

Risk and Opportunity Report

Integrated risk and opportunity management

Our business activities present risks and opportunities, which are essential to the company's success. This is especially true in times of new criminal threats, ongoing geopolitical crises, and unstable global economic development. As part of our operating business and our strategic management, we weigh opportunities and risks against one another and ensure that they remain balanced. In particular, we aim to identify and evaluate risks and opportunities as early as possible. In the past fiscal year, we made use of this approach again while continuing to develop it.

Aurubis AG's risk and opportunity situation is strongly influenced by the Aurubis Group's risk and opportunity situation. In this respect, the statements of the company's management on the overall assessment of risks and opportunities also serve as a summary of Aurubis AG's risks and opportunities.

Risk management system

Our objective in risk management is to manage and monitor the risks associated with our business with the help of a risk management system (RMS) suited to our activities. Identifying and observing risk development early on is of major importance. Furthermore, we strive to limit negative effects on earnings caused by risks by implementing appropriate and economically sound measures.

Risk management is an integral component of the centralized and decentralized planning, management and monitoring processes and covers all of the Aurubis Group's main sites, business sectors, and central functions. The planning and management system, risk reporting, open communication culture, and risk reviews at the sites create risk awareness and transparency with regard to our risk situation, and promote our risk culture.

Risk management officers have been appointed for all sites, business sectors, and central functions, and they form a network within the Group. The Group headquarters manage the network. In addition to the risk management officer, the Aurubis Group has established a Corporate Risk Management function. The RMS is documented in a corporate policy.

Standard risk reporting takes place bottom-up each quarter using a uniform, Group-wide reporting format. The identified risks and risks that exceed a defined threshold are explained within this format. The likelihood of their occurrence and the extent of the damage they could cause are evaluated, and instruments and measures used to manage them are outlined. The risks registered with Group headquarters are assessed, qualitatively aggregated into significant risk clusters by Corporate Risk Management, and reported to the entire Executive Board. The report also establishes the basis for the report to the Audit Committee as well as external risk reporting.

Potential effect on earnings

in € million	>1	>5	>20	>50
Likelihood				
high	medium	medium	high	high
medium	low	medium	medium	high
low	low	low	medium	medium
unlikely	low	low	low	medium

In the quarterly reporting to the Executive Board and the Audit Committee, the qualitatively aggregated risk clusters are assessed with due regard to risk management measures (net perspective) based on their probability of occurrence and the potential effect on earnings pursuant to the spreads included in the table, and are classified as low, medium or high.

Independent monitoring

The RMS is subject to routine monitoring and review. Internal Audit monitors risk management using systematic audits. As a process-independent authority, it contributes to the correctness and improvement of the business processes, and to the effectiveness of the installed systems and controls.

In addition, the auditors review our early risk detection system to ensure that it adheres to legal requirements. They report the audit results to the Executive Board and the Supervisory Board (Audit Committee).

Furthermore, the Audit Committee deals intensively with risk management issues. Corporate Risk Management regularly informs the committee and the Executive Board about current developments.

Explanation of relevant risks

In the following sections, the risks associated with our business are explained according to our risk clusters. The main measures and instruments we use to counter these risks are also described here. We have separately indicated risks and risk-relevant issues that we currently classify as potentially medium to high.

SUPPLY AND PRODUCTION

The ability to keep the production facilities supplied with raw materials and the availability of the facilities are of central importance for the Aurubis Group. We limit the associated risks by implementing the following measures:

To ensure the supply of copper concentrates for our facilities, we have entered into long-term agreements with a number of concentrate suppliers from various countries. In this way, we are able to reduce the risk of production interruptions caused by possible delivery failures. We were able to fully supply our primary smelters with concentrates during the past fiscal year.

The long-term orientation of our supply agreements also limits the risk of volatile treatment and refining charges on the spot market.

When it comes to raw material availability for our recycling facilities, we continue to see supply risks for fiscal year 2023/24 despite our extensive international supplier network. We see negative impacts on scrap collection activities and therefore on scrap availability due to the difficult economic situation in Europe. All in all, the fact remains that the ability to predict the availability of recycling materials remains limited due to the short-term nature of agreements on these markets. We want to counter this development with an increase in our market share and the geographic diversification that comes along with that, yet we are aware that this could further intensify volatility in refining charges for copper scrap.

The material for the facilities producing copper products mainly comes in the form of copper cathodes manufactured within the Group. This allows us to simultaneously generate higher added value and control the quality of copper products during the entire process.

