

## The Supervisory Board<sup>1</sup>

### 1 Responsibilities and tasks

The responsibility of the Supervisory Board is to advise and to supervise the Board of Management on the management of the Company. The Supervisory Board shall be involved in decisions of fundamental importance for the enterprise.

The Supervisory Board reports to the ordinary General Meeting on its activities in accordance with the legal provisions and the provisions of the German Corporate Governance Code (GCGC).

#### 1.1 Responsibilities prescribed by law

The legal provisions require the Supervisory Board to resolve, amongst others, on the following issues:

- the annual financial statements (section 172 of the Aktiengesetz)
  - To this end, all Supervisory Board members receive a copy of the audit reports and further documents relevant for the resolution in good time prior to the Supervisory Board meetings in question. The auditor attends these meetings.
- the appointment and removal of members of the Board of Management (Art. 39 (2) of the SE Regulation, section 84 of the Aktiengesetz) as well as their remuneration and service contracts
- amendments to the Articles of Incorporation that concern the formal wording only (section 179 of the Aktiengesetz in conjunction with Article 11 (3) of the Articles of Association)
- granting of loans to members of the Board of Management (section 89 of the Aktiengesetz) and to Supervisory Board members (section 115 of the Aktiengesetz)
- consulting contracts concluded by the Company with Supervisory Board members (section 114 of the AktG)
- transactions with related parties requiring consent of the Company

#### 1.2 Transactions requiring approval in accordance with Article 11 of the Articles of Association

1.2.1 The list of transactions requiring approval in accordance with Article 11 of the Articles of Association is broken down into the following groups:

- Acquisitions and divestments
- Land and financing transactions
- commencement of new and discontinuation of existing lines of production or business

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<sup>1</sup> The names of all functions and offices in the following Articles are to be viewed as being neutral despite any gender-related grammatical references.

- establishment and closing of branch offices
- investment in other companies and withdrawal from such investments

The approval of the Supervisory Board must be obtained for the above-mentioned transactions if they extend beyond the scope of ordinary day-to-day business activities and are of material economic significance for the Company.

The approval requirements also apply to corresponding transactions with associated companies.

The approval requirements as defined in Article 3 of the Articles of Association are not affected.

1.2.2 a) Proposed land and financing transactions should generally be presented to the Supervisory Board for approval if, in individual cases, the following threshold values are met or exceeded:

- € 20 million for the acquisition, disposal or mortgaging of land
- € 150 million for the issue of bonds and raising of long-term debt
- € 50 million for the assumption of sureties, guarantees or similar warranties and for the granting of loans and other debt.

b) In the case of acquisitions and divestments (including investments in other companies and/or withdrawal from such investments), fixed benchmarks and thresholds may not sufficiently take account of the economic significance of these transactions. Crucial factors determining economic significance are the effect of the opportunities and risks for the Group posed by the transaction in terms of its sustained impact on profitability and financial strength, regardless of the size of the transaction in question. The assessment of this on its own responsibility is primarily the task of the Board of Management. In performing this assessment, the members of the Board of Management must take the care exercised by a regular and conscientious executive and apply company valuation criteria such as cash flows, the ratio of investment or divestment expenses to total assets, forecasts of the Company's sales as well as earnings contributions and risk analyses.

For this reason, the Board of Management should assess acquisition and divestment plans on the basis of these criteria and, if necessary, submit them to the Supervisory Board for approval. In cases of doubt, the Supervisory Board Chairman should be consulted as to whether the transaction in question requires the approval of the Supervisory Board.

If a detailed report on a transaction referred to under b) above is presented at a Supervisory Board meeting and if the Supervisory Board has already approved this report by resolution, which must be reported in the minutes, the approval of the Supervisory Board to conclude the transaction is taken to have been granted, provided that the scope of the transaction, the risks involved and the foreseen means of implementation of this transaction do not change materially.

1.3 Other responsibilities

The Supervisory Board has established committees for a number of consulting and resolatory functions. The tasks are defined in the sections 10 to 12 of Article IV of the Corporate Governance Principles.

**2 Composition and remuneration**

- 2.1 When making proposals for election to the Supervisory Board, care should be taken to ensure that the Supervisory Board always has members who have the requisite knowledge, skills and experience to perform their duties properly and who, at the same time, are also sufficiently independent. In addition, SGL Group's international scope of activities, diversity and potential conflicts of interest should be taken into account.

The Supervisory Board shall specify concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Supervisory Board. Within the specifics of the enterprise, the composition of the Supervisory Board shall consider the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members and diversity. Recommendations for election by the Supervisory Board to the General Meeting shall take these specified objectives into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. The objectives and the status of the implementation shall be published. The members of the Supervisory Board on their own take on the necessary training and further education measures for their tasks. In this matter as well as at the commencement of their mandate, they shall be supported by the Company appropriately.

The age limit for members of the Supervisory Board is 72.

As a rule, a member of the Supervisory Board shall no longer be proposed for election to the Supervisory Board upon expiration of his or her third term of office. In this context, terms of office based on judicial appointment shall be disregarded. To the extent a Supervisory Board member holds a major interest in the Company pursuant to GCGC, controls a shareholder with a major interest in the Company or holds a senior management position in a shareholder with a major interest in the Company, a general exception from above rule exists and no time limit will thus apply.

