

Corporate Social Responsibility

About this report

This chapter presents SGL Carbon's corporate social responsibility activities. Socially responsible, environmentally conscious and resource-friendly behavior, promotion of responsible and sustainable product solutions, responsibility for our employees, commitment to human rights as well as compliance and anticorruption standards, are integral parts of SGL Carbon's corporate culture and objectives. They are key requirements to the long-term success of our business.

Fundamentals

This report presents SGL Carbon's non-financial Group declaration according to Section 315b of the German Commercial Code (HGB) and its content corresponds to the requirements of Section 315c in connection with Section 289c of the HGB. The following report presents our key non-financial activities with regard to the five aspects environment, employees, social requirements, upholding human rights and combating corruption and bribery in detail and transparently in a separate, non-financial Group report. We present our business model in detail in the chapter "SGL Carbon – the Group" (page 35) of the Group Management Report.

In preparing this separate, non-financial Group report, we use the Sustainability Reporting Standards (SRS) of the Global Reporting Initiative (GRI) also for this reporting period as a basis for the non-financial performance indicators presented. In order to be able to better map our special requirements, and as a result of the constant further development of our issues, in addition we have developed some own key performance indicators (KPI).

The content of the separate, non-financial Group report was reviewed as part of an external limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft (see information on page 64).

Key issues

Based on this non-financial report, a materiality analysis was performed in 2019, based on the previous analyses in 2016-2018. In line with the double materiality claim, this analysis considered the economic impact that an issue has on the Company, and how SGL Carbon's business activities impact third parties. The key issues ascertained were shown in the following table and were derived and prioritized in line with their importance for the understanding of the course of business, earnings, the Company's position as well as the impact its activities have on the aspects set out above (in line with Section 289c (3) of the HGB).

For validation purposes the topics identified in the previous year were once again assessed in 2019 by the functional responsible managers named by SGL Carbon with regard to the criteria of double materiality according to the HGB. These specialists used a questionnaire to evaluate and provide reasons for the importance of each individual topic, which were discussed in a joint workshop together with the responsible project coordinators and process owners in the central departments and in the divisions. Then the total results of the validation were presented to the Board of Management for adoption.

This validation of the material issues did not result in any central adjustments for SGL Carbon's 2019 non-financial Group report. Only the issue of "Human Rights" previously presented under "Anti-corruption" in the "Compliance" segment will be dealt with in a separate paragraph in future.

The key issues thus identified for SGL are broken down into "Compliance", "Products", "Environment, health and safety affairs" and "Employee affairs". In addition, we also offer a voluntary report on "Corporate citizenship", which does not include a material topic for the non-financial Group report. The following table shows the allocation of key issues to these various areas: We report voluntarily on the issue shown in italics and this thus does not form part of the non-financial Group report.

Area	Key issues for SGL
Compliance	<ul style="list-style-type: none"> • Compliance Management • Human rights • Anti-corruption and bribery • Responsibility for the supply chain
Products	<ul style="list-style-type: none"> • Product quality • Environmental product impact • Sustainable product innovation
Environment, health and safety affairs	<ul style="list-style-type: none"> • Energy consumption and CO₂ emissions • Health and safety at work and health protection • Process safety • Resource management (waste and water)
Employee affairs	<ul style="list-style-type: none"> • Diversity and equal opportunities • Employability and development • Attractiveness as an employer
Corporate citizenship	<ul style="list-style-type: none"> • <i>Local communities</i>

The different chapters described the concepts that we are pursuing, and present the results of the activities put in place to date. Issues with voluntary reporting are marked correspondingly with footnotes in each case and do not form part of the non-financial Group report.

Material risks according to Section 315c in connection with Section 289c [3] Nos. 3 and 4 of the HGB

In this separate, non-financial Group report, we consider the key risks linked to our own business activities and also risks which have a material negative impact on the affairs set out as part of the non-financial report (Section 315c in conjunction with 289c [3] Nos. 3 and 4 of the HGB).

In this regard, in the first instance key risks have been identified for the individual issues (areas) by the responsible departments. These risks were then evaluated together with the Group's risk management while considering the management and control activities, in particular with regard to whether they could be highly likely to have a major negative impact. In summary, no material risks were ascertained which could very probably have a major negative impact on the issues mentioned above.

Compliance

Compliance Management

As a global group, SGL Carbon has particular responsibility for dealing with its employees, customers, business partners, shareholders and the public. SGL Carbon's Code of Conduct is an integral component of our management and corporate culture, and given this background it sets standards for responsible, legally compliant behavior. This includes our compliance with internal and external regulations and that ethical and sustainable principles govern our activities.

SGL Carbon's compliance program includes the Code of Conduct as well as additional internal requirements and policies and trainings for various target groups and specific topics (see "Corporate Governance and Compliance Report", page 88. A key component is the anti-corruption program (see the section on "Anti-corruption and bribery").

The Chief Compliance Officer is responsible for SGL Carbon's compliance strategy and monitoring the structures and processes in the Compliance Management System (CMS). He reports directly to the CEO. He is supported in his work by the Group Compliance department. The organization also includes SGL Carbon's Compliance Network, which comprises regional and local compliance representatives as well as compliance representatives from the business units (BU) and corporate functions (see "Governance and Compliance Report", page 88).

The effectiveness and efficiency of the CMS is constantly reviewed, and this enables us to react in a reasonable manner to new statutory requirements and changes in the business environment. In agreement with the Compliance Committee, each year the Group Compliance department identifies and defines any action that may be required and measurable objectives approved by the Board of Management for the subsequent year. We summarize the extent to which targets have been met and the resulting downstream activities as part of an annual review.

Regular risk assessments form part of our effective compliance management system. During the past fiscal year 2019 this led to the compliance risk landscape being extended, with the topic of supply chain compliance being added. The Compliance Committee approved this change. In so doing, we regularly assess the topics that Group Compliance defined as being core compliance risks (antitrust law, anticorruption, export control and customs and protecting business secrets) together with

the business units' management, and we review the suitability of the existing compliance program. This assessment was last performed in 2018.

Compliance topics are regularly documented by the Local Compliance Representative (LCR) and respective representatives of the business units as part of our compliance reporting process. We use semi-annual and annual LCR/business unit questionnaires to confirm that the compliance program is being implemented at our local sites and within the business units. The results from the evaluation of the questionnaires are discussed with the Board of Management, as well as the Supervisory Board's Audit Committee. If required they also form the basis for the reorientation of compliance activities.

In view of the constantly further developing underlying statutory conditions, SGL Carbon continuously optimizes its training content and constantly identifies training requirements. In 2019 the previous eLearning program on the Code of Conduct was replaced by a new online training program. This new eLearning program has been updated, in particular to bring it into line with the Code of Conduct updated in 2018. It was rolled out at all of our sites around the world, and is available in German, English, Chinese, French and Polish language. The training program is targeted at the group of all "white collar"¹⁾ employees. During the past fiscal year, 97% of the target group already participated in the training program, i.e. a total of 1,968 employees. New employees in this target group will be included in the eLearning training program on an ongoing basis, based on the SAP quarterly report.

