Remuneration System for the Board of Management (Board of Management Remuneration System 2023)

I. Overview

The remuneration of the members of the Board of Management of SGL Carbon SE is set according to the German Stock Corporation Act [AktG] and is geared to the long-term and sustained development of the Company. In addition to the tasks and performance of the individual Board of Management member, the total remuneration of the members of the Board of Management is oriented to the Company's size, complexity, and situation. It comprises a non-performance-related salary and non-cash benefits as well as pension commitments and performance-related (variable) components.

The non-performance-related components include a fixed annual salary (basic salary) and fringe benefits as well as an annual contribution towards a retirement benefit. The performance-related components comprise a one-year variable remuneration (SGL Carbon Bonus Plan - STI) and a multi-year variable remuneration (SGL Carbon Long-term Incentive Plan - LTI). The system is supplemented by mandatory shareholding requirements for the members of the Board of Management.

The financial and individual targets anchored in the performance-related remuneration components are consistent with the business strategy and the long-term and sustained development of the Company. In the context of short-term variable remuneration, incentives for the sustained development of Company are set for the Board of Management members. The Supervisory Board focuses on the long-term development of the business and therefore has weighted the share of the multi-year performance related remuneration components high accordingly. In addition, the shareholding requirements for the Board of Management serve as an ongoing long-term and sustained incentive for Board activity.

The horizontal and vertical appropriateness of the Board of Management remuneration is reviewed at regular intervals by an independent external expert and is recognized by the Supervisory Board. As a horizontal reference, a group of comparable publicly-listed companies in Germany is used. The vertical comparison of internal remuneration within the Company focuses on the ratio of the Board of Management remuneration to the remuneration of non-management employees working in Germany as well as the remuneration of the upper management level of the SGL Carbon Group, also over a period of time. The remuneration system of the upper management level of the company is also oriented to the incentives that the Board of Management has. Thus the members of the upper management level are offered an LTI program that corresponds structurally to the program for the Board of Management.

The remuneration system also places a cap on the amount of the remuneration in accordance with the statutory requirements.

As may be seen in the following chart, the share of the variable remuneration components (STI and LTI) lies between 48% and 64% of the target total remuneration, whereby the share of the long-term variable remuneration exceeds the share of the short-term variable remuneration. The proportion of non-performance-related remuneration (basic salary, fringe benefits and retirement benefits) is between 39% and 53%. Looking at just the target direct remuneration (i.e. the target total remuneration not including contributions to a retirement benefit or fringe benefits) alone, the share of the basic salary lies at 36.4% and that of the variable remuneration amounts to 63.6%, with a mean basic salary, STI, and LTI within the possible proportionate bandwidth.

The individual building blocks of the remuneration are depicted below:

1. Basic Salary	Share of total remuneration	28-36%
	Payout	Monthly in equal installments
2. One-year variable remuneration (STI)	Share of the annual target bonus in the target total remuneration	18-26%
	Assessment basis	Financial targets; Discretionary Factor (including individual targets)
	Bandwidth for the payout amount	0% - 200% of the target bonus (target bonus completely reached = 100 % target achievement)
	Payout	After adoption of the annual financial statements for the respective fiscal year
	Cap	200% of the target bonus
3. Multi-year variable remuneration (LTI)	Share of the annual allocation amount of the target total remuneration	30-38%
	Assessment basis	ROCE target corridor; share price
	Bandwidth for the payout amount	0%-200% of the allocation amount
	Payout	After adoption of the annual financial statements for the last year of the four-year performance period
	Cap	200% of the allocation amount
4. Fringe benefits	Share of the target total remuneration	under 4%
	Payout	According to occurrence of expenses
5. Retirement benefit (*Contribution-oriented pension commitment*)	Share of the target total remuneration*	7-13%
	Grant	Annual fixed direct commitment
	Payout	Capital payment or 10-year pension at the reference date

* The annual contribution to the company retirement benefit is used

The remuneration system is also supplemented by appropriate regulations in connection with the start and end of work on the Board of Management.

