sustainable, and responsible business practices throughout our supply chain.

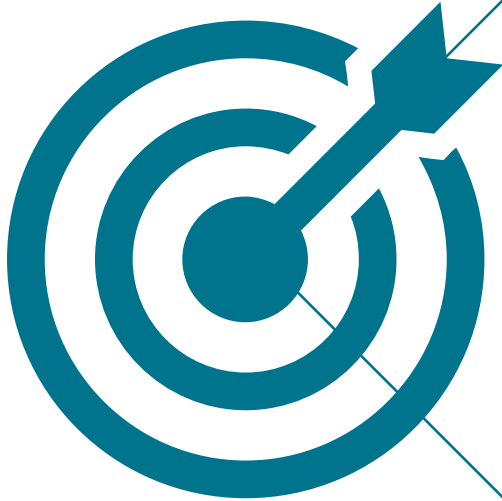
At SGL Carbon, we are deeply committed to upholding the highest standards of integrity and sustainability. This training is designed to equip you with the necessary knowledge and tools to identify and address potential human rights and environmental risks proactively. Moreover, it aims to ensure that you are well-prepared to meet the contractual obligations we have established together and to implement these requirements effectively.

This training will cover key aspects of the German Supply Chain Due Diligence Act and the resulting expectations for SGL Carbon to collaborate closely with you as a trusted supplier. Additionally, we will talk about our Business Partner Code of Conduct, which outlines our expectations regarding ethical conduct, compliance, and our mutual commitment to fulfilling due diligence responsibilities as part of our shared accountability.

At the end of the training, you'll find a summary with helpful links to all the referenced documents.

We appreciate your dedication to these important matters and look forward to working together to build a more sustainable and responsible future.

Objective and background of this training



This training is intended to ensure that all suppliers...

- are familiar with our Business Partner Code of Conduct and know what SGL Carbon expects from its suppliers in terms of environmental, social and governance (ESG) matters.
- are informed about the risks and expectations with regard to the German Supply Chain Act.
- know what to do if they do not meet SGL Carbon's expectations.

Agenda

1. **Sustainability at SGL Carbon**
2. **Business Partner Code of Conduct**
3. **German Supply Chain Due Diligence Act**

1 Sustainability at SGL Carbon

Our products and solutions enable innovation in sustainability-driven markets and applications

Electromobility



- Battery cases
- Composite leaf springs
- Ceramic brake discs
- Friction materials and components

Renewable Energy



- Components for photovoltaic silicon crystal growth



- Components for wind rotor blades



- Fuel cell components

Semiconductor



- Components for the production of semiconductor crystals and wafers



- Carriers for LED wafer production

Other Industries



- CFRP components for Automation



- Prepregs for Aerospace

At SGL Carbon, we strive for sustainable impact

ACHIEVEMENTS

Improved footprint

-25% GHG emissions

98,000 t CO₂e Scope 1 & 2 2023 vs. 2019

-41% water withdrawal

3.8 mill. m³ H₂O 2023 vs. 2018

CDP Rating



Rating up from “C” in 2022

2,121 SGL employees
trained on “anti-corruption”

Women’s quota

18% all employees

22% senior mgmt.

Life Cycle Assessment
(LCA) capabilities built
up in all four BUs

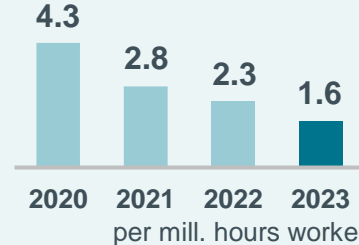
Safe workplace

-63%

**Lost-time
incidents**

2023 vs. 2020

LTI Frequency rate



Climate roadmap
communicated

Certification of the Compliance
Management acc. to ISO 37301

Our ESG ambitions are comprehensive and challenging

TARGETS*



Environmental



-50% Reduction of CO₂ emissions (scope 1 and 2) by 2025 (base year 2019)



CO₂ NEUTRAL Climate-neutral by 2038 (scope 1 and 2)



Develop CO₂ scope 3 reduction measures



-1% Energy intensity reduction per year



Social



-5% Reduction of LTI Frequency Rate per year (base: 2022 target)



20% Women's quota (Senior Management)



20% Improvement of SGL Performance Culture Index



100% Training of all production employees on the Code of Conduct and Human Rights (until end of 2024)



Governance



100% Signature of Supplier Code of Conduct by relevant suppliers



Review of suppliers' ESG performance



0 No tolerance of compliance violations; supported by investigation & sanctioning



Re-certification of our Compliance Management System in acc. to ISO 37301

*Status as of November 2024. For the most current information, please visit <https://www.sglcarbon.com/en/company/sustainability/>

2 Business Partner Code of Conduct

SGL Carbon's Business Partner Code of Conduct (BPCoC)*

Responsible and lawful conduct is a prerequisite for all our business activities and relationships. The Business Partner Code of Conduct (BPCoC) emphasizes this obligation and reflects our shared values.

