

# 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 39) of the Group Management Report.

In preparing this separate non-financial Group report, we use the guidelines in the Sustainability Reporting Standards (SRS) of the Global Reporting Initiative (GRI) as an orientation 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 SGL-specific issues, in addition we have developed our own key performance indicators (KPIs). The KPIs used are the same as in the previous year.

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 68).

## Key issues

Based on this non-financial Group report, a materiality analysis was performed in 2020, based on the previous analyses in the years 2016 to 2019. 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 prioritized according to 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 2020 were once again assessed 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, and these were then discussed in a joint workshop. Participants included the functional responsible managers as well as the responsible project coordinators and also the respective responsible persons in central functions and the business units. 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 material adjustments for SGL Carbon's 2020 non-financial Group report.

The key issues thus identified for SGL are broken down into "Compliance", "Products", "Environment, health and safety affairs" and "Employee affairs", as was also the case in the previous year. In addition, we once again also offer a voluntary report on "Corporate citizenship", which does not represent 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 Carbon
Compliance	<ul style="list-style-type: none"> <li>• Compliance Management</li> <li>• Human rights</li> <li>• Anti-corruption and bribery</li> <li>• Responsibility for the supply chain</li> </ul>
Products	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Environmental product impact</li> <li>• Sustainable product innovation</li> </ul>
Environment, health and safety affairs	<ul style="list-style-type: none"> <li>• Energy consumption and CO<sub>2</sub> emissions</li> <li>• Health and safety at work and health protection</li> <li>• Process safety</li> <li>• Resource management (waste and water)</li> </ul>
Employee affairs	<ul style="list-style-type: none"> <li>• Diversity and equal opportunities</li> <li>• Employability and development</li> <li>• Attractiveness as an employer</li> </ul>
Corporate citizenship	<ul style="list-style-type: none"> <li>• <i>Local communities</i></li> </ul>

The different chapters describe the concepts that we are pursuing and present the objectives and 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 considered the key risks linked to our own business activities and also material risks which are linked to SGL Carbon's business relationships, its products and services, and which almost certainly 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.

## Review of the Group's sustainability strategy

The importance of the topic of sustainability has not decreased in the pandemic year 2020. Rather, climate legislation and climate targets are being tightened around the world (example: the EU's European Green Deal). Many of SGL Carbon's customer industries are investigating possibilities for CO<sub>2</sub>-neutral production (including chemicals and automotive). Investors are also increasingly considering companies' sustainability performance in their investment strategies. As a technology-based company with intelligent solutions, SGL Carbon wants to provide its customers with the best possible support. That is why the group-wide strategic project "SGL Carbon. Roadmap to Sustainability" was launched in 2020.

This project was processed by a team of employees from several departments in our central areas and business units, with the support of a specialized sustainability consultancy. The structured approach initially collected the expectations of SGL Carbon's various stakeholder groups (customers, regulators, investors, employees and others). Analyzing the current and anticipated underlying legal framework and the requirements this imposes on SGL Carbon formed one of the key areas (including the Action Plan on Financing Sustainable Growth/Taxonomy and the EU's European Green Deal, the German Federal Government's 2030 climate protection program, national action plan for human rights, statutory duty of care for human rights in the supply chain/"Supply Chain Act"). For the first time, and with the aid of the consulting firm engaged, SGL Carbon has identified its own global footprint with regard to the environment and social impact including the supply chain (so-called "impact analysis").

The project "SGL Carbon. Roadmap to Sustainability" clearly prioritized SGL Carbon's sustainability topics and worked out three focus areas which are pursued at a group level: (1) Energy consumption and greenhouse gases, (2) Sustainable product portfolio and (3) Sustainability risks in the supply chain (including compliance with human rights and social standards). Projects have been launched for all three topics, in order to first define the respective aspiration level and the associated improvement targets. The further findings from the strategic project "SGL Carbon. Roadmap to Sustainability" will be included in the business strategies for the newly defined four business units in future, and also in the further development of the subsequent key areas of activity by the responsible central functions.

## Compliance

### Compliance Management

As a global group, SGL Carbon has particular responsibility for dealing with its employees, customers, business partners, shareholders and the public.