II. Basic Components of the Remuneration System in Detail

Non-performance-related components

A) Basic salary and fringe benefits

The members of the Board of Management of SGL Carbon SE receive emoluments in the form of a fixed annual salary (basic salary) and fringe benefits. The basic salary is paid in twelve equal installments at the end of a month. It is reviewed and adjusted, if necessary, by the Supervisory Board at regular intervals. In addition, each member of the Board of Management can be granted fringe benefits up to the maximum share of this remuneration component in the total target remuneration. These benefits include benefits in kind granted by the Company, the use of a company car, grants for insurance and other customary assumption of costs, including the conclusion of D&O insurance by the Company with a deductible for the member of the Board of Management in accordance with the German Stock Corporation Act (AktG).

B) Pension commitments

Board of Management members receive a company retirement benefit in the form of a commitment to pay a contribution comprising old-age, invalidity and survivor benefits. This commitment is designed as a capital account plan, where the Company pays a fixed benefit amount into the retirement account for every year of service during the service relationship (prorated if begun or ended during the year). This retirement account bears interest up to the time when the benefit comes due with the respective applicable statutory guaranteed interest for the life insurance industry. If when investing the retirement account higher interest is credited than the respective applicable statutory guaranteed interest, such interest will also be credited to the retirement account when the benefit comes due (profit participation).

If a member of the Board of Management leaves the employ of the Company at or after attaining the regular age limit applicable for statutory pension insurance, the said member will receive the retirement capital (i.e. the sum of all of the retirement contributions credited to the retirement account including any amounts credited as interest), insofar as no application is made for a payout of the retirement capital in ten annual installments. When leaving the Company as of having attained the age of 62 years; or if the lower age limit recognized for tax purposes is changed for new commitments, there will be a claim for early disbursement as of the date on which the lower age limit is applicable.

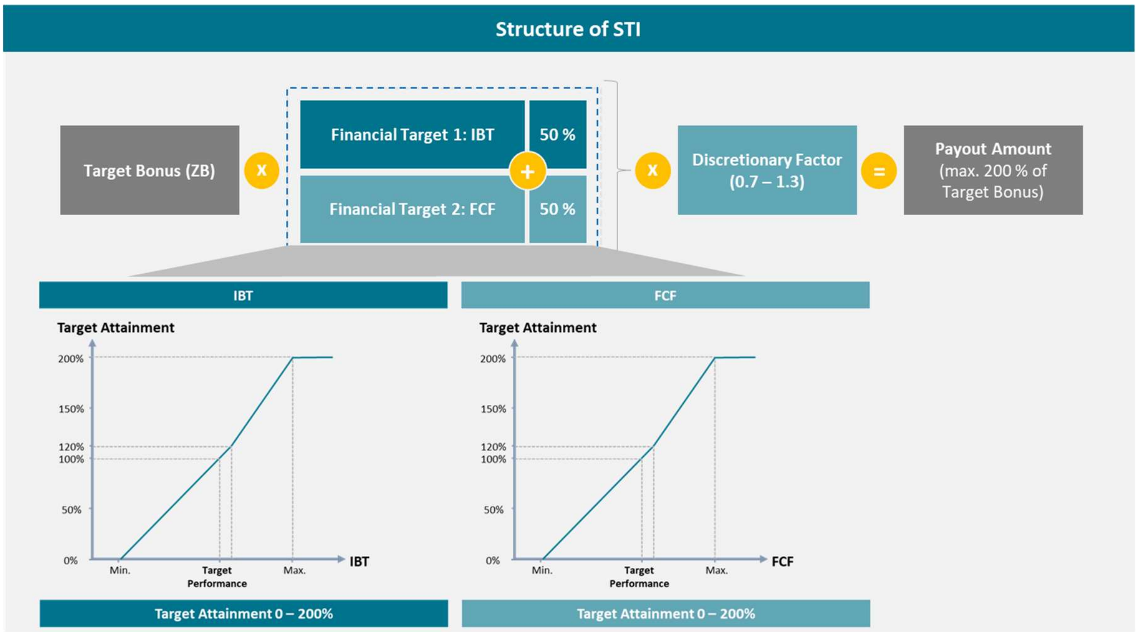
In the event of an occupational disability or death prior to the retirement benefit coming due, the contributions calculated for the age of 60 years will be added to the retirement account, whereby this increase is limited to a maximum of ten contributions. In these cases, the benefit credit balance saved plus any attributions upon the onset of the disability or death will be disbursed.