As signatory of the UN Global Compact SGL Carbon commits to its principles and the core labor standards of the International Labor Organization (ILO standards) and expects the same from its suppliers and subcontractors as well as to commit to legal, ethical and sustainable behavior.

Compliance with Laws, Rules and Legal Regulations

Environmental and Climate Protection

Safety and Health

Supply Chain Due Diligence



Grievance and Complaints Mechanism

Responsible Sourcing

Rights of Local Communities

Good Working Conditions and Human Rights

BPCoC - Compliance with Laws, Rules and Regulations

We expect our Business Partners to comply with all applicable local and international laws. In this regard, our Business Partners commit to*:



Compliance with Competition and Antitrust laws.



Compliance with Anti-Corruption laws.



Compliance with Export Control and Customs.



Compliance with Data Protection, Business Information and Intellectual Property.



Compliance with Accounting Standards and Anti-Money Laundering.

*For more details see SGL Carbon SE Business Partner Code of Conduct

BPCoC – Business Integrity

Business Integrity also means to make business decision exclusively on the basis of objective criteria.

This means to avoid situations where a potential conflict of interest can occur. Therefore, private interest or other activities, including those of relatives or otherwise related persons that improperly influence business decisions must be avoided.

Business partners need to have respective processes in place to ensure that employees with potential or actual conflicts of interest should be involved in any business decision related to SGL Carbon.



BPCoC – Good Working Conditions and Human Rights

- Prohibiting child labor through robust age verification processes.
- Protecting young workers from hazardous work environments, adhering to the principle of “no harmful work.”
- Prohibiting forced labor, including all forms of modern slavery and human trafficking.
- Maintaining a safe and respectful workplace free from retaliation, violence, and harassment, while upholding individual dignity.
- Rejecting all forms of discrimination in recruitment and employment based on, but not limited to nationality, ethnicity, gender, disability, age, sexual identity or orientation, religion, beliefs, color, maternity status, or any other legally protected category.

In line with the Universal Declaration of Human Rights and International Labour Organization (ILO) standards, SGL Carbon is committed to protecting employee rights by ensuring the following:



BPCoC – Good Working Conditions and Human Rights

- Ensuring compliance with laws governing fair remuneration, minimum income, social benefits, working hours, and sufficient rest periods.
- Respecting workers' rights to freedom of association and collective bargaining, even in countries where these rights are not legally protected.
- Implementing responsible security practices at sites to prevent any acts of violence.

In line with the Universal Declaration of Human Rights and International Labour Organization (ILO) standards, SGL Carbon is committed to protecting employee rights by ensuring the following:



BPCoC –Health and Safety

Business Partners are committed to providing a safe, healthy and ergonomic working environment that supports accident prevention and minimizes exposure to health risks by their employees and contractors. To that end, they must in particular*:

- Inform employees of hazards and the associated preventive and corrective measures
- Conduct sufficient employee training on the prevention of work-related health disorders and the prevention of accidents
- Provide suitable protective equipment and protective equipment free of charge
- Provide access to sanitary facilities and drinking water
- Install appropriate fire protection equipment
- Monitor and control work-related health hazards and the resulting protective measures
- Label the chemicals used pursuant to GHS and store chemicals in line with regulations



*For more details see SGL Carbon SE Business Partner Code of Conduct

BPCoC – Environmental and Climate Protection

We expect our Business Partners to operate its business with responsibility towards the environment meaning the careful and efficient use of resources and to comply with all applicable national and international environmental standards and laws that apply to your location of business including required permitting*.

Hazardous substances and waste

Business Partner commits to the responsible handling of hazardous substances and chemicals, to the sustainable and responsible utilization of resources, to the recycling, reduction of waste and prevention of hazardous releases to the environment.

Climate protection and resource efficiency

Business Partner commits to reduce greenhouse gases and communicates about their set targets.

Responsible handling of substances and materials

Business Partner commits to avoid the use of substances and materials with adverse environmental or health impacts and must identify alternative environmental-friendly solutions.

*For more details see SGL Carbon SE Business Partner Code of Conduct

BPCoC – Responsible Sourcing

We expect our Business Partner to follow due diligence processes in order to identify, prevent and mitigate risk for negative human rights and environment impacts in their supply chain with regard to relevant raw materials.

In particular, this refers to tin, tantalum, tungsten, gold, cobalt and mica.

Business Partner avoids, if applicable, using raw materials from smelter or refineries that do not meet the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

With this Business Partner affirms to not use Conflict Minerals, if applicable.



BPCoC - Rights of Local Communities

We expect our Business Partner to acknowledge and respect the existence of land, water and resources use rights in their neighborhood and respect the rights of indigenous peoples and local communities.

Business Partner refrains from excess water consumption that significantly impair the natural foundations for the cultivation and the production of food. Business Partner observes the ban on the unlawful eviction from land, forest and waters when acquiring, building on or otherwise using land or forest that serve as a person's livelihood.



BPCoC – Grievance and Complaint Mechanism

SGL Carbon encourages its Business Partner to seek guidance regarding the principles and standards of our BPCoC!

