

GRAFTECH INTERNATIONAL LTD

Form DEF 14A

March 26, 2019

Table of Contents

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement.

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**

Definitive Proxy Statement.

Definitive Additional Materials.

Soliciting Material Pursuant to §240.14a-12.

**GRAFTECH INTERNATIONAL LTD.**

**(Name of Registrant as Specified in its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

March 26, 2019

Dear Fellow Stockholders:

We are pleased to invite you to the 2019 Annual Meeting of Stockholders. The meeting will be held on Monday, April 29, 2019, at 8:00 a.m. local time, at the Holiday Inn Cleveland-S Independence, 6001 Rockside Road, Independence, Ohio 44131.

Details about the business to be conducted at the Annual Meeting can be found in the accompanying Notice of Annual Meeting of Stockholders and proxy statement.

Your vote is important. Regardless of whether you plan to attend the Annual Meeting, we urge you to vote your shares as soon as possible. You may vote using the enclosed proxy card or voting instruction form by completing, signing, and dating it, then returning it by mail. Also, you may submit your vote by telephone or through the Internet. If telephone or Internet voting is available to you, instructions will be included on your proxy card or voting instruction form. Additional information about voting your shares is included in the proxy statement.

On behalf of your Board of Directors, thank you for your continued interest and support.

Sincerely,

Denis A. Turcotte  
*Director and Chairman of the Board*

David J. Rintoul  
*President and Chief Executive Officer*

**Table of Contents**

Notice of

2019 Annual Meeting of Stockholders

<b>Date:</b>	April 29, 2019	At the Annual Meeting you will be asked to:	
<b>Time:</b>	8:00 a.m.	<b>Proposal 1</b>	Elect two directors for a three-year term or until their successors are elected and qualified;
<b>Location:</b>	Holiday Inn Cleveland-S Independence 6001 Rockside Rd. Independence, Ohio 44131	<b>Proposal 2</b>	Ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019;
<b>Record Date:</b>	March 21, 2019	<b>Proposal 3</b>	Approve, on an advisory basis, our executive compensation;
		<b>Proposal 4</b>	Vote, on an advisory basis, on the frequency with which we will hold stockholder advisory votes on executive compensation; and Transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

The enclosed proxy is solicited on behalf of the Board of Directors (the "Board") of GrafTech International Ltd. ("GrafTech" or the "Company") for use at the Company's 2019 Annual Meeting of Stockholders (the "Annual Meeting") to be held on April 29, 2019, at 8:00 a.m. local time, or at any adjournment or postponement thereof, for the purposes set forth herein. The Annual Meeting will be held at the Holiday Inn Cleveland-S Independence, 6001 Rockside Road, Independence, Ohio 44131.

**HOW YOU MAY VOTE**

You may vote if you were a stockholder of record on March 21, 2019 (the record date). To ensure that your shares are represented at the meeting, please vote as soon as possible by one of the following methods:

*By Internet.*

*By Mail.*

*By Telephone.*

*In person, at the Annual Meeting.*

For more detailed information on voting, please see "How do I cast a vote?" in the "Questions & Answers" section beginning on page 39 of this Proxy Statement.

By order of the Board of Directors,

**Gina K. Gunning**

Chief Legal Officer & Corporate Secretary

**Whether or not you expect to attend the Annual Meeting, please vote as soon as possible to ensure representation of your shares at the Annual Meeting. You may vote your shares over the Internet, by telephone or by mail (as applicable) by following the instructions on the proxy card or voting instruction form. Except as otherwise noted, the information herein is as of March 21, 2019, the date we commenced printing in order to commence mailing on or about March 26, 2019. Proxy materials are being mailed or made available on or about March 26, 2019.**

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on April 29, 2019:** The Proxy Statement and the 2018 Annual Report to Stockholders are available at: [www.edocumentview.com/EAF](http://www.edocumentview.com/EAF).