If a member of the Board of Management leaves the employ of SGL Carbon SE without the onset of a benefit, this member shall receive a vested claim from the retirement account, if the statutory vesting requirements pursuant to Section 1 b (1) of the German Act to Improve Company Old-Age Pensions (BetrAVG) have been met. Any previous terms of office in the service of SGL Carbon SE will be credited.

Performance-related components

A) SGL Carbon Bonus Plan (Short-term Incentive Plan - STI)

The one-year variable remuneration of the members of the Board of Management for the financial year in question is measured within the framework of the SGL Carbon Bonus Plan (STI) based on a target bonus set individually for each member of the Board of Management, the attainment of predefined financial targets and the assessment of the general performance of the Board of Management member by the Supervisory Board by a Discretionary Factor (in the context of which pre-defined individual targets play a significant role for the board members). Schematically, the STI structure looks essentially like this (for illustration purposes, IBT and FCF have been adopted as the financial assessment bases):



With respect to the financial performance targets under STI, the Supervisory Board selects two of the assessment bases listed below and then sets specific targets. The assessment bases that can be selected are important measures for the Company's growth, profitability, asset or financial profile. As part of the current business strategy, the Supervisory Board decides which of these assessment bases will have priority the respective fiscal year and will serve as the basis for providing an incentive to the Board of Management. The Supervisory Board can select the same or different assessment bases for the individual members of the Board of Management. The specific target values for these assessment bases are derived from the budget for the respective fiscal year for the SGL Group and are set by way of target agreements between the Supervisory Board and the members of the Board of Management.

Possible financial assessment bases under STI are:

Assessment basis *	Description
Sales Revenue	Sales revenue of SGL Group in the relevant reference year
IBT (Income Before Taxes)	Result from continuing operations before income taxes of the SGL Group in the relevant reference year, adjusted for any depreciation or appreciation on the level of the Company's cash-generating unit
adjusted EBITDA (EBITDApre)	EBITDA adjusted for special items and one-off effects. The special items primarily include restructuring costs and effects from the purchase price allocation. One-off effects are material one-off effects on earnings that do not reflect the economic development.

Free Cash Flow	Cash flow from operating activities (continued operations) minus cash flow from investing activities (continued operations) in the relevant reference year
Working Capital	Inventories *plus* trade receivables and contract asset values *minus* trade payables
Net financial debt	Sum of financial debt *less* sum of liquid funds

*in exchange rate adjusted terms

The two selected assessment bases for a fiscal year will be equally weighted – i.e. at 50%. Depending on the performance target, target attainment may amount to between 0% and 200%, whereby the upper and the lower targets, derived from the budget for the respective year, are fixed by the Supervisory Board. Within this target corridor, the target attainment value between the lower end of the target corridor and a 120% target attainment is determined by linear interpolation between the lower end and the 120% target attainment, above this value by linear interpolation between the value of the 120% target attainment and the upper end of the target corridor (cf STI graphic above). The determination of the attainment of the financial targets will be established from the figures of the consolidated financial statements or from data from internal accounting for the respective year.