- 2.2 Members of the Board of Management may not become members of the Supervisory Board prior to the expiration of two year after their withdrawal from the Board unless their election has been upon the proposal of shareholders holding together more than 25 % of the voting rights in the Company. The assumption of the chairmanship of the Supervisory Board in this case must be specifically explained to the Annual General Meeting of shareholders. Furthermore, Supervisory Board members may not hold any significant executive positions at key competitors of SGL Group, nor may they provide consulting services for such companies.

In its election recommendations to the General Meeting, the Supervisory Board shall disclose the personal and business relations of each Supervisory Board candidate with the Company, its bodies and with each a shareholder holding a material interest (i.e. directly or indirectly holding at least 10% of the shares with voting rights) in the Company; however, the Supervisory Board may refrain from disclosing one of the aforementioned facts if such fact would, pursuant to the Supervisory Board's assessment, not be regarded by a shareholder judging objectively as authoritative for his election decision.

- 2.3 All members of the Supervisory Board must ensure that they have sufficient time to fulfill their responsibilities. If members of the Supervisory Board are members of the managing board of another listed company, they should not have more than two (2) Supervisory Board posts at non-Group listed companies or in supervisory bodies of companies with comparable requirements in total and should not chair the supervisory board of any such companies. A member of the Supervisory Board who is not a member of a management board of a listed company should not hold more than five (5) supervisory board mandates at listed companies outside the Group or in supervisory bodies of companies with comparable requirements, whereby a chair of a supervisory board counts twice. When making proposals for the election of new Supervisory Board members to the General Meeting, the Supervisory Board will satisfy itself that each candidate will be able to invest the anticipated required time.
- 2.4 The remuneration of Supervisory Board members is laid down in the Articles of Association of SGL Carbon SE. It takes Supervisory Board members' responsibility and the scope of their activities into account.
- 2.5 The remuneration for the Members of the Supervisory Board is individually reported in the Management Report/Appendix to the Annual Report, subdivided according to components. Remuneration for other consulting and brokerage services performed by members of the Supervisory Board is reported separately Corporate Governance Report / in the notes to the consolidated financial statements.

### **3 Meetings, languages, attendance at general meetings**

#### **3.1 Ordinary meetings**

The Supervisory Board holds four ordinary meetings each fiscal year. A meeting of the Supervisory Board may be convened at the request of a single Supervisory Board member.

#### **3.2 Extraordinary meetings**

Each Supervisory Board member or the Board of Management may request that the Chairman of the Supervisory Board convene a meeting of the Supervisory Board without delay, stating the purpose and reasons for this. The meeting must be held within two weeks of being convened (section 110 of the Aktiengesetz).

### 3.3 Location of meetings

Ordinary meetings are held in Wiesbaden unless otherwise specified by the Chairman.

### 3.4 Languages

All pieces of writing, documents and oral declarations by the Supervisory Board are legally binding in the German language. Notices of meeting, agendas, important materials in preparation of meetings and the minutes of the Supervisory Board meetings will be translated into the English language.

Meetings of the Supervisory Board are conducted in German and translated simultaneously into English.

### 3.5 Attendance at the Annual General Meeting

The members of the Supervisory Board are expected to attend the General Meeting (section 118 (3) of the Aktiengesetz). If the members of the Supervisory Board are themselves shareholders and exercise the voting rights resulting from their shares or authorize another party to exercise them at the Annual General Meeting, they must notify the Chairman or a person authorized by him of the number of voting shares they hold prior to the Annual General Meeting. In accordance with section 136 (1) of the Aktiengesetz, the Supervisory Board members may not exercise their voting rights or have other parties exercise them in relation to the agenda item "Discharge of the Supervisory Board". The members of the Supervisory Board will be provided with a simultaneous translation into the English language.

## **4 Attendance at meetings, invitation**

### 4.1 Supervisory Board members and their deputies

All Supervisory Board members are authorized and obliged to attend the meetings of the Supervisory Board. If a member is unable to attend, he must communicate this as soon as possible. The nomination of proxies (representatives at the meeting) is not permitted. Absent members may vote by submitting a written vote through another Supervisory Board member.

### 4.2 Inability to attend meetings

If a Supervisory Board member took part in only half or less of the Supervisory Board meetings and of the committees to which he belongs in a given fiscal year, this should be noted accordingly in the Company's annual report. Participation by telephone or video conference shall also apply as participation, but this should not be the role.

#### 4.3 Board of Management

Unless the Supervisory Board or its Chair provides otherwise, the members of the Board of Management are authorized and obliged to attend the Supervisory Board meetings. They must submit the required reports and answer the questions of the Supervisory Board members.

#### 4.4 Third parties

No persons may attend the Supervisory Board meetings apart from members of the Supervisory Board and the Board of Management, simultaneous interpreters and the minute-writer. However, the Chairman of the Supervisory Board may invite experts and persons providing information to the meetings and allow them to be present for reports and advisory sessions. This is obligatory in those cases in which the law requires it, e.g. attendance of the auditor within the scope of the approval of the annual financial statements. The attendance of other persons requires the approval of the Supervisory Board.

