

# CSR Report 2023



# CSR Report

## Sustainability at SGL Carbon – an overview

SGL Carbon is a global technology company and expert in the production and processing of materials and products made from carbon-based solutions. As an energy-intensive company, employer in many countries and regions, and international partner, sustainable management and action is an integral part of our corporate strategy. That is why we present our sustainability ambitions and goals in the following chapters. We report on our developments in regard to ESG aspects that are material to us and our stakeholders. By publishing our targets, measures and key figures, we make our ambitions measurable and hold ourselves accountable.

## Basics of the report

This CSR report constitutes the non-financial consolidated statement of SGL Carbon pursuant to Section 315b of the German Commercial Code (HGB) and complies with the content requirements as per Section 315c in conjunction with Section 289c-e HGB. Unless stated otherwise, the report covers the activities in the 2023 fiscal year of the entire SGL Carbon Group with the business units Graphite Solutions, Process Technology, Carbon Fibers and Composite Solutions. This year's report structure is based on the three ESG categories Environmental (including environmental and climate aspects), Social (including employee and social issues as well as respect for human rights) and Governance (including supply chain responsibility, compliance and combating corruption and bribery), which are also integrated into the mandatory reporting according to Section 315 c HGB. Furthermore, this report contains all information required by the EU Taxonomy Regulation ((EU) No. 2020/852).

In preparing the report, we have oriented ourselves to the standards of the Global Reporting Initiative (GRI). Additional key performance indicators (KPIs) were developed to better reflect the specific requirements of SGL Carbon. The KPIs in use correspond to those of the previous year. We reviewed and updated the materiality analysis to determine the ESG aspects that are material for SGL Carbon in the 2023 fiscal year with the involvement of our stakeholders. The results are not only important for reporting, but also help us to better understand the requirements of our stakeholders and, if necessary, to derive strategically relevant topics for our corporate strategy. As part of the update in 2023, we checked whether new topics had arisen or whether the significance of topics had changed significantly since the last materiality analysis. We based this process on the European

Sustainability Reporting Standards (ESRS) (EU No. 2013/34/EU amended by (EU) 2022/2464). The business model is described in detail in the "Group fundamentals" of the Group Management Report.

The non-financial reporting of SGL Carbon uses the nomenclature of Environmental, Social and Governance and assigns the aspects to be presented in accordance with Section 289c(2) HGB to the three umbrella terms of Environmental, Social and Governance. When the Corporate Social Reporting Directive (CSRD) goes into effect, SGL Carbon will change the structure of the CSR report to the terms and definitions of the CSRD.

The updated materiality analysis from 2023 already takes into account the dual materiality required by regulation from 2024 and was reviewed and approved by the Executive Board, the highest decision-making body for ESG issues. The ESG topics resulting from this analysis (dual materiality) form the basis for the preparation of the material topics in accordance with Section 289c (3) HGB. The following overview shows the allocation of the primary ESG aspects according to the 2023 materiality analysis (in accordance with the CSRD) to the aforementioned umbrella terms Environmental, Social, and Governance. Individual ESG topics listed in the overview are grouped into chapters. For example, information on the management of hazardous substances can be found in the subchapter "Environmental concerns and waste management."



### Environmental concerns = Environmental

- Adaptation to climate change
- Climate protection measures incl. GHG emissions (CO<sub>2</sub>)
- Energy use and consumption
- Resource use and circular economy incl. waste



### Social concerns and Human Rights = Social

- Working conditions including occupational health and safety
- Equal treatment and equal opportunities
- Employee retention / development incl. training and continuing education
- Other work-related rights incl. human rights



### Governance

- Compliance incl. protection of whistleblowers
- Corruption and bribery incl. political engagement
- Management of supplier relationships

In the previous year 2022, the CSR Report also included additional sub-topics that were no longer identified as material to our business model following the new double materiality analysis in 2023. To ensure continuity in reporting, we continue to report on the following topics voluntarily in this CSR Report: water management, product quality and safety, information security and corporate governance. We would also like to continue to emphasize the topic of social commitment. In the Group Management Report, we also provide information on the topics of sustainable product innovations (research and development

section) and data protection (Opportunities and Risks Report). We will not report further on the topics of sustainable financing and transparency and reporting. Corporate ethics and the ethical behavior of companies play an important role in almost all ESG topics.

Review of the content of the separate non-financial Group report was performed by KPMG AG Wirtschaftsprüfungsgesellschaft as part of an external limited assurance engagement.





### Our ESG ambitions, strategy and goals

Our mission is to positively shape the future by developing cutting-edge carbon-based products - for all industries and areas of life. With its sophisticated and in some case customized solutions, SGL Carbon serves many industries that are shaping future trends: mobility (especially electromobility), semiconductor technology, LED, solar and wind energy, as well as the battery industry and manufacturers of fuel cells. Our aspirations include growing the company with products and technologies that benefit society and reduce our impact on the environment.

We strive to offer products that contribute to greater sustainability, but we also want to ensure that our manufacturing and management processes and our supply chains meet ambitious environmental, social and corporate governance standards.








For more than 10 years, SGL Carbon has reported on its own sustainability efforts by a separate Corporate Social Responsibility Report (CSR Report) and measures, among other things, its own energy and water consumption, waste volumes and provides information on occupational safety, employee concerns and compliance issues. We regularly reviewed and revised our sustainability strategy (also known as our ESG strategy). We monitor our progress and the set targets and adjust these when we reach them in order to continuously improve. Our work in the 2023 fiscal year focused on the implementation and further development of our ESG activities and goals as well as preparing for the implementation of the new Corporate Sustainability Reporting Directive (CSRD). In addition to complying with all legal requirements, we want to make even more strategic use of opportunities and positive sustainability effects of our activities as well as further reduce negative impacts. In doing so, we also consider our support for the United Nations' Sustainable Development Goals (SDGs) (more on this in the section "Our contribution to the implementation of the Sustainable Development Goals").

The following tables show our ESG targets and the current status of target achievement.









Target Year 2023	Achievement	New or updated target Year 2024	KPI / explanation		Highlights 2023	Support SDGs <sup>1</sup>
			2023	2022		
<b>ENVIRONMENTAL</b>						
50% reduction CO <sub>2</sub> emissions (scope 1 & 2) by 2025 (base year 2019)	○	ongoing	295 kt	326 kt	10% CO <sub>2</sub> -Reduction Scope 1 and 2  Installation Biomass system in Lavradio site (Portugal) - reduction potential CO <sub>2</sub> approx. 40 kt	Affordable, clean Energy / Climate Action  
Climate neutral (scope 1 & 2) by 2038	○	ongoing	295 kt	326 kt	Increase share of renewable energies e.g. electricity from renewables, biomass system	
Development of measures for Scope 3 reduction together with relevant suppliers	○	ongoing	367 kt	399 kt	Calculation of Scope 3 upstream emissions	
Energy intensity reduction by 1% p.a.; 10% until 2027 (base year 2017)	●	ongoing	-7%	-4%	ISO 50001 re-certification of material sites	



<sup>1</sup> SDG 7 Affordable and Clean Energy | SDG 13 Climate Action

○ longer duration, target ongoing      ● target achieved      ● target not achieved or at risk

Target Year 2023	Achievement	New or updated target Year 2024	KPI / explanation		Highlights 2023	Support SDGs
			2023	2022		
<b>SOCIAL</b>						
Lost-time injury frequency rate annual reduction of 5% by 2026 (based on 2022 target)	●	ongoing	1.6	2.3	Reduction of LTI FR from 2.3 to 1.6 compared with the previous year  Continuation of the annual Safety Day to further increase safety awareness	Decent Work and Economic Growth 
Maintain women's quota of 20% in senior management	●	Maintain women's quota of 20% in senior management	22%	20%	Target of 20% women's quota achieved	Gender Equality 
Improvement of the SGL Performance Culture Index	○	Improve SGL Performance Culture Index to target range "good"	not satisfactory	not satisfactory	Semi-annual employee survey on value-based performance culture and employee engagement. Improvement of the index  Implementation of various initiatives worldwide to strengthen SGL Carbon's company values  Approval of the new leadership development program "Leadership4Performance" to start in January 2024  Development of SGL's new Purpose Statement & Slogan	Quality Education / Decent Work and Economic Growth  
Training of all production employees worldwide on Code of Conduct and Human Rights Policy until end of 2024	○	ongoing	17% trained	100% training of admin. workers worldwide	Start online training for production employees on Code of Conduct and Human Rights after creation of digital access for target group  Appointment Human Rights Officer	  

○ longer duration, target ongoing      ● target achieved      ● target not achieved or at risk

Target Year 2023	Achievement	New or updated target Year 2023	KPI / explanation		Highlights 2023	Support SDGs
			2023	2022		
<b>GOVERNANCE</b>						
Maintaining a Business Partner Code of Conduct signing rate of 100%		Maintaining a Business Partner Code of Conduct signing rate of 100%	100%	100%	Update Business Partner Code of Conduct	
Continuation of supplier screening on ESG issues and immediate remediation based on risk assessment		ongoing			Around 12% increase in number of suppliers surveyed via standardized online ESG-questionnaire	
No tolerance of compliance violations, supported by investigation and sanctioning		ongoing			Investigation of all reported potential violations. No confirmed violations of fraud, bribery and corruption	Decent Work and Economic Growth 
Maintain ISO 37301 certification		Re-certification Compliance Management System (CMS) in accordance with ISO 37301 incl. anti-corruption and bribery system	ISO Certification	ISO Certification	Expansion of the CMS ISO certification with additional certification of the anti-corruption and bribery system	Peace, Justice, Strong Institutions 

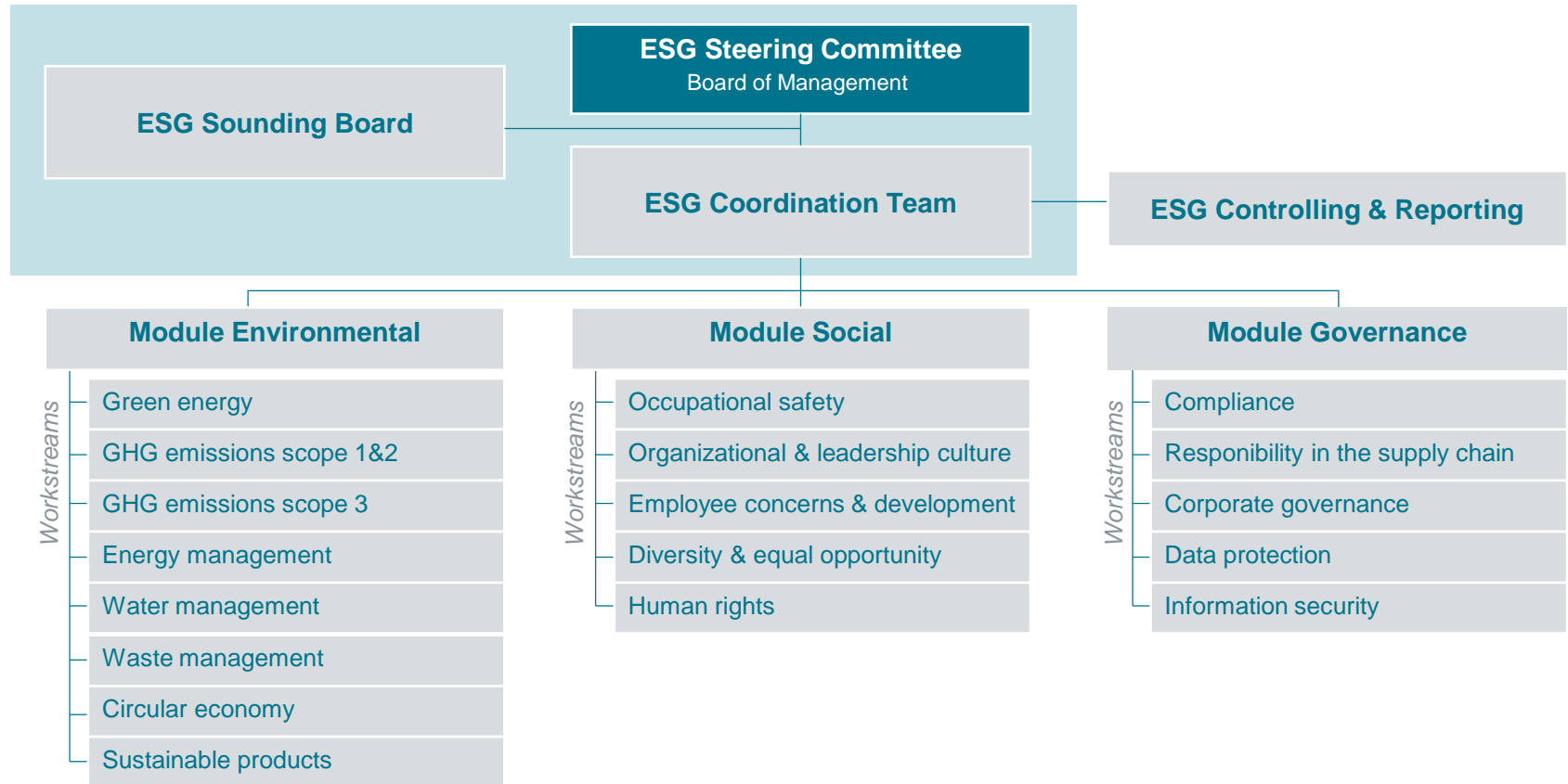
 longer duration, target ongoing       target achieved       target not achieved or at risk

### ESG Governance structure

To track and further develop our ESG goals and ambitions, we implemented a ESG governance structure for the Group in the 2022 fiscal year. The highest operational decision-making body of SGL Carbon is the Board of Management of SGL Carbon SE. Due

to its strategic importance, we have made the topic of sustainability the responsibility of the highest operational decision-making level. The Board of Management is supported in this area by an ESG Sounding Board made up of the heads of our four business units and various experts in ESG-relevant areas.

**ESG Governance structure:**



Also part of the ESG Steering Committee is the ESG Coordination Team, which consists of those responsible for the three ESG modules. We expanded the supporting “ESG Reporting and Controlling” working group in 2023 to include colleagues from Group Accounting and IT to meet the new requirements of the European Sustainability Reporting Standards (ESRS) in the future. On the operational level, ESG measures and goals are driven by the three ESG

working groups (Environmental, Social and Governance modules). Workstreams for all relevant ESG topics with clear responsibilities have been defined below the three ESG working groups. Furthermore, dedicated individuals responsible for ESG have been appointed in all four business units to carry ESG ambitions through to the operating units. These experts work closely with colleagues from Environment, Health & Safety Affairs

(EHSA), workstream leaders, and the ESG Coordination Team. The ESG governance structure therefore ensures both the strategic realization and development of our ESG ambitions, as well as operational implementation in the business units.