To determine the one-year variable remuneration, the value arising from the two financial performance targets will be multiplied by a discretionary performance factor, which lies between 0.7 and 1.3 (Discretionary Factor). As part of the Discretionary Factor, the Supervisory Board sets at least three targets in advance for each member of the Board of Management, which play an important role in determining the level of the Discretionary Factor attainment after the performance period has ended and which should also include material sustainability targets. These targets can be assigned to individual members of the Board of Management or to all board members. With respect to determining the Discretionary Factor in the overall view, attaining the targets with these criteria will be predominantly but not solely taken into account, and in other respects, the Supervisory Board is free to determine the Discretionary Factor.

The Supervisory Board will define insofar targets, which are intended to promote the long-term sustained success of the Company, the interests of the shareholders and employees, ecological and social responsibility, or the compliance culture of the Company. Derived from this, targets should be selected from the following subject areas, at least one of the targets from the area of environment, social responsibility / personnel or from the area of governance / compliance:

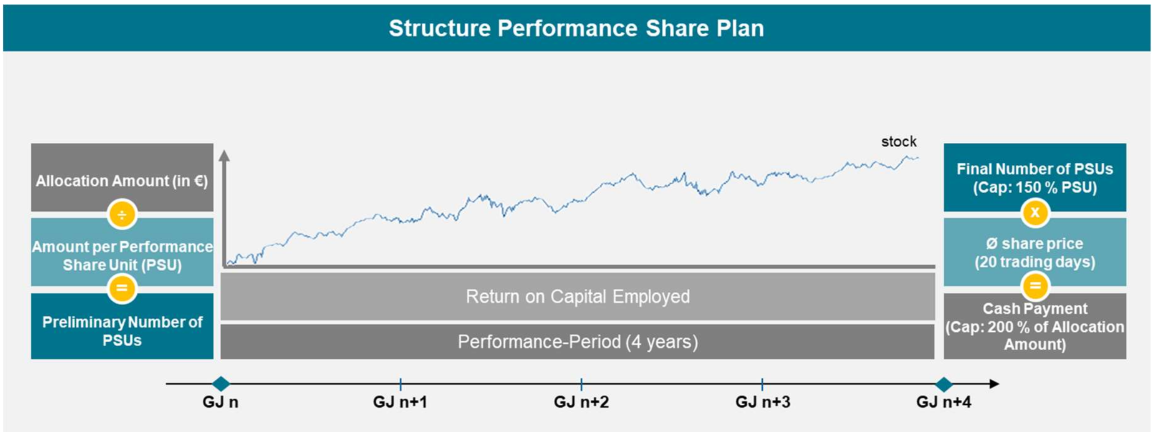
- Environment (such as development of a sustainability roadmap for the Company, optimization of the use of resources, reduction of emissions)
- Social responsibility / personnel (such as measures to increase employer attractiveness and employee satisfaction, measures to strengthen the corporate culture and leadership development, promoting diversity and equal opportunity)
- Governance / Compliance (such as measures to ensure and maintain a compliance management system)
- Specific operational and/or strategic targets, which are of importance for the long-term and sustainable development of the Company (e.g. targets for growth, digitization, investment and R&D strategy, M&A or financing projects)

The payout amount of the STI is limited to 200% of the target bonus (cap) and will be disbursed after the annual financial statements for the respective fiscal year have been adopted. In the event that the Board of Management member is not entitled to remuneration for the whole fiscal year forming the basis for the statement of account, there will be a prorated reduction.

Negative and positive effects from later extraordinary events or developments which were not taken into account in the business strategy or the target corridor derived herefrom (e.g., acquisitions and divestitures of companies) may be taken into account by the Supervisory Board when calculating the payout amount, in order to ensure the fair and appropriate comparability of the data of the assessment basis within the performance period. Such an adjustment should not, however, lead to the originally intended incentive effect of the performance targets being subsequently impaired; therefore, any generally unfavorable market developments, for example, are irrelevant here.