We counter production risks with asset lifecycle management and forward-looking maintenance work, which reduce unplanned production shutdowns. We also address the risk of malfunctions by carrying out regular maintenance work and by keeping critical replacement parts on hand.

We have also taken organizational measures to handle potential operational disruptions that could result from events such as flooding or fire. We regularly inspect all sites with respect to possible risks related to heavy rainfall and flooding. For instance, our parent plant in Hamburg is located near the Hamburg harbor and is protected by extensive flood defenses (referred to as polders) to prevent high water levels. Furthermore, alarm plans are in place and we train our employees by carrying out routine drills.

To reduce the risk of a potential production stop due to a gas shortage caused by reduced supply volumes from Russia, our facilities were adapted and now allow for alternative operation with LPG or fuel oil. These measures may also contribute to lowering industrial gas consumption in Germany, helping ensure a secure supply of natural gas in the coming years as well. Regarding this topic, we refer to our comments in the “Energy and climate” section. The risk of potential power outages resulting from grid instability is likely to remain increased due to the shutdown of base load power plants. We are working on measures to minimize the impacts of these kinds of blackouts on our production facilities and to put ourselves in a position to ramp up our facilities quickly again as soon as the electricity grid has restabilized. In the meantime, we have adapted the tankhouses in Hamburg and Lünen and can now adjust them to the network load more flexibly. This enables us to provide control energy for the transmission grid operator, making a valuable contribution to safeguarding stable grid operation.

We are closely observing the supply situation outside of Germany, too. Diversified sources of natural gas supplies in our other production countries such as Belgium, Spain, Bulgaria and the US mean that we don't see a need to switch production over to alternative energy sources.

Taking into account the measures described above, we regard the risk of an insufficient raw material supply as “medium.” We continue to classify the risk of strong limitations on the availability of our production facilities as “medium.”

We handle logistics risks by implementing a thorough, multi-step selection and evaluation process for service providers, by avoiding single sourcing as far as possible, and by preventively developing backup solutions. For our site in Pirdop in particular, we have worked out alternative supply concepts to divert shipments to other transport routes in case routes through the Bosphorus and

the Black Sea become temporarily unavailable due to the war in Ukraine. The impacts of worldwide delivery bottlenecks continue to be felt. We are working continuously on this issue by processing information more quickly in the supply chain to have alternative scenarios available that would enable an optimized supply in various cases. We continuously monitor the movements of bulk carriers and container ships to ensure we are aware of delayed arrivals early on and can minimize their effects. We have an international network of qualified service providers at our disposal and are able to prevent weather-related or capacity-related risks in the transport chain, for example by contractually arranging a selection of appropriate transport alternatives to minimize the risk of failed deliveries. We continuously monitor the at times limited passability of the Panama Canal. As a preventative measure, we have temporarily increased concentrate inventories for our sites in Hamburg and Pirdop to compensate for potential ship delays.

CRIMINAL ACTIVITIES

Because of the high level of organization and criminal intent of the participants, the criminal activities directed against Aurubis demonstrate that we can be the target of (organized) crime due to our exposed position in the precious metals business, with potentially significant financial losses to Aurubis' detriment.

After the criminal activities directed against Aurubis came to light in June 2023, the Executive Board created a project to promote process and plant security, and included renowned external consultants to provide support in investigating the incidents. These in particular assumed responsibility for clarifying the facts surrounding the criminal activities that targeted Aurubis, reporting on the investigation process to the company, and issuing specific recommendations for further development. A detailed explanation of the measures that have been enacted is available in [Q Economic development within the Aurubis Group, page 141](#).

Taking the extensive measures to improve plant security into account, we classify the risk of criminal activities as “medium.”

SALES

In addition to supply and production risks, the Aurubis Group also faces sales risks, which we classify as “medium.”

Generally speaking, risks can arise from negative deviations from our predictions of the markets’ economic development, which we outline in the Forecast Report. The order situation for shapes products and flat rolled products is currently at a lower level owing to sluggishness in the construction sector and in the German automotive industry and, in general, inventory corrections carried out due to the rising interest rate level. In the chemical industry, a key offtaker for sulfuric acid, high energy costs again caused reductions in production and, in Europe, temporary production stops in the past fiscal year. The resulting sales risk for Aurubis led us to diversify our sulfuric acid customer portfolio beyond the European market again during the past fiscal year 2022/23 in order to compensate for the risk of a continued decline in European demand. We can only counter the risk of falling sulfuric acid prices resulting from weak ongoing demand to a limited extent with our existing long-term contracts and corresponding fixed prices.

Thanks to economic analyses and estimates regarding economic trends, we are in a position to adjust our individual sales strategies to changing conditions as needed, thus countering any risks that arise.