#### 4.5 Regular convening period

Supervisory Board meetings are convened by the Chairman in compliance with a notice period of 14 calendar days (Article 10 (3) of the Articles of Association). The day the invitation is sent and the day of the meeting are not included when calculating the notice period. In the interest of the attendance of all members at the meeting, the Chairman must announce the scheduled dates as early as possible. He should take into consideration the preferred dates of the Supervisory Board members and the Company's interests (in particular availability prior to any resolutions).

#### 4.6 Curtailed convening period

In urgent cases, the convening period for the meeting can be reduced to less than 14 days (Article 10 (3) of the Articles of Association). An urgent case exists if a given measure or a resolution by the Board of Management requires the approval of the Supervisory Board and the Board of Management notifies the Chairman of this fact.

#### 4.7 Form of the invitation

To ensure that the required confidentiality is preserved, the individual Supervisory Board members should be sent a written invitation to the meeting. However, the Chairman may also stipulate that the invitations be issued by fax, by phone or, to the extent that this is legally permissible, by e-mail. For this reason and in respect of the written voting procedure set out in Article 10 (7) of the Articles of Association, each Supervisory Board member must submit his usual daytime telephone and fax numbers as well as his e-mail address on working days to the headquarters of the Company. The Company must be notified of any changes to these numbers without delay.

#### 4.8 Content of the invitation, agenda

The invitation must contain the names of the company and invitee as well as the location, date and time of the meeting. All agenda items must also be listed. If resolutions are to be made, the wording of the resolutions should also be stated if possible; it is sufficient to provide the gist of the resolution. If resolutions whose content is sufficiently described in the invitation or in the agenda are to be passed, forms for proxies should also be attached to the invitation.

### 5 **Chairing of meetings and other responsibilities of the Chairman**

5.1 The Chairman is responsible for chairing the meetings. His tasks include in particular:

- opening the meeting
- determining who is present, in particular due to the need to establish a quorum to deal with the agenda
- decisions on the participation of third parties
- decisions on any required or advisable changes to the agenda
- acceptance and handling of motions proposed for the agenda
- ensuring that all participants in the meeting receive the necessary information on the individual items on the agenda, to the extent that this did not yet occur or was insufficient
- ensuring that minutes are taken correctly
- ensuring the objective and sufficient discussion of the agenda items
- prevention or suppression of contributions to the discussion which are overly long, biased or even disruptive
- interruption of the meeting if this appears necessary or expedient
- attempting to adjourn the meeting if this appears necessary or expedient; if necessary by tabling his own procedural motion
- decision to close the discussion provided that no procedural resolution is passed to continue it
- decision on the form of voting: by show of hands, by acclamation or by secret ballot
- decision to prohibit any Supervisory Board members from voting
- formulation of the motion to be put to the vote
- chairing of the vote
- determination and announcement of the voting results
- decision to close the meeting

5.2 The Chairman instructs the members of the Supervisory Board to regularly check whether the personal requirements for membership of the Supervisory Board of SGL Carbon SE laid down by law (section 100 of the Aktiengesetz) or in these Rules of Procedure still apply, particularly in respect of the maximum number of Supervisory Board appointments held.

- 5.3 The Chairman prepares the publications, reports and other statements by the Supervisory Board and monitors compliance with the legal regulations. He represents the interests of the Supervisory Board.
- 5.4 The Chairman is the contact for the Board of Management in all issues affecting the relationship between the Supervisory Board and the Board of Management. He also coordinates the provision of advice to the Board of Management by the Supervisory Board and its individual members and encourages these members to share their experience and knowledge in cooperative discussions with the Board of Management.

## **6 Resolutions in meetings**

### **6.1 Presence of a quorum**

The Supervisory Board constitutes a quorum if, after all members were invited, at least half of the members took part in the resolution. Abstentions are regarded as participation.

### **6.2 Resolution procedure**

Resolutions must be passed explicitly. The Chairman decides on the type and form of voting: by show of hands, by acclamation, by secret ballot or by any other form. A secret ballot should only take place in exceptional cases.

### **6.3 Resolutions**

The resolutions are passed by a simple majority of votes cast to the extent that the law does not require a larger majority of vote.

Where resolutions are to be passed by a simple majority, the vote of the Chairman or, in the event that he does not participate in the vote, the vote of the Deputy Chairman appointed to represent shareholders on the Supervisory Board shall be the deciding vote in the event of a parity of votes. A Deputy Chairman who is the employee representative is not entitled to a second ballot.

### **6.4 Resolution on the chairmanship of the Supervisory Board**

The Supervisory Board elects a Chairman and two (2) Deputy Chairmen from among its members of which one has been appointed to the Supervisory Board as representative of the shareholders, and one as representative of the employees. Only a representative of the shareholders may be elected Chairman of the Supervisory Board. If the Annual General Meeting receives recommendations for vacant Supervisory Board seats and if the chair has to be elected, proposals for such chair have to be announced to the shareholders.

6.5 Resolutions on issues not on the agenda

Resolutions on issues not announced in the agenda may only be made if not opposed by any member. Members present must declare their opposition before the resolution is taken at the latest. Absent members must submit their objections within the period set out by the Chairman. If no such period has been determined, this period amounts to three days starting from the date on which the absent members have been informed about the content of the adopted resolution. The resolution does not take effect until the periods for objection have ended.