B) SGL Carbon Long-term Incentive Plan (LTI)

The members of the Board of Management are entitled to multi-year variable remuneration in the form of the SGL Carbon Long-term Incentive Plans (LTI). This LTI is intended to honor the sustained and long-term growth of the Company, which is mapped using the multi-year ROCE (Return on Capital Employed) of the SGL Carbon Group and the development of the share price. A schematic view of the LTI structure is provided below:



Every year, a tranche of the plan is granted with a four-year performance period. With this grant, an allocation amount in euros is set for each Board of Management member. This amount is used to calculate a preliminary number of virtual shares (Performance Share Units - PSUs). The number of preliminary PSUs is calculated at the start of the relevant performance period by dividing the allocation amounts by the share price of the SGL share calculated to reflect a fixed moving-average period before the start of the performance period (arithmetic mean of the XETRA closing prices of the last 20 trading days prior to the beginning of the performance period).

Furthermore, the Supervisory Board sets a target corridor for the performance period of four years for the ROCE assessment factor for this period. The target corridor is derived from the planning values during this period. The ROCE is calculated on the basis of the EBIT (before non-recurring charges) and the average fixed capital – defined as the sum of the goodwill, other intangible assets, property, plant, and equipment, shareholdings valued at equity, and net working capital. This method reflects the strategic objective of achieving a return on capital employed from the operations annually which coincides with the capital cost rate set in the business strategy. The target corridor is described by a minimum (0% target attainment) and a maximum (150% target attainment) for the ROCE assessment basis, which lie below or above the target set for the performance period respectively.

After the expiration of every four years the degree of ROCE target attainment is identified based on the data from internal accounting. The final number of PSUs at the end of the performance period will be determined in relation to the attainment of the ROCE target. There will only be a payout if at least the lower value of the ROCE target was attained. The final number of PSUs is limited and can amount to between 0% and 150% of the preliminary number of PSUs. The potential payout amount is indicated by the final number of PSUs multiplied by the share price calculated to reflect a fixed moving average period at the end of the performance period (arithmetic mean of the XETRA closing prices of the last 20 trading days prior to the end of the performance period). By linking the long-term variable remuneration to the development of the share price by means of performance share units, the remuneration is also aimed at the long-term positive growth of the Company to this extent as well.

The total amount to be paid out is capped at 200% of the allocation amount on the date granted. Payouts are made in cash and come due after the adoption of the consolidated financial statements of the Company for the last year of the performance period. In the event that the Board of Management member is not entitled to remuneration for the whole period on which the settlement is based, the Board member will receive a prorated payout amount calculated on the basis of this plan at the end of the performance period.

Negative and positive effects from later extraordinary events or developments which were not taken into account in the business strategy or the target corridor derived herefrom (for example, acquisitions and divestitures of companies) may be taken into account by the Supervisory Board when calculating the ROCE with effect for the future, in order to ensure the fair and appropriate comparability of the assessment basis which was assumed when the tranche was issued.

Such an adjustment may, however, not lead to the originally intended incentive effect of the performance targets being subsequently impaired, therefore any generally unfavorable market developments, for example, are irrelevant here. If capital measures lead to a decrease or increase in the value of the Company's shares (e.g. share split or a merger of shares) the target number of PSUs or the final number of PSUs will be adjusted accordingly, depending on the date on which this measure takes effect.

III. Other key components of the Remuneration System

Shareholding requirements

Members of the Board of Management are also required to permanently hold a fixed quantity of shares in SGL Carbon SE for the duration of their term on the Board. For the CEO, the number of shares to be held corresponds to his fixed basic salary for one year. For the other members of the Board of Management, the number of shares to be held corresponds to 85% of their basic salary for one year. The number of shares is calculated on the basis of the average share price (arithmetic mean of the XETRA closing prices of the last 60 trading days prior to the start of the mandate in the Board of Management) calculated at the beginning of the appointment to the Board of Management. The number of shares to be held is to be built up successively over four years, unless the Board of Management member already fulfills this shareholding requirement. The Supervisory Board is entitled to redefine the number of shares to be held when the Board of Management member is reappointed in line with the procedure described.