Furthermore, additional face-to-face training sessions on the Code of Conduct were held at select sites and during regional meetings of the business units and corporate functions. A total of 257 employees were trained.

Human rights

We attach great importance to observing human rights at our sites. As a result, in the SGL Carbon Code of Conduct we have undertaken to comply with the principles of the UN Global Compact. Particular importance is attached to protecting human rights. This is discussed in further detail in the chapter "Employees affairs". This section in the Code of Conduct also refers to the Human Rights Policy already introduced globally in 2018. This policy is available in a total of nine languages and forms part of the recruitment documents for new employees at all of SGL's sites. This is confirmed to Group Compliance by the LCRs

at the sites via the annual LCR report. This report also includes confirmation that our local sites around the world observe and uphold human rights. A risk assessment on human rights was introduced in 2019 to augment this process. In this regard the Group Compliance and Group Human Resources departments jointly developed an internal questionnaire, which is based on external standards. This aims to identify human rights risks, to evaluate these and, if necessary, to put the corresponding risk mitigation measures in place. This risk assessment was performed based on this questionnaire at all SGL sites world-wide during the year under review. The results were evaluated accordingly.

The content of the eLearning program on the Code of Conduct, which is binding for all white-collar employees, was extended to include the topic of anti-discrimination as a key aspect of observing human rights. Management training on site also offers an additional platform for addressing this issue. The first step in 2019 was to introduce the training sessions at the two largest German sites in Meitingen and Bonn, and these are to be rolled out to further sites in 2020. In addition, the topic was integrated into the OMS training sessions. These have already been rolled out at 22 sites.

In order to allow employees and executives to report possible violations of our rules on observing human rights more effectively and in a more direct manner, an in-house reporting channel was introduced in addition to the existing whistleblower system. This is described accordingly in the Human Rights Policy. The reports received are logged and processed and form part of the semi-annual compliance report to the Board of Management.

Anti-corruption and bribery

SGL Carbon attaches great importance to its excellent relationships with customers and suppliers. We demand and promote transparent, legal processing of all of our Company's transactions. We do this to create trust and secure business relationships over the long term.

Our principles for fighting bribery and corruption are defined in our Code of Conduct, which applies throughout the entire group, in our training concept for the anti-corruption topic and in our Policy for Gifts and Entertainment (G&E Policy). Among other items, our G&E Policy also sets out how to deal with tangible and intangible gifts. These must be in line with our policy and also correspond to our business partners' regulations. Our top-

¹⁾"white collar" employees: all executives as well as all non-production employees.

level objective also applies here - that all employees must be informed about all key policies and also uphold these.

SGL Carbon has a group-wide Business Partner Compliance Process (BPC) to monitor the risks and control the work flows when dealing with sales agents. The target group for the BPC process currently comprises sales agents and distributors. This process includes having the new business partners go through a multi-stage check prior to signing the agreement. This is also part of our internal control as part of our ICS (Internal Control System). In addition to new intermediaries, existing sales agents are also subject to regular reviews depending on risk category. The nominated business sponsors from the two business units are responsible for starting this process. In 2019 this process was expanded to include additional fields of risks and it was also optimized and automated by implementing a new risk assessment tool. All of the business sponsors received corresponding training.

As part of the regular training plan for 2019 face-to-face anti-corruption training sessions were conducted at selected sites as well as during regional meetings of business units and Corporate Functions. 167 employees were trained at these training sessions. In addition, we also started to introduce anti-corruption training for sales agents. These training sessions are held as both face-to-face or online training sessions.

In addition to the existing face-to-face training sessions, in 2018 SGL Carbon already started to launch an eLearning program on anti-corruption around the world. These eLearning training sessions were implemented at the remaining sites in Wackersdorf, Ried and Ort in 2019. This online training session is currently aimed at all white-collar employees. In addition, the training program is included in the SAP Onboarding Compliance Training Catalog, in order to provide all new employees in this target group with corresponding training.

What is more, our Code of Conduct also regulates how to deal with donations to political parties and in this regard it points out our Sponsoring and Donations Policy. This governs the standard which applies throughout the Group which ensures transparent dealings with sponsoring and donations and which also forbids financial support for parties and candidates in political offices as well as members of parliament. These regulations apply to all employees of SGL Carbon, its subsidiaries, and also the members of its Board of Management (also refer to the chapter "Corporate Citizenship", page 26).

Responsibility for the supply chain

As a global company with a highly diversified industrial customer structure, SGL Carbon has a wide variety of business relationships. We expect our business partners to act legally, ethically and sustainably to the same extent as SGL Carbon for the duration of the partnership. In order to guarantee this, we have introduced a Code of Conduct for Suppliers and Sub-contractors (Supplier Code of Conduct). In addition to conduct rules which must be upheld with regard to integrity, combating corruption among suppliers as well as social and environmental standards, it also includes requirements for dealing with so-called conflict materials and a binding acceptance of the UN Global Compact principles.

Global Purchasing is responsible for implementing and applying the Supplier Code of Conduct which was already introduced in 2015 and is anchored in SGL Carbon's general purchasing conditions. As part of the successive roll-out, the Code was issued to the most important and also risk-relevant target groups which had been defined based on their proportion of the annual purchasing volume. 88% of the main existing suppliers have undertaken to comply with our Code. What is more, we also request from all new suppliers, who are selected by Global Purchasing, to sign the Code or to present equivalent standards of compliance.

As part of the supplier assessment that is performed annually, we assess points that correlate with delivery performance and quality, and since 2018, we also evaluate the supplier's performance with regard to legal, ethical and sustainable behavior. The results of this assessment are included directly in our supplier risk management. Based on the risk assessment, requirements are derived for any necessary supplier development activities and also any supplier audits or assessments to be performed. In the case of the latter, we also began to consider compliance with environmental and social standards in 2019.

As part of the "Together for Sustainability" (TfS) initiative, a group of leading international chemicals companies, two German subsidiaries from both of SGL Carbon's business units also went through an online sustainability assessment in fiscal year 2019, which is repeated on a regular basis.

SGL Carbon has production sites in a large number of countries, and delivers products to customers all over the world, which is why avoiding risks connected with trade activities and customs regulations is of major importance. These risks include limitations regarding deliverability, tax evasion, customs and other

duties as well as fines and delinquencies. We aim for our compliance processes to ensure that the exchange of goods and technology and the use of services correspond to the respective internal and external requirements. This principle is reflected in the Global Trade Policy, which applies throughout the Group, and also in SGL Carbon's process instructions for the preparation, optimization and execution of all trade activities, for control mechanisms and also for the management and monitoring of risks and responsibilities.