6.6 Participation by Video or Telephone

Members of the Supervisory Board taking part in a meeting of the Supervisory Board by video or telephone conference shall be deemed to be present if none of the Supervisory Board members present at the meeting objects without undue delay.

6.7 Proxies

A Supervisory Board member who cannot attend a meeting should take part in voting via a proxy insofar as the topic of the resolution allows this. Only another member of the Supervisory Board may act as a proxy, and this authorization must be conferred in writing. It must be clear

- who issued it (it must be signed)
- to whom it has been issued (it may be issued to several Supervisory Board members in a specified order)
- on which agenda items the proxy may vote
- the way in which the votes must be cast in regard to individual proposals for resolution.

**7 Passing of resolutions outside meetings (Article 10 (7) of the Articles of Association)**

7.1 The Chairman or a person appointed by him may bring about a resolution of the Supervisory Board by obtaining statements in writing (faxed), by telephone or, to the extent that this is legally permissible, by e-mail, as long as no member opposes this procedure within a reasonable period to be set by the Chairman. The period begins on the day on which the receipt of the request for a resolution can generally be expected.

7.2 The request for the submission of votes in writing must stipulate an appropriate period within which the votes must be submitted. The Chairman or his representative may set a period of grace for Supervisory Board members who have not responded within this period. If a Supervisory Board member does not participate in voting, this is not to be considered an objection to the voting procedure.

7.3 The Chairman or his representative prepares minutes on the resolution that must be signed by the Chairman and the secretary. The minutes are distributed without delay to all Supervisory Board members. Section 16.3 of Article IV of the Corporate Governance Principles applies to the approval of the minutes.

## **8 Formation of committees**

8.1 In line with these Principles, the Supervisory Board forms various committees to handle complex issues. When committees are formed, due care and attention must be paid to the required subject-area expertise of the committee members in question. The formation and tasks of the committees are governed by the provisions below. The following committees must be formed:

- Personnel Committee
- Nomination Committee
- Audit Committee

8.2 Furthermore, the Supervisory Board may, at its discretion, resolve other permanent committees or committees for temporary action. When a resolution to form, other committees is passed, the committee's tasks must be detailed explicitly, along with its composition and whether or to what extent it is authorized to pass resolutions.

## **9 General provisions governing committees**

### **9.1 Formation, term of office**

All committees should be formed at the constituent meeting of the Supervisory Board. The members of the committees are appointed for the duration of their terms as Supervisory Board members. The Supervisory Board must elect alternate members to replace members who retire before the end of their term without delay.

### **9.2 By-laws, chair**

These Principles for the Supervisory Board also serve as the corresponding by-laws for the committees. However, section 4.3 of the Article IV of the Corporate Governance Principles applies subject to the proviso that members of the Board of Management only attend the respective committee meetings after receiving the consent of the Chairman.

Resolutions require the attendance of at least three members of the committee.

With the exception of the Audit Committee according to below section 12.1, the Chairman of the Supervisory Board is also the chairman of the committees unless otherwise resolved. If a committee has equal numbers of shareholder representatives and employee representatives, section 6.3. of the Article IV of the Corporate Governance Principles (Resolutions) applies accordingly.

### **9.3 Repeated absence of members**

If committees are unable to pass resolutions through one or more of their members repeatedly being unable to attend, the members present will request the Chairman to call elections for a suitable substitute from the Supervisory Board who will belong to the committee for the period of the member's absence.

9.4 Announcement of the committees' resolutions, minutes

Minutes must be prepared for the meetings, stating the place and date of the meeting, the names of those present, the agenda items, the key points of the discussion and the resolutions. In the Personnel Committee, in particular, the minutes may refer to annexes that do not form part of the minutes for the full Supervisory Board (section 14.2 Article IV of the Corporate Governance Principles).

The Chairman will brief the full Supervisory Board on the topics discussed and the type of resolution passed at a committee meeting in the Supervisory Board meeting following it.

**10 Personnel Committee**

10.1 The Personnel Committee has three members. The Chairman and the Deputy Chairman appointed to the Supervisory Board as representative of the employees belong to the committee by virtue of their office. The third member will be suggested by the shareholder representatives on the Supervisory Board and is elected by the Supervisory Board in accordance with the provisions of section 6.3 of Articles IV of the Corporate Governance Principles. The committee meets – if necessary – before the regular Supervisory Board Meetings.

10.2 To the extent that the matter at hand is the remuneration for and the appointment and dismissal of members of the Board of Management the Personnel Committee functions as an advisory committee. It prepares resolutions of the Supervisory Board, which is responsible for defining the remuneration of the Board of Management, upon application of the required confidentiality.

The Personnel Committee drafts proposals and prepares the resolutions of the Supervisory Board, including, but not limited to, the following matters:

- appointment, reappointment and removal
- fixed salaries and short-, mid- and long-term variable compensation rules
- pensions and other ancillary benefits

The proposal to the Supervisory Board to appoint a new member of the Board of Management shall take into account that the initial appointment shall be made for a maximum of three years.

10.3 Otherwise, the Personnel Committee is entitled to make resolutions. It deliberates and decides in place of the Supervisory Board in the following matters, taking into account, if so, the resolutions of the Supervisory Board:

- regulation of the legal relationship between the Company and the individual members of the Board of Management, in particular the conclusion, modification, extension, rescission and termination of contracts of employment,
- regulation of the legal relationship between the Company and the retired members of the Board of Management.