We sell cathodes that are not further processed internally by Aurubis on international cathode markets.

SUSTAINABILITY

Supply chain risks (e.g., environmental pollution or human rights violations by suppliers) can mean damage to Aurubis’ image and reputation, negative impacts on our product sales, and possible fines based on the Supply Chain Act (LkSG). To fulfill our due diligence obligation with regard to our material topics in the supply chain area, we have worked with a Business Partner Screening system based on OECD guidelines for many years. The project team, which spans multiple divisions, developed new standards for responsible sourcing during the reporting period. The corresponding policy went into effect at the start of fiscal year 2022/23 and was updated in late September 2023. The existing Business Partner Screening process was extensively revised, and a new Business Partner Screening tool was implemented in 2023. Due to the high ongoing significance of responsibility in the supply chain as part of our sustainability approach and the results of our risk analysis pursuant to the Supply Chain Act, we classify the risk related to sustainability aspects in the supply chain as “medium.”

Sustainability is a fixed component of our company strategy. We are continuously working on further enhancing our performance in accordance with our Sustainability Strategy. We also adopted ambitious sustainability targets for 2030 with the revision of the corporate strategy in 2021. Initial strategic projects have been developed in this context, which aim to increase our recycling rate and lessen our carbon footprint, for example. We address the risk of not achieving these targets with concrete measures and related KPIs for managing these sustainability targets across the Group. In addition, we are involved in initiatives related to sustainability issues such as climate and environmental protection and responsible supply chains. This includes Aurubis’ commitment to the Copper Mark. This initiative started in 2020 and entails a review of the sustainability standards of copper production sites including mines, smelters, refineries and processors. With this standard, we want to foster responsibility throughout the value chain and verify our own sustainability performance with an external certification from an independent body. Furthermore, the Copper Mark is based on the principle of continuous

improvement, so our plants that have already been certified are also compelled to enhance their performance in alignment with sustainability requirements. The 32 sustainability criteria of the Risk Readiness Assessment of the Responsible Minerals Initiative (RMI) apply, which cover topics such as compliance, human rights and labor, environmental protection, and occupational safety. The responsible sourcing of copper, lead, nickel and zinc is another criterion reviewed in the course of certification. In addition, the Copper Mark developed a due diligence standard that has been in effect since 2021 and serves to fulfill the standards of the London Metal Exchange (LME), one of the world's most important metal exchanges, for responsible sourcing.

The Copper Mark is based on the United Nations Sustainable Development Goals (SDGs). The Copper Mark seal was awarded to Aurubis Bulgaria in April 2021, the Aurubis sites in Hamburg and Lünen in July 2022, and the site in Olen, Belgium, in September 2023. Additional sites, Aurubis Beerse and Aurubis Stolberg, have started the certification process as well.

Furthermore, Aurubis introduced the "Tomorrow Metals by Aurubis" label in October 2021. This label encompasses all the Group's measures for continually improving sustainability performance, particularly the environmental footprint, for our metal customers.

Starting in fiscal year 2024/25, Aurubis will be required to report in keeping with the Corporate Sustainability Reporting Directive (CSRD). Subject to the materiality analysis that has to be conducted beforehand, new risk areas related to sustainability could be identified. Because the period under review will expand considerably under the CSRD (as will the scope of the review), more risk areas may have to be assessed and disclosed. At the moment, however, we cannot foresee exactly how this will translate into practice.

ENERGY AND CLIMATE

Aurubis takes protecting the climate very seriously. We highlight the significance of this issue by publishing Scope 1, Scope 2, and Scope 3 carbon emissions as part of the separate Non-Financial Report [Q NFR, page 61](#). Aurubis mitigates the risks of climate change with an energy management system and by consistently realizing identified energy efficiency and CO₂ reduction potential at all sites, among other measures.

Sustainability targets for 2030 have been defined as part of the updated corporate strategy. These include our CO₂ reduction targets, which were validated by the Science Based Targets initiative (SBTi) and contribute to limiting global warming to 1.5°C pursuant to the Paris Agreement. Accordingly, we want to reduce our absolute Scope 1 and Scope 2 emissions by 50% and our Scope 3 emissions (CO₂) by 24% per ton of copper cathode by 2030 compared to 2018. We also aspire to be carbon-neutral well before 2050. To achieve these targets, we devised a decarbonization road map that we're constantly developing.