Our export executives and export control delegates are responsible for export controls and customs in our companies and units. Our compliance program for export control and customs has been working with an IT-based compliance module since 2009. This enables the efficient monitoring and processing of export transactions. This module is regularly brought into line with the latest statutory requirements. With regard to customs, as a rule a license as an Authorized Economic Operator (AEO) is required, in order to be able to use additional authorizations under customs law, specific customs processes or certain simplified processes. During the year under review an additional SGL company was licensed as an Authorized Economic Operator.

Our export control methods are also a key component of the Compliance Risk Assessment (see "Compliance", page 12). We aim to thus ensure that international treaties and national laws are upheld for international transactions and inter-company transfers. In addition, our employees must make themselves aware of the local laws and regulations on export controls and customs before embarking on any business travel.

What is more, we ensure that our employees are aware of all of the relevant export compliance regulations and that export control delegates and select employees regularly undergo additional training. Binding face-to-face training sessions and workshops are held in this regard every year. During the year under review the focus was on Germany.

Please refer to the section on Compliance on page 12 for information on SGL Carbon's anticorruption activities and on doing business in line with regulations.

Products

Tailor-made products form the core of the top quality solutions, components and materials which we deliver to our customers and partners. Therefore, we have identified product quality, the environmental impact of our products and sustainable product

innovation as central factors for our business. In our opinion these aspects form the foundations for our current and long-term economic success.

Product quality

SGL Carbon aims to achieve a high level of customer satisfaction by delivering constant excellent product and service quality, thus securing long-term business relationships. Controlling and monitoring product quality is the task of both "Quality Management" in the GMS business unit as well as the "Integrated Management System" in the CFM business unit. The global heads of both areas report directly to the head of their respective business unit. We have established monthly reporting for local site managers and business unit directors based on local and global quality performance indicators.

Since ultimately only the user can assess a product's true benefits, we evaluate the quality of our products based on customer feedback. In this regard the sales organizations in the business units conduct targeted customer satisfaction surveys on a regular basis.

In order to directly obtain an idea of the quality of the products we supply on an ongoing basis, SGL Carbon records customer complaints and the associated costs and evaluates these. In this regard we also launched the customer complaint software already used in the GMS business unit in the CFM business unit in 2019. This IT solution allows us to log, evaluate and work through customer complaints. In addition, the findings from and activities used in processing complaints and the associated customer dialogue are documented. This aims to sustainably rectify defects by implementing suitable activities and prevent them from occurring again in future. Ideally, complaints can be avoided completely.

SGL Carbon has been using the indicator of complaint costs/sales since 2018 to measure product and service quality as well as the associated customer satisfaction. Both of the indicators included therein relate exclusively to external customers.

KPI „Complaint Costs/Sales“ ¹⁾	2019	2018
GMS	0.15%	0.08%
CFM	0.08%	Not recorded

¹⁾ Sales revenue with third parties

Corresponding assessments are performed throughout the entire production process in order to ensure high product quality

and process deviations can be identified and eliminated at an early stage. High product quality is based on stable production and business processes, robust organization and high-performance systems. In order to constantly improve the quality of our processes and organization, we already started to introduce an Operations Management System (OMS) tailored to SGL Carbon in 2017. Both business units continued to drive the use of the OMS in 2019 as planned. This SGL-specific production system aims to standardize workflows, make systems within the organization uniform and to work out a common understanding at all of our production sites. In line with its principles this system unites and integrates various processes, expectations and requirements and gears our organization to successful, end-to-end management of our business processes.

After conclusion of the OMS pilot phase in 2018, we are publishing the so-called OMS Maturity Index for the first time in 2019. SGL's sites were subject to a maturity assessment compared to the target of the six OMS elements (Strategic Orientation and Objectives, Organizational Structure, Corporate Culture, Performance Management, Shopfloor Management and Methods and Tools). In order to ensure objectivity and comparability, this evaluation was performed by meticulously trained SGL experts who were not from the specific location being assessed. All of the production sites were evaluated for the first time in 2019 in a project managed by the respective Operations Excellence Managers at the two business units. This evaluation was performed per site on a scale of 0-100, with 100 representing a perfect, theoretical value. Of the 22 sites evaluated in 2018, 21 were able to increase their OMS maturity level. The average OMS maturity assessment weighted against gross value added for all of the sites improved substantially by 17 index points to 45 in 2019. Annual assessments are scheduled from 2020. This allows the progress of the OMS penetration to be ascertained. During the assessments, our experts identify strengths from which other sites can and should learn, and also uncover potential starting points for improvements.

OMS Maturity Index	2019	2018
Number of site assessments performed	29	22
KPI „OMS Maturity Index” ¹⁾ [Index]	45	28

¹⁾ 0-100. Weighted average of all sites (weighted against: gross value added)

Almost all of the sites in the SGL Carbon are already integrated in the respective business unit's global quality management system and certified according to the ISO 9001 Quality Management standard, which supports the system and organizational quality. In addition, in line with specific requirements there are also certifications according to ISO 14001 (Environmental Management), ISO 50001 (Energy Management), ISO 45001 or OHSAS

18001 (Occupational Health and Safety Assessment Series), AS 9100 (Quality Management for aerospace industry) and IATF 16949 (Quality Management in the automotive industry).

Environmental product impact

Customers and other stakeholder groups increasingly expect that value chains are geared towards sustainability. It is therefore our aim to know the environmental impact of our products during production and also during their use cycle, and also to constantly identify options to optimize this environmental impact. We believe that this is a key aspect with regard to society's acceptance of our products and manufacturing methods. Reducing environmental product impact can lead to an improved product or a more advantageous solution for our customers, for example if the use of our product at the customer leads to energy being saved.

In many target markets, positive environmental impact when using or consuming our products are an important decision criterion. This includes, for example, the use of composites in wind turbines to generate renewable energy, or also the increasing use of our battery and fuel cell solutions as part of future energy and mobility concepts. Many of our products have the potential to support the development of low CO₂ technologies (for example from increased use for photovoltaic, LED lighting, lightweight construction, or from increasing heat and energy efficiency). In the mobility sector our light composite solutions help to cut energy requirements in the automotive and aerospace industries, and can thus help to reduce CO₂ emissions in general.

As announced last year, in 2019 SGL Carbon started to evaluate its product range in a structured manner with regard to its environmental impact. Our Innovation Team is responsible for these activities. This cross-functional committee consists of the technology managers of both business areas as well as the head of our Central Innovation. It reports to the Board of Management. The Innovation Team has developed a catalogue of evaluation criteria which are used to analyze all of the product groups with regard to the environmental impact of their production and use or consumption at the customer and end user. This evaluation considers in particular the criteria of the resource-saving use of materials, recyclability, CO₂ impact and hazardous materials. In order to ensure consistent comparability, the evaluation criteria are based on the dimensions that we use to evaluate the sustainability of our product innovations.

This is processed in workshop spanning a range of different departments. The results are documented in a uniform manner. The Board of Management has defined objectives regarding the progress made in processing: Through to the end of 2020 at least 60% of the product range [based on external sales revenue with third parties] is to be evaluated with regard to its environmental impact, and at least 95% by the end of 2021. The progress made in these evaluations should be at a comparable extent in both of the business units. 18% of the product range was already assessed in 2019 when the new method was used for the first time [all percentages relate to the percentage of sales with third parties for the products already evaluated compared to SGL Carbon's total external sales revenue with third parties].