- conflicts of interest in accordance with section 4 of Article III of the Corporate Governance Principles of the internal rules governing the Board of Management (with the caveat that the Audit Committee of the Supervisory Board shall be responsible if the conflict of interest relates to a transaction by the Company which is subject to approval due to its nature as a related party transaction)
- approval of secondary occupations of Board of Management members
- decision on a postponement of the publication of an ad-hoc notification pursuant to Art. 17 (4) MAR for matters which are in the primary competence of the Supervisory Board (such as appointment or dismissal of the Board of Management pursuant to section 84 Aktiengesetz)

10.4 The Personnel Committee drafts proposals for the appointment of Board of Management members and prepares their appointment by the full Supervisory Board. Diversity should be taken into account when the Board of Management is constituted, also taking account of the target figures regarding the proportion of women in the Board of Management as determined by the Supervisory Board. The Personnel Committee and the Board of Management should jointly ensure that there is a long-term plan for the succession to the Board of Management.

## **11 Nomination Committee**

### **11.1 Members and Meetings**

The Nomination Committee comprises all shareholder representatives of the Supervisory Board. Meetings are held upon demand.

### **11.2 Tasks**

The Nomination Committee is responsible for developing the proposals for the election of the shareholder representatives among the Supervisory Board members, who are elected by the General Meeting or appointed by the court, as the case may be, as substitutes. In doing this, the Nomination Committee is bound by the provisions set out in article IV section 2.1-2.3 of the Corporate Governance Principles. Furthermore, the Committee is concerned with the succession planning of the shareholder representatives within the Supervisory Board.

## **12 Audit Committee**

### **12.1 Members, election**

The Supervisory Board has an Audit Committee comprising four members, of which 2 (two) members are representatives of the shareholders and 2 (two) members are representatives of the employees. The members of the audit committee are elected by the Supervisory Board in accordance with the provisions of section 6.3 of article IV of the Corporate Governance Principles. The Chairman of the committee, who must be a representative of the shareholders, is appointed by the Supervisory Board. Where the Chairman of the Supervisory Board is a member of the Audit Committee, he may not be the chairman of the Audit Committee. The Chairman of the committee

should not be a former member of the Company's Board of Management. The chairman of the Audit Committee must be independent from the Company, its Board of Management and a controlling shareholder (if any) and have special knowledge and experience in the application of accounting principles and internal control procedures and be familiar with the statutory audit processes. In addition, the Supervisory Board will ensure that the members of the Audit Committee (as a whole) are familiar with the business sector of the Company. Where the Chairman of the Supervisory Board is not a member of the Audit Committee, he is authorized to attend the Audit Committee meetings as a guest.

## 12.2 Meetings

Meetings are held at least three times a year, in particular in connection with the audit of the annual financial statements and consolidated financial statements, for the determination of audit focal points and for an in-depth review of the reporting in connection with the Risk Management System, Internal Control System, Compliance Reporting and Corporate Governance principles. In addition, telephone conferences are held 3 times per year, during which the Audit Committee is informed of the quarterly results/semi-annual-results prior to the announcement of the quarterly figures.

## 12.3 Tasks

The core tasks of the Audit Committee encompass the following areas: annual consolidated financial statements, risk management, internal control system, independence of the auditor preparation for issuing the audit mandate, determining the areas of emphasis of the audit, auditor selection process, audit fee agreement with auditor and compliance. This results in the following individual tasks:

- (a) Preparation of the Supervisory Board's recommendation to the General Meeting on the election of the auditor, including the responsibility for organizing the Company's mandatory regular selection procedure for a new auditor in accordance with the requirements of Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16 2014 ("EU-Reg"). To ensure the independence of the auditor, particular care must be taken:
  - that during the previous five (5) years a proposed auditor did not generate more than 15% of his total revenue from auditing and advising the Company or companies in which this Company holds an interest in excess of 20%, and that this is also not expected for the current fiscal year;
  - that the audit does not involve a lead auditor in violation of the mandatory requirements for the internal rotation of such position;
  - that the auditor does not have any conflicts of interest;
  - that the selection of the auditor is made dependent upon, the participation of the auditor in regular external quality control measures (peer review).
  - to ascertain whether and, if so, what professional, financial, personal or other relationships giving grounds to doubt the independence of the auditor exist between the

auditor, its executive bodies and head auditors on the one hand, and the Company and the members of its executive bodies on the other;

- to ascertain the extent to which other services, particularly consulting services, were performed for the Company in the prior fiscal year or have been contractually agreed for the following year (beyond the mandatory limits for the volume of non-audit services under the EU-Reg).
- Obtaining the auditor's statement of independence.

Apart from a renewal of an audit engagement in accordance with Art. 17 para. 1 and 2 EU-Reg, the Audit Committee - as a result of its discussions - shall submit to the Supervisory Board in writing at least two possible choices for the audit engagement and a duly justified preference for one of them. In such selection procedure, the relevant provisions of the EU-Reg must be observed (e.g. provision of tender documents, transparent evaluation criteria, certain procedural steps)

- (b) Preparation of the audit mandate, including discussing the areas of emphasis of the audit and the auditor's remuneration (the auditor's mandate letter to be signed by the Supervisory Board Chairman upon the final decision by the Supervisory Board on its content).