The structure and implementation of the SGL Carbon Group's Compliance Management System (CMS) thus follows the corresponding national and international standards such as IDW PS980 or ISO 19600:2016. In order to review the corresponding elements with regard to their implementation status and effectiveness, the Board of Management has thus commissioned an external audit of the CMS by an independent third party. This audit of the CMS of SGL Carbon SE as the Group's parent company was performed as part of a two-day audit in October 2020 by DQS GmbH [a German company for the certification of management systems]. After the audit by DQS had been completed, SGL Carbon SE received a certificate to confirm that it has implemented a CMS which meets the requirements of ISO 19600:2016.

SGL Carbon's Code of Conduct is an integral component of our management and corporate culture, and it sets standards for responsible, legally compliant behavior. This includes the compliance by all of our executives and employees 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 for various target groups and specific topics [for further information see the Corporate Governance Declaration, Governance and Compliance Report, page 94]. A further component is the anti-corruption program [see the section on "Anti-corruption and bribery"].

The Chief Compliance Officer is responsible for the compliance strategy and monitoring the structures and processes in the Compliance Management System (CMS). He reports directly to the Board of Management. He is supported in his work by the Group Compliance department. The organization also includes our Compliance Network, which comprises regional and local compliance representatives as well as compliance representatives from the business units (BU) and corporate functions [for further information see the Corporate Governance Declaration, Governance and Compliance Report, page 94].

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 alignment 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. We summarize the extent to which targets have been met and the resulting follow-up activities as part of an annual review.

Regular risk assessments form a key component of our effective CMS, and these cover SGL Carbon's identified compliance risk areas, summarized in our "House of Compliance". During the past fiscal year 2020 the focus was on the following compliance categories in the compliance risk landscape: Finance and liquidity, money laundering, compliance in the supply chain, environment, health and safety at work, employee protection, IT and information security as well as data protection. The risk assessments were performed in interviews with the respective compliance representatives from the central functions and the questions are based on ISO 19600:2016 guideline. The results were discussed in the Compliance Committee Meeting in February 2020 and individual improvement activities were agreed.

The risk category Tax Compliance forms a further element of the compliance risk landscape. The top-level CMS is supplemented by a separate Tax Compliance Management System (T-CMS). This was completed in 2019 for Germany and was successfully submitted to a suitability review according to IDW PS980. At present, corresponding T-CMS are being rolled out in all jurisdictions in Europe in which the Group has subsidiaries. A group tax policy and an organization policy set out the governance framework for this particular compliance management system. The Head of Group Taxes is responsible for the T-CMS and for monitoring the structures and processes in this management system. He reports directly to the Chief Financial Officer. He closely coordinates his work with the Chief Compliance Officer and the Group Compliance department, and regularly reports on current developments in the Compliance Committee.

In addition, the CMS also stipulates that compliance topics are regularly documented by the local (LCR) and business unit compliance representatives as part of the compliance reporting process. Semi-annual and annual LCR/business unit questionnaires are used to confirm that the compliance program is being implemented at the 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. The semi-annual LCR reports were provided by all of the LCRs for the corresponding reporting period. Due to the restructuring of the business units the compliance questionnaires for the business units were suspended for 2020. They will be resumed in 2021.

In view of the constantly further developing underlying statutory conditions, SGL Carbon continuously optimizes its training content and constantly identifies training requirements. The eLearning program on the Code of Conduct is the basic compliance training program for all new employees in senior and middle management, administration and production in positions with management responsibilities. It is used at all of our sites around the world and is available in German, English, Chinese, French and Polish. New employees in this target group will be included in the eLearning training program on an ongoing basis, based on the SAP quarterly report. In 2020 a training program on the Code of Conduct for production employees was added to the eLearning portfolio. This training program was rolled out at all of the US sites and also at Muir of Ord in the UK as a result of technical conditions. A total of 445 production employees have been trained.

In order to be able to offer refresher courses for the Code of Conduct in line with the training plan, a new training series "Compliance at a glance" was developed in 2020. The Covid-19 situation in 2020 meant that no face-to-face training sessions could be held, so these refresher courses were held online and a total of 225 employees were trained in this way.

## Human rights

SGL Carbon attaches great importance to observing human rights at its sites. As a result, in the Code of Conduct SGL Carbon has undertaken to comply with the principles of the UN Global Compact and to uphold and protect human rights. This is discussed in further detail in the chapter "Employee affairs" found in the Code of Conduct. This section 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 onboarding 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 a query that the local sites around the world observe and uphold human rights and national requirements for labor law. A risk

assessment on Human Rights was already performed in 2019 in the form of an internal questionnaire. This was based on external standards. It aimed to identify human rights risks, to evaluate these and, if necessary, to put the corresponding risk mitigation measures in place. After evaluating the risk assessment, the results were discussed with the LCRs during a LCR telephone conference in the first quarter of 2020. This did not result in any major requirements for changes at the sites. The issue of violating human rights at the SGL sites was ranked as being a low risk.