Our reporting aligns with the framework of the Task Force on Climate-Related Financial Disclosures (TCFD), and we categorize climate risks into physical and transition risks in accordance with the TCFD definition. The physical risks include the risks due to extreme weather events, both in our plants and in the transport chain, that are described in the "Supply and production" section. We counter the risks in the transport chain through geographic diversification of the supply chain, the storage of emergency reserves to maintain production, and the availability of alternative logistics service providers, among other things. Furthermore, we observe water levels (flooding/low water) in key waterways to be able to promptly initiate countermeasures to maintain our transport routes and our cooling processes, as well as measures to prevent flooding. As the severe flooding at our site in Stolberg in July 2021 demonstrated, flooding presents significant physical climate risks. As a result, we investigate at regular intervals what

long-term impacts physical climate risks have on our key production sites in global warming scenarios (warming of +1.5°C and +4°C) with the goal of incorporating adaptations derived from this investigation into our (investment) planning.

Transition risks include technological and political risks first and foremost. We welcome the accelerated expansion of renewable energies, but supply security has to be ensured in the process (technological risks). We have introduced appropriate measures in the meantime to increase the overall supply security of the different sites. These include the option of an alternative energy supply through LPG or fuel oil to prevent or limit the impact of a gas shutoff at our German sites in Hamburg, Lünen, Emmerich and Stolberg in the case of a possible gas shortage. We view these conversion measures as a helpful step in maintaining production in a crisis scenario. Currently, no natural gas is used for production at our European sites in Pirdop and Pori. Our Belgian sites in Beerse and Olen, as well as the Berango site, benefit from a more diversified supply concept compared to Germany. To continue pushing forward with our decarbonization targets, we're preparing to transition from natural gas to hydrogen. In 2021, a test series using hydrogen in the anode furnace was successfully conducted in cooperation with the HAW as part of the Northern Germany Regulatory Sandbox. In 2024, about € 40 million will be invested in converting the anode furnaces, which will be hydrogen-ready starting in summer 2024. Measures to boost flexibility include the provision of control energy by the tankhouse (which has since been implemented), the compensated partial shutoff in the case of electricity bottlenecks, and the use of our power-to-heat facility to generate steam with electricity in the case of excess electricity. Furthermore, we have had an energy supply contract in place since 2010, which secures most of the electricity our German sites need in the long term.

Because overall political conditions are in a state of constant flux, political risks have a significant impact on our business:

- » Mounting burdens resulting from changes in potential cost drivers such as the German and European emissions trade, grid charges, and the eco-tax are generally difficult to quantify reliably.
- » From 2021 to 2030, the copper production and processing industry will continue to receive free allocations of emission trading allowances for direct CO₂ emissions and electricity price compensation due to its carbon leakage status. For all sites that take part in emissions trading, free allocations of CO₂ certificates have been approved in the amount applied for since 2021. The level will remain constant until 2025. Nevertheless, we expect considerable cuts to the free allocations of emission trading allowances starting in 2026 since the calculation factors will decrease significantly. This could reduce the Group's free allocations by half. For the entire Group, however, we don't expect any additional burden from any required purchases of CO₂ certificates until 2030. The European Commission is currently revising the Free Allocation Regulations. A decision about the adjustment is expected in late 2023. The price of CO₂ certificates surged again in the past year, and we expect prices to continue rising due to the reduction in allocations. The political decision-making process regarding the implementation of electricity cost compensation for indirect CO₂ costs starting in 2021 has concluded in some EU Member States, and the EU has already issued its approval for Germany, for example. The electricity price compensation level still amounts to at least 50% of the cost burden. The relief would increase further if a cap of 1.5% of gross value added is implemented for the contribution, as the EU regulation envisions. Here, too, there is a distinct risk that the electricity price compensation will be cut starting in 2026.
- » The decarbonization targets described above include various projects at the individual production sites, such as the test series for the direct use of hydrogen in the copper production process previously outlined. At our site in Pirdop, a solar plant with a 10 MW connected load went into operation in fiscal

year 2021/22. Two additional expansion phases of the solar plant are underway and are expected to be completed in late March 2024. The first expansion phase (Aurubis-2) will provide an extra 7.6 MW of power, while the following expansion phase (Aurubis-3) will generate 6 MW of power. For all three plants combined, we expect an annual CO₂ reduction of 34,000 t. In addition, our site in Hamburg has been providing carbon-free industrial heat to enercity's district heating system to supply the HafenCity East neighborhood for several years now. We have now started with the large-scale expansion of this industrial heat supply. The shift of our electricity supply contracts to the sourcing of carbon-free electricity is progressing as well. For example, the SeaMade offshore wind park has been supplying 12 MW of electricity to our Olen site in Belgium through a ten-year green electricity supply agreement (PPA) since January 2023. This agreement allows us to cut 42,000 t of Scope 2 CO₂ emissions at the site annually.