Agreement of the auditor's duties to report to the Supervisory Board.

- (c) Preliminary examination of the annual financial statements of SGL CARBON SE and of the consolidated financial statements, management report and Group management report and the proposal for the appropriation of net profit.

Discussion of fundamental accounting issues, particularly relating to significant changes in accounting principles.

Discussion of the auditor's reports with the lead auditor.

Preparation of Supervisory Board resolutions regarding the approval of the annual financial statements and the consolidated financial statements.

The Audit Committee is authorized to obtain all information required for the performance of its tasks from the auditor, to inspect the Company's business documents or to request that the Board of Management provide them.

- (d) Clarification of questions and critical examination of the accounting process, risk management, compliance and internal control system (including internal controls relating to financial reporting); the Audit Committee may also submit recommendations to the Supervisory Board to ensure the integrity of the accounting process.
- (e) Establishment of a procedure to handle complaints filed with the Audit Committee.
- (f) Conflicts of Interest, Related Party Transactions

- Review of compliance with the requirements set forth in Section 15.3 of article IV of the Corporate Governance Principles;
  - Review whether indications of undue influence of shareholders exist in transactions of the Company or Group companies with shareholders of the Company, whose shareholding provides them with 5% or more of the voting rights in the General Meeting of SGL Carbon SE;
  - Review and decision on prior consent to transactions of the Company with related parties, insofar as these transactions are statutorily subject to approval, unless (i) a member of the Audit Committee is involved in the transaction as a related party, or (ii) a majority of members of the Audit Committee have a conflict of interest because of their relationship with the related party with whom the transaction shall be made; In these cases, the responsibility for this matter lies with the plenum of the Supervisory Board
- (g) Agreement with the auditor to report without delay on all significant findings and matters relating to the duties of the Supervisory Board that arise in the course of his audit. The auditor must inform the Audit Committee without delay if, on the basis of his audit, he makes material findings that indicate errors in the declaration of conformity made by the Board of Management and the Supervisory Board in accordance with section 161 of the Aktiengesetz (AktG – German Public Companies Act).
- (h) Preparatory discussion of the report of the Board of Management on the granting of donations in excess of €10,000.
- (i) Review of admissibility and prior approval of all non-audit services to be performed by the auditor (for example tax advisory services); in particular, it is to be considered in this context that the maximum volume for non-audit services under the applicable laws may not be exceeded.
- (j) Regular assessment of the quality of the audit.
- (k) The Audit Committee is entitled to engage external lawyers, consultants and auditors to assist in its work. The Company shall bear the cost.
- 12.4 At the suggestion of the Chairman, the Supervisory Board can delegate the approval of the increase in share capital from authorized capital to the Audit Committee.

### **13 Inability of the Supervisory Board Chairman to attend meetings**

If the Chairman of the Supervisory Board is unable to attend a Supervisory Board meeting, the Deputy Chairman appointed to the Supervisory Board as shareholder's representative assumes his tasks. This Deputy Chairman also has the right to cast a second vote in the event of a parity of votes.

## **14 Minutes**

### **14.1 Secretary**

The Chairman appoints a suitable secretary who may not be a member of the Board of Management and who does not have to be a member of the Supervisory Board. The secretary is appointed for the Supervisory Board's entire term of office. The Chairman may make changes at any time.

The secretary should also ensure that the meetings take their proper course in organizational terms and that the necessary preparations for meetings are made. The secretary should also perform the post-meeting work that needs to be performed to the extent that he is asked to do so by the Chairman.

The secretary is authorized and obliged to attend all meetings of the Supervisory Board and its committees unless otherwise stipulated by the Chairman. When appointed by the Chairman, the secretary is to be made aware that he is subject to the same confidentiality obligations as the Supervisory Board members.

### **14.2 Minutes**

Minutes must be prepared on all meetings of the Supervisory Board and on all resolutions passed outside of the meetings; these are to be signed by the secretary and the Chairman. The minutes must state the place and date of the meeting, the names of those participating, the agenda items, the key points of the discussion and the resolutions of the Supervisory Board.

The minutes must also include the resolutions passed by the committees (section 9.4 of article IV of the Corporate Governance Principles) since the last Supervisory Board meeting. The minutes of the meetings should thus give an account of all the work performed by the Supervisory Board and its committees.

Resolutions of the Supervisory Board which must or should be published or made available to third parties can be recorded separately in addition to the minutes.

### **14.3 Dispatch of the minutes, objections**

The minutes must be prepared, signed and sent to all Supervisory Board members without delay after the end of each meeting.

The minutes sent are regarded as approved if no member of the Supervisory Board submits an objection to the Chairman in writing within one month. This period begins on the date on which receipt of the minutes can generally be expected. The fact that the minutes have been approved or objected to must be announced by the Chairman at the next Supervisory Board meeting and recorded in the minutes.