Maximum total remuneration

The remuneration of the members of the Board of Management provides for maximum amounts overall, but also with regard to its variable components.

The annual gross remuneration allowed for the members of the Board of Management when taking into account all of the components of the remuneration (including the contributions to the company pension plan and fringe benefits) is capped at Euro 3,600,000 for the CEO and at Euro 3,100,000 for the other members of the Board of Management.

Within the framework of this absolute threshold, the one-year variable remuneration is capped at 200% of the target bonus (i.e. the annual amount agreed for a 100% attainment of the target for STI), that of the multi-year variable remuneration is capped at 200% of the allocation value (i.e. the annual valued allocated for the LTI).

Benefits after leaving the Board

The term of the appointment to the board and the service contract of the board member are synchronized. If the appointment to the Board of Management ends prematurely, the Company can - without prejudice to the right to extraordinary termination with immediate effect - terminate the service contract in accordance with the period specified in § 622 German Civil Code (BGB). If a member's appointment to the Board of Management is terminated prematurely by an ordinary termination on the part of the Company, the Board member shall receive a maximum compensation of two years' remuneration. This does not apply in the event of an extraordinary termination of the service agreement with the Board of Management member for an important reason, for which the Board of Management member is responsible, or in the event the Board of Management member resigns without having good cause. Insofar as the remaining term of the Board of Management member's service agreement is less than two years, the compensation will be reduced on a pro rata basis. The amount of the annual remuneration to be taken as a basis for severance pay is determined by the total amount of the fixed salary and the variable remuneration components based on a target attainment of 100% and excluding non-cash compensation and other fringe benefits for the last full fiscal year prior to the end of the Board member's service agreement. No agreements have been made regarding any pay benefits if a Board member's contract is terminated prematurely due to a change of control.

Board of Management members are generally subject to a one-year ban on competition after their contracts end. As compensation, the Company pays the members of the Board of Management a non-competition bonus of 50% of their annual remuneration for the duration of the non-competition clause. The amount of the annual remuneration to be taken as a basis is determined by the total amount of the fixed salary and the short-term variable remuneration component based on a target attainment of 100% and excluding non-cash compensation and other fringe benefits. Any severance pay will be offset against the non-competition bonus. Moreover, any other income received by the Board member will also be taken into account.

If a Board of Management member dies while in the employ of the Company, his dependents will have a claim to the fixed remuneration for the month in which the service agreement ends, as well as for the six following months, but not longer than until the end date of the Board of Management member's service agreement.

Limits in the event of extraordinary developments; clawback

The total remuneration of every Board of Management member is limited to a maximum amount as described above. Moreover, the STI and the LTI also provide for caps of the payout amounts within the remuneration building block. In addition, the Supervisory Board has the possibility of adjusting the target attainment upwardly or downwardly through the Discretionary Factor for the STI, in the event of any extraordinary circumstances.

Moreover, the variable remuneration for a fiscal year may be clawed back from the members of the Board of Management either in whole or in part, or withheld in the event of any breach of the Compliance Clawback Clause during the ongoing performance period, (i) if the respective Board of Management member has seriously breached his statutory duties or internal company codes of conduct (Compliance Clawback), or (ii) if variable remuneration components were unjustly paid out on the basis of false data (in the amount of the difference between the correct amount and the actual disbursement).

Offsetting the remuneration of other occupations

The assumption of other work in the professional field by a member of the Board of Management requires the approval of the Supervisory Board. When taking on non-Group supervisory board mandates, the Supervisory Board can determine whether and to what extent the remuneration of these mandates is offset against the remuneration for the Board of Management of the Company. Insofar as members of the Board of Management hold supervisory board mandates within the

Group and receive separate remuneration for this, this remuneration is offset against the remuneration for membership in the Board of Management.