- » Total emissions for all production sites in calendar year 2022 amounted to about 5.4 million t of CO₂ (Scope 1 + 2: 1.3 million t of CO₂; Scope 3: 4.1 million t of CO₂). However, in addition to copper, gold, silver, platinum, palladium, additional precious metals, and building materials such as iron silicate stone are also recovered during copper production. These additional metals and co-products would be produced at other companies in alternative production processes that would generate significantly higher CO₂ emissions. Based on an external study referencing published emission factors, the conventional production of the metals mentioned above and the co-products that are recovered at Aurubis would lead to an additional 3.5 million t of CO₂ emissions each year. These additional emissions aren't generated at Aurubis thanks to our energy-efficient processes, due in part to the advantages of the smelter network, which means that the metals we produce, including copper, have a very small carbon footprint.

The development in prices for electricity, natural gas, and CO₂, which are difficult to predict, pose particular market risks to us. While we hedge to some extent against market price fluctuations by making purchases in good time, these hedging measures have only a limited impact in protecting us against continuously rising prices. For the energy companies' CO₂ costs that are included in the electricity price (referred to as indirect emissions), we have received compensation on the basis of the state aid guidelines, including supplementary aid (supercap) of up to 90% in Germany and Belgium, though none in Bulgaria yet. The remaining portion is still exposed to the risks of CO₂ price increases.

On the customer side, furthermore, there are increasing demands for transparent goals and strategies related to effective production processes as well as energy and CO₂ efficiency. Customer demands could influence future copper product sales, particularly when it comes to customer acquisition and retention. We are addressing these demands for transparency by participating in various annual climate reports that are independently evaluated, for instance the CDP (formerly the Carbon Disclosure Project), and with our commitment to implement the SBTi targets described above.

We continue to classify the topic of energy and climate and the associated risks as "high" due primarily to the spike in energy costs combined with the risk of ongoing price increases (high volatility) and uncertainty regarding the gas supply.

ENVIRONMENTAL PROTECTION

Our production inherently creates an environmental footprint, which we take appropriate measures to keep as small as possible. Our goal is to continually shrink it further. There is a basic risk that environmental or regulatory requirements may continue to tighten, necessitating further environmental action and resulting in additional expenditures. One of these regulations is the European Air Quality Framework Directive, which is currently being revised with the risk of possibly becoming stricter. We regularly present our concerns to German and European political representatives. Because of this issue, we are increasing the overall risk classification for environmental protection from “medium” to “high.” Furthermore, limitations may materialize in product fabrication and marketing.

In addition, environmental risks resulting from the possible failure to comply with thresholds and from violations of requirements can have legal consequences. Ensuring that the operation of our production facilities complies with the law and is as environmentally sound as possible helps prevent these situations. One example is our investment in reducing diffuse emissions at the Hamburg site with an investment volume of € 85 million. We are an international leader in environmental protection, which is confirmed by annual certifications in accordance with ISO 14001 and EMAS, as well as an improvement in our score in the EcoVadis rating. We consider ourselves to be well positioned for the future in this regard. Nevertheless, operational incidents that lead to adverse impacts on the environment cannot be completely ruled out.

FINANCE AND FINANCING

Metal price and exchange rate fluctuations represent a potential risk in the buying and selling of metals. We substantially reduce this risk with foreign exchange and metal price hedging. We hedge metal backlogs daily with financial instruments such as spot and forward contracts. Similarly, spot and forward exchange contracts are used to hedge foreign currencies. We minimize foreign exchange risks from exchange rate fluctuations for metal transactions in foreign currencies this way. We only select creditworthy firms as counterparties for hedging transactions to minimize the credit risk.

We hedge expected receipts from foreign currencies, especially the US dollar, with options and forward exchange transactions in some cases. We will continue this in the future as well and expect that we can reduce the risks from metal price and exchange rate fluctuations to a reasonable level with these measures. Furthermore, our Richmond project works counter to our US dollar exposure.

We largely hedge credit risks from trade accounts receivable with commercial credit insurances. We only permit internal risks to a very limited extent and after review. We closely monitor the development of the outstanding receivables. During the reporting period, there were no significant bad debts. The economic situation resulting from the coronavirus pandemic impacted our customers' creditworthiness temporarily, which in turn impacted the willingness of credit insurance providers to grant lines of credit. Our customers' creditworthiness stabilized as a result of the economic recovery following the coronavirus crisis — as did credit insurers' willingness to grant lines of credit. The Ukraine crisis and its impacts on the energy sector in particular haven't had any noticeable effects on receivables management yet. We therefore don't foresee any increased risks for the future, either.