The eLearning program on the Code of Conduct is binding for all employees in senior and middle management, administration and production in positions with management responsibilities, and deals with anti-discrimination as a major aspect when observing human rights. Management training on site also offers an additional platform for addressing this issue. The training sessions held in 2019 at the German locations in Meitingen, Bonn and Limburg could not be continued in the 2020 reporting year due to the effects of Covid-19 at the remaining German locations. This subject has also formed part of the OMS training sessions as part of the Operation Management System (OMS) since 2019 and has now been rolled out at a total of 29 sites. In addition, the Group Human Resources and Group Compliance departments are jointly developing a training concept on the topic of human rights. This is to be adopted in 2021 as part of the regional compliance conferences together with the LCRs.

In order to allow employees and executives to report possible violations of the rules on observing human rights more effectively and in a more direct manner, in 2018 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. SGL Carbon demands and promotes transparent, legal processing of all of Company's transactions to create trust and secure business relationships over the long term.

The principles for fighting bribery and corruption are defined in SGL Carbon's Code of Conduct, which applies throughout the entire Group, in the training concept for the anti-corruption topic and in the Policy for Gifts and Entertainment (G&E Policy). Among other items, the G&E Policy also sets out how to deal with tangible and intangible gifts. These must be in line with the policy and also correspond to the business partners' regulations. SGL Carbon's top-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 workflows 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 process is also part of an internal check in the context of SGL's Internal Control system (ICS). In addition to new intermediaries, existing sales agents are also subject to regular reviews depending on risk category. The nominated business sponsors from the business units are responsible for starting this process. In 2020 all of the existing sales agents and distributors were once again assessed and evaluated in the new Risk Assessment Tool.

As a result of the frequency rate defined in the training plan, employees in the target group must undergo face-to-face or online training on the topic of anti-corruption every two years. The target group is currently all employees in senior and middle management, administration and production in positions with management responsibilities. As a result of the Covid-19 restrictions the training sessions were only held online or in a web-based version during the past fiscal year. A total of 1,183 employees were trained. 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.

Furthermore, our Code of Conduct also regulates how to deal with donations to political parties and in this regard refers to SGL Carbon's 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. This regulation applies for all of SGL Carbon's employees, including members of the Board of Management.

## 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 lawful, 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 Subcontractors. 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. SGL Carbon has had its own policy on conflict minerals since 2015 and is dedicated to avoiding the use of so-called conflict minerals in its products and production processes. This policy was revised during the past fiscal year and will be re-distributed to the target group in 2021.

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. These were defined according to their shares in SGL Carbon's annual purchasing volume. 93% of the main existing suppliers have undertaken to comply with our Code. We also request new suppliers who are stored in SGL Carbon's system, to sign the code or to present equivalent compliance standards. When it comes to raw materials, new suppliers are questioned on the fundamentals of the Code of Conduct for suppliers, and their responses are included in the final supplier selection.

As part of the supplier assessment that is performed annually, SGL Carbon assesses points that correlate with delivery performance and quality, and since 2018, also evaluates the supplier's performance with regard to legal, ethical and sustainable behavior. The results of this assessment are included directly in the supplier risk management. Based on the risk assessment, requirements are derived for any necessary supplier development activities and also any supplier audits to be performed. For the latter, issues relating to compliance with environmental and social standards have also been taken into account since 2019.

As part of the "Together for Sustainability" (TfS) initiative, a group of leading international chemicals companies, two German subsidiaries from SGL Carbon's business units are also

regularly subjected to an online sustainability assessment with good results. In August 2020 SGL Carbon participated in the CDP (Carbon Disclosure Project, see [www.cdp.net](http://www.cdp.net)) for the first time in the "Climate Change" category. SGL will continue to participate in CDP in 2021.

SGL Carbon has production facilities 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 ability to deliver, tax evasion, customs and other duties as well as fines and delinquencies. SGL Carbon aims to use suitable 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. As a result, in Germany, SGL CARBON GmbH, SGL Technologies GmbH, Dr. Schnabel GmbH, SGL epo GmbH, SGL Composites Materials Germany GmbH, Brembo SGL Carbon Ceramic Brakes GmbH and, in France, SGL CARBON S.A.S. were certified by the customs authorities as being Authorized Economic Operators.