**Table of Contents**

Table of Contents

<b><u>PROXY STATEMENT SUMMARY</u></b>	<b>1</b>
<u>Proposals To Be Voted On</u>	1
<u>Board and Corporate Governance Highlights</u>	1
<u>Executive Compensation Philosophy</u>	2
<u>Board of Directors Snapshot</u>	2
<u>Our Current Directors</u>	2
<u>Key Corporate Governance Best Practices</u>	3
<u>Our Director Nominees</u>	3
<b><u>CORPORATE GOVERNANCE</u></b>	<b>4</b>
<u>General</u>	4
<u>Board of Directors</u>	4
<u>Director Independence</u>	5
<u>Committees of the Board of Directors</u>	6
<u>Compensation Committee Interlocks and Insider Participation</u>	8
<u>Code of Conduct and Ethics</u>	8
<u>Board Meetings</u>	8
<u>Director Skills and Qualifications Criteria</u>	8
<u>Director Orientation and Continuing Education</u>	9
<u>Director Compensation</u>	9
<u>Director Stock Ownership Guidelines</u>	10
<u>Risk Oversight</u>	10
<u>Communications from Stockholders and Other Interested Parties</u>	11
<u>Certain Relationships and Related Party Transactions</u>	11
<u>Registration Rights Agreement</u>	12
<u>Stockholder Rights Agreement</u>	12
<u>Tax Receivable Agreement</u>	13
<u>Brookfield Promissory Note</u>	14
<u>August 2018 Share Repurchase</u>	15
<u>Other Brookfield Transactions</u>	15
<u>Security Ownership of Certain Beneficial Owners and Management</u>	15
<u>Audit Committee Report</u>	17
<u>Independent Auditor Fees and Other Matters</u>	18
<b><u>PROPOSAL 1 ELECT TWO DIRECTORS FOR A THREE-YEAR TERM OR UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFIED</u></b>	<b>19</b>
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>24</b>
<u>Compensation Discussion and Analysis</u>	24
<u>Executive Summary</u>	24
<u>Compensation Framework</u>	24
<u>Base salary</u>	25

<u>ICP</u>	25
<u>Equity Plan</u>	26
<u>Changes in Executive Compensation for Fiscal Year 2019</u>	26
<u>LTIP</u>	26
<u>Policies on Transactions in Company Stock, Including Anti-hedging Provisions</u>	27
<u>Recoupment Policy</u>	27
<u>Savings Plan and Other Benefits</u>	27
<u>Compensation Committee Report</u>	28
<u>Summary Compensation Table</u>	29
<u>Grants of Plan-Based Awards</u>	30
<u>Outstanding Equity Awards At Fiscal Year End</u>	30
<u>Nonqualified Deferred Compensation</u>	31
<u>Potential Payments Upon Termination or Change in Control</u>	31
<b><u>PROPOSAL 2 RATIFY THE SELECTION OF DELOITTE &amp; TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2019</u></b>	<b>35</b>
<b><u>PROPOSAL 3 APPROVE, ON AN ADVISORY BASIS, OUR EXECUTIVE COMPENSATION</u></b>	<b>36</b>
<b><u>PROPOSAL 4 VOTE, ON AN ADVISORY BASIS, ON THE FREQUENCY WITH WHICH WE WILL HOLD ADVISORY VOTES ON EXECUTIVE COMPENSATION</u></b>	<b>37</b>
<b><u>QUESTIONS &amp; ANSWERS</u></b>	<b>38</b>
<b><u>ADDITIONAL INFORMATION</u></b>	<b>41</b>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	41
<u>Proposals of Stockholders</u>	41
<u>Annual Report on Form 10-K</u>	41
<b><u>APPENDIX A: NON-GAAP FINANCIAL MEASURES</u></b>	<b>A -1</b>



**Table of Contents**

## Proxy Statement Summary

*The following pages provide a summary of important information you will find in this Proxy Statement. As it is only a summary, please review the complete Proxy Statement before submitting your vote.*