### Identification of material ESG aspects (materiality analysis)

In the 2023 fiscal year, we again identified and updated the material ESG aspects for SGL Carbon, taking into account the materiality analysis from 2021. The materiality analysis was performed in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and on the basis of the European Sustainability Reporting Standards (ESRS), considering the principle of double materiality. This includes two central perspectives:

- a.) Ecological and social materiality (inside-out perspective - “impacts”): Consideration of the impact of SGL Carbon’s business on the environment and society. This analyzes the impact of the company’s activities on various interest groups and stakeholders (including the stakeholder “nature”).
- b.) Financial materiality (outside-in perspective - “risks and opportunities”): Consideration of the influence of ecological and social factors on SGL Carbon. The risks and opportunities arising from external developments that could potentially have a financial impact on the company are examined.

The materiality analysis performed is based on a structured methodology comprising the following steps:

- Collection of potential ESG topics that may be relevant for SGL Carbon (longlist).

In addition to the standards applied (ESRS), the desktop analysis also included ESG topics relevant to the industry sector, a competitive analysis, current trends and developments and the results of the materiality analysis performed in 2021. Information from various sustainability ratings such as MSCI, ISS and Sustainalytics was also included in the collection of topics.

- Elimination of duplicate topics and ESG issues that are not applicable to the business model of SGL Carbon and therefore not relevant (such as animal testing). The exclusion

of non-relevant ESG issues is also based on double materiality, i.e. the analysis of potential impacts of the business model of SGL on the environment and society (inside-out perspective) and potential financial opportunities and risks for SGL Carbon (outside-in perspective).

Topics that were below the relevance threshold, but which SGL Carbon wanted to report on a voluntary basis for reasons of continuity, for example, remained in the medium list (e.g. freedom of association). This medium list is the basis for the additional steps of the materiality analysis, including the identification and assessment of potential impacts, risks and opportunities for each ESG topic identified.

- Identification and assessment of potential impacts, risks and opportunities.

In a first step, relevant positive and negative, actual and potential impacts of SGL Carbon’s business on the environment and society were identified for all topics on the medium list. In a second step, financial risks and opportunities were identified for these topics on the basis of the ESRS standards.

In addition, specific risks and opportunities arising from SGL Carbon’s specific business model have been added. All identified impacts, risks and opportunities were classified according to relevance levels to ensure that the material environmental and societal impacts as well as financial risks and opportunities for SGL Carbon are adequately considered. The relevance levels were classified from low to high and were assigned to the respective topics by the ESG team after joint consideration.

In a next step, those ESG topics that identified at least one impact, risk and/or opportunity that were rated as having medium or high relevance were transferred to a shortlist. ESG topics with impacts, risks and opportunities of only minor relevance were not pursued. This way, ESG topics could be excluded that neither have a serious impact on the environment and society nor represent a risk or an opportunity for SGL Carbon’s business.

- Expert workshops for the final validation of impacts, risks and opportunities



The impacts, risks and opportunities previously identified by external and internal ESG experts for the topics on the shortlist were validated again in various specialist workshops. The impact of SGL's business model on the environment and society was assessed and the financial risks and opportunities for SGL Carbon were once again evaluated by the subject experts. At the same time, the specialist workshops served as an opportunity to record and elaborate on impacts, risks and opportunities that had not been considered in the pre-selection process. The original ESRS terminology for assessing impacts, risks and opportunities was retained and explained to all participants.

Impacts were assessed by scope, extent, likelihood and mitigation, with mitigation assessed only for negative impacts and likelihood only for potential impacts. A time horizon was also defined for all impacts. Risks and opportunities are assessed based on SGL Carbon's internal risk management approach to classify ESG risks and opportunities within the company's risk management system. The assessment included the financial impact and likelihood of occurrence for all identified risks and opportunities.

- Identification of the material ESG topics for SGL Carbon

In a final step, the severity of the impacts, risks and opportunities was assessed, with a severity level of  $\geq 3$  being set as the relevant threshold. The degrees of severity were determined as follows:

1. Impacts: The severity level for the impacts was developed based on the corresponding recommendations of the draft "Implementation Guidance for the Materiality Assessment" of 8/23/2023 of EFRAG.
2. Risks and opportunities: The severity of the risks and opportunities was assessed using the SGL Carbon risk matrix. The potential financial impact and the probability of occurrence were considered.

As soon as a defined impact, risk and/or opportunity reached or exceeded the defined relevance threshold ( $\geq 3$ ), the corresponding ESG topic was classified as "provisionally material".

The final confirmation of the ESG topics that are "provisionally material" for SGL Carbon took place in a workshop of the company's highest decision-making body. The Board of Management confirmed:

- a) The validation of the ESG topics that are material for SGL Carbon in accordance with the Corporate Sustainability Reporting Directive (CSRD)
- b) The selection of topics on which the company reports voluntarily. These are ESG topics that are not reportable for SGL Carbon under the CSRD, but are of interest to the company's stakeholders because of reporting continuity,
- c) and the topics identified as immaterial for SGL Carbon in terms of the CSRD were confirmed.

## Stakeholder engagement

SGL Carbon strives to make sustainable use of human, natural and financial resources. We remain in close dialogue with our stakeholders throughout the year. In addition to regular communication with our stakeholders, a stakeholder survey was also conducted in the 2023 fiscal year as part of the materiality analysis. The goal of this survey was to confirm the ESG topics identified as material for SGL Carbon and to make additions where necessary.

Relevant stakeholders for SGL Carbon are institutions or persons with whom we have a direct or indirect relationship through our business activities and who therefore have an interest in our actions, including those whose interests are particularly affected by our actions ("affected stakeholders"). Our most important stakeholder groups are therefore our customers, employees, suppliers, owners and banks, media, all neighbors of our locations and the representatives of associations, academia, public authorities and non-governmental organizations (NGOs). We engage in dialogue with them on a regular basis to promote mutual understanding and we also seek to continuously identify topics that are important from the perspective of the context in which we operate.

For the stakeholder survey conducted in the 2023 fiscal year, we identified the various external and internal stakeholder groups along our value chain, taking the ESRS guidelines into consideration. In an online survey, stakeholder representatives were asked about the impact of SGL Carbon's business on the potentially material ESG topics identified by the materiality analysis and presented to the representatives in the shortlist. The relevance of

the topics was rated on a scale of 1 to 6, with the rating options ranging from (1) no relevance to (6) serious. The evaluation was performed by ranking ESG topics according to relevance.

The stakeholder survey confirmed the material topics identified in the materiality analysis for SGL Carbon.

### Our contribution to the implementation of the Sustainable Development Goals

Based on the ambitions, goals and measures we have initiated and planned, our commitment to a culture of values and compliance and our innovative nature should benefit the environment as well as society.

#### Our contribution:



**Core SDGs**

#### SDGs where SGL Carbon has most significant & direct contribution

- SDG 8: Decent work and economic growth
- SDG 9: Industry, innovation and infrastructure
- SDG 13: Climate action
- SDG 16: Peace, justice and strong institutions



**Supportive SDGs**

#### SDGs where SGL Carbon can leverage its influence to reach SDGs

- SDG 4: Quality education
- SDG 5: Gender equality
- SDG 7: Affordable and clean energy
- SDG 12: Responsible consumption and production

We intend to use these points of leverage based on our business model to make our contribution to achieving the United Nations’ Sustainable Development Goals within the scope of our business capabilities. Our membership in the UN Global Compact will also support further progress in these areas. We defined eight SDGs in 2021 for which we believe that we can make the greatest possible contributions to their implementation with our business model. These have remained unchanged in 2022 and 2023.

The overviews at the beginning of the chapter entitled “Goals, Highlights 2022, and Contribution to the SDGs” also show key measures for achieving the goals and the contribution to supporting the focus SDGs of SGL Carbon.

## Material risks pursuant to Section 315c in conjunction with Section 289c(3)(3 and 4) HGB

For the separate non-financial Group reporting and thus for the defined ESG aspects, the material risks arising from SGL Carbon's own business activities as well as the risks associated with SGL Carbon's business relationships, products and services were taken into consideration. The identified risks could, where applicable, have a negative impact on the ESG aspects (Section 315c in conjunction with Section 289c(3)(3 and 4) HGB). As part of the double materiality analysis, the responsible departments first identified the primary risks that could arise from the defined ESG aspects. These risks were then assessed together with Group Risk Management, taking into account the monitoring and controlling measures, and examined in particular to determine whether they could have a serious negative impact. In summary, no material risks have been identified that are very likely to have a serious negative impact on the above-mentioned ESG aspects including employee and environmental matters, human rights, anti-corruption and anti-bribery, and society matters. Further information can be found in the Group Management Report in the section Opportunities and Risks Report.

## Environmental

### Environmental concerns

We, at SGL Carbon, are aware of the importance of ecological responsibility in today's world. As an energy-intensive production company with global operations, we consume natural resources and cause emissions. We are determined to reduce our ecological footprint and actively address urgent environmental challenges. Sustainable action and management are an integral part of our corporate culture and decision-making processes. We maintain high standards in our production plants and processes combined with clearly measurable and comprehensible targets.

But it is not only through our own actions that we want to contribute to environmental and climate protection. To this end, a large number of the products we manufacture help to

reduce CO<sub>2</sub> emissions, as they are used in renewable energy (such as solar and wind power), LED technology and electromobility.

The primary obligations for production are specified in the national and international regulatory permits and regulations. The European regulations on noise pollution, emissions, water and waste, the implementation of such regulations in national law, and the REACH regulation on chemicals should be mentioned here as a basis.

In addition to meeting legal requirements, the importance of protecting the environment and climate is also reflected in the SGL Carbon Code of Conduct, which defines the guidelines for action for all SGL Carbon employees. These are supplemented and specified in detail by the Environment, Health & Safety Affairs (EHSA) Guideline, which has been applicable to all locations worldwide since 2022. A Code of Conduct for business partners (Business Partner Code of Conduct), which commits them to lawful, ethical and sustainable behavior, has also been in place since 2015. This Code of Conduct was fundamentally revised in the 2023 fiscal year with regard to the legal requirements of the Supply Chain Due Diligence Act (LkSG) and environmental and climate requirements.

One focus of SGL Carbon's partnership with suppliers and customers is the exchange of information with the aim of minimizing risks when using chemical substances and hazardous materials. In an internal, globally standardized system, we create relevant product information such as safety data sheets, which are then made available to customers. SGL Carbon meets the national requirements for Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) throughout the world. SGL Carbon also makes an important contribution to dealing with hazardous substances in this way.

The central corporate EHSA unit is responsible for reviewing operational activities relating to climate and environmental protection and for coordinating measures to improve occupational safety Group-wide. It defines uniform standards and reviews progress in cooperation with local Environment, Health & Safety (EHS) managers. As a rule, the sites are also audited by the central corporate EHSA unit every three years, or more often than that if incidents have frequently occurred at any given site. In 2023, the following nine production units were audited, in-part remotely via virtual call: Lavradio, Madrid, Ort, Ried, Shanghai-SFE, Shanghai SGT, Verdello, Yamanashi, Yangquan.

To appropriately reflect the growing significance of the areas of environment, social and governance, in the 2022 fiscal year, the central Corporate Sustainability function was created to manage SGL Carbon's initiatives for environmental and climate protection as well as to evaluate and develop sustainable products, making it possible to work closely with the EHSA unit and the four operating business units of SGL Carbon. The department is also responsible for internal and external reporting on Group-wide ESG issues.

### Energy consumption

A large proportion of SGL Carbon products are manufactured at high temperatures in energy-intensive processes. A majority of the energy consumption is used for generating the necessary process heat and for thermal purification. The energy sources used are electricity, in part from renewable energy sources, steam, oil and gas. Some 90% of SGL Carbon's total energy consumption can be attributed to nine of 29 sites due to their size or necessary production processes.

SGL Carbon is constantly striving to improve the energy efficiency of its processes, both out of a sense of responsibility for the environment and for economic reasons, as energy costs account for a high proportion of our production costs. The volatility of energy costs over the last two years has particularly confirmed our commitment to steadily improving energy efficiency and, where possible, switching to renewable forms of energy.

The individual business units and the heads of the production sites are responsible for the development and operational implementation of energy-efficiency measures and projects. Energy managers who report to the site management at least annually are appointed at sites that make a significant contribution to overall energy consumption. Those responsible at the plants are supported by the central energy management team.

In the 2023 fiscal year, the HSE Council, which also includes the Board of Management and the heads of the business units, was responsible for monitoring and strategically developing energy management. Additional details on the HSE Council and its tasks can be found in the "Occupational health and safety" section of this CSR Report. In the HSE Council in 2023, SGL Carbon's global energy officers reported on the status and progress of local and global target achievement.

In addition, the ESG SteerCo, which is chaired by the Board of Management, regularly reports on energy efficiency improvements and selected projects.

The newly established Energy Council also met on five dates in 2023 to discuss relevant topics in the area of energy procurement and sustainability. The Board of Management, selected heads of the business units, the Head of Corporate Development and sustainability experts took part in these meetings. The meetings focused on a comprehensive market update that highlighted important developments and trends in the energy sector. A key point of discussion was energy procurement, including hedging strategies to effectively manage price fluctuations and risks. Another important aspect of the discussions was the procurement options of electricity from renewable sources, which underlines our commitment to promoting a more sustainable and environmentally friendly way of conducting our business activity.

SGL Carbon's energy management aims to ensure efficient use of all types of energy. In 2018, we made a commitment to reducing global energy consumption as a percentage of adjusted sales revenue by 1% per year and to reach a 10% reduction compared to the 2017 baseline by 2027. We exceeded this target in 2022, but continue to work on reducing our annual energy intensity by 1%. Compared to the base year 2017, absolute energy consumption fell by around 11% to 1,169 gigawatt hours, despite a significant increase in sales revenue. In the same period, specific energy consumption in relation to economic output (intensity) fell by around 36% to 1.07 GWh per €1 million in sales revenue.

Energy consumption in relation to economic output (intensity) for 2023 decreased by about 7% compared to the previous year.

In previous years, the intensity ratios were based on so-called adjusted sales (excluding price, currency and other special effects). As the European Sustainability Reporting Standards (ESRS) do not provide for any adjustments in the future, SGL Carbon is already abandoning this methodology in the tables for 2023.

Energy consumption <sup>1)</sup>	2023	2022	Change
in gigawatt hours (GWh)	1,169	1,301	-10%
thereof oil and gas	427	468	-9%
thereof electricity	519	592	-12%
thereof steam	223	241	-7%
Energy consumption in relation to economic output (GWh per € 1,000m sales revenue) <sup>2)</sup>	1.07	1.15	-7%

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

To improve energy efficiency, SGL Carbon is focusing on energy-efficient plants and process optimization. This is documented in the EHSA policy on energy management and the Code of Conduct. Likewise, training measures are offered at the ISO 50001-certified sites. This encourages our employees to deal responsibly with the issue of energy. They should further develop skill sets that allow them to actively contribute to reducing energy consumption.