The export control proceedings are also key element of the Compliance Risk Assessment (see "Compliance", page 14). 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.

SGL Carbon ensures that its employees are aware of all of the relevant export compliance regulations and that export control delegates and select employees regularly undergo additional training. In this regard a new eLearning program has been developed on the subject of export controls. This was launched at the end of 2020 with almost 2,000 participants.

Please refer to the section on Compliance on page 14 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. These aspects form the key 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. In 2020 controlling and monitoring product quality was 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, the customer complaint software, which GMS business unit has already been using for quite some time, has also been used in the CFM business unit since 2019. This IT solution allows customer complaints to be recorded, evaluated and

processed. 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“ <sup>1)</sup>	2020	2019
GMS	0.22%	0.15%
CFM	0.04%	0.08%

<sup>1)</sup> 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 2020 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.

SGL Carbon has once again published the “OMS Maturity Index” for 2020. 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 sites were assessed in 2019, however the scope of the program had to be reduced in 2020 over the short term as a result of pandemic-related restrictions. 26 sites were evaluated under the direction of the respective Opera-

tions 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 26 sites evaluated in 2020, 18 were able to increase their OMS maturity level. The weighted average of the OMS maturity level for all of the sites according to the gross value added improved by 8 index points to 53 in 2020 (note: at the three sites in Madrid, Verdello and Yamanashi, for which the valuation could not be assessed in 2020 due to the pandemic, we have used the 2019 values to calculate the index). An annual review is scheduled also for 2021. This aims to verify the progress of the OMS penetration. 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	2020	2019
Number of site assessments performed	26	29
KPI “OMS Maturity Index” <sup>1)</sup> (Index)	53	45

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

Almost all of the sites in the SGL Carbon Group 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 in the 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 SGL 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions in general.

We continued the structured evaluation of our product range with regard to environmental impact as planned in 2020. 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. 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, CO<sub>2</sub> 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 workshops spanning a range of different departments. The results are documented in a uniform manner. Through to the end of 2021 at least 95% of the product range [based on external sales revenue with third parties] is to be evaluated with regard to its environmental impact. A total of 60% of the product range was already assessed by the end of 2020 [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]. The valuation progress was comparable in the two business units.

#### KPI „Progress in assessing the environmental impact of products“<sup>1)</sup>

	2020	2019
Assessment outstanding	40%	82%
Assessment completed	60%	18%

<sup>1)</sup> 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. 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 CO<sub>2</sub> impact [energy savings when using our products], the importance of the internal CO<sub>2</sub> 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 project has a negative impact on sustainability. These targets were once again fully met in 2020.

89% 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 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. One 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 CO<sub>2</sub> neutral



basic chemicals. This allows acrylonitrile, which is the key material used in producing carbon fibers, to be produced in a CO<sub>2</sub> 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. SGL Carbon regularly holds the Innovation Panel, a public event with lectures and discussions on current topics, however this was only held once in 2020 due to the Covid-19 restrictions.

## 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 (Environment, Health & Safety Affairs) Policy which has applied to all of our sites around the world since 2015, SGL commits 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 Subcontractors has also been in place since 2015. According to this Code they are obliged to behave legally, ethically and sustainably. In addition, as of 2020, our quality assurance agreement obligates key suppliers to uphold the applicable laws and directives for the environment and energy management. One of the key areas for cooperation between SGL Carbon and our suppliers and customers is the exchange of 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. We comply with the requirements of the worldwide regulations on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) at all relevant countries.

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

## Energy consumption and CO<sub>2</sub> emissions

The manufacture of carbon fibers and specialty graphite production processes require extremely high temperatures and are energy intensive. The majority of SGL Carbon's energy consumption is used for heat generation 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 CO<sub>2</sub>. - SGL Carbon's CO<sub>2</sub> emissions are primarily scope-1 emissions which are created during combustion processes, and scope-2 emissions which are caused by 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 costs and, as a result, price fluctuations for energy costs can have both a positive and negative impact on earnings.