**Proposals To Be Voted On**

Proposal		Board's Voting	
		Recommendation	Page Reference
Proposal 1	<b>Elect Two Directors for a Three-Year Term or Until Their Successors Are Elected and Qualified</b>	FOR each nominee	19
Proposal 2	<b>Ratify the Selection of Deloitte &amp; Touche LLP as our Independent Registered Public Accounting Firm for 2019</b>	FOR	35
Proposal 3	<b>Approve, on an Advisory Basis, our Executive Compensation</b>	FOR	36
Proposal 4	<b>Vote, on an Advisory Basis, on the Frequency with which We Will Hold Advisory Votes on Executive Compensation</b>	EVERY ONE YEAR	37

**Board and Corporate Governance Highlights**

Our Board is committed to highly effective corporate governance that is responsive to stockholders and aims to ensure that the Company delivers on its strategic objectives.

On August 15, 2015, we became an indirect wholly owned subsidiary of Brookfield Asset Management Inc. (together with its affiliates, Brookfield) through a tender offer to our former stockholders and subsequent merger transaction. On April 23, 2018, the Company completed its initial public offering (IPO). Our common stock has been listed on the NYSE under the symbol EAF since April 18, 2018. Prior to that date, there was no public trading market for our common stock.

As of March 15, 2019, Brookfield owned approximately 79% of our outstanding common stock. We believe that regular, transparent stockholder engagement is essential to GrafTech's long-term success. In 2018, we made presentations at financial and industry conferences, met with financial analysts and investment firms, and responded to inquiries from our stockholders. We intend to engage with stockholders to understand their perspectives on corporate governance, executive compensation, sustainability and other matters.

**Table of Contents**

**Executive Compensation Philosophy**

Under our pay for performance philosophy, a substantial component of executive compensation is variable and tied to Company financial and operational performance. The goal is to reward our executive team for their leadership in meeting key near-term goals and objectives while also positioning the Company to generate sustainable long-term stockholder value.

We Reward Based On	Key Features
<p>Company annual performance relative to pre-established financial goals; and</p> <p>Long-term stockholder value creation.</p>	<p>No tax gross-ups in the event of a change of control;</p> <p>Reasonable retirement and welfare benefits;</p> <p>Clawback provisions;</p> <p>Prohibition on hedging; and</p> <p>No repricing or repurchasing of stock options.</p>

**Board of Directors Snapshot**

**Number of Directors:** 8

**Average Age:** 60

**Number of Independent Directors:** 4

**Our Current Directors**

**Number of Board Meetings in 2018:** 5

**Average Director Meeting Attendance in 2018:** 97%

Under our Amended and Restated Certificate of Incorporation (the Amended Certificate of Incorporation ), the number of directors is fixed by our Board but will not be fewer than three directors. Our Board currently consists of eight members and is divided into three classes of directors, with each class containing two or three directors, and with the directors serving three-year terms. Detailed information about each director's background, skill set and areas of expertise can be found beginning on page 20.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Term Expires</b>	<b>Committee(s)</b>
Denis A. Turcotte	57	Chairman and Director	2019	Governance and Compensation Committee (the G&C Committee )
David J. Rintoul	61	Director, President and Chief Executive Officer ( CEO )	2020	
Jeffrey C. Dutton	56	Director	2021	
Ron A. Bloom	63	Director	2020	G&C Committee (Chair)
Brian L. Acton	67	Director	2020	Audit Committee, G&C Committee
Michel J. Dumas	60	Director	2019	Audit Committee (Chair)
Anthony R. Taccone	58	Director	2021	Audit Committee, G&C Committee
Catherine L. Clegg	59	Director	2021	

**Table of Contents**

**Key Corporate Governance Best Practices**

Four independent directors	Advisory vote on executive compensation
Independent directors regularly meet without management present	Insider trading policy
One vote per share of common stock	Review and approval policy for related party transactions
Code of Conduct and Ethics policy	Orientation program for new directors
Corporate Governance Guidelines	Directors are encouraged to attend continuing education programs
Stock ownership requirements for directors	