The ISO 50001 energy management system was introduced at the most energy-intensive European production sites in 2015. Currently, eight sites are successfully ISO 50001:2018 certified, accounting for 55% of SGL Carbon's total energy consumption: Bonn, Meitingen, Chedde, Lavradio, Muir of Ord, Nowy Sacz, Raciborz and Wiesbaden. In 2023, the external audits were carried out in a uniform manner by certification company DMSZ (Deutsche Managementsystem Zertifizierungsgesellschaft mbH). The regular recertification of our energy management system was successfully completed without any inconsistencies.

All energy efficiency projects at ISO 50001 certified sites are recorded in a central database. This database facilitates effective measures and effect controlling of all planned projects, including implemented and expected efficiency improvements.

In the 2023 fiscal year, the heating system at the Meitingen site was further optimized. By integrating the waste heat from the thermal post-combustion (exhaust air purification) of a production plant into the site's central heating system, a significant amount of natural gas has already been saved since commissioning in the second half of 2023.

Waste heat was also extracted at the Bonn site, from the central compressor station, and integrated into the site's heating system, which also saved significant amounts of fossil energy.

The respective energy-related product yields were increased through improved process management at the Meitingen and Chedde sites.

At the Chedde and Muir of Ord sites, data collection was improved by integrating additional energy meters into the respective control system, significantly improving data quality as a basis for further energy-saving projects.

At the Meitingen site, a pilot project for building automation using artificial intelligence was performed in an office building built according to the open-space concept. A considerable number of room air sensors were installed. After a learning period, these sensors regulate the indoor air (heating/cooling/ventilation) with the aim of increasing the well-being of employees and saving energy.

## CO<sub>2</sub> emissions

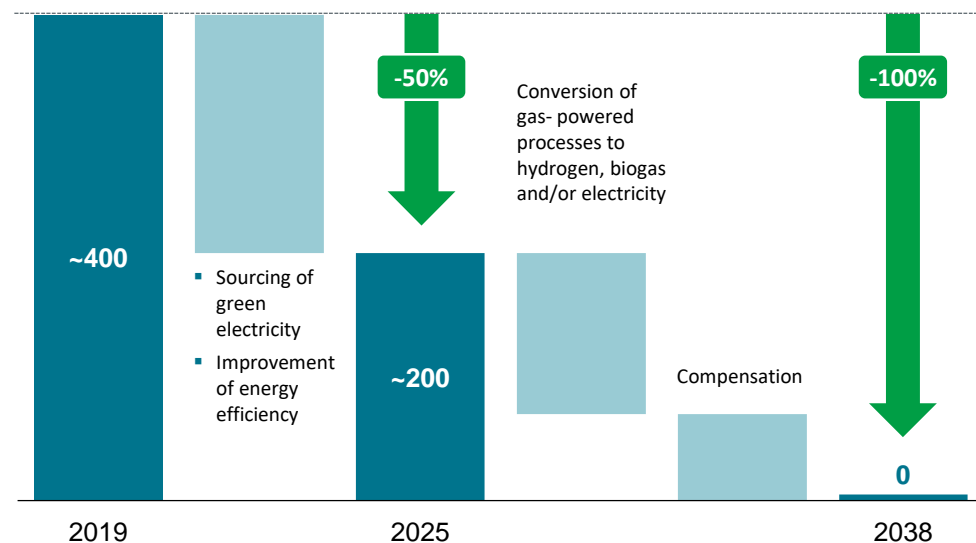
Climate change and mitigating its impacts are key global challenges. As an energy-intensive company, SGL Carbon bears a special responsibility because our energy consumption is associated with the emission of greenhouse gases, primarily CO<sub>2</sub>. This is also our largest source of leverage for reducing CO<sub>2</sub> emissions. In addition, we want our products and solutions to make a contribution to CO<sub>2</sub> reduction for our customers and thus to climate protection. For example, we supply materials and components for the production of electric vehicles as well as wind and solar energy production, and are one of the few European suppliers of graphite anode material for lithium-ion batteries. But our products are also needed in other alternative drive systems such as fuel cells.

Despite persistently challenging developments in 2023, such as high interest rates and inflation, increasingly tense geopolitical developments and the associated difficult economic conditions, we continued to work consistently on reducing our greenhouse gas emissions. In 2023, for example, we installed a biomass plant at our Lavradio site. This obtains the required biomass from a radius of approximately 250 kilometers around the plant. Steam is required for the production of textile and carbon fibers in Lavradio, which was previously produced by a natural gas-fueled plant. SGL Carbon is committed to global

climate protection and supports the UN Sustainable Development Goal “Take urgent action to combat climate change and its impacts.” SGL Carbon also participates in the program for reporting data relevant to climate protection of the international organization CDP and improved its rating from “C” to “B” in 2023. This clearly demonstrates our measurable success in reducing our CO<sub>2</sub> footprint.

SGL Carbon’s CO<sub>2</sub> emissions are Scope 1 emissions resulting from combustion processes and Scope 2 emissions attributable to power and steam consumption. In 2021, SGL Carbon had already set itself the goal of cutting total emissions (Scope 1 and Scope 2) in half by 2025 compared to the emissions of reference year 2019. We want to reduce our emissions by 100% and become climate neutral by 2038. We remain committed to these goals.

The following figure shows SGL Carbon’s CO<sub>2</sub> reduction targets expressed in kt CO<sub>2</sub>e (Scope 1 and Scope 2):



Our CO<sub>2</sub> targets are to be achieved through specific actions. For several years now, electricity has been obtained from renewable sources at the Wackersdorf, Ort and Ried sites. Both Polish sites also covered 100% of their electricity requirements from green electricity in 2022. We have also been using renewable electricity at our Italian site in Verdello since 2023. In total, we purchased more than 29 GWh of clean energy worldwide in 2023. In addition to commissioning a photovoltaic system in Ort in the Innkreis (Austria) in 2021, a photovoltaic system was also installed on the roof of the production building in Ried, our second production site in Innkreis (Austria), in 2022. The new 530 kWp plant was commissioned in 2023 and saved approximately 20 tons of CO<sub>2</sub> in 2023. Over 95% of the power produced is also consumed on site. This means that we saved a total of 60 tons of CO<sub>2</sub> in 2023 through the use of solar energy at our two sites in Austria alone. The photovoltaic systems in Bonn, Ort and Ried, generated a total of around 630 MWh of green electricity in the reporting period.

By 2025, SGL Carbon plans to cover its global power requirements from renewable sources to the greatest possible extent. In addition to installing more systems for supplying power internally on site, such as photovoltaic systems, we also rely on the conclusion of long-term power purchase agreements (PPAs), in which the power supplied to the sites is guaranteed to be from renewable energy sources. Due to the upheaval on the energy markets as a result of the war in Ukraine, procuring green electricity proved to be extremely challenging in the 2022 and 2023 fiscal years. At our Muir of Ord (Scotland) site, for example, we had to suspend the procurement of CO<sub>2</sub> certificates.

To achieve greenhouse gas reductions after 2025, SGL Carbon plans to use electricity to operate high-temperature processes that were previously gas-fired or to switch to the use of hydrogen and biogas. We expect that roughly one-third of emissions will be unavoidable in 2025 and will therefore need to be offset. In addition, increasing energy efficiency remains a key issue [see energy consumption section].

SGL Carbon strives to reduce not only the CO<sub>2</sub> emissions over which we have direct influence but also the emissions coming from the upstream and downstream value chain. In 2022, we analyzed our upstream Scope 3 emissions in detail for the first time. To this end, we evaluated our purchasing data in the “Estell” input/output model. This is a well-established statistical process that reports emissions both at the direct supplier level and in their upstream value chain. We evaluated the following Scope 3 categories: 1. Purchased goods and services, 2. capital goods, 3. fuel and energy-related emissions (not included in

Scope 1 or 2), 4. transportation and distribution (upstream), 5. waste, 6. business travel. We continued to determine our Scope 3 emissions for the 2023 fiscal year: Overall, Scope 3 emissions in the aforementioned categories amounted to 367 kt (2022: 399 kt) and were therefore reduced by 8% compared to 2022.

We have set ourselves the goal of obtaining the climate targets of our top 100 suppliers and working with these suppliers to develop potential for reducing the CO<sub>2</sub> emissions of their materials and to start implementing them by the end of 2024.

In the 2023 fiscal year, SGL Carbon's Scope 1 and 2 CO<sub>2</sub> emissions totaled 295 thousand metric tons (2022: 326 thousand metric tons). The decline is partly due to our reduction measures but also to lower production volumes in the Carbon Fibers business unit. If CO<sub>2</sub> emissions are compared with economic output, they decreased from 0.29 kt per €1.0 million in sales to 0.27 in 2023.

If CO<sub>2</sub> emissions are compared to adjusted sales (excluding price, currency and other special effects), they have decreased from 0.31 kt per €1.0 million in 2022 to 0.27 kt in 2023. This key figure is reported exclusively due to disclosure requirements in financing instruments.

CO <sub>2</sub> -emissions <sup>1) 2)</sup>	2023	2022	Change
in thousands of tons (kt)	295	326	-10%
thereof direct	79	86	-8%
thereof indirect	216	240	-10%
CO <sub>2</sub> emissions in relation to economic output (kt per €1.0m sales revenue)	0.27	0.29	-7%

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

<sup>2)</sup> The calculation of CO<sub>2</sub> emissions is based on the "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 2023" of the International Energy Agency (IEA) for indirect emissions (Scope 2)

In a regional comparison, around 96% of direct emissions and 90% of indirect emissions occurred in Europe and North America in 2023. The direct and indirect emissions of our plants in Asia (China and Japan) were comparatively low at 4% and 10% respectively. This distribution reflects the regional production mix as well as the regional production volumes.

Direct CO <sub>2</sub> emissions by regions	2023	2022	Change
in thousands of tons (kt)	79.1	85.7	-8%
Europe	44.4	47.0	-6%
North America	31.7	36.1	-12%
Asia	3.0	2.6	15%

Indirect CO <sub>2</sub> emissions by regions	2023	2022	Change
in thousands of tons (kt)	215.7	240.1	-10%
Europe	100.6	109.9	-8%
North America	94.2	111.2	-15%
Asia	20.9	19.0	10%

## Waste and water management

SGL Carbon's business activities generate various residual materials according to the stages of the value chain. For environmental and economic reasons, residual materials that result from production processes are largely recycled. Water is used for purposes that include cooling production plants, producing steam and forming isostatic graphite (pressing processes). Waste from the production of graphite blocks is ground and then reintroduced into the production process. Residual carbon fibers are used for the production of injection-molded parts, among other things.

At all its sites worldwide, SGL Carbon undertakes to comply with all applicable legal requirements and to maintain effective management processes as well as to continuously improve performance in resource management. The ultimate objective is to make efficient use of resources and place as little burden as possible on the environment. Water withdrawal and waste volume are to be continuously reduced in this way. The principle in the context of waste is: Prevention before recycling before disposal.

Water is required at SGL Carbon sites primarily for sanitary and social purposes, cooling and for industrial applications. As the shortage of global water resources is steadily progressing and to be able to respond to possible water shortages in some regions, the topic of "reducing water withdrawal" will be a key issue in the coming years. Reducing

water withdrawal also makes sense for economic reasons. Currently, 8 out of 29 SGL sites are located in regions with very high water scarcity (source: Water Risk Atlas, www.wri.org). To conserve water as a resource, SGL Carbon relies on secondary loops and recooling systems where they make economic sense. Water that is not used directly for the production process is not contaminated and can therefore be discharged back into rivers after use in some cases.

SGL Carbon codified its approach to resources in its EHS training policy. The Business Partner Code of Conduct for our business partners also contains information on the topic of waste. It requires SGL Carbon and its suppliers to obtain necessary permits, recycle and avoid waste and the release of hazardous substances into the environment. Once a month, the central corporate EHS unit collects data on resource use and waste generation in cooperation with local EHS managers at all sites. The water withdrawal is specified for each water source and by region. When it comes to waste, a distinction is made between hazardous and non-hazardous types and according to regional generation. Hazardous waste management is required by the operating permit for SGL Carbon production sites. Hazardous waste is treated in disposal facilities approved only for this purpose.

In fiscal year 2023, SGL Carbon's water withdrawal was reduced by around -1% to 5.41 million cubic meters in the 2023 fiscal year. Water withdrawal increased slightly in relation to economic output from 4.8 cubic meters per €1,000 of sales revenue in 2022 to 5.0 in the reporting year. In absolute terms, the amount of waste increased from 24.8 thousand tons to 26.5 thousand tons. In relation to sales revenue, the waste volume also increased by around 11% compared to the previous year to 24.3 metric tons per €1.0 million in sales revenue.

Water withdrawal <sup>1)</sup>	2023	2022	Change
Total (millions m <sup>3</sup> )	5.41	5.44	-1%
thereof from Company wells	3.31	3.40	-3%
thereof from rivers	0.59	0.58	2%
thereof from public water supply	1.51	1.46	3%
Water withdrawal in relation to economic output (m <sup>3</sup> per €1,000 in sales revenue)	5.0	4.8	4%

Waste volume <sup>1)</sup>	2023	2022	Change
in thousands of tons (kt)	26.5	24.8	7%
thereof hazardous waste	3.4	3.6	-6%
Waste volume in relation to economic output (kt per €1.0m sales revenue)	24.3	21.8	11%

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

In a regional comparison, around 99% of water withdrawal and 97% of waste volumes were generated in Europe and North America in the reporting year. This reflects the production processes and volumes in the regions.

Water withdrawal by regions	2023	2022	Change
Total (millions m <sup>3</sup> )	5.41	5.44	-1%
Europe	4.12	4.25	-3%
North America	1.22	1.12	9%
Asia	0.07	0.07	0%

Waste volume by regions	2023	2022	Change
Total (kt)	26.5	24.8	7%
Europe	13.6	13.1	4%
North America	12.1	11.3	7%
Asia	0.8	0.4	100%

## Circular economy

In a circular economy, existing materials and products are reused, refurbished, repaired and recycled to extend their life cycle for as long as possible. The goal is to reduce resource use and waste to a minimum. The transition to a circular economy is both a societal obligation and one of the six environmental objectives of the EU taxonomy. This has led to a rise in the interest of our customers and business partners in approaches and solutions developed by SGL Carbon.



Development and operational implementation to improve the recyclability of our products is performed in the four SGL Carbon business units, which also share ideas, concepts and experiences. Three principal approaches are being pursued in this context: using recycled raw materials, improving material properties and lifecycle optimization, and developing new business models.

The Graphite Solutions (GS) business unit is implementing several projects related to the circular economy. For example, cutting scrap from “green” production of graphite blocks is fed into the original production process. A development project of novel recycling concepts is included in the funding decision received in March 2021 for the development and industrialization of innovative anode materials made of synthetic graphite for use in lithium-ion batteries in the context of the second European IPCEI program (Important Project of Common European Interest)/EUBatIn (European Battery Innovation). The EU-funded ICARUS project is pursuing the closure of material loops in the production of silicon wafers for the solar industry. As part of ICARUS, SGL Carbon is working on ways to reuse recycled graphite from solar silicon processing in synthetic graphite applications while also working on recycling silicon. In addition, the business unit is looking at alternative carbon raw materials from renewable and recycled sources and evaluating their use in carbon materials.