KPI „Progress in assessing the environmental impact of products“¹⁾

	2019
Assessment outstanding	82%
Assessment completed	18%

¹⁾ Percentage of sales revenue based on sales revenue with external customers

Sustainable product innovation

SGL Carbon pursues target-oriented research and development both in its two business units and in Central Innovation. In addition to increasing economic profitability, these activities equally aim to continuously improve the sustainability of our products and processes.

In order to support these activities, in 2018 the Innovation Steering Committee introduced an annual portfolio process. As part of this process all of SGL Carbon's innovation projects are reviewed with regard to their sustainability. The Innovation Steering Committee is responsible for innovation activities at SGL Carbon. It comprises the CEO, the heads of both business units and the head of Central Innovation. This ensures uniform implementation of the portfolio process across business units and Central Innovation.

All innovation projects are evaluated in terms of their environmental compatibility using four criteria which have been recognized as being material for our products and processes. These criteria are: material efficiency in production and the ability to recycle the products, the importance of the external CO₂ impact (energy savings when using our products), the importance of the internal CO₂ impact (energy consumption when producing the products) as well as the use of hazardous substances in the product and the process. The Innovation Team is

responsible for evaluating the projects. This assessment is then presented to the Innovation Steering Committee.

For the overall management of the innovation portfolio, the objectives are, as a rule, to include all of the projects in the systematic evaluation, to improve sustainability for the majority of our product developments, and to ensure that no individual project has a negative impact on sustainability. These targets were fully met in 2019.

76% of the projects assessed contributed to the improvement of sustainability. These were found in both of the business units and also in Central Innovation. In addition, projects for improving sustainability were pursued for all four of the criteria named.

In addition to its own core development topics, SGL Carbon also works as a partner together with public research institutions and other industrial partners in order to improve the sustainability of its products over and above its own value added. A current example of this is the "Algae Fiber Project". This project aims to use the industrial production of algae and their subsequent biochemical processing into raw materials to obtain CO₂ neutral basic chemicals. This allows acrylonitrile, which is the key material used in producing carbon fibers, to be produced in a CO₂ neutral manner in future.

In addition to its own development topics, SGL Carbon supports open exchange to promote innovations, in particular in view of sustainable development. For example, SGL Carbon regularly holds the Innovation Panel, a public event with lectures and discussions on current topics. In 2019, the topics discussed in this panel included the future of energy production or hyper-loops as a future means of transport.

Environment, Health & Safety Affairs

Responsibility for the environment as well as for our employees' health and safety is a key component of SGL Carbon's corporate culture. High standards in these areas are prerequisites for our Company's sustainable economic success. In our Code of Conduct and the EHSA Policy (Environment, Health & Safety Affairs) which applies to all of our sites around the world since 2015, SGL undertakes to create safe and healthy working conditions for our employees, and to minimize the impact our business activities have on the environment. A Code of Conduct for Suppliers and Sub-contractors has also been in place since 2015. According to this Code they are obliged to behave legally, ethically and sustainably.

One of the key areas for cooperation between SGL Carbon and our suppliers and customers is in exchanging information. This aims to minimize risks when using chemical substances. In an internal standardized global system, we create relevant product information such as safety data sheets which we provide to our customers. As a result, we comply with the requirements of the EU regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals [REACH].

Our central Corporate EHS organization coordinates all group-wide activities for environmental protection and health and safety at work, sets uniform standards and audits the progress in cooperation with local EHS representatives. As a rule, the sites are audited by Corporate EHS every three years, more frequently after recurring incidents. It reports to SGL Carbon's Board of Management once per quarter, informing it of the current developments.

Energy consumption and CO₂ emissions

The manufacture of carbon fibers and specialty graphite production processes require extremely high temperatures and is energy intensive. The majority of SGL Carbon's energy consumption is due to generating heat and the thermal cleaning of emissions. As a company using a large amount of energy we have special responsibilities with regard to climate change and the environment, as the consumption of energy is also linked to emissions of greenhouse gases, in particular CO₂. SGL Carbon's CO₂ emissions are primarily scope-1 emissions which are created during combustion processes, and scope-2 emissions which are due to our electricity and steam consumption. In order to ensure profitability and also due to our responsibility towards the environment, we ensure that we constantly improve the energy efficiency of our processes. These account for a high proportion of production cost and, as a result, price fluctuations for energy costs can have both a positive and negative impact on earnings.

The individual production sites and business units are responsible for concrete implementation of energy reduction activities and projects. For this purpose, sites that make a significant contribution to the total energy consumption at SGL Carbon each have an energy officer, who reports the status to the site managers or Legal Entity manager at least once per year. The EHS Steering Committee is responsible for monitoring and directing energy management at key sites. In this regard, the level of target attainment is reported to the Committee every quarter. The EHS Steering Committee includes the business units' head of operations and is under the leadership of SGL Carbon's CEO.

The top-level target for energy management is to use all types of energy efficiently and to thus ensure constant improvements. In so doing, SGL Carbon is focused on energy-efficient equipment and processes. We have included this in our EHS energy management policy and our Code of Conduct. In addition, we offered training activities at the ISO 50001 certified sites and communicated energy management within the Company. We want to ensure that our employees are also aware of our energy reduction activities. They should have the necessary knowledge that will help them contribute to actively reducing energy consumption. Since December 2015 all of SGL Carbon's European production sites have an ISO 50001-certified energy management system. Certification was issued by the management system certification companies, DQS and DEKRA. The non-European sites, Moses Lake, Gardena and Arkadelphia have also been certified to ISO 50001.

The ISO 50001-certified sites evaluate implementation of the elements of the standard, the annual management review and routine internal and external audits. In 2019 a total of 18 internal audits for the energy management system were performed by qualified internal auditors from other SGL sites. External audits are performed at these sites at least once every three years by accredited certification companies.

We commit to reduce our global energy consumption based on adjusted sales revenue by 1% each year and by 10% through 2027 compared to the 2017 consumption. We plan to comply with the expanded ISO 50003 requirements and also the global requirements for energy management. For the worldwide operation with the largest energy consumption Key Data for specific energy usage have been defined and also activities and projects to increase energy efficiency have been determined.

SGL Carbon also works together with external partners as part of its energy management. An example is the energy efficient networks at our sites in Bonn and Meitingen. These are based on an initiative by the federal government, and serve as voluntary, systematic, and target-oriented exchange of experience among companies from one region or industry. At Meitingen in 2017, SGL Carbon helped bring an energy project to life with the local municipality and additional partners. In so doing, we provided a local new housing area with low-temperature waste heat for their home heating free of charge for 20 years. This waste heat is produced in the plant from cooling equipment and high-temperature furnaces. Thanks to this project, the local community was able to avoid emissions in 2019 and reduce their annual energy usage through the use of waste heat.