The business units and respectively the site managers are responsible for concrete implementation of energy reduction measures and projects. For this purpose, sites that make a significant contribution to the total energy consumption at SGL Carbon have an energy representative, who reports the status to the site or Legal Entity manager at least once per year. The EHSA Steering Committee is responsible for monitoring and directing energy management at key sites. In this regard, SGL Carbon's global energy representative reported on the status of local target attainment to this committee twice in 2020. The EHSA Steering Committee was composed of the business units' head of operations and was under the leadership of SGL Carbon's CEO. In 2021 it will be replaced by a comparable HSE Council Meeting, in which the company's Board of Management, the heads of the business units and the central areas as well as the Corporate EHSA Team will participate.

The top-level goal for energy management is to use all types of energy efficiently. For this reason, in 2018 SGL Carbon committed to reduce global energy consumption based on adjusted sales revenue by 1% each year and by 10% by 2027 compared to the 2017 consumption.

In doing so SGL Carbon is focused on energy-efficient equipment and process optimization. We have included this in our EHSA energy management policy and our Code of Conduct. In addition, we offer training activities at the ISO 50001 certified

sites and communicate energy management within the Company. In this way we want to ensure that our employees also develop an awareness of energy topics. 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 which make a major contribution to our total energy consumption have an ISO 50001-certified energy management system. By December 2020 the increased requirements in the ISO 50001:2018 standard have been successfully implemented and re-certifications were performed by the certification bodies DQS and DEKRA.

The ISO 50001-certified sites evaluate the implementation of the standard requirements in the annual management review as well as in regular internal and external audits. In 2020 a total of nine internal audits for the energy management system were performed for eleven sites by qualified internal auditors from other SGL sites. External audits are carried out at these sites at least once every three years by accredited certification companies.

For the sites with the worldwide largest energy consumption key data for specific energy consumption and also measures and projects to increase energy efficiency have been defined.

SGL Carbon also works together with external partners as part of its energy management. An example is the energy efficiency networks at our sites in Bonn and Meitingen. These are based on an initiative by the federal government and serve the voluntary, systematic and target-oriented exchange of experience among companies from one region or industry.

Before the global Covid-19 pandemic began, we held a workshop on the formation of complex energy indicators by a recognized external expert, and all of our German-speaking energy representatives were invited to attend this workshop in Meitingen.

The "Best Practice Workshop", which was also planned for 2020 at our Meitingen Site by our central unit EHSA, with participation of all of SGL Carbon's European energy representative could not be held as a result of the pandemic. In order to improve the overview of the large number of local energy efficiency activities, we created a central digital platform in which all energy savings projects for all ISO 50001-certified SGL Carbon sites are listed and updated once per quarter. This platform is used to transparently show the individual measures, the to-

tal potential of the current projects and those which are possible in the future, as well as the energy savings actually achieved.

As in previous years in 2020 we procured energy from renewable sources at our sites in Wackersdorf, Ort and Ried. In addition, this year we were also able to procure renewable energy at our site in Muir of Ord (Scotland). This has improved our contribution to reducing global CO<sub>2</sub> emissions.

As the result of constant efforts and the impact of the pandemic, energy consumption and CO<sub>2</sub> emissions were reduced in 2020 both in absolute terms and also compared to adjusted sales revenues.

Energy consumption and CO <sub>2</sub> emissions <sup>1)</sup>	2020	2019	Change
<b>Energy consumption</b>			
in gigawatt hours (GWh)	1,166	1,409	- 17%
thereof oil and gas	421	488	- 14%
thereof electricity	498	628	- 21%
thereof steam	247	293	- 16%
Energy consumption in relation to economic output (GWh per €1.0m sales revenue) <sup>2)</sup>	1.30	1.33	- 2%
<b>CO<sub>2</sub> emissions<sup>3)</sup></b>			
in thousands of tons (kt)	318	393	- 19%
thereof direct	77	90	-14%
thereof indirect	241	303	- 20%
CO <sub>2</sub> emission in relation to economic output (kt per €1.0m sales revenue) <sup>2)</sup>	0.36	0.37	- 3%

<sup>1)</sup> Data include all fully consolidated subsidiaries

<sup>2)</sup> 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

<sup>3)</sup> The calculation of CO<sub>2</sub> 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 2020" of the International Energy Agency (IEA) for indirect emissions (Scope 2)

## 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. The Company attaches great value to the corresponding standards at its

business partners and considers occupational health and safety aspects when selecting suppliers. The Code of Conduct for suppliers and subcontractors requires that these must ensure their employees' health and safety in their workplace and set up a management system for constant improvement.