The Carbon Fibers (CF) business unit is involved in the “Green Carbon” project sponsored by the Technical University of Munich, in which “green” acrylonitrile is to be obtained from algae and used to make a carbon fiber precursor. In the project, SGL Carbon is evaluating the properties of biologically based acrylonitrile, the manufactured precursor and the suitability of the precursor in volume production of carbon fibers. Project participants expect to produce a “green carbon fiber” by the middle to end of the decade. SGL Carbon produced precursors and carbon fibers from bio-based acrylonitrile for the first time in 2022. The carbon fiber produced in this way has comparable properties to a fiber obtained by means of the conventional petrochemical manufacturing route.

Since carbon fiber materials can serve as valuable raw materials both as residual substances and as recycled materials, the development of recycling processes for this still young class of materials is being accelerated by Composites United e.V., among others, and coordinated with authorities and waste associations. For SGL Carbon, recycling is a cornerstone of its innovation portfolio, and we support association projects with materials expertise and research services.

The Process Technology (PT) business unit already takes into consideration the various life cycle issues and offers its customers appropriate service packages (including installation and commissioning services, inspection services and remote services). The product design is based on reliability, durability and opportunities for repairs and upgrades, including capacity expansions. An end-of-life (EoL) strategy is just as much a part of the product life cycle as customer support during the commissioning and operating phase of our equipment and plants. With end-of-life service, we offer our customers custom solutions tailored to specific requirements to improve the recyclability of plants. This can include refurbishment of the plant or further use of individual components.

The Composite Solutions (CS) business unit continued to promote its development efforts in the area of sustainable fiber composites with a reduced CO<sub>2</sub> footprint and easier recyclability in 2023. A three-year research project was launched with various industry and research partners with the aim of developing a battery housing that can be manufactured in a particularly resource-efficient way and can be recycled more easily. The intensive collaboration with various companies from the recycling industry for reprocessing fiber composite components, which began in the previous year, was continued and expanded to include new approaches. In the process, carbon and glass fibers are recovered for further use as reinforcement for injection-molded components or molding compounds. In a research project, methods are being developed to recover and reuse components of matrix resin in the future. Composite Solutions uses nonwoven materials made from recycled carbon fibers as structural reinforcement and as electromagnetic shielding layers in fiberglass components.

In the Corporate business unit (Logistics), polystyrene linings for specific cardboard packaging were replaced with recycled cardboard bags. This makes a sustainable contribution to reducing the amount of packaging material containing plastic.

## Products

Tailor-made materials and products manufactured from special graphite, carbon fibers, and composites form the foundation of our business model and ensure the satisfaction of our customers. Quality and the development and supply of sustainable products and innovations are the basis of the economic success of SGL Carbon, both now and over the long term.

## Product quality

We ensure the quality of our products and services by consistently applying global and local quality indicators, ongoing internal quality management, and regular customer feedback. Implementing advanced technologies to detect defects early on and monitoring quality underlines our commitment to excellence.

The operating business units continued their internal quality management and related reporting in 2023. The GS and PT business units use a comparable system. Monthly quality key performance indicators are collected for each site and summarized to business unit values. The development of the key figures is regularly discussed with business unit management. In addition, quality management also reports on possible improvements and progress relating to complaints processing.

The GS business unit conducted another global customer satisfaction survey in 2023. Overall, good participation was achieved and customer feedback was similarly positive as in the previous year. The PT business unit launched a customer survey in the fourth quarter of 2023. Initial feedback has been analyzed and indicates positive customer feedback.

The CF business unit installed camera-based systems for early defect detection and quality monitoring at several production sites. This not only ensures the quality of the products but also helps prevent accidents.

### Global Operations Improvement (GOI) Team

To continuously improve process and organizational quality, an Operations Management System (OMS) tailored to SGL Carbon began in 2017. This SGL-specific production system pursues standardization of processes, standardization of systems within the organization, and development of a common understanding across all production sites. The OMS is managed by our Global Operations Improvement (GOI) team. In 2022, these activities were integrated into the global Process, Technology, Safety and Environmental (PTSE) organization. This team reports directly to the CEO and works on efficiency improvement and quality and occupational safety initiatives at the manufacturing sites of all four business units in focused project assignments (“sprints”). Lean manufacturing approaches were consistently applied, resulting in substantial reductions in throughput times and scrap rates as well as increases in productivity and plant availability. Within the scope of the project

assignments, workplaces were evaluated with regard to occupational safety and appropriate improvement measures implemented, where necessary.

### ISO certifications

Nearly all SGL Carbon sites are already integrated into the global quality management system and certified according to the ISO 9001 quality management standard. Depending on the specific requirements, certifications to the environmental management standard ISO 14001, the occupational health and safety management standard ISO 45001, the energy management standard ISO 50001, and the quality management standards EN/AS 9100 (for aviation) and IATF 16949 (for the automotive industry) are available.

The following certifications were renewed in 2023: quality management pursuant to IATF 16949:2016 at the Ort and Ried sites in Austria; energy management pursuant to ISO 50001:2018 in Wiesbaden, Bonn, Chedde, Lavradio, Meitingen, Muir of Ord, and in Poland (Nowy Sacz, Raciborz).

The anti-bribery management system pursuant to ISO 37001:2016 and the compliance management system pursuant to ISO 37301:2021 were introduced Group-wide.

## Sustainable products and reporting on the EU taxonomy

Customers and other stakeholders increasingly expect value chains to be aligned with sustainability criteria. SGL Carbon is therefore committed to knowing the environmental and climate impacts of its products while they are being manufactured and during their service lives. The company is also committed to continuously identifying options for optimizing the effects they have on the environment and climate. We strive to grow with products and technologies that support the trends of the future and reduce the impact on the environment.

In many target markets, the reduction of environmental and climate impacts are a material decision-making criterion in the use and consumption of such products. Many of SGL Carbon’s materials and products are already in use in industries that make a crucial contribution to protection of the environment and climate. This includes the use of SGL composites in wind turbines for the generation of renewable energy or the increasing use of battery and fuel cell solutions in climate-friendly energy and mobility concepts. Many SGL

products have the potential to foster the development of low-carbon technologies, such as through increased use in photovoltaics, LED lighting, and lightweight construction, or through increasing heating and energy efficiency. In the mobility sector, SGL Carbon's lightweight composite solutions help reduce energy requirements in the automotive and aviation industries, thus contributing to an overall reduction in CO<sub>2</sub> emissions.

## EU taxonomy

In December 2019, the European Commission presented the "European Green Deal", which includes the goal of making the European Union climate neutral by reducing net greenhouse gas emissions in the European Union to zero by 2050. Achieving this goal will require action such as redirecting private and public capital into environmentally sustainable activities. This required the development of the EU Taxonomy Regulation (EU 2020/852 or "EU taxonomy"), a classification system for defining environmentally sustainable economic activities.

For the 2021 fiscal year, companies that publish a non-financial report were for the first time required to provide information on taxonomy-eligible sales revenue shares, capital expenditure (capital expenditure, capex), and operating expenses (opex) in accordance with the EU taxonomy. SGL Carbon has been covered under this obligation since 2021, and it published this information for its taxonomy-eligible economic activities in 2021 in relation to the two published environmental objectives of climate change mitigation and climate change adaptation. The key figures have not yet been assessed in terms of their environmental sustainability for fiscal year 2021, as required by the EU taxonomy.

Starting in fiscal year 2022, legal requirements expanded reporting to include taxonomy-aligned economic activities. SGL Carbon was subject to this obligation. The necessary analyses were adjusted accordingly. New EU publications from 2023 were considered (see below for details).

In 2023, the obligation to assess the taxonomy eligibility of the environmental goals 3 to 6: sustainable use and protection of water resources, transition to a circular economy, prevention of pollution, and protection of ecosystems and biodiversity will apply for the first time. An assessment of taxonomy suitability is not planned for these environmental targets until 2024 and was therefore not performed by SGL Carbon. Regulations (EU)

2023/2485 and (EU) 2023/2486, which were not adopted until November 2023, were included in the assessment.

For fiscal year 2023, SGL Carbon could only identify the following economic activities and products as taxonomy-eligible in connection with the environmental goal of climate protection: manufacture of renewable energy technologies (SGL products: carbon fibers for use in the wind industry, specialty graphite products for the wind industry), manufacture of batteries (SGL products: graphite anode material for lithium ion batteries) and composite battery boxes for electric vehicles, manufacturing of automotive and mobility components.

No taxonomy-eligible products were identified under the environmental goals of adaptation to climate change, sustainable use and protection of water resources, transition to a circular economy, prevention of pollution, and protection of ecosystems and biodiversity.

### Determination of the taxonomy key figures

Reporting on the nature of taxonomy-eligible as well as taxonomy-aligned economic activities is carried out in accordance with the Taxonomy Regulation (EU) 2020/852. The key figures to be reported are the shares of taxonomy-eligible and taxonomy-aligned sales revenue, investments, and operating expenses. SGL Carbon uses the reporting forms provided for in Annex II of Regulation (EU) 2021/2178 for this purpose.

The data collection is based on consolidated Group data. Double counting in the allocation of sales revenue, investments, and operating expenses is avoided. If data could not be clearly allocated when determining the key figures, suitable allocation keys were used.

The EU taxonomy defines **sales revenue** as net sales of goods or services including intangible assets. The share of sales revenue associated with taxonomy-eligible economic activities is divided by net sales. To determine the taxonomy-eligible sales revenue, the respective SGL Carbon products were allocated to the taxonomy-eligible economic activities. For the products identified in this way, the corresponding sales revenue with third-party customers for fiscal year 2023 (numerator) was determined and compared to the sales revenue reported in the consolidated income statement (denominator).

**Capital expenditures** (capex) as defined by the EU taxonomy comprise additions to property, plant and equipment and intangible assets in the financial year under review before depreciation, amortization, and revaluations. Taxonomy-eligible capital expenditures relate to assets or processes associated with taxonomy-eligible economic activities or that are part of a plan to expand taxonomy-aligned economic activities or transform taxonomy-eligible economic activities into taxonomy-aligned economic activities, or that relate to the acquisition of products from taxonomy-aligned economic activities and individual measures that carry out the target activities in a low-carbon manner or reduce greenhouse gas emissions (e.g., energy retrofits). SGL Carbon refers to capital expenditure on property, plant and equipment and intangible assets (denominator). From this, the share of taxonomy-eligible capital expenditures is to be determined (numerator). For this purpose, the products identified via the taxonomy-eligible economic activities were related to the corresponding capital expenditures and, in addition, individual capital expenditures from the purchase of products from taxonomy-eligible economic activities and the implementation of individual measures to reduce greenhouse gas emissions were taken into account. The various taxonomy-eligible capital expenditures were compared to the investments reported in the Annual Report.

**Operating expenses** (opex) as defined by the EU taxonomy comprise direct, non-capitalized costs relating to research and development and maintenance and repair. Taxonomy-eligible operating expenses relate to assets associated with taxonomy-eligible economic activities or that are part of a plan to expand taxonomy-aligned economic activities or transform taxonomy-eligible economic activities into taxonomy-aligned economic activities, or that relate to the acquisition of products from taxonomy-eligible economic activities and individual measures that carry out the target activities in a low-carbon manner or reduce greenhouse gas emissions and individual building renovations. SGL Carbon refers to expenses for maintenance and repair, renovations, and research and development (denominator). For this, the share of taxonomy-eligible operating expenses is determined (numerator). For this purpose, the products identified via the taxonomy-eligible economic activities were related to the corresponding operating expenses and, in addition, individual operating expenses from the purchase of products from taxonomy-eligible economic activities and the implementation of individual measures to reduce greenhouse gas emissions or building renovations were taken into account. This key figure is determined exclusively as part of taxonomy reporting.

### Verification of taxonomy-compliance

Economic activities are taxonomy-aligned (aligned) if they make a significant contribution to at least one environmental goal (compliance with the technical screening criteria). In addition, economic activities must not cause significant harm to the broader environmental objectives (do no significant harm, (DNSH), in compliance with technical screening criteria). In addition, the minimum safeguards for occupational safety and human rights must be observed and respected.

First, the product portfolio of each business unit was reviewed with regard to the description of the activity according to (EU) 2021/2800 Annex I. For this purpose, business unit experts from sustainability, product management, development, and application technology were consulted. If there was agreement, the technical evaluation criteria were reviewed with the same group of experts with regard to a significant contribution to climate protection. Environmental experts from Corporate EHSA were consulted for the subsequent review of the avoidance of material adverse effects. The results were recorded and documented in a structured manner.

An assessment of the essential use of critical substances within the meaning of the opening clauses in Annex C (f) and (g) (“essential for the society”) was not performed. SGL Carbon expects further clarifying regulations in this regard.

In fiscal year 2023, capital expenditures were made related to the acquisition of products from taxonomy-eligible and taxonomy-aligned economic activities and individual measures that carry out target activities in a low-carbon manner or reduce greenhouse gas emissions. Verification of the conformity of this investment (capex (c)), including compliance with the minimum safeguards, must already be performed at the supplier level. However, the suppliers were not able to demonstrate compliance with the minimum safeguards as defined in Article 3(c) of the EU Taxonomy Regulation.

For the economic activity manufacture of automotive and mobility components pursuant to (EU) 2023/2485, only the taxonomy eligibility is reported pursuant to legal requirements. With the new activity 3.18 (manufacture of automotive and mobility components), suppliers now have the option to identify more automotive components as taxonomy-eligible within the framework of the EU taxonomy. This option also includes the composite battery boxes that SGL Carbon produces in the CS business unit.

### Minimum safeguards

Minimum safeguards as defined by the EU taxonomy include the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) Core Labor Standards, and the International Bill of Human Rights. As a signatory to the UN Global Compact and in its internal guidelines (SGL Carbon Code of Conduct, Human Rights Guideline and Supplier Code), SGL Carbon is committed to respecting and protecting human rights and upholding the principles of the UN Global Compact, which are based on the above-mentioned sets of rules. SGL Carbon has introduced a Human Rights Management System, which is part of the overarching and certified Compliance Management System. For the elements of the Human Rights Management System, please refer to the chapters on respect for human rights, responsibility in the supply chain, occupational health and safety, and compliance management in this CSR Report.

The following tables show the taxonomy-eligible (eligible) and taxonomy-aligned (aligned) portions of SGL Carbon's sales revenue, capital expenditures, and operating expenses for fiscal year 2023 in the presentation required by law (see in this regard Regulation (EU) 2021/2178).

As the relevant activities only contribute to one environmental objective in each case, the tables supplementing the templates via footnotes in accordance with Annex II of Delegated Regulation (EU) 2023/2486 have been omitted.

SGL Carbon has no economic activities in the areas of fossil gas and nuclear energy within the meaning of the EU Taxonomy Regulation. Due to the scope of reporting templates 1 to 5 of the Delegated Regulation (EU) 2022/1214, they are not presented in tabular form, since there is no taxonomy eligibility and all reporting forms would therefore contain "no" or zero.