The liquidity supply, which is very important for the Aurubis Group, was secured at all times during the past fiscal year. The lines of credit provided by our banks were sufficient as well. The Aurubis Group is in a stable financial position in the new fiscal year, too, and can finance possible liquidity fluctuations from operating business through its existing cash and available credit lines.

Risks that could result from a resurgence of the sovereign debt crisis in the eurozone could potentially have a cumulative impact on the individual risks described in this section, for example those related to bad debts or liquidity. For this reason in particular, we classify the finance and financing risks as “medium.”

INFORMATION TECHNOLOGY

Aurubis is subject to IT risks related to the confidentiality, availability and integrity of information. These risks can impact areas such as supply, production and sales, as well as communication and collaboration between departments and sites. These risks were taken into consideration in the company’s risk assessment.

We handle risks related to the availability of our IT systems with continuous monitoring, redundant infrastructure, and ongoing adjustments to keep up with the latest developments in IT architecture. We counter the risks of possible incidents or disasters with the redundant design of particularly critical IT infrastructure, as well as data recovery and continuity plans and the related tests and drills. We limit the risks that can result from unauthorized access to company data, as well as cybercrime, by restrictively issuing access rights, carrying out security reviews, and using modern security technologies. To fulfill the increased need for protection stemming from the elevated threat potential worldwide and experience drawn from the cyberattack on Aurubis in October 2022, we have invested in additional security technologies, and examined and, in some cases, adjusted the related processes. Furthermore, we have third parties regularly review and evaluate the cybersecurity measures, and we use their findings to improve these measures. We created seven new jobs focused on cybersecurity during the past fiscal year. Additionally,

we had Aurubis AG certified in accordance with ISO 27001 during the same period. The combination of our experience from the cyberattack in October 2022 and the elevated global threat level has led us to classify the IT risk as “high” (“medium” in the previous year) in the meantime.

PERSONNEL

In light of demographic change, the intensifying shortage of specialists and workers in general, and ongoing crises, we recognize the rising uncertainty on the labor market and the strong increase in competition for the best talent. As a result, we have set the target of developing an attractive employer brand and reinforcing our recruiting and talent management excellence. We are zeroing in on the consistent implementation of our appealing employer brand, on personnel marketing campaigns that are directed at specific target groups and focused on diversity, on further developing university marketing activities, and on interdisciplinary, international talent management. In this context, we brought our ambassador program on LinkedIn to life, in which selected colleagues explain what defines us as an employer. Furthermore, we have developed a student network for student workers and interns, which provides a pool of interesting potential candidates for entry-level positions and for our trainee program.

Our ongoing investment in training and continuing education tailored to company need remains a central element for countering the lack of skilled workers and securing the necessary personnel. Hamburg and Lünen are home to state-of-the-art training workshops that establish the foundation for forward-looking, high-quality education (industrial and business-related vocational education as well as dual study programs) that has received multiple awards. We use modern and innovative recruiting and personnel marketing methods to reach and recruit these target groups and enable our target groups to conveniently contact us through social media as well.

To proactively address current developments, we focus on not only hiring new talent but also on developing and supporting in-house talent on their individual paths, and sustainably

safeguarding and fostering key expertise and skills for the future. We see it as our responsibility to establish systematic talent development that not only provides measures for individual career advancement but also includes a comprehensive talent mentoring program. To secure Group-wide knowledge management, we successfully established knowledge transfer with a structured knowledge management method as part of succession planning at Aurubis AG. To develop our organization and foster an inclusive work environment, we promote diversity and a clear zero-tolerance approach towards any form of discrimination, hate or prejudice. We implement this with routine training and our binding, Group-wide Diversity Commitment.

We continue to classify personnel risks as “medium.”

OTHER ASPECTS

Occupational safety and health protection are high-priority areas for us. Responsibility for these issues rests with the management, the supervisors, and each individual in the company. All sites are certified in accordance with ISO 45001. Detailed risk assessments, audits, training and campaigns to strengthen employees' safety and health awareness support our goal: Vision Zero, meaning zero work-related accidents, injuries and illnesses. Stringently monitoring our occupational safety performance and deriving the corresponding measures continue to be additional steps to achieving our vision.