The EHS Steering Committee was responsible for monitoring and directing the occupational health and safety activities (see "Energy consumption and CO<sub>2</sub> emissions"). Exchanges take place between our Corporate EHS organization and local EHS managers on important issues in our global EHS network. This aims to ensure that all the statutory regulations are upheld and that corresponding systems are put in place at the respective sites.

The meeting planned for 2020 at our Meitingen site by our Corporate EHS organization, with participation of EU site and local safety managers, could not be held as a result of the Covid-19 pandemic. In this regard a virtual European information exchange has been created on safety solutions.

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 EHS organization supports the business units in 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 takes their ideas for reducing the risk of accidents into account. For example, an annual Safety Award is issued to sites where there were no safety incidents that result in lost time injuries. Ten sites were honored with this award in 2020 for 2019. The topic of occupational health and safety is promoted by the annual targets at many sites.

If an accident at work does happen, this is recorded in the group-wide Incident Management System. SGL Carbon uses a systematic process to investigate incidents, establish pro-

posals for improvement and in doing so takes into account solutions that have already been effective in preventing accidents at other SGL sites. Once per month the Corporate EHS organization issues a safety report with relevant statistics to the Board of Management, managers of the business units and of the sites as well as the EHS responsible. This allows SGL to evaluate compliance with the EHS policy and in the case of negative trends implement countermeasures immediately.

In order to reduce accident frequency, SGL Carbon constantly implements measures at all sites worldwide. For example, in 2020 specific improvement activities tailored to the respective sites were initiated and performed at Lavradio and for the Gas Diffusion Layer (GDL) product segment at Meitingen.

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. In this way we aim to increase our employees' awareness of safety-relevant aspects 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 2020 the target frequency rate was specified as maximum 3.10 accidents per million worked hours. This includes accidents incurred by SGL's employees and external contracted employees<sup>1</sup> with at least one day lost after the day of the accident. This target was not reached in 2020 with an actual result of 4.15. A target of 3.40 accidents/million worked hours was established for 2021. The severity rate target was not achieved with a value of 267 (target in 2020 was 150).

## 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. The goal is therefore both to ensure the safety of production processes and achieve continuous improvements of our safety culture.

As part of its entrepreneurial due diligence, SGL Carbon has a global Process Safety Policy and management system in place

<sup>1</sup> Employees 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 Statistics. The data includes all fully consolidated subsidiaries.

since 2017. The system includes various elements such as process safety analyses, investigating accidents and the management of countermeasures. Process safety was also addressed at the quarterly meetings of the EHSA Steering Committee (see "Energy consumption and CO<sub>2</sub> emissions"). In addition, there is an incident management system for occupational 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 occupational 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 doing so, we analyze the extent and hazard potential from crises situation and calculate their economic consequences such as the costs of remedying environmental damage or preventing lost sales as a result of production downtime. For each main risk one or more measures for risk mitigation are identified and these are implemented if required.

SGL Carbon performs annual audits in cooperation with an insurance company, which include a safety analysis of processes and equipment. The results are evaluated and documented. If necessary, concrete improvement measures are put in place. As a result of the travel restrictions due to the pandemic, in 2020 a total of eight sites were for the most part audited virtually. A total of 104 improvement measures have been identified since 2019 based on the available reports. Since then, 60% of the improvement activities have been completed. In 2020 a total of four 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 €50.000.

## Resource management (waste and water)

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

At all sites worldwide, SGL Carbon commits to comply with all 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. In this way, water consumption and the production of waste should be constantly reduced. Our principle for waste is: avoidance is better than recycling and recycling is better than disposal. Waste that cannot be avoided 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 the production process is not contaminated and can be partially discharged into rivers after use.

SGL Carbon has set out how it deals with resources in the policy on EHSA training. The Code of Conduct for suppliers and subcontractors also includes information on waste. It obligates us and our suppliers to obtain the necessary permits to recycle, and to avoid waste and release of hazardous substances into the environment. Once per month, together with the local EHS officer, the Corporate EHSA 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 non-hazardous waste.

In 2020 we once again reduced our water consumption both in absolute terms and also based on 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. These savings are sustainable. Overall, it was possible to reduce water requirements once again by 20% in 2020.

The amount of waste related to adjusted sales revenue has increased compared to 2019.