### Outlook

In 2025, there will be a reporting obligation for the taxonomy compliance of economic activities in all six environmental goals. According to Article 19(5) of the Taxonomy Regulation, the EU Commission will review technical assessment criteria on a regular basis or at least every three years in the case of activities that are considered transitional activities within the meaning of Article 10(2) of the Taxonomy Regulation. SGL Carbon will take any resulting adjustments to the Delegated Regulation into account in the future.





Reporting form according to EU taxonomy: Operating expenses (opex)	Code(s)	Substantial contribution criteria		DNHS criteria ('Does Not Significantly Harm')																
		Absolute Opex	Proportion of Opex	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Opex, year N-1	Taxonomy-aligned proportion of Opex, year N-1	Category (enabling activity)	Category (transitional activity)
Economic activities	€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	Percent	F	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
	0	0.0%															0.0%	-		
thereof enabling activity	0	0.0%																		
of which transitional activity (T)	0	0.0%																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of renewable energy technologies	3.1.	4.3	5.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.5%			
Manufacture of batteries	3.4.	8.9	10.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								12.0%			
Manufacturing of automotive and mobility components	3.18.	3.0	3.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%			
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
	16.3	20.0%															20.5%			
<b>Total (A.1 + A.2)</b>	<b>16.3</b>	<b>20.0%</b>															<b>20.5%</b>	<b>-</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
Opex of Taxonomy-non-eligible activities (B)																				
	65.1	80.0%																		
<b>Total A + B</b>	<b>81.4</b>	<b>100.0%</b>																		

Y: Yes, taxonomy-compliant activity that conforms to the relevant environmental objective;  
 N: No, taxonomy-compliant activity, but not taxonomy-compliant with the relevant environmental objective  
 EL: "eligible", taxonomy-eligible activity for the respective target  
 N/EL: "not eligible", activity not eligible for taxonomy for the respective environmental objective



## Sustainable product innovation

Development activities take place in the four business units and derive directly from the strategic objectives of the product groups or business lines. They are characterized by the respective market developments, customer requirements and the market environment.

Based on the performance of the double materiality analysis in the 2023 fiscal year, the sub-topic "Sustainable product innovations" is not a material ESG aspect in accordance with the Corporate Sustainability Reporting Directive (CSRD). To ensure continuous reporting and given the importance of sustainable products for the economic development of SGL Carbon, we continue to report on the research focus of the individual business units in the section "Research and Development" (unaudited) in the Group Management Report.

## Social (including employee concerns)

### Occupational health and safety

Health and safety of our employees have top priority at SGL Carbon. As a responsible company, protecting the health and safety of employees is both an ethical obligation and a prerequisite for the company's performance. In this regard, the Code of Conduct and the globally applicable EHS Guideline (Environmental Health & Safety Affairs) set out the requirements that are binding for all employees. SGL Carbon also attaches importance to appropriate standards for business partners and takes occupational health and safety aspects into account in the selection of suppliers. The Business Partner Code of Conduct valid for all business partners requires them to ensure the health and safety of employees in all workplaces and to establish a management system for continuous improvement. Since 2022, all active suppliers also received an online Supplier Risk Assessment questionnaire on sustainability. The online Supplier Risk Assessment contains standard elements on sustainability that also cover the topics of supply chain responsibility and health and safety. The results of the online questionnaire are incorporated into the risk assessment of each supplier, with the aim of eliminating or mitigating the risks identified (detailed information on the Supplier Risk Assessment can be found in the Governance chapter of this report).

The central corporate EHS unit (Environmental Health & Safety Affairs) is responsible for drafting Group-wide guidelines and standards for preventing work-related accidents and diseases. The respective business and central corporate units and site management are responsible for implementing the specifications. Within the global EHS network, the central corporate EHS unit and local EHS managers also discuss overarching issues. This is to ensure that all legal and SGL-internal regulations are complied with and that corresponding systems are established at each site. In addition, the central EHS unit, in cooperation with the local EHS managers, conducts audits that also evaluate, among other things, the implementation of the Group-wide occupational health and safety standards and their advancement. EHS audits also include compliance with energy and environmental standards. As a rule, the sites are inspected by the central corporate EHS unit every three years, or more often if incidents have frequently occurred at any given site. A total of nine sites were audited in 2023, with some of these audits performed remotely (via virtual video). EHS reports to the HSE Council (Health, Safety & Environmental Council) and provides updates three times per year. The HSE Council is composed of the two members of the Board of Management of SGL Carbon, the heads of the business units and central corporate units and the global corporate EHS team, with the Chairperson of the Board of Management also serving as Chairperson of the HSE Council. This body is responsible for monitoring and controlling occupational health and safety measures.

SGL Carbon's top occupational health and safety goal is to systematically prevent work-related injuries and diseases. It is the responsibility of the company's management, all management levels and each individual employee to ensure safe working conditions and to comply with all relevant national laws, European regulations and internal guidelines in all production processes. As a short- and medium-term objective, we have set for ourselves the goal of constantly improving the existing security measures. In the recent fiscal years, we have succeeded in reducing our lost-time injuries (accident-related absence of workers and temporary workers from the workplace for more than 24 hours) with lost time per million working hours each year. After an LTI frequency rate of 2.8 in 2021 and 2.3 in 2022, we exceeded our target of an FR  $\leq$  2.4 in 2023 with 1.6. Three business units (BU CF, CS and PT) were accident-free in 2023; BU PT has been accident-free for 881 days, BU CF for 648 days and BU CS for 419 days (each as of February 15, 2024). Since 2021, a reason for the successful development was the implementation of processes in which we learn effectively from accidents with downtime and near misses and transfer best practice examples from individual locations to all other locations. Monthly calls were held with all locations worldwide in 2023 to present and analyze reportable accidents, including the causes of

accidents and corrective actions, as well as near misses (17 in 2023) and 18 examples of “Best Practice”. We aim to reduce our LTI frequency rate by 5% annually by 2025.

To achieve the occupational health and safety targets, SGL Carbon uses a variety of incentive systems that actively involve employees in accident prevention and that take their ideas to eliminate accident risks into account. At the Bonn, Meitingen, Limburg and Wackerdorf sites, 171 valuable suggestions for improving safety were submitted in the scope of the ideas management process (deadline: December 31, 2023), 124 of which were processed and completed (deadline: February 20, 2024). The remaining 47 are currently being implemented. A Safety Award is also presented annually to sites where there have been no accidents in the last three years. Fourteen sites received this award in 2023. On the local level, the topic of occupational health and safety is included in the annual targets of many sites. But even when we look beyond the local sites, the topic of occupational health and safety is specified as a target figure of the variable compensation structure for the four management levels below the Board of Management. To further raise awareness of occupational safety throughout the workforce, a Group-wide “Safety Day” was held again in 2023, with active participation also by the Board of Management and management team. On August 31, 2023, information events and live training sessions were held at all SGL sites worldwide. At all production sites, information and training was also provided in particular on the important occupational safety topics: safe working with rotating parts, hazards at workplaces with rolls and rollers, the use of appropriate protective equipment and avoiding accidents caused by tripping, slipping and falling.

#### Safety Day Logo:



Occupational accidents that occur despite all precautions and safety standards are recorded in the Group-wide accident management system. In a systematic process, incidents are investigated, suggestions for improvement are derived and consideration is given to which solutions have already proven effective in preventing accidents. Accidents are stringently classified according to severity. There have been no fatal accidents at SGL in the last six years. Once a month, the central corporate EHSA unit provides the Board of Management of SGL Carbon, the heads of the business units and the sites, and the EHS managers with a safety report and relevant statistics. In addition, weekly reporting is carried out to track the current safety situation with detailed information on new accidents. This makes it possible to evaluate compliance with the health and safety guideline and immediately initiate countermeasures if a negative trend can be discerned. Furthermore, a monthly exchange between the sites takes place so that those involved can learn from each other and avoid risks identified at other sites.

The applicable safety precautions and standards are constantly being developed to further reduce the frequency of accidents. In the 2021 fiscal year, a global safety manual with minimum standards was developed and the ten most important rules for protecting occupational safety were clearly illustrated graphically to all employees. The global occupational safety policy was additionally updated in the 2022 fiscal year. Numerous initiatives were also made possible. Almost 60 plant visits including safety inspections were conducted and approx. 170 improvement opportunities were identified, of which

approximately 73% have now been implemented. Various local programs were also carried out. In 2023, 6,308 behavior-based observations (BBO) were carried out in China: 2,132 observations had a positive result and 1,242 observations showed opportunities for improvement. 89% of these findings have already been implemented. The results of the BBOs steer our program towards improving safety at our Chinese sites in subsequent years. SGL Carbon also conducts employee training courses. Training is provided not only by EHSA experts but also by managers who were required to train and support employees in their areas of responsibility regarding safety issues. This is intended to increase the workforce's awareness of safety-relevant aspects and to prevent accidents.

Process safety is a significant factor in the prevention of occupational accidents. Events such as accidents, fires or explosions could cause significant harm to people and the environment as well as lead to prolonged interruptions of production and loss of quality at SGL Carbon. Claims for compensation and damage remediation could arise from this. The goal is therefore both to ensure the safety of production processes as best possible and to achieve continuous improvements in the safety culture. SGL had no serious accidents in terms of process safety in 2023.

As part of its corporate duty of due diligence, SGL Carbon drafted a globally applicable Process Safety Policy and has maintained a Process Safety System since 2017. The system includes a variety of different components, such as process safety analyses, accident investigations and countermeasure control. Process safety is also a topic of discussion at HSE Council meetings. In addition, every accident is precisely recorded, analyzed and classified in the Incident Management System for occupational and process safety. This is done to determine whether an incident occurred in occupational health and safety or process safety. SGL Carbon uses a uniform Group-wide risk management system to identify and, if necessary, minimize risks in its production processes. This involves analyzing the extent and hazard potential of crisis events and calculating their economic consequences – such as the costs of eliminating environmental harm or loss of sales revenue due to production downtime. For each primary risk, one or more risk mitigation measures were identified and will be initiated if necessary.

SGL Carbon conducts annual reviews in cooperation with a property insurance company. This involves subjecting many processes and plants to a safety analysis that primarily focuses on fire control and protection as well as operational interruption. The results are

evaluated and documented. Specific measures for improvement are drawn up if necessary. A total of seven sites were assessed in 2023. Also in 2023, the insurer continued high-level training on fire control and protection system design to a group of technicians.

## Employee concerns

### General information

SGL Carbon employs a total of 4,808 people in 29 locations in Europe, Asia, and North America (as of December 31, 2023). Their commitment, expertise, and performance make a crucial contribution to the company's success as a business. That is why SGL Carbon strives to attract the best talent and to develop and retain employees in a targeted manner. In addition to training and education opportunities, SGL Carbon also relies on a fair and value-based work and management culture that embraces diversity as well as a compensation structure based on performance. The company offers all employees the opportunity to develop their full potential. This understanding of the company's relationship with its employees is defined in the Code of Conduct, the SGL Competence Model, and the SGL Value Carta. The latter was formulated in 2022 and includes five values that now form the basis of SGL's performance culture:

- Integrity and honesty
- Respect and appreciation
- Accountability
- Trust
- Passion for success

At SGL Carbon, Human Resources is viewed as a strategic partner and adviser to the business units, central functions, managers, and employees. The spectrum of HR tasks ranges from initiator to involvement in strategic decisions to operational HR processes.

In accordance with the wide assortment of tasks, the HR Business Partners are positioned both centrally for the business units and central functions and on the local level for the individual production sites. The SGL HR Business Partner model is structured so that the Senior HR Business Partners, i.e., the contact persons for the management of the business

units and central functions in all strategic HR issues, report to the Head of Group Human Resources in disciplinary and technical terms, as do the Heads of HR at the two overarching BU sites in Meitingen and Charlotte. HR management is responsible for a wide array of tasks:

- Management of HR processes such as recruitment and supporting personnel, including labor law issues
- Qualification, coaching, and continuing education of managers and employees
- Development of market- and performance-oriented compensation systems for senior management
- Development of the SGL performance culture
- Global HR controlling and personnel planning
- Positioning of SGL Carbon as an attractive employer in the labor market and internal employee communications
- Efficient management of the impact of change processes in human resources

In addition to efficiency, customer proximity and service quality are key criteria in the design and implementation of HR processes. Against this backdrop, SGL Carbon is implementing a comprehensive cloud-based IT solution for these processes. The staggered go-live of this IT system began in fiscal year 2021 and continued in the two subsequent years. In the reporting year it should be highlighted that access to the digital learning platform was established for all production employees worldwide ("access for all") through appropriate infrastructure and process measures.

The HR unit reports directly to the Board of Management on a regular basis. For example, the Head of Group HR holds regular consultations with the Board of Management, thus giving HR issues a high level of attention from senior management.

SGL Carbon constantly monitors and minimizes potential risks in the area of personnel. Due to the increasing shortage of skilled workers, special attention is paid to the strategic importance of recruiting. The same applies to employee engagement efforts. These are intended to counteract a high level of fluctuation, thereby also retaining expertise in the company and, in particular, preventing the departure of crucial "key employees."

## Employability and development (including values and culture)

A material objective of the work of HR is to maintain the employability of employees and nurture their professional and personal development. Systematic development of personnel is an integral component of SGL Carbon's corporate philosophy. Such development serves to bolster the competitiveness of the company and incentivize the company to take responsibility for the employees. Another component of personnel development entails initiatives that assess the potential of employees to serve in management and expert positions.

In 2021, the SGL Top Talent Program was launched and serves to identify and foster talented employees with medium- to long-term potential for leadership positions in senior management. In the year under review, the program was continued with a number of activities, including the continuation of the internal training series "Inhouse Leadership Exchange" and one-on-one meetings with mentors from top management.

The format for up-and-coming nominated individuals launched last year called, the "People Fair/Personnel Conference" was paused in 2023 for resource-related reasons, but will be held again in the following year.

Succession management is a proven personnel and management development tool. In 2021, dedicated succession planning was performed for the first time for the top management levels. In addition, a uniform framework was compiled in 2022 and implementation was started according to which all business units and corporate functions plan and manage succession for key positions critical to the company's success. By 2023, all business units and most corporate functions will have introduced this standardized succession management. Because of our knowledge about the (non-)availability of suitable internal employees, we can now make faster and better personnel decisions in the event of vacancies, and the rate of internal appointments can ideally be increased.

Development of personnel is not the responsibility of the HR department alone but is primarily a task for managers and thus within the scope of personnel management. The cornerstone of all personnel management is communication between managers and employees on a regular basis. That is why the "Management Dialogue" was rolled out in 2021 as a discussion format in the job areas not subject to collective bargaining agreements. The Management Dialogue involves managers and employees taking sufficient time to

exchange information, provide mutual feedback, and solve problems together once per month. This conversation format was also continued in 2023. Another element in the creation of a feedback culture in the company was the launch of a new 360-degree feedback tool and process. After the pilot phase in 2021 with managers who report directly to the Board of Management as focus individuals, the application was continued in 2022, particularly with participants in the Top Talent program. In the reporting year, 360-degree feedback processes followed for an additional 37 managers from upper and middle management and the upper pay scale.