**Our Director Nominees**

You are being asked to vote on the re-election of two Directors. Detailed information about each Director's background, skill set and areas of expertise can be found beginning on page 20.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Committee(s)</b>
Denis A. Turcotte	57	Chairman and Director	G&C Committee
Michel J. Dumas	60	Director	Audit Committee

## **Table of Contents**

Corporate Governance

### **General**

Our Board is committed to strong corporate governance practices and dedicated to ensuring that GrafTech is managed for the long-term benefit of our stockholders and other stakeholders. To fulfill this role, the Board and its committees meet throughout the year and engage in meaningful discussions with management to ensure that the Board is informed regarding the Company's activities, operating plans and strategic initiatives.

Because Brookfield owns a majority of our outstanding common stock, we are a controlled company as that term is set forth in the New York Stock Exchange ( NYSE ) corporate governance standards. For more information, see Director Independence. To promote full and complete compliance with all applicable corporate governance standards and remain aligned with best practices demonstrated by other similarly situated public companies, the Board has adopted corporate governance principles and procedures, which it reviews and amends as necessary. We also continuously review guidance and interpretations provided by the Securities and Exchange Commission ( SEC ) and the NYSE.

Stockholders proposing director nominations must comply with the advance notice and specific information requirements in our Amended and Restated By-Laws ( By-Laws ), which include, among other things, the disclosure of hedging, derivative interests and other material interests of the nominating stockholder and director nominee. In addition, each director nominee proposed by a stockholder must deliver a statement whether he or she agrees to, promptly following the stockholder meeting at which such nominee is elected or re-elected, tender an irrevocable advance resignation in accordance with our By-Laws and Corporate Governance Guidelines.

You can access our Audit Committee Charter, Code of Conduct and Ethics, and Corporate Governance Guidelines in the Investors section of our website, [www.graftech.com](http://www.graftech.com). Information on, or accessible through, our website is not part of this Proxy Statement. We have included our website only as an inactive textual reference and do not intend it to be an active link to our website. You may also request that the above documents be mailed to you by writing to: GrafTech International Ltd., 982 Keynote Circle, Brooklyn Heights, OH 44131, Attention: Investor Relations.

### **Board of Directors**

Our business and affairs are managed under the direction of our Board. Under our Amended Certificate of Incorporation, the number of directors is fixed by our Board but will not be fewer than three directors. The Board currently consists of eight members.

Our Amended Certificate of Incorporation provides that our Board be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors serving three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our directors are divided among the three classes as follows:

the Class I directors are Denis A. Turcotte and Michel J. Dumas, and their terms will expire at this Annual Meeting;

the Class II directors are Ron A. Bloom, Brian L. Acton and David J. Rintoul, and their terms will expire at the annual meeting of stockholders to be held in 2020; and

the Class III directors are Jeffrey C. Dutton, Anthony R. Taccone and Catherine L. Clegg, and their terms will expire at the annual meeting of stockholders to be held in 2021.

## **Table of Contents**

Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. While Brookfield owns more than 50% of our outstanding common stock, the classification of the Board and the other provisions of the Amended Certificate of Incorporation may be amended by the affirmative vote of the holders of a majority of the voting power of our outstanding common stock. After Brookfield ceases to own more than 50% of our outstanding common stock, these provisions may be amended only by the affirmative vote of the holders of 66<sup>2</sup>/<sub>3</sub>% or more of the voting power of our outstanding common stock.

If the total number of shares voted in favor of a director nominee in an uncontested election are less than the total number of shares voted against such director nominee, the director nominee will tender his or her resignation immediately after the stockholder meeting and our Board will determine whether to accept the resignation within 90 days of the stockholder meeting.