**15 Rules for conflicts of interest of Supervisory Board members and own-account transactions**

- 15.1 Supervisory Board members must disclose conflicts of interest without undue delay to the Chairman of the Supervisory Board. This shall include both specific conflicts of interest as well as potential conflicts of interest that could reasonably arise in the future. In its report to the Annual General Meeting, the Supervisory Board discloses any conflicts of interest that have arisen and the way they have been handled. Supervisory Board members facing a significant conflict of interests that is not merely temporary are expected to resign their posts.
- 15.2 In making decisions, Supervisory Board members may not pursue their own interests or those of related parties or companies that are at variance with the interests of the Company and Group companies; nor may they avail themselves of business opportunities open to the Company or Group companies. If conflicts of interest exist, the interests of the Company and Group companies take priority and the Supervisory Board members are required to ensure that their participation in the discussion about their potential conflict of interest and, in particular, their participation in the adoption of resolutions is not in conflict with their duty of loyalty vis-à-vis the Company and/or that they are not prohibited from participating in the adoption of resolutions by law.
- 15.3 All transactions between the Company or Group companies and Supervisory Board members, their related parties and companies must comply with the usual industry standards. They may not conflict with the interests of the Company or Group companies.
- 15.4 Insofar as transactions in the current fiscal year exceed the applicable threshold for transactions of the Company with a member of the Supervisory Board as a related party, the Audit Committee (and in the event of its prevention, the plenum of the Supervisory Board) must approve in advance the transaction exceeding the threshold.
- 15.5 If the plenum of the Supervisory Board is responsible for reviewing and approving transactions of the Company with related parties according to Section 12.3 (f), 3rd indent of these Rules of Procedures, members of the Supervisory Board may not exercise their voting rights in this decision, who are involved in the transaction as a related party or for whom concerns about a conflict of interest based on their relationship to the related party exist.
- 15.6 In connection with their duties for the Company, Supervisory Board members may not request or accept gifts or other benefits, either for themselves or on behalf of third parties, if this could adversely affect the interests of the Company or of customers.
- 15.7 Consulting and other service or work agreements between a member of the Supervisory Board and SGL Group must be approved by the Supervisory Board. Agreements with members of the Audit Committee are not allowed.
- 15.8 The Company does not grant any personal loans to members of the Supervisory Board.

15.9 For the members of the Supervisory Board a D&O insurance policy exists which provides for a deductible in accordance with the legal requirements for a D&O insurance for the Board of Management (section 93 (2) sentence 3 of the Aktiengesetz).

**16 Efficiency assessment**

16.1 The Supervisory Board regularly assesses the efficiency of its activities (including committees) every three years.

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## **Annex 1: Richtlinie zur Billigung von Nicht-Prüfungsleistungen<sup>2</sup>**

### **Billigung von Nicht-Prüfungsleistungen des Abschlussprüfers durch den Prüfungsausschuss**

Mit dem Geschäftsjahr 2017 müssen die Anforderungen an die Billigung von Nicht-Prüfungsleistungen gemäß EU-Abschlussprüferreform erstmalig erfüllt werden: Der Abschlussprüfer darf erlaubte Nicht-Prüfungsleistungen nur erbringen, wenn der Prüfungsausschuss diese nach gebührender Beurteilung der Gefährdung der Unabhängigkeit und der angewendeten Schutzmaßnahmen genehmigt hat (Art. 5 Abs. 4 EU-VO Nr. 537/2014).

Für die SGL CARBON SE und deren beherrschten Tochterunternehmen sind sowohl ein jährlicher Katalog von zulässigen Nicht-Prüfungsleistungen zur Genehmigung als auch Einzelbilligungen vorgesehen:

- Katalog: Der Prüfungsausschuss beschließt einen Katalog an zulässigen Nicht-Prüfungsleistungen durch den gesetzlichen Abschlussprüfer und die Mitglieder seines Netzwerkes für die SGL CARBON SE sowie deren beherrschte Tochtergesellschaften. Der Prüfungsausschuss überprüft den Katalog regelmäßig, zumindest einmal jährlich, und bewertet mögliche Unabhängigkeitsrisiken in Bezug auf die Katalogleistungen. Ferner genehmigt der Prüfungsausschuss ein maximales Budget für diese Leistungen. Innerhalb des genehmigten Budgets können, nach Einzelgenehmigung durch den CFO, Leistungen aus dem Katalog beauftragt werden. Dabei erfolgt eine Einzelprüfung zur möglichen Einschränkung der Unabhängigkeit jeweils separat.
- Zusätzliche Einzelbilligungen durch den Prüfungsausschuss sind in Ausnahmefällen möglich. Sie müssen erfolgen, wenn eine Nicht-Prüfungsleistung nicht im Katalog erfasst wurde oder wenn das Honorar für eine im Katalog gebilligte Nicht-Prüfungsleistung den genehmigten Katalograhmen übersteigt. Mögliche Unabhängigkeitsrisiken müssen immer betrachtet werden.
- Der Prüfungsausschuss ermächtigt den Vorsitzenden des Prüfungsausschusses, in Ausnahmefällen das Budget für im Katalog aufgeführte Leistungen im Namen des Gesamtausschusses vorab anzupassen, um ggf. eine zeitgerechte Durchführung eines Einzelprojektes sicherzustellen.