In May 2023, a serious accident occurred at our site in Hamburg. Three colleagues died during maintenance work on a nitrogen line. We derived, communicated and implemented specific safety measures from the initial investigation results. For example, we initiated an audit as well as tutorials, training sessions, and effectiveness checks of processes and standards related to safe work procedures in maintenance and repair work at all sites. Furthermore, we conducted training sessions on handling nitrogen and optimized protective measures and control and warning mechanisms related to work carried out on gas-conducting infrastructure.

In addition, we will have an independent external occupational safety consultancy review our occupational safety management.

The review has not concluded as of the date of the report. The multistage process encompasses the site organizations and relevant corporate functions. Once the analysis is complete, we will know which elements of occupational health and safety, measured against international standards of other industries with a comparable occupational safety risk profile, indicate optimization potential, and establish and implement measures accordingly.

A number of factors are necessary for the successful implementation of our strategic growth projects. These factors are subject to risks such as the high energy prices and the availability of suitable personnel, which can require routine revisions of priorities, the respective project scope, and the schedule. We handle this by closely managing our projects, for instance with a clearly defined stage-gate process and monitoring of critical KPIs, in addition to active staff and talent management. We also introduced a corresponding strategic early warning system to record strategic changes and market developments early on. Overall, we consider the strategic project pipeline very robust because the various projects can be implemented individually and, for the most part, independently of one another. We classify this risk as “medium.”

The violation of laws can have serious consequences for both Aurubis as a group and for its employees and business partners. Compliance management or the corporate function responsible for the respective legal area (for example the Environmental Protection department) identifies, analyzes and addresses significant compliance risks. We counter legal and tax risks with organizational procedures and clear management structures. In the case of criminal activities, labor law measures are enacted and damages are claimed under civil law promptly. An extensive explanation of the compliance management system is available in the Corporate Governance section [Q Control and risk management system and Compliance, page 30](#).

We largely cover selected risks with insurance as well. We rely on the expertise of an external insurance broker for this purpose.

NON-FINANCIAL RISKS WITHIN THE SCOPE OF THE SEPARATE NON-FINANCIAL REPORT

We assessed non-financial risks in accordance with Section 289c (3) of the German Commercial Code (HGB).

Overall, no non-financial risks were identified that were very likely to cause a serious negative impact on employee and environmental matters, on respect for human rights, on the prevention of corruption and bribery, or on social matters.

Nevertheless, it is important to us to handle non-financial risks even if they are classified as non-material according to the strict definition of the HGB. We have therefore developed and implemented management approaches for this purpose.

Internal control system

OBJECTIVE

Our internal control system (ICS) comprises all principles, policies, procedures and measures aimed at implementing the decisions of the Executive Board to ensure

- » The effectiveness and economic efficiency of our business activities (this encompasses asset protection, including the prevention and detection of financial losses)
- » The correctness and reliability of our accounting (internal control and risk management system relating to the consolidated accounting process)
- » Compliance with the legal regulations that apply to the Aurubis Group

The ICS is an integral part of our centralized and decentralized internal control and monitoring processes. It also includes a compliance management system aligned with the company's risk situation.

The ICS is documented in a corporate policy.

RESPONSIBILITY

The Aurubis AG Executive Board holds full responsibility for the ICS. The Compliance and Risk Management corporate functions support the Executive Board in the systematic development of the ICS and are responsible for organizing the relevant reporting to the Executive Board and the Audit Committee of the Supervisory Board.

The organizational structure determines which levels of the Group are responsible for implementation. Corporate policies and decentralized codes of conduct and regulations stipulate responsibilities as well.

MONITORING

The ICS is subject to routine monitoring, which is both process integrated and process independent.

Process-integrated monitoring includes the safeguards and controls integrated into the organizational and operational structure. This encompasses authorization concepts, access and entry restrictions, separation of functions, completeness and feasibility checks, and the monitoring of limits. The measures and controls are regularly evaluated in the organization.

As a process-independent authority, Internal Audit monitors the ICS and compliance with it through systematic audits, thus contributing to the correctness and improvement of business processes, and to the effectiveness of the measures and controls implemented.

Furthermore, the Audit Committee regularly reviews the effectiveness of the ICS. Internal Audit and the Compliance and Risk Management functions inform the committee and the Executive Board about current developments.

Internal control and risk management system relating to the consolidated accounting process

(Report pursuant to Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB))

The objective of the internal control system (ICS) for the accounting process is to ensure that

- » Financial statements are prepared in compliance with regulations
- » Accounting procedures are reliable and performed correctly
- » Business transactions are thoroughly recorded in a timely manner as prescribed by law and the Articles of Association
- » Legal norms and internal guidelines on accounting are observed

PROCESS AND RESPONSIBILITY

As the parent company, Aurubis AG prepares the Aurubis Group's consolidated financial statements. The financial reporting of the consolidated Group companies that are included in the consolidated financial statements takes place prior to this process. These Group companies prepare their financial statements locally and transfer them to the Corporate Accounting department via a defined uniform Group-wide data model. The Group companies are responsible for compliance with applicable Group-wide guidelines and procedures, as well as for the correct and timely execution of accounting processes and systems.