In 2019 our central Corporate EHSA invited all of SGL Carbon's European energy officers to a two-day best practice workshop at the Meitingen site. This promoted the exchange of information and efficiently implement energy-saving projects and activities. It focused on reports about the projects implemented at the sites over the past few years and the results obtained. Finally, the presentations and evaluations of the activities were provided in the Company's network, so that every site can benefit from these and take over additional, efficient activities from other sites.

Furthermore, in 2019 we realized a reduction in CO₂ emissions by purchasing electricity produced by renewable sources at the Wackersdorf, Ort and Ried sites.

Energy consumption and CO ₂ -emissions ¹⁾	2019	2018	Change
Energy consumption			
in gigawatt hours (GWh)	1,409	1,441	-2%
thereof oil and gas	488	500	-2%
thereof electricity	628	646	-3%
thereof steam	293	296	-1%
Energy consumption in relation to economic output (GWh per €1.0m sales revenue) ²⁾	1.37	1.41	-3%
CO₂-emissions³⁾			
in thousands of tons (kt)	393	406	-3%
thereof direct	90	93	-3%
thereof indirect	303	313	-3%
CO ₂ emission in relation to economic output (kt per €1.0m sales revenue) ²⁾	0.38	0.40	-5%

¹⁾ The data includes all fully consolidated subsidiaries.

²⁾ Adjusted sales revenue (excluding price, currency and other special effects). The adjustment of the previous year's figure results from the use of a rolling base year

³⁾ The calculation of CO₂-emissions is based on „UK Government GHG Conversion Factors for Company Reporting“ of the Department for Business, Energy & Industrial Strategy, Gov. UK for direct emissions (Scope 1) and steam (Scope 2) as well as on „EMISSION FACTORS 2019“ of the International Energy Agency (IEA) for indirect emissions (Scope 2)

We were thus able to reduce energy consumption and also CO₂ emissions based on adjusted sales in year 2019.

Health and safety at work and health protection

SGL Carbon relies on having a highly performing workforce for its entrepreneurial success. We regard protecting our employees' health and safety as being an ethical obligation with a high entrepreneurial value. We have set out binding requirements

for all our employees in our Code of Business Conduct and Ethics and our EHSA Policy which applies worldwide. We also attach great value to the corresponding standards at our business partners and consider health and safety at work aspects when selecting suppliers. The Code of Conduct for suppliers and subcontractors stipulates that these must ensure their employees' health and safety in their work-place, and set up a management system for constant improvement.

The EHSA Steering Committee meets four times per year, and is responsible for monitoring and directing the workplace health and safety activities [see "Energy consumption and CO₂ emissions"]. In addition, exchanges take place between our Corporate EHSA organization and local EHS managers on important issues in our global EHSA network. This aims to ensure that all the statutory regulations are upheld and that corresponding systems are put in place at the respective sites.

Additionally, in 2019 two meetings were held with EU site managers and local safety managers in order to improve the global security culture and prevent reoccurrences of past incidents. In this regard a European information exchange has been created, as part of which information on safety solutions is exchanged.

In order to further improve our employees' safety awareness, a global safety promotion poster was put in place at all of SGL's sites worldwide. These large, highly visible posters provide information on health and safety at work in the local language and also identified safe behavior during everyday work.

SGL Carbon's target is consistently preventing work-related injuries and illnesses. We comply with the relevant national acts of law, European regulations and internal policies in all our production processes. It is the responsibility of the Company's management and each individual employee to ensure safe working conditions. The Corporate EHSA organization supports the business units establishing and improving management systems for health and safety in the workplace. The respective business units and site management are responsible for implementing these.

SGL Carbon uses various incentive systems to actively involve its employees in preventing accidents and solicits their ideas for reducing the risk of accidents. An annual Safety Award is issued to sites where there were no safety incidents that result in loss time injuries. Twelve sites were honored with this award in 2019 for 2018. The issue of health and safety at work is promoted by the annual targets at many sites. Since 2018 the Meitingen site runs a campaign once per year to launch the Vision

Zero prevention program. This is an initiative by the German employer's accident insurance associations and focuses on preventing accidents. As part of this campaign, employees evaluate their own team's performance with regard to factors such as leading by example, recognizing hazards and equipment safety. Linking in to this they then define and implement improvement activities.

If an accident occurs at work, it is recorded in the group-wide Incident Management System. SGL Carbon uses a systematic process to investigate incidents, establish proposals for improvement and in so doing it takes into account solutions that have already been effective in preventing accidents at other SGL sites. Once per month the Corporate EHSA organization issues a safety report with relevant statistics to the Board of Management, managers of the business units and the site managers as well as the EHS managers. This allows SGL to evaluate compliance with the EHSA policy and in the case of negative trends implement counter-measures immediately.

In 2019, at our European sites, we have focused on trips and fall accidents and in cooperation with the safety managers at the sites we have defined local programs to avoid these types of accidents. At sites with a higher frequency of accidents, we put in place individual risk reduction initiatives to prevent accidents already at the start of 2018.

In addition, SGL Carbon conducts employee training sessions. Management also must ensure that the employees in their area of responsibility receive training and support for safety issues. We aim to increase our employees' awareness of safety relevant issues and actively prevent accidents. At present, no data is collected on the number of training sessions and the number of participants.

The aim is also to improve on the existing safety activities. In 2019 a target Frequency Rate for accidents with lost time injuries was 3.10 accidents per million worked hours. This includes accidents by SGL's employees and external contracted employees¹⁾ with at least one day lost after the day of the accident. This target was not reached with an actual result of 3.29, however the Frequency Rate was lower than in 2018 (3.45 accidents/million worked hours). The target for Severity Rate was reached with a value of 140 (target: 155) and was also lower than in the previous year (148 days/million worked hours). Targets of 3.10

¹⁾ Employee are all permanent and temporary SGL employees and external contracted employees under the direct supervision of SGL. Contractors working on an SGL site are responsible for the Safety of their employees and are excluded from calculation of Incident Statistic. The data includes all fully consolidated subsidiaries.

accidents/million worked hours and 150 days/million worked hours have been set for 2020.

Process safety

Events such as accidents, fires or explosions could lead to longer periods of production downtime and lower quality at SGL Carbon and cause substantial damage to people and the environment. These could result in claims for compensation and restoration of damage. We thus give great importance to pursuing the target of establishing safe production processes and constantly improving our safety culture.

As part of its entrepreneurial due diligence, SGL Carbon has had a global Process Safety Policy in place since 2017. The system includes various elements such as process safety analyses, investigating accidents and the control of counter-measures. Process safety is also an issue at the quarterly meetings of the EHSA Steering Committee (see "Energy consumption and CO₂ emissions"). This is in combination with an incident management system for health and safety at work and process safety (see "Health and safety at work") in which we precisely classify every accident. This should determine whether the incident was due to problems with workplace safety or process safety.