Resources <sup>1)</sup>	2020	2019	Change
<b>Water requirement</b>			
Total (millions m <sup>3</sup> )	5.92	7.42	- 20%
thereof from Company wells	4.12	4.20	- 2%
thereof from rivers	0.67	1.80	- 63%
thereof from public water supply	1.13	1.42	- 20%
Water requirement in relation to economic output (m <sup>3</sup> per €1,000 in sales revenue) <sup>2)</sup>	6.6	7.0	- 6%
<b>Waste volume</b>			
in thousands of tons (kt)	23.7	26.3	- 10%
thereof hazardous waste	3.7	4.6	- 20%
Waste volume in relation to economic output (t per €1.0m sales revenue) <sup>2)</sup>	26.5	24.8	7%

<sup>1)</sup> The data includes all fully consolidated subsidiaries

<sup>2)</sup> 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 4,837 employees at 31 sites in Europe, Asia and America. Their dedication, competence and performance are critical factors for the company's success. Therefore, SGL aims to acquire the best talents, and to specifically further develop its employees and enhance their loyalty to the company. In addition to numerous opportunities for training and continuing professional development, SGL also relies on a varied, fair and respectful working and leadership 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 sites.

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

- Managing HR processes such as hiring and personnel administration, including labor law issues
- 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 staffing
- Positioning SGL Carbon as an attractive employer in 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 and 2020. The planned go-live for the IT system has been put back to April-June 2021 due to additional challenges arising from embedding the new system in the existing SAP landscape as well as staffing bottlenecks. These bottlenecks arose both in the core project team as well as in the local HR departments to be involved and were due to additional tasks resulting from both management of the Covid-19 pandemic and also in connection with the reorganization activities which started in the second half of 2020.

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

SGL Carbon constantly observes and reduces potential HR risks. This includes the strategic importance of recruiting resulting from the increasing dearth of specialists. The same applies to our staff retention efforts serving to combat high employee fluctuation, and thus also keeping expertise in the Company. Forward looking competency management also plays a key role, identifying the competencies which will be required from senior and middle management in future and promoting these. In addition, risks can also result from employees' changing requirements and wishes. For Germany, we utilized an external employee consultancy service in the year under review 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 to combat the challenges resulting from demographic change.

SGL Carbon aims to establish a non-discriminatory work and leadership 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 age, race, [ethnicity] origin, skin color, sex, sexual orientation or identity, religion, beliefs or disability. SGL's Code of Conduct is a key pillar in its 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 resulting from the issues set out above [age, etc.] are not 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 use local collective agreement systems or similar systems in order to ensure non-discriminatory remuneration. In areas not covered by collective agreements, the recognized analytical job evaluation method according to Hay is applied across the globe.

In order to promote international exchange and knowledge transfer within the Company, SGL Carbon deploys employees to different locations worldwide. These international assignments are generally from one to five years. In 2020 the Group employed expatriates in China, Germany and the USA.

Internationality	2020	2019
Total workforce	4,837	5,127
thereof Germany	2,249	2,341
thereof rest of Europe	1,328	1,461
thereof North America	743	829
thereof Asia	517	496
Number of expatriates	4	6

Percentage of women	2020	2019
Total workforce	17%	17%
thereof Europe	17%	17%
thereof North America	20%	20%
thereof Asia	16%	17%
Senior management	17%	18%
Middle management	18%	18%

Age structure	2020	2019
< 30 years	16%	19%
30 to 50 years	55%	53%
> 50 years	29%	28%

## 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 nine technical and commercial professions in Germany as well as six dual study programs.

In order to enthruse 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. We once again supported this initiative in 2020 with both staff members and financing to the tune of € 10,000.

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 programs, 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). The strong downturn in participant numbers compared to the previous year is due to pandemic-related cancellations and non-participation in face-to-face events, and also to restricted training activities due to the re-organization activities in the second half of the year.

In its Leadership@Work concept SGL 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 and in particular also by using mentors. These are select top managers at SGL which support the groups as co-trainers and coaches. More than 1,300 employees have already participated since Leadership@Work was introduced in 2001. As a result of the Covid-19 pandemic, implementation of this program was initially halted in March 2020, as was the case for other training activities, which means that only one Leadership@Work Group could be trained in 2020.

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, and also the new members of the Board of Management who started during the course of 2020, the talent management process was once again put on hold during the year under review.