Group Accounting überwacht weltweit alle geplanten Auftragsverhältnisse für Nicht-Prüfungsleistungen und prüft mögliche Einschränkungen der Unabhängigkeit. Dabei sind sowohl die in Deutschland gültigen Regeln als auch entsprechende andere Länderregelungen einzuhalten. Der Leiter Group Accounting initiiert in Abstimmung mit dem CFO erforderliche Einzelbilligungen durch den Prüfungsausschuss und überwacht die Einhaltung des maximal zulässigen jährlichen Gesamtvolumens. Der Prüfer wird aufgefordert, den Prozess zu unterstützen und Hinweise auf mögliche Konflikte und Verstöße zu geben.

Der Prüfungsausschuss wird regelmäßig in den Präsenzsitzungen über den Status der Beauftragung von Nicht-Prüfungsleistungen informiert.

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<sup>2</sup> Approved by the Audit Committee on September 13, 2017 / Policy Owner Group Accounting /  
Only available in German

## **Annex 2: SGL – Objectives for the Composition of the Supervisory Board and Competences Profile<sup>3</sup>**

Good corporate governance aims for a composition of the management and administrative organs that is reasonable and adjusted to the structure of the enterprise. The composition of the Company's Supervisory Board, therefore, shall ensure that its members together possess the knowledge, skills and professional experience required to properly carry out the tasks of the Supervisory Board of an internationally active enterprise.

Recommendations for the election of Supervisory Board members (including employee representatives) submitted to the responsible election bodies shall consider the objectives determined herein and aim for a fulfillment of the competence profile of the Supervisory Board.

### **Requirements for the Individual Members of the Supervisory Board**

#### **General Profile**

Each member of the Supervisory Board must have the capability to properly exercise his mandate. Each Supervisory Board member must be able to understand and to properly assess the usual course of business of the Company without assistance by third parties.

#### **Availability**

Each member of the Supervisory Board takes care that he has sufficient time to perform his mandate. Supervisory Board members who are, at the same time, a member of the management board of a listed company shall not accept more than a total of two supervisory board mandates in non-group listed companies or in supervisory bodies of companies with similar requirements in total and should not chair the supervisory board of any such companies. A member of the Supervisory Board who is not a member of a management board of a listed company should not hold more than five (5) supervisory board mandates at listed companies outside the Group or in supervisory bodies of companies with comparable requirements, whereby a chair of a supervisory board counts twice. When making proposals for the election of new Supervisory Board members to the General Meeting, the Supervisory Board will satisfy itself that each candidate will be able to invest the anticipated required time.

#### **Age Limit**

The age limit for members of the Supervisory Board is 72 years.

#### **Membership Time Limit**

As a rule, a member of the Supervisory Board shall no longer be proposed for election to the Supervisory Board upon expiration of his or her third term of office. In this context, terms of office based on judicial appointment shall be disregarded. To the extent, a Supervisory Board member holds a major interest in the Company pursuant to the GCGC, controls a shareholder with a major interest in the Company or holds

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<sup>3</sup> Approved by the Supervisory Board on July 13, 2017 / Policy Owner Group Legal

a senior management position in a shareholder with a major interest in the Company, a general exception from above rule exists and no time limit will thus apply.

### **Requirements for the Composition of the Supervisory Board as a Body**

#### **Specific Expertise of the Body (Competence Profile)**

The Supervisory Board establishes different committees that shall attend to certain topics. When appointing the members of the respective committee, care shall be taken that the respective member possesses the required professional qualification. Currently, the Supervisory Board has established the following committees: Personnel Committee, Nomination Committee and Audit Committee.

For the proper performance of the tasks of the Supervisory Board, at least

- one member of the Supervisory Board shall have specialist knowledge in the areas of accounting and audit (**financial expert**),
- one member of the Supervisory Board shall have **professional experience and industry experience** in SGL Group's business areas or in relevant customer industries, for example in the automobile, electronic and /or chemical industry,
- one member of the Supervisory Board shall have extensive experience in **corporate governance and corporate strategy / M & A**,
- one member of the Supervisory Board shall have extensive experience in the areas of **compliance and risk management / corporate governance / audit**,
- one member of the Supervisory Board shall have significant professional experience in **R&D or innovation and digitalization**, and
- one member of the Supervisory Board shall have extensive experience in **HR and leadership development** as well as **experience regarding working in interdisciplinary teams**.

Furthermore, the number of members who are experienced in technical areas (in particular the areas of chemistry and engineering) and members with commercial background shall be well-balanced.

#### **International focus**

The composition of the Supervisory Board shall also reflect the international activities of the Company. At least one member of the Supervisory Board shall therefore have **special international knowledge and experience** due to his / her background, education or professional activity.

#### **Diversity and Gender Balance**

In addition to international experience, the Supervisory Board seeks to incorporate various further professional experiences and, in particular, the appropriate participation of both sexes in terms of its composition. In this respect and subject to certain grandfathering clauses in the German Act on Equal

Gender Representation in Senior Official Positions (BGBl 2015, 642), the Supervisory Board of the Company will have at least 30% male and 30% female members.

**Independence**

Furthermore, the Supervisory Board shall always have sufficient independent members. Therefore, at least half of the members of the Supervisory Board should be independent on the shareholder side from the Company and its Board of Management, i.e. have no personal or business relationship with the Company and the Board of Management that can give rise to a material and not merely temporary conflict of interest.

Insofar as the Company has a controlling shareholder, at least two members of the Supervisory Board on the shareholder side should be independent of the controlling shareholder as well as of the Company and its Board of Management.

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