Since 2002 SGL Carbon has been using a group-wide standardized Risk Management System (RMS) in order to minimize risks in its production processes. In so doing we analyze the extent of hazard potential from crises and calculate their economic consequences such as the costs of remedying environmental damage or preventing lost sales as a result of production downtime. One or several activities to minimize risks are identified for each primary risk, and these are implemented if required.

SGL Carbon performs annual audits in cooperation with the insurance company, which include a safety analysis of processes and equipment. The results are evaluated and documented. If necessary, we put concrete improvement measures in place. A total of twelve sites were audited in 2019. Based on the reports available, 42 improvement activities were implemented. In 2019 a total of five incidents were reported by SGL's global sites, which were caused by fire, explosion, natural disasters, acts of sabotage and / or other business interruptions and which led to

a process interruption of at least one day or damage to property of at least €50 thousand.

Resource management (waste and water)

As part of SGL Carbon's business activities, waste carbon and residual materials are produced. Both carbon as well as the residual materials produced in most of the production processes are highly effectively recycled. SGL's primary use of water is for cooling production equipment.

At all its sites worldwide, SGL Carbon strives to comply with all of the applicable regulatory requirements and to establish effective management processes and continuous performance improvements for its management of resources. We pursue the objective of using resources efficiently and avoiding impacting the environment as far as possible. We thus aim to constantly reduce water consumption and the generation of waste. Our principle for waste is: avoidance is better than recycling and recycling is better than disposal. Waste that cannot be prevented can often be reused in other products or at other sites. For example, recycled carbon fibers can be used as fleece textiles for automotive production and some feedstock sites in the GMS business unit reuse many of the by-products. SGL Carbon uses water carefully and uses secondary circuits and cooling equipment wherever this makes economic sense. Water that does not come directly into contact with production is not contaminated and can be discharged into rivers after use in some cases.

SGL Carbon has set out how it deals with resources in the policy on EHS training. The Code of Conduct for suppliers and subcontractors also includes information on waste. It obliges us and our suppliers to obtain the requisite licenses, to recycle, and to avoid waste and emissions of hazardous substances into the environment. Once per month, together with the local EHS officer, the Corporate EHS organization collects data from all of the manufacturing sites, which quantifies the use of resources and generation of waste. Water consumption is reported for each water source. Waste data is collected for both hazardous and nonhazardous waste.

In 2019 we reduced our water consumption both in terms of absolute quantity and also in terms of adjusted sales revenue. This is primarily due to a project at our Chedde site, in which the circulation and functioning of water inlet were improved, resulting in approximately 1.4 million cubic meters being saved compared to the average over the past three years. As a result,

it was possible to reduce water consumption by 20% in 2019. These savings are sustainable.

The amount of waste related to adjusted sales was reduced in 2019.

Ressources ¹⁾	2019	2018	Change
Water requirement			
Total (millions m ³)	7.42	9.24	-20%
thereof from Company wells	4.20	5.73	-27%
thereof from rivers	1.80	1.85	-3%
thereof from public water supply	1.42	1.66	-15%
Water requirement in relation to economic output (m ³ per €1,000 in sales revenue) ²⁾	7.2	9.0	-20%
Waste volume			
in thousands of tons (kt)	26.3	29.7	-11%
thereof hazardous waste	4.6	3.6	28%
Waste volume in relation to economic output (t per €1.0m sales revenue) ²⁾	25.6	29.0	-12%

¹⁾ The data includes all fully consolidated subsidiaries.

²⁾ Adjusted sales revenue (excluding price, currency and other special effects). The adjustment of the previous year's figure results from the use of a rolling base year.

Employee affairs

SGL Group has a total of 5,127 employees at 31 facilities in Europe, Asia and America. Their dedication, competence and performance are critical factors for the Company's success. As a result, we aim to acquire the best talent for our Company, and to specifically further develop its employees and enhance their loyalty to the Company. In addition to the large number of opportunities for training and continuing professional development, we also employ a varied, fair and respectful working and management culture. The Company offers all its employees the possibility to develop their full potential. This is set out in the Code of Conduct as well as the SGL Competency Model.

At SGL Carbon, the role of Human Resources is understood according to the so-called HR-Business Partner Model, that is to say as a strategic partner for the business units and an advisor for management. HR activities span inclusion in strategic entrepreneurial decisions through to operational HR processes, which is reflected, in organizational terms, in the fact that there are HR Business Partners at various levels - globally for

the business units, the central R&D department (Central Innovation), and the Corporate Functions, and locally for the individual plants.

HR management with this structure is responsible for a large number of different tasks:

- Managing HR processes such as hiring and personnel administration, including questions concerning labor law
- Qualifying, coaching and training management and employees
- Defining remuneration programs for senior management based on market standards and performance
- Coordinating international employee assignments
- HR-related reporting to the Company's management
- Contact for the Company's management for questions of personnel planning and covering these requirements
- Positioning SGL Carbon as an attractive employer on the market
- Efficiently managing the HR impact of change processes

In addition to efficiency, customer proximity and service quality are increasingly becoming central criteria when structuring and implementing HR processes. Given this background, SGL Carbon prepared for the introduction of a comprehensive, cloud-based IT solution for these processes in 2019.

HR reports regularly to the Board of Management. The Head of HR meets personally with the Board of Management on a regular basis. As a result, top management is very aware of HR issues.

SGL Carbon constantly keeps a keen eye on and reduces potential HR risks. This also includes the strategic importance of recruiting resulting from the increasing lack of specialists. This also applies to our staff retention efforts serving to combat high employee fluctuation, and thus also keeping expertise in the Company. The SGL's forward looking competency management also plays a key role. This identifies and promotes the competencies which will be required from senior and middle management in future. In addition, risks can also result from employees' changing requirements and wishes. For Germany, we utilize an external employee consultancy service to record these whereas globally we use our employee survey, performed for the first time in 2018 and expected to be repeated in 2021.

Diversity and equal opportunities

The variety of its workforce constitutes a strategic advantage for SGL Carbon: The employees' different competencies and perspectives reinforce the Company's ability to innovate, and enhance its position as an attractive employer. This variety helps us to beat the competition for highly qualified specialists. It also allows us to meet the challenges resulting from demographic change.

SGL Carbon aims to establish a non-discriminatory work and management culture in which all employees contribute their personal and specialist expertise, ensuring they have equal opportunities for career success and fair pay – irrespective of their sex, age, origins, religion, sexual orientation or health issues. Our Code of Conduct is a key pillar in our commitment to diversity and equal opportunities. In our Code of Conduct, we back a diverse and integrated working environment, characterized by trust, openness and respect. Disadvantages as a result of age, religion or origins will not be tolerated. "Valuing diversity" is also anchored in the SGL Competency Model as one of six components. The model includes vital, globally valid behavior requirements for middle and senior management. We always use local collective agreement systems or similar systems for remuneration, which is why non-discriminatory remuneration can be assumed. In areas not covered by collective agreements, the recognized analytical job evaluation method according to Hay is applied.