A management development program for middle management was designed and planned in 2023 as a new and future central component of management development. The external training company we partnered with was selected in a multi-stage process involving the Board of Management, among others. The multimodular program was methodologically designed with a total of 10 training days, over 15 to 18 months, and combines classroom training with virtual group learning and self-directed e-learning. The content includes all the central topics and requirements of modern personnel management. Under the program title "Leadership4Performance," the first group of participants will start in January 2024.

Employer attractiveness is a key factor of a corporate culture, determining the company's ability to both attract and retain personnel resources that are critical to success. For many years, SGL Carbon has been positioning itself in the labor market with its own employer brand that can be clearly discerned on the company's careers page as well as elsewhere. The career site is constantly being developed. To support recruitment, the "Employees recruit employees" program, which had already been in place at the Meitingen site, was expanded to all German sites in the reporting year. In addition, a "Talent Attraction" Center of Excellence was implemented, which supports managers with active sourcing (i.e., directly approaching candidates) in recruiting for selected specialist and management positions.

Number of staff	2023	2022
Number of employees	4,808	4,760
Number of new hires (worldwide) <sup>1)</sup>	570	504
– thereof men	77.2%	81.3%
– thereof women	22.8%	18.7%
Fluctuation rate (worldwide) <sup>2)</sup>	14.9%	14.2%
– Europe	10.2%	11.4%
– North America	34.4%	27.7%
– Asia	15.2%	11.2%

<sup>1)</sup> Exclusively includes "real" new hires for 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.

The goal of standardizing the process globally to the extent that this is possible and makes sense, taking into account the legal and cultural framework in the individual countries, was already largely achieved in the year under review. The relevant cloud-based IT solution covers all SGL countries, with a few exceptions representing less than 5% of SGL's workforce. To simplify the application process and improve the candidate experience, the "Apply with LinkedIn" function was introduced on the electronic application platform in 2023, allowing job applicants to link their application to their social media profile. As a voluntarily provided fringe benefit that makes a positive contribution to employer attractiveness, SGL Carbon offers employees in Germany a forward-looking, contribution-based, and securities-linked company retirement benefit plan that provides additional financial security during retirement. Occupational health and safety issues play a prominent role in SGL's culture and this also applies to preventative measures regarding employee health. In the area of Workplace Health Management (WHM), employees in Germany can take advantage of a variety of different resources on a decentralized basis, that is, on the level of the individual plants. During the year under review, flu vaccinations were performed at various locations.

Employee surveys are both an established method for analyzing corporate culture and the basis for actively shaping it. In the 2022 fiscal year, a Group-wide, exclusively electronic employee survey called THE VOICE was conducted in the context of the recently launched Group initiative "Performance Culture & Values." THE VOICE records various aspects of the perceived performance culture – to what extent are SGL's five values already being lived, to what extent do employees feel emotionally connected to the company (employee

engagement), to what extent is employee management perceived as effective, and how likely would people recommend SGL as an employer – and provides corresponding indicators (KPIs). A key outcome indicator is the Performance Culture Index, which reflects the perceived realization of the desired performance culture and comprises the three aspects of “Living the SGL Values,” Employee Engagement,” and “Leadership Effectiveness.” The Performance Culture Index is calculated as the average approval rating of the underlying statements in the survey and can therefore range from 0% to 100%. When THE VOICE was first implemented in the fourth quarter of 2022, the survey results indicated a need for action, which was addressed in the reporting year with almost 200 centralized and decentralized measures. Approximately 1,500 managers and employees were involved in these initiatives to strengthen the performance culture and SGL values as participants and those responsible for implementation. 9% of the measures were aimed at SGL as a whole, while 25% were formulated for specific areas, i.e., for an entire business unit or corporate function. The majority of initiatives (66%) took place locally, i.e., at and for the locations and usually with local managers. The 198 initiatives could be assigned to the following categories according to their main activities:

- Culture and value workshops (19%)
- Learning and development (12%)
- On-site communication (12%)
- Workplace, conditions, processes (11%)
- Value-specific measures (11%)
- Social events (8%)
- Recognition (6%)
- Occupational health & safety (5%)
- Onboarding (4%)
- Other measures (12%)

To monitor and measure the development of the SGL performance culture, THE VOICE 2023 was performed, as planned, in May and at the end of November/beginning of December. The results of both follow-up surveys showed significant improvements compared to the initial values of the first survey.

The next major milestone in the development of our performance culture is the design and implementation of a "Purpose Statement" for SGL Carbon. This should summarize the purpose of the company for employees, customers and all other stakeholders in a concise and inspiring way. In the reporting year, significant effort was expended on this especially at the global management conference in October, so that a communication campaign for the purpose statement can take place in the first half of 2024.

### Training and education

Training has traditionally played an important role at SGL Carbon. The company’s training program in Germany comprises a total of eleven technical apprenticeships and business administration traineeships as well as three cooperative study programs. A total of 23 trainees and apprentices successfully completed their training and apprenticeship programs in the year under review. One apprentice from the Bonn site was named Chamber best in the industrial mechanics training course, while an apprentice in ceramics testing technology won a prize from the Alexander Tutsek Foundation. Two apprentices at the Meitingen site also received awards for their qualifications in 2023: One as Swabia's best electronics technician for industrial engineering, and the other as the best in Germany in the process mechanics apprenticeship. The latter trainee also received the Günter Schwank Award for outstanding achievements in plastics training. The rate at which trainees and apprentices who graduated from their programs in 2023 were offered permanent employment was 100% in Germany.

SGL Carbon offers employees professional and personal development opportunities throughout their careers, including additional training and continuing education courses, the expansion of tasks and areas of responsibility within a position, and the opportunity to change jobs within the organization. In meetings held on a regular basis, the manager discusses with the employees specific individual development activities such as training, coaching, or special tasks.

For the top talent target group – employees with the medium- to long-term potential for a management position reporting directly to the Board of Management – an internal training measure entitled “Inhouse Leadership Exchange” was performed in 2022 and 2023 as part of the Top Talent program. In both years, this comprised several classroom modules combining individual reflection, collegial exchange, conceptual work on leadership and corporate culture issues, and skills training.

The cloud-based IT system rolled out in 2021 to support HR processes also includes a learning management system (LMS). This system facilitates not only the effective administration of training activities by HR and individual departments but also the immediate provision of training sources for end-users as part of a “self-service” functionality, which includes e-learning courses that one can immediately access. These offerings were expanded in the year under review. Particularly noteworthy among the new offerings are language training courses in blended learning format (English and German as a foreign language) as well as e-learning courses on ten particularly popular topics surrounding communication, leadership, and self-competence, which are available in four languages (German, English, French, and Chinese). This is in line with the continued goal of establishing the learning management system worldwide as SGL Carbon’s central learning platform in the coming years.

Apprenticeships and dual degree programs	2023	2022
Total apprentices	68	70
– Site Meitingen	35	44
– Site Bonn	29	25
– Site Limburg	0	0
– Site Willich	4	1
Number of professions for apprentices	11	7
Number of apprentices	23	32
Number of dual degree programs	3	3

## Diversity and equal opportunity

The diversity of the workforce is a strategic advantage for SGL Carbon: A variety of different employee skill sets and perspectives reinforces the company’s capacity to innovate and advance its position as an attractive employer. Such diversity makes it possible for SGL Carbon to compete for qualified specialists, which enables SGL Carbon to also meet the challenges arising from demographic change.

SGL Carbon has set itself the goal of establishing a work and management culture that is free of discrimination. All employees should be able to contribute their personal and professional capabilities and have the same opportunities for professional success and fair

pay regardless of age, lineage, (ethnic) origin, skin color, gender, sexual orientation or identity, religion, ideology, or disability.

The SGL Code of Conduct is an important basis for the company’s commitment to diversity and equal opportunity. SGL Carbon’s guidelines for a diverse and inclusive working environment characterized by trust, openness, and respect are embedded in it. In accordance with these guidelines, discrimination based on any of the characteristics listed above will not be tolerated. The SGL competency model, which was revised in 2021 describes key behavioral requirements that are applicable to middle and senior management throughout the world, also includes “collaboration and diversity” as one of seven skill sets, thus reflecting the importance of diversity. The same direction can be found in the SGL Value Carta, which was developed in 2022 and communicated to the company, and which forms the basis of SGL Carbon’s corporate culture. Of the five values mentioned, three – “Respect & Appreciation,” “Integrity & Honesty,” and “Trust” – directly contribute to the work environment characterized above.

A higher proportion of women in management positions can have a positive impact on SGL Carbon’s success as a business, making it important for the future global development of SGL Carbon. The target of permanently increasing the proportion of female senior executives to 20% by 2025 was already achieved by the end of 2022 – and was further increased to 22% in the reporting year. The proportion of women in the total workforce increased by one percentage point to 18% at the end of 2023.

SGL Carbon applies the local systems of collective bargaining agreements or systems similar to this to ensure that remuneration is free of discrimination. For remuneration of employment that is not subject to collective bargaining agreements, the recognized analytical job evaluation procedure according to the Hay method is in use throughout the world.

<b>Internationality</b>	<b>2023</b>	<b>2022</b>
Total workforce	4,808	4,760
thereof Germany	2,100	2,051
thereof rest of Europe	1,388	1,375
thereof North America	762	781
thereof Asia	558	553

<b>Percentage of women</b>	<b>2023</b>	<b>2022</b>
Total workforce	18%	17%
thereof Germany	18%	17%
thereof rest of Europe	18%	17%
thereof North America	20%	18%
thereof Asia	14%	14%
Senior management	22%	20%
Middle management	18%	16%

<b>Age structure</b>	<b>2023</b>	<b>2022</b>
< 30 years	12%	16%
30 to 50 years	57%	55%
> 50 years	31%	29%

Help provided to employees in balancing the responsibilities of work and family plays a crucial role in an employer's attractiveness. This purpose is served by regulations that allow flexibility in the workplace, so that the service does not necessarily have to be provided at an SGL location. Since October 2022, the new general works agreement "Mobile Working" has been in force in Germany, which has significantly simplified flexibility. The proportion of mobile working – for example, from home – can generally amount to up to 40% on average of individual weekly working hours, in consultation with the respective manager and if the employee's job permits this. Furthermore, part-time employment offers employees the opportunity to balance their professional and private lives. Women are still more likely to work part-time than men in the SGL workforce in Germany. Compared to the

previous year, the respective quotas have risen slightly for men and fallen for women. Overall, the part-time ratio has remained unchanged.

#### **Part-time employment and reconciliation of work and family**

	<b>2023</b>	<b>2022</b>
Percentage of part-time employees in Germany <sup>1)</sup>	9.9%	10.0%
Male part-time employees (Germany) <sup>1)</sup>	5.6%	5.3%
Female part-time employees (Germany) <sup>1)</sup>	29.6%	34.0%

<sup>1)</sup> This is based on a period analysis, i.e. all employees who worked part-time continuously or for just one period (e.g. parental leave) in the respective calendar year are included. Part-time employees, students and temporary workers are excluded.

## **Respect for human rights**

SGL Carbon attaches particular importance to demonstrating respect for human rights. For this reason, the various elements of a human rights management system have been gradually introduced since 2018. SGL Carbon's fundamental commitment to respecting human rights is set out in the SGL Carbon Code of Conduct. In it, the company has committed itself to upholding the principles of the UN Global Compact and to respecting and protecting human rights. SGL Carbon has also been a UN Global Compact signatory since 2021. Respect for human rights is further elaborated in the Employees chapter of the Code of Conduct. This section also refers to the Human Rights Policy introduced globally in 2018. This policy was updated in the past fiscal year and continues to be available in a total of nine languages and included in the hiring documents at all SGL sites. Group Compliance has this confirmed annually by the Local Compliance Representatives (LCRs) at the sites using the implemented LCR reporting.

In the past reporting year, the Board of Management of SGL Carbon created the function of a Human Rights Officer reporting directly to the Board of Management and commissioned the Head of Group Compliance to perform this role for SGL Carbon. This is the result of the steadily growing requirements for monitoring compliance with due diligence obligations to respect human rights in its own business unit and along the supply chain, including the Supply Chain Due Diligence Act (LkSG), which applies to SGL Carbon starting in January 1, 2024.



A risk assessment on compliance with human rights within the company's own business unit was performed for the first time in 2019 as part of an internal questionnaire to identify potential human rights risk based on external standards from the "Human Rights Compliance Assessment Quick Check" of the Danish Institute of Human Rights. In 2023, a Human Rights Impact Risk Assessment was performed for all SGL sites and operating companies using the Integrity Next platform. During this process, an abstract risk analysis was also performed using the country and industry risks stored on Integrity Next as well as a specific risk analysis using standard questions related to health and safety, the environment, handling hazardous substances, human rights, diversity and equal opportunities and remuneration. These questions were then answered by the respective local compliance representatives with the support of other responsible persons from the relevant EHS and Human Resources departments. The assessment was evaluated centrally by Group Compliance and open points will be analyzed in the next step with individual LCRs, Corporate EHS and Group HR. For information on respect for human rights along the supply chain and the corresponding risk management, please refer to the chapter "Responsibility in the supply chain, export controls, and customs" of this CSR Report.

Group Compliance and Group HR together rolled out a two-stage training concept on compliance with human rights for all office workers worldwide in the second half of 2021. The training concept is based on online training as basic training and virtual classroom training including practical examples around discrimination, harassment and bullying. The online training, which is available in a total of nine SGL languages, was made available to the target group via the internal learning management system (LMS) newly named in People Portal and is now also part of the on-boarding training program for all new employees in the target group. The virtual classroom training was conducted worldwide by Group Compliance and Group Human Resources, in some cases with support by the local HR and/or legal department. In 2022, all employees in the identified target group consisting of 1,783 employees had completed the online training and 93% had already taken part in one of the 63 virtual training courses offered. Both the online and virtual training courses for new employees were continued in 2023. By the end of the year, 99% of the target group completed online training and 60% also took part in virtual training. For employees working in production, a corresponding training concept was developed by Group Compliance and Group HR in 2022 and approved by the Compliance Committee. This training concept also includes a two-stage learning concept. A chapter on human rights was therefore added to the newly created online training on the Code of Conduct, initially in English and Spanish. The gradual roll-out for production employees started at the US sites in March 2023. By the

end of the year, 97% of production employees in the US had completed online training. At the same time, the online training for the global roll-out was translated into an additional seven SGL languages and uploaded to the People Portal. The prerequisite for the roll-out outside the US was the implementation of the joint project "Access for all" by Group HR and ITX, which enables access to the SGL People Portal for all employees in Europe and Asia. This project was successfully implemented at the European and Asian locations in the past fiscal year. The online training on the Code of Conduct including human rights can thus be rolled out at the remaining SGL sites starting in January 2024. The future classroom training on human rights for production employees was also finalized and approved as a key issue at the Regional Compliance Conference (see also the Compliance Report). The roll-out of the classroom training will take place after participation in the online training and will begin at the US locations in early 2024.