We and Brookfield entered into a stockholder rights agreement (the **Stockholder Rights Agreement**) in connection with our IPO. Under the Stockholder Rights Agreement, for so long as Brookfield owns or controls at least 25% of our outstanding common stock, Brookfield will have the right to nominate the higher of 37.5% of the members of the Board and three members of the Board (who we refer to as the Brookfield directors), and one Brookfield director will be in each class. Brookfield will also have the right to select the Chairman of the Board. In the event Brookfield owns or controls less than 25% of our outstanding common stock, the Brookfield directors will promptly tender their resignations. The Board (excluding the Brookfield directors) will have the option, but not the obligation, to accept the Brookfield directors' resignations. If the Board (excluding the Brookfield directors) votes to accept these resignations, the Brookfield directors will cease to be members of the Board. If the Board (excluding the Brookfield directors) votes not to accept these resignations, the Brookfield directors will continue to serve as members of the Board until the next annual meeting of our stockholders, regardless of the time remaining in their respective terms of office. The current Board members that were designated by Brookfield are Denis A. Turcotte, Ron A. Bloom and Jeffrey C. Dutton. For more information regarding the Stockholder Rights Agreement, see **Certain Relationships and Related Party Transactions**.

Our By-Laws provide that while Brookfield owns more than 50% of our outstanding common stock, at any meeting of our Board, the presence of (i) a majority of the total number of directors and (ii) one Brookfield director will be required to constitute a quorum. After Brookfield ceases to own more than 50% of our outstanding common stock, the presence of a majority of the total number of directors will be required to constitute a quorum.

Our Amended Certificate of Incorporation provides that the Chairman may or may not be an officer of the Company. While this matter relates to corporate governance, it also relates to succession planning, and it is in the best interests of the Company for the Board to make a determination with respect to this matter on a case-by-case basis as part of the succession planning process. Currently, our Chairman is Denis A. Turcotte and our CEO is David J. Rintoul. The G&C Committee will periodically consider the size and structure of the Board and report to the Board the results of its review and any recommendations for change. Notwithstanding the G&C Committee's recommendation, as discussed above, Brookfield has the right to select the Chairman of the Board under the terms of the Stockholder Rights Agreement.

## **Director Independence**

We are a **controlled company** as that term is set forth in the NYSE corporate governance standards. Under these rules, a **controlled company** may elect not to comply with certain corporate governance requirements, including: (i) the requirement that a majority of our Board consist of independent directors, (ii) the requirement that our governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose

and responsibilities, and (iii) the requirement that our compensation committee be composed entirely of independent directors with a



## **Table of Contents**

written charter addressing the committee's purpose and responsibilities. However, as a controlled company, we must comply with the rules applicable to audit committees set forth in the NYSE listing standards. All three members of our Audit Committee are independent.

Our Board has undertaken a review of the independence of the directors. Based on this review, the Board has determined that four members of the Board, Michel J. Dumas, Brian L. Acton, Catherine L. Clegg and Anthony R. Taccone, currently qualify as independent under the NYSE corporate governance standards. Our Board currently consists of eight members, four of whom qualify as independent under the NYSE corporate governance standards.

In making these determinations, our Board considered any current and prior relationships or transactions that each director has with the Company and other information provided by each director concerning his or her background, employment and affiliations, including the beneficial ownership of our capital stock by each director and the transactions involving them described in Director Compensation and Certain Relationships and Related Party Transactions. Our Board considered the purchase by the Company in 2018 of access to steel industry research data from a company of which Anthony R. Taccone is a partner. The amount involved in this purchase was well below \$120,000. The Board concluded that this transaction would not interfere with Mr. Taccone's exercise of independent judgment in carrying out the responsibilities of a director and thus did not impair his independence.

## **Committees of the Board of Directors**

The Board has established two standing committees to assist it in carrying out its responsibilities: the Audit Committee and the G&C Committee. In the event the Company ceases to be a controlled company pursuant to the NYSE listing standards, the Board will establish a separate nominating and governance committee and compensation committee. Each of the committees operate under its own written charter adopted by the Board. The membership and the function of each of the committees are described below.