In order to promote international exchange and knowledge transfer within the Company, SGL Carbon deploys single employees to different locations worldwide. These international assignments are generally from one to five years. In 2019 the Group employed expatriates in China, Germany and the USA.

Percentage of women	2019	2018
Total workforce	17%	18%
thereof Europe	17%	18%
thereof North America	20%	19%
thereof Asia	17%	18%
Senior management	18%	19%
Middle management	18%	17%
Talent pool	n.a. ¹⁾	29%

¹⁾ Not specified, as talent management process postponed to 2020

Age structure	2019	2018
< 30 years	19%	19%
30 to 50 years	53%	53%
> 50 years	28%	28%

Internationality	2019	2018
Total workforce	5,127	5,031
thereof Germany	2,341	2,271
thereof rest of Europe	1,461	1,448
thereof North America	829	824
thereof Asia	496	488
Number of expatriates	6	6

Employability and development

In competition for the best talent, top-quality for training and continuing professional development is of key importance. This type of offering not only helps to acquire junior staff and specifically further developing them. It is also the key to retaining experienced employees and to keeping their knowledge in the Company for its long-term success.

Our aim is to maintain our employees' employability and to promote their professional and private development. Consistent personnel development is a fixed part of the Company's philosophy. It reinforces the Company's competitive ability, taking over responsibility for its employees.

Vocational training has always played an important role at SGL Carbon. The Company's vocational training offering spans ten technical, commercial and IT professions in Germany as well as five dual study programs. In Meitingen in 2019 two apprentices received an award as being the best in their profession in the region covered by the chamber, in Bonn one apprentice received this award.

SGL Carbon is also involved internationally in training young people. This has been well established for a long time at both of the French sites. There were ten apprentices here in the reporting year. A program started at the Shanxi site in China in 2019 with five apprentices; a program with the same scope is to be added in Shanghai in 2020. The launch of apprenticeship programs is also scheduled for 2020 in Poland and the USA.

In order to enthuse school pupils for technical professions, SGL Carbon has been a member of the Initiative Junge Forscherinnen und Forscher e.V. since 2010 as one of its founding members. As in the previous year, in 2019 we supported this association in the amount of €10,000 and also in terms of staff - for example, a manager from our central R&D department is a member of its board, and several colleagues provide support during information events - and also by organizational activities (for example as hosts for the annual members' meeting in May 2019).

SGL Carbon offers its employees opportunities for their personal and professional development throughout their entire career. This includes training and continued professional development, expanding tasks and responsibilities within a specific position, as well as changes of position. In regular talks, managers discuss concrete individual development activities such as training measures, coaching or special tasks with employees.

In addition to local training offerings at individual sites, we enable specialists and managers to participate in the Corporate Training Framework. This interdisciplinary training offering passes on knowledge for communication, people management, project management, sales proficiency and self-management (for example resilience).

In its Leadership@Work program SGL Carbon specifically prepares leaders and experts for further-reaching management tasks. The program is the key element in SGL Carbon's internal management development activities. It is characterized by the systematic use of self-reflection and feedback - for example from the use of 360° feedback, based on the SGL Competency Model. In addition, this series is very close to the real challenges faced in management work. This is achieved using so-called action-learning elements, however in particular also by using mentors. These are select top managers at SGL Carbon which support the groups as co-trainers and coaches. More than 1,300 employees have already participated since Leadership@Work was introduced in 2001, with 32 participating in 2019.

The activities are supplemented with regular potential analyses. As part of the annual talent management process, which is normally performed every year, SGL Carbon identifies and promotes talented staff. In so doing, the employees' management potential is assessed. In the second instance, we also evaluate potential for a specialist career. If necessary, the HR managers also discuss concrete target positions with the respective managers and employees, and plan corresponding development paths. As a result of the various organizational

changes in SGL Carbon's top management in 2019, the talent management process was postponed to 2020, with the result that some of the indicators in this regard (see tables "Percentage of women" and "Personnel development and talent management") are not available.

A framework concept for expert careers was developed in previous years, in particular for the target group of experts who do not aim for a traditional management career. In 2019 the concept was implemented in central R&D. It will continue to be rolled out in line with requirements.

<u>Apprenticeships and dual study programs</u>	<u>2019</u>	<u>2018</u>
Total apprentices	102	99
- Site Meitingen	57%	60%
- Site Bonn	39%	34%
- Site Limburg	4%	5%
- Site Willich	0%	1%
Number of professions for apprentices	10	12
Number of apprentices taken over after training completion	33	25
Number of dual study programs	5	5

<u>Personnel development and talent management</u>	<u>2019</u>	<u>2018</u>
Number of participants in the qualification portfolio "Corporate Training Framework"	184	156
Number of participants in the management development program "Leadership@Work"	32	50
Ghost rate in the talent pool (percentage of talent with no job change for six years)	n.a. ¹⁾	6%
Talents who left the Company	n.a. ¹⁾	7%

¹⁾ No information available, as the talent management process has been postponed to 2020

Attractiveness as an employer

It is becoming increasingly important for companies to be perceived as an attractive employer. This is due to factors including the lack of specialist staff, which makes recruiting employees more difficult. A wide variety of factors play a role in making an employer attractive. These include interesting opportunities for entering the Company and careers, attractive remuneration, family-friendly working hours, as well as an appreciative leadership and corporate culture.

SGL Carbon wants to maintain its attractiveness as an employer and expand this if possible, in order to acquire special-

ists and talents and also to bind these employees to the Company over the long term. This was one of the ideas behind performing a group-wide employee survey for the first time in 2018.

Following communication of the overall results at SGL by the Board of Management to all of the employees, local information on the site-specific results was passed on at the individual sites. The latter also formed the starting point for the follow-up processes of the employee survey, which started with brainstorming workshops and also included project groups on the individual initiatives through to implementation of the proposed improvements. A total of 205 activities have been defined, and 51% of these had already been fully implemented by the end of the reporting year (35% of the activities were still running, 12% had not yet been started and 2% were obsolete). Regular employee surveys are to be held at the latest in 2021 and thereafter in a multi-year rhythm to record the progress in further developing the SGL culture.

We have enjoyed a successful presence with our own brand as an employer since 2008. Following the launch of our new corporate brand in 2018, we also fundamentally redesigned our employer brand - closely linked to the new corporate brand with its three SGL values (convince through performance; be open-minded; create momentum). We then implemented the new employer brand during the reporting year in our external and internal communication.

SGL Carbon uses the slogan "Let's co-create smart solutions" to position itself when looking for new employees - in job adverts, on its own career page, at trade fairs and in brochures. As part of its university marketing, we specifically address universities and colleges and offer students various opportunities for combining academic theory with business practice - including internships, working as a student, and theses. As a long-standing member of the "Fair Company" employer initiative, we undertake to offer students top-quality learning at fair conditions.

Our central research and development department Central Innovation plays a key role in contact between our Company and universities. During the period under review, this department employed a total of 48 students from ten different countries, and around 19% of this figure were female. In addition, this department supported 35 bachelor and master's theses as well as dissertations in the reporting year.