IV. Commitments in connection with the appointment of a new board member

When appointing a member of the Board of Management of SGL Carbon SE for the first time, the Supervisory Board decides, on a proposal from the Personnel Committee, whether and to what extent additional remuneration benefits are to be granted to compensate for the forfeiture of benefits from the previous employer. Any compensation granted to this extent is considered when calculating the maximum allowable total remuneration (maximum remuneration limit).

V. Processes

The structure and the appropriateness of the Board of Management remuneration system will be determined and reviewed regularly by the Supervisory Board. The Personnel Committee, which comprises three members, including the Chairman of the Supervisory Board and his Deputy on the employee side, will prepare the decisions of the Supervisory Board and provide recommendations. In doing so, both the Personnel Committee and the Supervisory Board may use independent external experts. The remuneration system approved by the Supervisory Board is submitted to the Annual General Meeting for approval in accordance with the statutory requirements.

At the recommendation of the Personnel Committee, the Supervisory Board may temporarily deviate from the components of the remuneration system in particular exceptional cases (such as a severe economic or corporate crisis) in accordance with Section 87a (2) sentence 2 AktG (regarding the structure and amount of the individual remuneration components and the procedure) if this is necessary in the interest of the long-term well-being of Company.

Based on the remuneration system, the Supervisory Board will specify the components of the target and maximum total remuneration for the individual Board of Management members, i.e. the Supervisory Board will set in particular the amount of the basic salary, the STI target bonus, the LTI allocation amount and the contribution to the pension plan for the individual members of the Board of Management. The size and complexity of the SGL Carbon Group, its economic and financial situation, its results, and future prospects, as well as the usual amount and structure of the management board remuneration of comparable companies that are publicly listed in Germany are important. In a horizontal comparison with a group of comparable companies publicly listed in Germany, both the structure of the remuneration and the amount will be taken into account. Moreover, the Supervisory Board will also consider the ratio of the Board of Management remuneration to the remuneration of the upper management level of the Group and to the workforce of the SGL Group in Germany, i.e. the non-managing employees working here, also over a period of time. The restriction to non-managing employees of the Group arose from the consideration that the key Group functions are based in Germany, the workforce in Germany comprises a decisive share of the total workforce, and the comparability of the data are readily ensured by a uniform legal system. The upper management level comprises Group managers on the management levels 1-3, as in the Group this distinction is also used for describing the upper management level in other respects. Other criteria for setting the remuneration are market conditions, the experience of the Board of Management member, the respective tasks and responsibilities and the personal performance of the individual Board of Management member; accordingly, for example, the CEO of the Company will receive a higher target total remuneration than the other Board of Management members. The differentiation that may result from these various factors for the setting of the individual total target remuneration, which shall also allow for a later adjustment of individual instead of all remuneration components of the remuneration of a member of the Board of Management, make it necessary that the potential shares of the individual components in the target total remuneration is described in percentage ranges as specified in the table under lit. I above.

When the Supervisory Board sets the target total remuneration, then the maximum total remuneration will also be determined by means of the structure of the STI and the LTI (assuming maximum target attainment), taking into account the respective caps.

For the purposes of the STI and the annual tranche of the LTI, the Supervisory Board will further determine as described the relevant performance targets for the respective fiscal year. When calculating the STI, target attainment will be measured or assessed after the expiration of the fiscal year, when calculating the LTI, target attainment will be measured or assessed after the expiration of the four-year performance period. To this extent, the Personnel Committee will prepare the draft of the resolution to be adopted by the Supervisory Board.

All members of the Supervisory Board and thus also of the Personnel Committee are obligated by the Rules of Procedure for the Supervisory Board to disclose any conflicts of interest in the Supervisory Board. In its report to the Annual General Meeting, the Supervisory Board will provide information on any conflicts of interest that occurred and how they were dealt with. Significant and not only temporary conflicts of interest in the person of a member of the Supervisory Board should lead to the termination of this person’s mandate.

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