Business Partners can report to SGL Carbon any concerns and disclose any Compliance violation or potential human rights related or environmental risks, including sharing any information and findings about potential violations or misconduct of their own employees and suppliers and cooperating in any investigation.

SGL Whistleblowing:

SGL Carbon SE

Group Compliance Office

Söhnleinstraße 8

65201 Wiesbaden/Germany

Email: confidential-compliance@sglcarbon.com

Phone: +49 (0)611-6029-236

SGL Carbon will respect and protect any person who reports a potential violation. Retaliation is prohibited for our Business Partner who report wrongdoing in good faith and confidentiality of their identity will be ensured. Further information are provided in our [Complaint Procedure](#).



3 German Supply Chain Due Diligence Act

German Supply Chain Due Diligence Act (LkSG)

Definition

The Act on Corporate Due Diligence Obligations in Supply Chains (“Lieferkettensorgfaltspflichtengesetz”) came into effect on January 1, 2023. The law regulates the responsibility of companies in Germany to respect human rights and the environment in their global supply chains.

Objective

The German Supply Chain Act aims to provide greater protection for human rights and the environment in the global economy. It includes the establishment of a risk management system to identify, prevent or minimize the risks of human rights abuses and environmental damage. The law sets out the necessary preventive and remedial measures, makes complaint procedures obligatory and requires regular reporting.

Gradual Introduction

January 1, 2023: Companies that are based in Germany and generally have at least 3,000 employees in Germany must comply with this law.
January 1, 2024: Companies based in Germany and generally employing at least 1,000 employees in Germany must comply with this law.

SGL Carbon´s expectations on suppliers based on the German Supply Chain Act

Since January 1, 2024, all companies with a registered office in Germany that have at least 1,000 employees must comply with the German Supply Chain Act. **This also includes SGL Carbon.**

Implementation:

Integrity Next* is our partner of choice for compliance.

Based on the results of the risk analysis in Integrity Next, SGL creates an action plan for each supplier.

The action plan will enable SGL to better manage supply chain risks and contribute to a more environmentally and socially responsible environment.

SGL Carbon´s expectations of its suppliers:

As our supplier, we expect you to complete the Integrity Next questionnaires and support us in the implementation of the resulting action plan. With this essential and significant contribution, you help us identify potential human rights related and environmental risks and thereby comply with the Supply Chain Act.

Integrity Next as a reliable partner working with the German Supply Chain Act

Integrity Next is a cloud-based platform that helps its customers to identify and manage ESG risks along the value chain. It covers important aspects of sustainability and CSR requirements and enables companies to monitor thousands of suppliers with minimized administrative effort using ready-made questionnaires.

Integrity Next offers the following advantages for you as a supplier:



- Completing the questionnaires is free of charge; all platform-related costs are covered by SGL
- Your Integrity Next profile can also be used for other customers
- Data protection is fully compliant with the General Data Protection Regulation (GDPR)
- Integrity Next offers a reliable overview of your own ESG classification
- Sharing questionnaire results via URL is also possible with customers without Integrity Next profile

Integrity Next Questionnaires

To comply with the obligations of the German Supply Chain Act, all suppliers have to answer the following ten questionnaires:

- Anti-Bribery & Anti-Corruption
- Environmental Protection
- Human Rights & Labour
- Health & Safety
- Supply Chain Responsibility
- Quality Management
- Cyber Security
- Conflict Materials
- Business Continuity
- Cobalt & Mica

Further measures taken by SGL (based on the German Supply Chain Due Diligence Act § 6 - 7)

Preventive measures:

- Lay down appropriate preventive measures in own area of business
- Conduct regular training courses for suppliers
- Lay down appropriate preventive measures vis-à-vis a direct supplier

Possible measures upon violating the German Supply Chain Act:

- Schedule a supplier audit
- Creating a plan to end the violation or minimize risk
- Interrupting or suspending the business relationship
- Full termination of the business relationship

Our key disclosure resources are publicly available

BPCoC



Business Partner Code of Conduct; available in different languages

<https://www.sglcarbon.com/en/company/compliance/responsible-conduct-in-the-supply-chain/>

ESG Factbook



Data 2019-2023 including ESG reporting standards indices (GRI, SASB, TCFD)
>250 Items/KPIs listed
.xlsx Format

<https://www.sglcarbon.com/data/company/sustainability/SGL-Carbon-ESG-Factbook.xlsx>

CDP Climate Questionnaire



Reporting 2020 – 2023
Current rating: „B“ (2023)

<https://www.sglcarbon.com/data/company/sustainability/2023-Climate-Change-SGL-Carbon-SE-Response-Questionnaire.pdf>

CSR Report 2023



Audited by KPMG AG (limited assurance)

<https://www.sglcarbon.com/data/news/user-upload/SGL-Carbon-2023-CSR-Report-EN-22-03-2024-s.pdf>

Integrity Next



Integrity Next Homepage

<https://www.integritynext.com/platform>

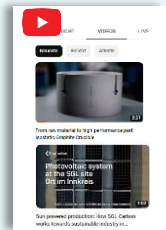
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Thank you!