As part of our recruiting, in 2019 we continued our contacts with potential applicants in social networks that we started in 2017 (Active Sourcing). During the reporting year this recruiting

channel was used for a total of seven positions, primarily in Europe.

The recruiting process is already mostly standardized in Germany, the USA and China. Our medium-term target is to standardize the process all over the world as far as this is possible and expedient considering the legal and cultural framework conditions in the individual countries. The first step in this direction was taken in 2019 with the launch of the multi-year project to implement a cloud-based IT solution.

In addition to recruitment, a further key issue is that the remuneration system is structured so that this is performance-oriented and in line with the market, and consistently geared to the corporate strategy. In this context, in 2018 we assessed and re-adjusted the short-term incentive plans for SGL's management (MG 1-4): we will no longer agree personal bonus-relevant targets from 2019. In addition, from 2019 the same principles apply in the bonus plan "SGL BonusPLUS", which regulates short-term incentives for employees covered by collective agreements and their equivalents in Germany. What is more, during the reporting year we developed uniform global principles for harmonizing short-term bonus systems below the management levels, and these were approved by the Board of Management. We plan to implement these from 2020. The top-level objective pursued by these initiatives to design short-term incentives is to reinforce cooperation, exchanges and a common understanding of performance among executives, colleagues and employees.

We offer our employees in Germany a company pension scheme as a voluntary component. This offers additional financial protection for the duration of their pension.

Offers by the Company to make it easier to combine professional and private life are an additional activity to remain competitive in an international environment, reinforcing our attractiveness as an employer. In Germany, we concluded the overall works agreement (Gesamtbetriebsvereinbarung) for Alternating Teleworking ("Alternierende Telearbeit") in 2017 after a successful pilot project in previous years. This agreement allows employees to work from home for up to 40% of their working hours. Written agreements in this regard as stipulated in the overall works agreement were concluded with a total of 72 employees by the end of 2019.

In particularly challenging professional or private situations, SGL employees in Germany can also benefit from external advice. The "Employee Assistance Program" (EAP) offers free, and

if requested anonymous help with issues such as caring for dependents, childcare, finances, careers and health, 24/7. Employees can use this service in person, by phone or online.

With regard to company healthcare management, employees in Germany can use various offerings decentrally, i.e. at an individual plant level. During the reporting year, in Meitingen several corresponding events and activities regarding sports, fitness, nutrition and medical prevention were held. The latter also included a lung function test, help stopping smoking, flu vaccinations and skin screening. In 2019 in Bonn we offered ergonomics advice at our office workstations, seminars on stress management and courses on dealing with shift work in a healthy way. In Wiesbaden we developed a series of health-related offerings in 2019. These were the results of corresponding local initiatives following the employee survey. They included, for example, fruit being available regularly free of charge in the offices, as well as several fitness courses for the muscular/skeletal system.

Number of staff	2019	2018
Number of employees	5,127	5,031
Number of new hires (worldwide) ¹⁾	361	439
- thereof men	76%	77%
- thereof women	24%	23%
Fluctuation rate (worldwide) ²⁾	7.3%	8.5%
- Europe	5.7%	8.3%
- North America	13.4%	11.8%
- Asia	8.0%	4.3%

¹⁾ Exclusively includes "real" new hires of employees with non-limited term contracts, i.e. not taking over temporary employees or removing limited terms on employment contracts.

²⁾ Based on the average headcount, includes employees leaving the Company voluntarily and involuntarily.

Part-time employment and reconciliation of work and family	2019	2018
Percentage of part-time employees in Germany ¹⁾	4.9%	4.2%
Male part-time employees (Germany) ¹⁾	1.6%	1.3%
Female part-time employees (Germany) ¹⁾	20.0%	18.0%
Number of employees who used the advice service (EAP)	2.1%	2.1%

¹⁾ Based on a balance sheet date of December 31, 2019, excluding marginal employment employees, students and temporary workers.

Corporate citizenship¹⁾

As a so-called corporate citizen and a company acting responsibly, corporate citizenship is a key issue for SGL Carbon. In so doing, we want to make a particular contribution to the local environment for our sites, and that is why we support, in particular, projects that have a local or thematic link to our Company. Sponsoring, donations and active support for our employees form a key part of our charitable activities.

SGL Carbon's entire corporate citizenship is based on our Sponsoring and Donations policy, revised in 2017. This sets the group-wide standard and is binding for employees at our Company and its subsidiaries, for business partners, shareholders and the members of our Board of Management. We aim to use this to ensure that our selection and support of projects is transparent and follows uniform regulations. Accordingly, we focus on, among others, charitable institutions, initiatives and projects that serve to improve quality of life.

The management of the respective local site can decide on supporting specific projects, initiatives, institutions or associations for up to an individual amount of €5,000. If the amount to be sponsored or donated exceeds this amount, the Board of Management must provide its approval. In addition, the Corporate Communications and Marketing department must be informed. The policy also regulates the concrete criteria for the award. This is coupled with instructions on the operational implementation of donation projects for the employees on-site. Proper implementation of the policy is reviewed with the help of an annual survey of CSR activities. As part of this, among others, expenses for CSR activities at all of the Company's sites are systematically recorded, reviewed and summarized in an internal report. The Corporate Communications and Marketing department is responsible for performing the survey and monitoring the sponsoring/donation activities. No violations of the policy were ascertained in the year under review.

SGL Carbon's corporate citizenship is characterized by its great variety. This is also due to the wide variety of languages and cultures at our production sites in Europe, North America and in Asia. But what connects the different activities is the personal commitment of our local employees. Their wide variety of commitment spans many areas - from education through to promoting the local economy or supporting sporting and cultural establishments.

In 2019, around €63,000 were donated to various projects. The primary focus at more than 45% was on social activities, followed by education [34%] and sports [13%].

As in previous years, in 2019 SGL Carbon also focused on promoting science. These activities were controlled by the global research department Central Innovation. We award a number of prizes to provide scientists with incentives and to promote the discovery of new applications for carbon. During the period under review, the SGL Award was issued for the best thesis at the faculty of engineering at the Technical University of Munich and a prize for the Nano School Competition held by the Cluster Nano Technology from the Bavarian Initiative for New Materials. In addition, representatives from our Company volunteered in juries to select winners, for example for the CCeV study prizes or the prize board of the German Materials Society (DGM).

As a co-founder of the "Initiative Junge Forscherinnen und Forscher e.V." (IJF - Initiative for young researchers), SGL Carbon also offers comprehensive support for scientific education - from kindergarten through to universities. In 2019, SGL employees again supported the initiative with donations and active participation in the form of excursions. Promoting university education is also a key issue for us. For example, last year we once again supported different universities by taking over lectures or providing materials, for example the Technical University in Munich and the Technical University in Dresden.

¹⁾ We report voluntarily on the subject of local communities. The chapter on Corporate Citizenship, which presents this subject, does not form part of the separate non-financial Group report.