Group Compliance already added a corresponding section to the compliance questionnaires for the sites in 2022 regarding a regular survey on respect for human rights and compliance with national labor law requirements. In the second half of each year, the LCRs provide corresponding information regarding their locations. In addition, the compliance risk category Human Rights was part of the Compliance Risk Assessment 2023 (see also the Governance section) and the annual risk assessment by the risk management system (RMS).

Alongside the existing whistleblower system, a dedicated reporting channel for violations of the Human Rights policy was launched in 2018 in order to more effectively and directly enable employees and managers to report possible violations of the rules on respecting human rights. This new channel is described in the Human Rights Policy. Reports received are received centrally by Group HR and Group Compliance on a confidential basis, systematically processed in compliance with data protection regulations, sanctioned appropriately where necessary and reported to the Board of Management as part of the semi-annual Compliance Report. In the 2023 fiscal year, five of the fourteen reports received by Group Compliance related to employee complaints fall under Human Rights and the Code of Conduct. Three of the cases related to the leadership behavior of a supervisor, one concerned possible unequal treatment in granting the ability to work from home and one allegation of sexual harassment by a colleague. In three of the five cases, the internal investigation performed did not reveal any violations; in two cases the investigation was still pending at the time of writing.

## Social commitment

SGL Carbon is an internationally active company, but also a local neighbor in several regions of Europe, Asia and North America. As a company, we therefore strive to be a reliable partner in all matters and go beyond our business activities by assuming social responsibility for the people where we operate. We mainly support projects that have a local or subject-matter connection to the company, with a clear focus on promoting training and further education topics.

The formal basis for SGL Carbon's social commitment is its Sponsoring and Donations Policy. It specifies the Group-wide standard and is binding for all SGL Carbon employees, ensuring that the funding and selection of projects is transparent and follows uniform guidelines. Management of the respective location makes decisions on the funding of specific projects, initiatives, institutions and associations up to a single amount of €5,000. If the amount for sponsorships and donations is above this amount, the Board of Management must approve it. The Capital Markets & Communications department is also to be informed. No violations of the guideline were identified in the year under review.

We are involved in promoting education and training topics at the schools in the regions in which we operate. An example of this is the Meitingen site, where there are school partnerships that give students an insight into the corporate world and that are also aimed at promoting a better understanding of technical and skilled professions. We also supported a digital project in cooperation with a secondary school in Meitingen. A book project to improve road safety for children is particularly close to our hearts, as safety is always a top priority at SGL Carbon.

As a responsible company, we also want to act in accordance with our values. Equal treatment, diversity and respect for human rights are the basis of our actions and our success. Therefore, it was especially important to us to commemorate the victims of persecution and forced labor during the Second World War in the form of a cultural memorial on our company premises in Meitingen.

In addition to this selection of current projects, we particularly support sports and youth clubs, charitable initiatives and local projects around our sites that offer direct added value for the local community.

## Governance

### Compliance management

As a group that operates globally, SGL Carbon bears a special responsibility in its dealings with employees, customers, business partners, shareholders, and the public throughout the world.

The structure and implementation of the SGL Carbon Group's compliance management system (CMS) are therefore in accordance with German and international standards such as IDW PS980 and ISO 37301:2021. Following successful external first-time certification of the CMS in 2020 – initially according to the ISO 19600:2016 guideline and subsequently in 2021 via an initial surveillance audit in compliance with the new ISO 37301:2021, upon expiry of the three-year validity period for the certificate in 2023, ISO recertification according to the criteria laid down in the ISO standard 37301:2021 was obtained from the accredited certifier Austrian Standards.

The Code of Conduct is an important aspect of compliance management, as an integral component of SGL Carbon's management and corporate culture. It sets standards for responsible and lawful conduct. The principles and values anchored in the Code of Conduct support the personal integrity of our employees and strengthen our corporate culture. This includes ensuring that all managers and employees comply with internal and external regulations and that ethical and sustainable principles determine their actions. In addition to the Code of Conduct, SGL Carbon's compliance program includes additional internal requirements, guidelines and training for various target groups and specific topics (for further information, please refer to the Corporate Governance Declaration, Corporate Governance and Compliance Report in this Annual Report). A material component of this is the anti-corruption program (see section "Anti-corruption and bribery").

The Chief Compliance Officer reports directly to the Board of Management and is responsible for the compliance strategy as well as for monitoring the structures and processes of the compliance management system (CMS). They are supported in their work by the Group Compliance department. The organization also includes the Compliance Network, which is made up of regional and local Compliance representatives as well as Compliance representatives from the business units and central functions (for additional

information, please refer to the Corporate Governance Declaration, Corporate Governance and Compliance Report in this Annual Report).

The CMS is reviewed for effectiveness and efficiency on an ongoing basis. To measure achievement of the compliance targets, SGL Carbon has put various measures and indicators in place for the CMS and its components. These KPIs are published on the SGL website under Compliance. Furthermore, the aim is to respond appropriately to new legal requirements and changes in the business environment. In consultation with the Compliance Committee, each year the Group Compliance department identifies and defines areas in which action needs to be taken, along with measurable annual targets approved by the Board of Management. The target achievement results, and any follow-up activities derived from them, are summarized in an annual review.

Regular risk assessments covering the identified compliance risk areas of SGL Carbon, which are summarized in the “House of Compliance,” are a material part of the effective CMS. In the past fiscal year, the risk assessment focused on the human rights compliance category (see the “Human rights” chapter in this CSR Report). Group Compliance also regularly performs the risk analysis for the following compliance risk areas: antitrust, anti-corruption, protection of trade secrets, and export controls. It most recently did so in 2021/2022 in the form of top-down interviews with the members of the Business Unit Management Committee and the corporate function heads. This is due to be repeated in 2024. These issues also formed part of the compliance risk management system.

The CMS further stipulates that compliance issues are to be regularly documented by the local compliance representatives (LCRs) and the responsible compliance representatives of the business units as part of the relevant reporting process. Group Compliance confirms the implementation of the compliance program at the local sites by means of a semiannual LCR compliance questionnaire. The findings resulting from the evaluation of the questionnaires are discussed in detail with the Board of Management and the Audit Committee. They also serve as the basis for repositioning compliance activities if necessary. All LCRs submitted semiannual LCR reports for the corresponding reporting period.

In addition to regular conference calls, every two years regional Compliance conferences take place in order to ensure that knowledge is transferred between the Compliance Network and Group Compliance. For the first time since 2018, these regional Compliance

conferences took place again as in-person events in the Europe, North America, and Asia regions (see “Compliance Report” in the Annual Report 2023).

Against the backdrop of a constantly evolving legal framework, SGL Carbon continuously optimizes the content of compliance training and identifies the corresponding training needs. The Code of Conduct e-learning program provides the corresponding baseline training on compliance issues for all new office workers. It focuses especially on teaching our principles and values, which promote acting with integrity in the course of daily business. This training is used worldwide and is available in German, English, Chinese, French, and Polish. An automated verification process adds new employees in the target group to the group of participants in the e-learning training on an ongoing basis via the internal learning platform (LMS). All office workers must complete additional mandatory compliance online training courses on human rights, anti-corruption, and export controls as part of their onboarding.

Group Compliance developed online training for production staff during the past fiscal year, so that in the future the Code of Conduct e-learning program can be offered to all employees. Additional departments and local sites were involved in shaping the course content via the relevant LCRs. This training is available in all nine SGL languages. It was rolled out to the US sites in March 2023 (see also the “Human rights” chapter in this CSR Report). 97% of production employees at the Group’s US sites have already received this training. Due to technical availability issues, the roll-out to the Group’s other regions is due to begin at the start of 2024.

Regular internal compliance audits form part of the CMS. For this purpose, the Group Compliance department and Group Internal Audit (GIA) have jointly developed an audit catalog, the appropriateness of which is subject to a joint annual review. Reviews pay particular attention to findings from reported compliance violations and changes in the compliance program. Group Internal Audit incorporates this audit catalog into its regular audits (see also the Risk Management System section of this Annual Report). In addition to compliance with legal and in-house rules, these audits also cover the observance of ethical standards, which are also addressed in the annual LCR compliance questionnaire. GIA reviews, among other things, whether compliance topics are regularly placed on the agenda of local site committee meetings, and thus whether site management fulfills its legal responsibility and serves as a leadership and compliance role model (“tone from the top”) in terms of addressing compliance on site and, at a local level, requiring lawful

behavior and integrity and ensuring that people act accordingly. The status of SGL Carbon's compliance culture is also assessed in the course of the regular global internal compliance survey that is carried out by Group Compliance. Group Compliance also draws up improvement suggestions for the compliance program on the basis of compliance incidents. Lastly, the annual external audit performed in connection with the ISO 37301 certification confirms that the compliance management system also contains the required elements of an integrity management system. Moreover, an internal CMS system audit is due to be performed in 2024 in order to obtain information as to whether the CMS implemented complies with SGL Carbon's own requirements as well as the criteria of the ISO standard 37301:2021. SGL Carbon strives to create an environment in which all concerns relating to compliance can be openly discussed." All employees are encouraged to raise any integrity issues and questions with their supervisors, the Compliance department or a member of the Compliance Network. They are also explicitly taught to do so in the Code of Conduct training course. In addition to the existing communication and reporting channels, SGL Carbon has a whistleblower system in the form of its "Compliance Help Desk." This system makes it possible for employees to confidentially report information on potential compliance violations in accordance with the Whistleblower Policy. The Whistleblower Policy also provides for mandatory protection of the person submitting a report. SGL Carbon will not tolerate any form of punishment, recrimination, or discrimination against employees as a consequence of making a report in good faith in accordance with this policy.

This principle applies in all cases, whether or not a reported incident ultimately proves to be a violation. The whistleblower mailbox is available to all employees internally through the SGL intranet and to third parties via SGL Carbon's website. Anonymous reports are also accepted and, where sufficiently substantiated, investigated.

The whistleblower system can also be used to submit reports regarding human rights or environmental risks in the supply chain and within the scope of the business operations of SGL Carbon and its subsidiaries. Guidance on how to submit reports and complaints in accordance with the requirements of the German Act on the Protection of Whistleblowers (HinSchG) and the German Supply Chain Due Diligence Act (LkSG) – which is applicable for SGL Carbon from January 1, 2024 – was approved in the past fiscal year in addition to the existing Whistleblower Policy, translated into all of the local languages for SGL's sites and published on SGL's website.

Group Compliance reviews reported compliance incidents in the context of internal compliance investigations. The department's task is to ensure that misconduct and violations are prevented and identified in due time, that the company's activities comply with applicable law and statutory provisions, and that potential for improvement with regard to internal business activities is identified.

In the reporting period, SGL Carbon recorded all reports of potential violations relating to antitrust law, anti-corruption, export controls and customs, protection of trade secrets, fraud prevention, and human rights (such as discrimination and harassment) that, in addition to breaching the law and/or internal rules, could also result in financial or reputational damage. All such reports were processed, so as where necessary to determine and implement specific measures. Individual sanction and disciplinary measures were also determined in accordance with local labor laws and regulations and implemented by the responsible local human resources departments. SGL Carbon is convinced that the compliance management components and monitoring processes described are suitable for creating the best possible basis for ensuring that future conduct is legally compliant in all areas of the SGL Carbon Group.

### Anti-corruption and bribery

Good relationships with customers and suppliers are essential for ensuring the positive economic development of SGL Carbon. SGL Carbon fosters and requires transparent and lawful execution of all company business. On this basis, SGL Carbon seeks to promote trust and ensure long-term business relationships. SGL Carbon's anti-corruption management system was externally certified to the ISO 37001:2016 standard in the past fiscal year.

SGL Carbon's principles for combating bribery and corruption are laid down in the SGL Anti-Corruption Program, which is applicable throughout the Group. The rules are set out in a specific policy as well as in the Code of Conduct. The previous Gifts and Hospitality (G&H) Policy was superseded by a new Anti-Corruption Policy in 2022. The policy was fundamentally revised in accordance with changes to the legal framework, and this update also took account of the findings of the previous risk assessment for the four business units. The new Anti-Corruption Policy sets even stricter rules on dealing with material and non-material benefits, including through amendments to the maximum permitted values and a general ban on providing benefits to public officials. At the end of 2022, employees worldwide were informed of the introduction of the new policy via an SGL News item. In

In addition, Group Compliance offered them four virtual information events in order to notify them of the key changes. In 2023, this policy was distributed to the target group worldwide for the first time via our People Portal. As well as existing employees, this digitalized process includes new hires and requires employees to acknowledge receipt of the policy and confirm that they have read it. By the end of 2023, a total of 2,121 employees had received, read, and acknowledged this policy. The anti-corruption course that forms part of the compliance training program is currently being revised, and the new version will be rolled out as a mandatory training course in 2024.

SGL Carbon has a Group-wide “Business Partner Compliance” (BPC) process to monitor risks and manage all processes that relate to dealing with sales agents. The target groups for the BPC process are currently sales agents and distributors. The process requires that new business partners in the target group undergo a multi-stage review before any contracts are signed. This process is also part of an internal control mechanism within the framework of the internal control system (ICS). In addition to new sales agents, existing sales agents are also regularly reviewed. The nominated business sponsors from the business units are responsible for starting this process. In the past fiscal year, refresher training was provided for responsible employees in the Group’s business units. In addition, the contract documents for sales agents and distributors were revised. The existing appendices were updated via SGL’s Business Partner Code of Conduct and Anti-Corruption Commitment. The new appendices were once again distributed to the target group via the Group’s business units and will in future be included in the new contracts.

In fiscal year 2023, an internal report was submitted regarding an employee’s possible acceptance of an undue advantage. At the time of preparation of this report, the investigation of this incident is still ongoing. There were no confirmed cases of corruption or bribery or convictions due to corruption or bribery offenses.

Moreover, the Code of Conduct provides rules for handling of donations to political parties and refers to the Sponsorship and Donations Policy. This policy defines the Group-wide standard that ensures a transparent approach to sponsorship and donations and prohibits actions such as providing financial support to political parties and candidates for political office and other elected positions. The rules apply to all employees of SGL Carbon, including members of the Board of Management.

## Corporate governance and business ethics

For SGL Carbon, good corporate governance means not just compliance with legal requirements and applicable policies. It also includes responsible behavior aimed at sustainable value creation. Our commitment to responsible corporate governance is derived from the SGL Carbon Code of Conduct as well as from regulations, external initiatives, and international guidelines that we have pledged to adhere to. We also take these requirements into account in our ESG strategy and Group-wide policies. Examples include the SGL Human Rights Policy, which is based on the UN Guiding Principles on Business and Human Rights, the principles of the UN Global Compact, and the UN Declaration on Human Rights. Our Group-wide occupational health and safety guidelines take inspiration from other guidelines such as the labor standards of the International Labour Organization (ILO).