### *Audit Committee*

The Audit Committee:

- appoints the independent auditor annually; monitors the quality of the work of the independent auditor, monitors their independence and replaces them as necessary in the sole judgment of the committee;
- pre-approves the audit plan (including services relating to internal controls over financial reporting), any proposed audit-related, tax and other services and pre-approves all related compensation; reviews with the auditor the results of the annual audit; reviews with the auditor any review of the quarterly financial statements that the committee may direct the auditor to perform;

- approves the annual corporate audit services plan and budget; reviews with the senior corporate audit services executive the results of the audit work at least annually and more frequently as provided in the policy for reporting financial accounting and auditing concerns, as approved by the committee; at least annually reviews the performance of the corporate audit services team;

- reviews and discusses with management and the independent auditor the annual audited financial statements and the adequacy of the internal controls over financial reporting;

discusses with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of our financial statements, including any significant changes in our selection or application of accounting principles, any significant issues (material weaknesses or significant deficiencies as such terms are defined in the Sarbanes-Oxley Act) as to the adequacy of our accounting controls and any remediation used in connection with any such issues;

**Table of Contents**

oversees company policies and practices with respect to financial risk assessment and risk management; and

regularly reports its work to the Board.

The members of the Audit Committee are Michel J. Dumas (Chair), Brian L. Acton and Anthony R. Taccone. Our Board has determined that (i) Michel J. Dumas, Brian L. Acton and Anthony R. Taccone are independent directors, (ii) each director appointed to the Audit Committee is financially literate and (iii) Michel J. Dumas is our Audit Committee financial expert. During fiscal year 2018, our Audit Committee held four meetings. Our Audit Committee operates under a written charter that satisfies the applicable rules of the SEC and the NYSE listing standards.

*Governance and Compensation Committee*

The G&C Committee:

recommends to the Board principles of corporate governance applicable to us;

oversees the processes established by management regarding compliance with legal and regulatory requirements and ethical programs and policies as established by management and the Board, including without limitation, our Code of Conduct and Ethics, our compliance program and our regulatory and quality compliance initiatives; and oversees management's establishment of a process for reporting these matters to the Audit Committee, other Board committees or the full Board as appropriate;

receives regular reports from our Chief Legal Officer regarding material legal disputes and matters in litigation;

reviews and makes recommendations to the Board regarding the size and structure of the Board and the committees of the Board;

determines the process for the annual self-assessments of the Board and its committees and oversees the implementation and reporting back of the results;

reviews and makes recommendations to the Board regarding leadership and membership of committees of the Board;

develops and administers the process and criteria for selecting new directors and nominees for vacancies on the Board and candidates for Board membership;

with advice of outside counsel, (a) establishes a process for overseeing potential conflicts of interest between the company and directors and the company and members of management, and (b) considers at least annually the independence of directors;

regularly reports its activities to the Board;

recommends to the Board remuneration of the chief executive officer and determines remuneration of our other officers elected by the Board;

conducts evaluation of the chief executive officer for submission to the Board;

grants options under and otherwise administers our stock incentive plans and approves and administers any other compensation plan in which our executive officers participate;

reviews succession planning for the chief executive officer and senior executives, and reports on such matters to the Board;

## **Table of Contents**

retains compensation consultants and obtains advice from internal or external advisors, as necessary;

presents the annual Compensation Committee Report on Executive Compensation for our proxy statement; and

reviews its own performance annually.

The G&C Committee operates under a written charter and consists of four directors, two of whom must qualify as independent under the NYSE listing standards and two of whom are appointed by Brookfield. The members of the G&C Committee are Ron A. Bloom (chair), Denis A. Turcotte, Brian L. Acton and Anthony R. Taccone. Our Board has determined that Brian L. Acton and Anthony R. Taccone are independent directors. During fiscal year 2018, our G&C Committee held three meetings.