Apprenticeships and dual study programs	2020	2019
Total apprentices	97	102
- Site Meitingen	69%	57%
- Site Bonn	29%	39%
- Site Limburg	2%	4%
- Site Willich	0%	0%
Number of professions for apprentices	9	10
Number of apprentices taken over	24	33
Number of dual study programs	6	5

Personnel development and talent management	2020	2019
Number of participants in the qualification portfolio "Corporate Training Framework"	19	184
Number of participants in the management development program "Leadership@Work"	6	32

## 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 specialists and talents with future-proof potential 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. During the year under review, as part of the transformation project, a survey was performed among top and middle management members, and as a consequence of this a series of activities to promote a performance enhancing corporate culture were put in place under the title "Organizational Health". It is planned to survey all employees once again in 2021.

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. As part of its university marketing, we offer students various op-

opportunities for combining academic theory with business practice - including internships, working as a student, and theses. As a longstanding 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 22 students from five different countries, and around 23% of this figure were female. In addition, this department supported ten bachelor and master's theses as well as dissertations in the reporting year.

As part of our recruiting, in 2020 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 six positions 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 is going to be taken in 2021 with the launch of a cloud-based IT solution in several countries.

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.

During the year under review, SGL Carbon also participated in the progress index for achieving a work-life balance, developed as part of the corporate program "Family as success factor" initiated by the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. By participating in this program, SGL Carbon clearly shows that the Company lives a family-conscious corporate culture, and that it is dedicated to achieving a balance between family life and work. This was also the aim of the overall works agreement concluded for Germany in 2017 for "Alternating Teleworking". 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 92 employees by the end of 2020. As part of its handling of the Covid-19 pandemic, we enabled and encouraged administrative employees to work from home in agreement with their respective superiors and if the respective tasks and activities allow this.

In particularly challenging professional or private situations, SGL employees in Germany also benefited from external advice in 2020. 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 site level. For example, a course on stopping smoking and flu jabs were offered in Meitingen during the year under review. Flu jabs were also offered in Bonn, as well as first aid training courses. In total, as a result of the work protection activities due to the pandemic, fewer company healthcare management offerings were performed in the year under review compared to 2019.

Number of staff	2020	2019
Number of employees	4,837	5,127
Number of new hires (worldwide) <sup>1)</sup>	282	361
- thereof men	79%	76%
- thereof women	21%	24%
Fluctuation rate (worldwide) <sup>2)</sup>	8.3%	7.3%
- Europe	6.4%	5.7%
- North America	18.4%	13.4%
- Asia	4.9%	8.0%

<sup>1)</sup> 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

<sup>2)</sup> Based on the average headcount, includes employees leaving the Company voluntarily and involuntarily

Part-time employment and reconciliation of work and family	2020	2019
Percentage of part-time employees in Germany <sup>1)</sup>	5.0%	4.9%
Male part-time employees (Germany) <sup>1)</sup>	1.6%	1.6%
Female part-time employees (Germany) <sup>1)</sup>	20.9%	20.0%
Number of employees who used the advice service (EAP)	1.6%	2.1%

<sup>1)</sup> Based on a balance sheet date of December 31, excluding marginal employment employees, students and temporary workers



## Corporate citizenship<sup>1</sup>

As a so-called corporate citizen and a company acting responsibly, corporate citizenship is a key issue for SGL Carbon. That is why the Company is particularly involved in projects in the vicinity of its own sites and therefore primarily supports projects that have a local or thematic connection.

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 all employees of the Company and its subsidiaries, for business partners, shareholders and the members of the Board of Management. This ensures that the selection and support of projects is transparent and follows uniform regulations. Accordingly, among others, charitable institutions as well as initiatives and projects that serve to improve quality of life are in focus.

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 Capital Markets & Communications 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. The Capital Mar-

kets & Communications department is responsible for monitoring the sponsoring/donation activities. No violations of the policy were ascertained in the year under review. As in previous years, in 2020 SGL Carbon also focused on promoting science. These activities were controlled by the global research department Central Innovation. The awarding of various prizes is intended to serve as an incentive for scientists and support research into new fields of application for carbon as a material.

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 the Company volunteered in juries to select winners, for example in the prize board of the Deutsche Gesellschaft für Materialkunde.

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 2020, SGL employees again supported the initiative with donations and active participation for organizational activities. Promoting university education is also a key issue. For example, last year SGL Carbon once again supported different universities like the Technical University in Munich.

<sup>1</sup> 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.