As a listed company, we are also guided by the German Corporate Governance Code. The Board of Management and the Supervisory Board provide an annual declaration as to whether the German Corporate Governance Code (GCGC) has been and is being complied with. In addition, we explain which recommendations of the code have not been applied or are not being applied. Since 2002, the Board of Management and Supervisory Board of SGL Carbon SE have regularly issued and published declarations of conformity. Each declaration of conformity will be made available to the public on the company’s website for a period of five years. The most recent declaration of conformity was issued and published in November 2023.

The Corporate Governance Declaration and further information can be found in the Corporate Governance and Compliance Report (unaudited) in this Annual Report.

## Responsibility in the supply chain, export controls, and customs

As a globally active company with a diversified multinational customer structure, SGL Carbon maintains a wide variety of business relationships. During the period of collaboration, SGL Carbon expects all business partners (customers and suppliers) to commit to lawful, ethical, and environmentally sustainable conduct to the same extent as SGL Carbon. To ensure that this is the case, a Supplier Code of Conduct was rolled out for suppliers and their subcontractors in 2015. This Code of Conduct was fundamentally revised in the past fiscal year with regard to the statutory requirements of the LkSG and sustainability requirements. In addition, the target group was expanded. As well as suppliers and

subcontractors, it now also includes other business partners such as sales agents, distributors, and consultants. This was also the reason why the code was renamed the Business Partner Code of Conduct. This replaced the previous Supplier Code of Conduct in May 2023. It is available in nine languages as a managed document in the company's policy management system and on the company's website. In addition to rules of conduct to be observed with regard to integrity, supplier-side anti-corruption, and social and environmental standards, it also includes a binding commitment to the principles of the UN Global Compact. The Business Partner Code of Conduct (BP CoC) has been expanded in line with the requirements of the LkSG. In particular, this includes express mention of the human rights and environmental conventions derived from the standards of the International Labour Organization (ILO).

Global Procurement is responsible for implementing and applying the Business Partner Code of Conduct (previously the Supplier Code of Conduct) for suppliers and their subcontractors. It is also incorporated into SGL Carbon's General Purchasing Terms and Conditions. The code for primary risk-relevant suppliers was issued from May 2023. The criteria defined were a minimum sales revenue volume or a minimum number of orders from suppliers classified as based in critical countries according to the CP (Corruption Perception) Index with a score of between 0 and 53. 100% of primary existing suppliers committed themselves to compliance with the code. In addition, new suppliers that Purchasing records in SGL Carbon's system are also requested to sign this code or show that they have equivalent compliance standards. 100% of new suppliers signed the code in 2023. For raw materials, new suppliers are asked about the basics of the Supplier Code of Conduct and their answers influence the final selection of suppliers.

In addition to the awarding of points for delivery performance and quality, since 2018 an assessment of the supplier in terms of legal, ethical, and sustainable behavior has also been carried out in the context of the annual supplier assessment. The result of the evaluation is directly incorporated in the supplier risk management system. The risk assessment is used to determine whether supplier development measures are required and to decide which supplier audits will be carried out. Supplier audits also take into account issues relating to compliance with environmental and social standards.

In 2021, a new process was rolled out for the risk management of strategic suppliers. Standards are evaluated with regard to matters such as compliance, safety, and the environment. The process launched in 2022 of sending a sustainability-related online

supplier risk assessment questionnaire to active suppliers which have a minimum sales revenue volume of €2,500 and a material group identified as relevant continued for suppliers newly included in 2023. This is intended to ensure SGL Carbon's compliance with the LkSG, which is valid from January 1. The online supplier risk assessment includes standard sustainability components such as ethics and compliance, as well as human rights and environmental risks in accordance with the LkSG (environmental protection; human rights & labor; supply chain responsibility; health & safety; anti-bribery & corruption; and cybersecurity). The results of the online questionnaire are incorporated in the risk assessment for each supplier, with the aim of eliminating or mitigating any risks identified. Alongside the online risk assessment, in 2023 Global Procurement implemented an abstract risk assessment as a second assessment filter. All countries and industries (based on their NACE code) have been classified here in terms of human rights and environmental risks. The defined goal of producing an overview of suppliers with a critical rating in all three areas (1. Online supplier risk questionnaire; 2. Countries; 3. Sectors) by the end of 2023 was achieved. This will now make it easier to set suitable priorities for the measures to be taken with the resources available.

In addition, in fiscal year 2023 the Group defined responsibility for monitoring compliance with the statutory due diligence duties under the LkSG, in preparation for fulfillment of this law's requirements. For this purpose, the Board of Management of SGL Carbon has created the position of a Human Rights Officer who reports directly to the Board of Management. It has tasked the Head of Group Compliance with this role for SGL Carbon (see also the chapter "Employee concerns/Respect for human rights" in this CSR report).

The established whistleblower system which has existed at SGL Carbon for some years now serves as the complaints procedure which is required under the LkSG. Internal or external reports of potential human rights or environmental risks or violations within SGL Carbon's supply chain can thus be submitted using SGL's whistleblower system. This is accessible internally through SGL's intranet and externally via SGL's website. The same principles apply for the submission and investigation of reports as for other notifications of potential compliance violations. These principles are set out in the guidance for use of SGL's whistleblower system. This guidance is available in all nine local languages at SGL's sites and can be downloaded from the "Whistleblowing system" section of SGL's website (see also the chapter "Compliance management").

SGL Carbon has had its own Conflict Minerals Policy since 2015 and fundamentally revised this policy in 2021. The Group is committed to avoiding the use of conflict minerals in its products and production processes. A review is performed as part of a regular due diligence process. This is implemented via the supplier assessment based on the Integrity Next platform. As well as conflict minerals, this assessment also covers the use of cobalt and mica.

To ensure a continuous transfer of knowledge, at their global meeting in September 2023, Group Compliance once again provided the Global Procurement Team with comprehensive training on “Due Diligence in the Supply Chain.” Here, the focus was on the changes to the statutory framework due to the LkSG, ESG issues, export controls-related issues as well as procedural changes due to the new Business Partner Code of Conduct.

Global Procurement developed an LkSG e-learning program in 2023. This will be rolled out as a mandatory training course for all Procurement employees in 2024 and is available in employees’ personal learning plans via the SGL People Portal. This training is intended to increase Global Procurement employees’ awareness of the LkSG and encourage them to focus here on their relationships with suppliers. SGL Carbon has manufacturing sites in many different countries and supplies products to customers all over the world. It is therefore of considerable importance to avoid risks associated with trading activities and customs regulations. Such risks include restrictions on deliverability, evasion of taxes, customs duties, and other charges, and fines and liability to punishment. SGL Carbon aims to use appropriate compliance processes to ensure that goods and technologies are exchanged and services are used in accordance with the respective internal and external requirements. This principle is defined in the Group-wide Global Trade Policy as well as in SGL Carbon’s procedural instructions on preparing, optimizing, and executing all trading activities, on control mechanisms, and on managing and monitoring risks and responsibilities.

Export controls and customs procedures are also a key component of the compliance risk management system. On this basis, SGL Carbon aims to ensure that international agreements and national laws are complied with in the context of cross-border transactions and intra-Group transfers. In the companies and units, the export managers and export controls/customs officers are responsible for export controls and customs. Since 2009, the existing compliance program for export controls and customs has been working with an IT-based compliance module (SAP Global Trade Services – GTS) that enables the efficient review and processing of business transactions. This module is regularly updated to bring it into line with the latest legal requirements.

The SAP Global Trade Services (GTS) system performs centralized screening and constantly checks all business partners such as banks as well as master data for customers and suppliers in the SAP ERP system. Business partners who match entries in the sanctioned party lists are blocked. All outgoing payments and sales and purchase orders with blocked business partners are also blocked as a result. Transactions with business partners based in embargoed countries will be automatically blocked. Only the centrally organized Global Trade Organization can lift such blocks, provided that it establishes beyond doubt and to the best of its knowledge and belief that the transaction is compatible with applicable legislation. If this cannot be established, SGL Carbon will discontinue the business relationship. All decisions made in this context are documented in the SAP GTS system.

In the area of customs, the GTS system was updated to the new version ATLAS AES 3.0 and the process of centralizing customs clearance in Germany, within the Global Trade Organization, was initiated. The integration of all of the Group’s German sites will be completed in 2024 for export and import customs declarations. SGL Carbon is thus combining the possibilities under the EU Customs Code for modern and flexible customs declarations with effective and efficient handling of customs processes. SGL Carbon is committed to ensuring that employees are informed about all relevant rules in the area of global trade compliance and that export controls/customs officers and selected employees receive training on a regular basis. In December 2023, the annual Global Trade Conference with European export controls and customs delegates took place as an in-person event at our Meitingen site for the first time since the pandemic. The core areas of focus were application of the goods lists and re-exportation guidelines of the USA and China and European legislation on rules of origin. New and existing employees in the defined target group will be assigned dedicated e-learning training on the topic of export controls via our People Portal. This digitalized process include confirmation of successful participation.

Moreover, before going on business trips SGL employees are encouraged to familiarize themselves with local export controls and customs laws and regulations. SGL’s intranet provides travel information for this purpose.

### Information security

An important part of our business success is information and its security. This includes research and development data and sensitive customer information. Cybersecurity breaches can disrupt our processes and systems and thus lead to accidents which may adversely affect

our workforce, neighbors, the environment, and the climate. Cybersecurity breaches also undermine the confidence of customers, investors, employees, and other stakeholders. Cyber risks can harm the reputation and the value of a company just as much as other ESG factors.

SGL Carbon invests in cybersecurity to protect technology, assets, and critical information, as well as to safeguard our reputation and prevent damage or financial loss due to unauthorized access to our systems and data. In doing so, we rely on a risk-based approach that is in line with the internationally recognized ISO 27001 standard. As a company audited by the German automotive industry association for TISAX (Trusted Information Security Assessment Exchange) compliance, we use clearly defined and monitored processes and clear organizational responsibilities to meet increased cybersecurity requirements and adequately address risks such as ransomware.

Information Security is part of the IT organization and reports to the Head of Information Technology Excellence (ITX), who in turn reports directly to the Chief Financial Officer (CFO). It has the right to intervene in case of safety violations or an immediate need for action, with authority over all SGL Carbon employees.

**Organizational measures** provide a solid foundation for the technical framework and awareness of appropriate conduct on the part of the organization and its users. A total of 19 issued and regularly monitored security guidelines specify the basic conduct expected of users, define technical requirements, and require verification measures. This also includes exception management for abnormal temporary requirements as well as fundamental principles such as segregation of duties, need-to-know, and least privilege access. This package of measures is rounded out by cybersecurity insurance and a contractually defined and incident-based forensic support service provided by an external partner.

With the latest hardware and software (e.g., including the use of endpoint detection and response software), **technical measures** and adequate information security processes provide a solid basis for ensuring information security and an appropriate level of protection against ransomware attacks, for instance. SGL Carbon relies on both preventive and reactive measures. Both last year and this year, greater focus has fallen on topics such as identity and access management and the security of operational IT. These issues are also regularly monitored by means of external security checks.

**Preventive measures** are designed to reduce the risk of security breaches. We maintain a strong barrier here by rolling out tools such as multi-factor authentication, detection strategies, and emergency response plans. In addition, through mandatory and optional training and regular attack simulations (such as phishing or payment fraud) we provide our employees with the tools necessary to identify significant attacks and implement a rapid reporting and response system. In the fight against cybercrime, industrial espionage, and attempted fraud, employee awareness and risk transparency are the key preventive measures for SGL Carbon.

**Reactive measures**, in turn, are designed to ensure that SGL Carbon's detection rate and response capability remain at a high level and that resilience remains consistent during a cyberattack. For this purpose, we rely on comprehensive security and vulnerability scanners and a thorough event and incident management system at the central and regionally utilized endpoints of our IT infrastructure. In addition to automated detection mechanisms, our 24/7 information security service enables us to respond promptly and systematically to attack attempts.



# Independent assurance practitioner's report<sup>1</sup>

To SGL Carbon SE, Wiesbaden

We have performed a limited assurance engagement on the separate non-financial group report further "separate non-financial group report), of SGL Carbon SE, (further "Company" or "SGL Carbon") for the period from January 1 to December 31, 2023.

## Responsibilities of Management

The legal representatives of the SGL Carbon SE are responsible for the preparation of the separate non-financial group report for the period from January 1 to December 31, 2023 in accordance with §§ 315c in conjunction with 289c to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (further „EU Taxonomy Regulation“) and the supplementing Delegated Acts as well as the interpretation of the wording and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section "EU taxonomy" of the separate non-financial group report.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial reporting and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the separate non-financial group report that is free from material misstatements, whether due to fraud (manipulation of the combined separate non-financial report) or error.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the legal representatives have disclosed their interpretation of the EU Taxonomy Regulation and the

Delegated Acts adopted thereunder in Section "EU taxonomy" of the separate non-financial group report.

They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

## Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

## Responsibility of the Assurance Practitioner

It is our responsibility to express a conclusion on the separate non-financial group report based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB. Accordingly, we have to plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the separate non-financial group report of the Company for the period from January 1 to December 31, 2023 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the

<sup>1</sup> Our engagement applied to the German version of the separate non-financial group report 2023. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

wording and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section “EU taxonomy” of the separate non-financial group report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for SGL Carbon;
- A risk analysis, including media research, to identify relevant information on SGL Carbon's sustainability performance in the reporting period;
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures on environmental, employee and social matters, respect for human rights, and combating corruption and bribery, including data consolidation;
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures;
- Inspection of selected internal and external documents;
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites;
- Assessment of local data collection, validation and reporting processes and the reliability of reported data via a sampling survey at one selected site via video conference;

- Inquiries of responsible group-level personnel to gain an understanding of the procedure for identifying relevant economic activities according to the EU Taxonomy;
- Assessment of the design and implementation of systems, processes and measures for the determination, processing and monitoring of information on sales, capital expenditures and operating expenses for the taxonomy-eligible/-compliant economic activities;
- Assessment of the overall presentation of the disclosures.

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainties.

### **Assurance Opinion**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the separate non-financial group report of SGL Carbon SE for the period from January 1 to December 31, 2023 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed by the legal representatives in Section “EU taxonomy” of the separate non-financial group report.

### **Restriction of Use/General Engagement Terms**

This assurance report is solely addressed to SGL Carbon SE, Wiesbaden and intended exclusively for them.

Our assignment for SGL Carbon SE, Wiesbaden, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 ([https://www.kpmg.de/bescheinigungen/lib/aab\\_english.pdf](https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf)). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Frankfurt am Main, March 21, 2024

KPMG AG

Wirtschaftsprüfungsgesellschaft [Original German version signed by:]

Dr. Gnädiger Wirtschaftsprüfer      Brandt      Wirtschaftsprüfer  
[German Public Auditor]              [German Public Auditor]

**SGL Carbon SE**  
Söhnleinstraße 8  
65201 Wiesbaden/Germany  
Phone +49 611 6029-0  
[www.sglcarbon.com](http://www.sglcarbon.com)