## **Compensation Committee Interlocks and Insider Participation**

None.

## **Code of Conduct and Ethics**

Our Board has adopted a code of conduct and ethics applicable to our employees, directors and officers, in accordance with applicable U.S. federal securities laws and the listing standards of the NYSE. Any waiver or amendment of this code for executive officers or directors (i) may be made only by the Audit Committee, (ii) will be promptly disclosed as required by applicable U.S. federal securities laws and the listing standards of the NYSE and (iii) will be available in the Investors section of our website, [www.graftech.com](http://www.graftech.com).

## **Board Meetings**

During fiscal 2018, our Board held five regular meetings in person. Our directors' average attendance was 97%, and each current director attended at least 75% of the aggregate number of meetings of our Board and the committees on which he or she served. We encourage, but do not require, our directors to attend each annual meeting of stockholders.

## **Director Skills and Qualifications Criteria**

The G&C Committee reviews at least annually the skills, qualifications and characteristics for election of new and continuation of existing directors. The criteria considered in selecting director nominees reflect applicable law, the listing standards of the NYSE, the terms of the Stockholder Rights Agreement as well as a candidate's integrity, strength of character, judgment, business experience, specific areas of expertise, ability to devote sufficient time to attendance at and preparation for Board meetings, factors relating to the composition of the Board (including its size and structure) and principles of diversity.

The G&C Committee recommends to the Board all nominees to be proposed by the Company for election to the Board, as well as actions with respect to individuals nominated by third parties.

Directors whose positions, responsibilities or commitments change materially after they were elected to the Board are required to inform the G&C Committee and volunteer to resign from the Board so that the G&C Committee may have an opportunity to review the appropriateness of continued membership under the circumstances, including with respect to independence, and make recommendations to the Board, which could accept the volunteered resignation but need not do so.

Directors are expected to serve on at most a limited number of other public company boards. Prior to accepting an invitation to serve on another public company board, directors must advise the G&C Committee and must receive written confirmation from the head of the legal department that there are no legal or regulatory impediments to such service.

**Table of Contents**

The G&C Committee leads the effort to identify and recruit candidates to join the Board. In this context, the G&C Committee's view is that the Board should reflect a balance between the experience that comes with longevity of service on the Board and the need for renewal and fresh perspectives. The G&C Committee does not support a mandatory retirement age, director term limits or other mandatory Board turnover mechanisms because its view is that such policies are overly prescriptive; therefore the Company does not have term limits or other mechanisms that compel Board turnover. The G&C Committee does believe that periodically adding new voices to the Board can help the Company adapt to a changing business environment and Board renewal continues to be a priority.

**Director Orientation and Continuing Education**

All new directors participate in an orientation program (the Orientation Program) promptly after they are elected. The Orientation Program includes presentations by senior management and internal and independent auditors to familiarize new directors with strategic plans, significant financial, accounting and risk management issues and compliance programs (including the Company's Code of Conduct and Ethics and other applicable policies). In addition, the Orientation Program can include visits to headquarters and, to the extent practical, certain of the significant facilities.

All other directors are welcome to attend the Orientation Program.

All directors are also encouraged to participate in Continuing Education Programs offered by the NYSE and other organizations, and the Company will reimburse directors for reasonable costs associated therewith.

**Director Compensation**

Our independent non-employee directors received the following compensation for service on our Board in 2018. As a Company employee, Mr. Rintoul does not receive any additional compensation for his service on the Board. The Board determined not to compensate the Brookfield directors for their service on the Board.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)<sup>(1)</sup></b>	<b>Stock Awards (\$)<sup>(2)</sup></b>	<b>Option Awards (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Denis A. Turcotte					
Jeffrey C. Dutton					
Ron A. Bloom					
Brian L. Acton <sup>(3)</sup>	62,500	62,500			