MAIN PRINCIPLES

The internal control system based on the Group accounting process includes the following main principles:

- » Ensuring standardized accounting procedures in the preparation of the separate financial statements of Aurubis AG by systematically implemented controls, which are supported by manual accounting controls and other authorization and approval procedures (separation of functions, access regulations and limitations, the use of the dual control principle, guidelines on payment transactions)

- » Ensuring uniform Group accounting procedures in accordance with IFRS through the application of uniform accounting regulations and policies, central audit of reporting packages, analysis of deviations from the budget, and quarterly reporting as part of centralized discussions on earnings
- » Compiling external accounting and internal reporting by all Group companies in a uniform consolidation and reporting system
- » Overall consolidation of the Group financial statements by Corporate Accounting, which is responsible for the centralized consolidation, coordination and monitoring of the standards related to the schedule and the process
- » Giving the Group companies support in accounting issues by having a central contact person in Corporate Accounting
- » Clarifying special technical questions and complex issues related to specific cases with an external consultant

Opportunity management system

In addition to risk management, assessing opportunities is an important element of the Aurubis Group's planning, management and control processes. The objective in doing so is to identify early on the internal and external opportunities that could positively impact our economic success. These opportunities are assessed and weighed against the risks associated with them. We align the results of this assessment with our company strategy and our portfolio of strategic projects and project ideas in order to close any possible gaps or uncover any further potential. The next step is for us to define adjustments or new initiatives and measures to address the new opportunities. In this regard, the process of identifying and assessing opportunities is part of our annual integrated strategy and planning process.

In order to promptly recognize opportunities that arise, we continually monitor and analyze the supply and demand aspects of our markets, the competitive landscape, and relevant regional and global trends. Furthermore, identifying potential opportunities is a daily management responsibility as well – on the level of both the operational areas and the Group.

Explanation of relevant opportunities

RIISING GLOBAL DEMAND FOR COPPER AND METALS FOR TECHNOLOGY

Copper is one of the most important industrial metals. It is crucial for infrastructure expansion and development, as well as for key industrial sectors. Demand for copper follows global economic growth, especially in the electrical, electronics, energy, construction and automotive industries. In addition to ongoing worldwide trends such as urbanization and the growing global middle class, the international expansion of digitalization, electric vehicles, and renewable energies in particular demand growing volumes of copper and other metals, such as nickel, platinum, palladium, selenium and tellurium. This is even more important as the latest geopolitical developments continue to increase the relevance of the expansion of renewable energies and the decentralized supply of energy, as well as the related infrastructure. More favorable development of the economy and the demand for our products than expected in the markets relevant to us could have a positive influence on the Aurubis Group's earnings.

CHANGES IN TREATMENT AND REFINING CHARGES AND MARKET PRICES FOR OUR PRODUCTS

The Aurubis Group's earnings situation is largely determined by the development of treatment and refining charges for copper concentrates, copper scrap, and other recycling materials, as well as by the market prices for our products, such as wire rod, copper cathodes, sulfuric acid, and precious and minor metals. More positive development of treatment and refining charges and market prices for our products than currently forecast could positively impact the Aurubis Group's earnings.

INCREASING SIGNIFICANCE OF SUSTAINABILITY AND RESOURCE EFFICIENCY

Aurubis is one of the world's leading recyclers of copper and complex recycling raw materials. It is also a pioneer in sustainability with a focus on ecological, social and ethical criteria. In light of the rising importance of resource efficiency, we expect demand for recycling solutions and low-loss metal production and recovery to continue growing. This is also supported and promoted by increasingly strict national and international

legislation and initiatives such as the European Green Deal. More and more, customers and suppliers are making higher sustainability demands at the same time, which can also benefit Aurubis.

Thanks to our multimetal recycling activities and proximity to our copper product customers, we consider ourselves to be in a position to offer enhanced closing-the-loop solutions. Aurubis' smelter network now spans two primary sites and four recycling sites whose process strengths we use to optimize material flows and metal recovery. With our investment decision for a new recycling plant in the US, we are now significantly expanding our regional service offering in North America as well. The expansion of national and international recycling regulations and stronger than anticipated growth in our markets' demand for recycling solutions, either generally or with increasing sustainability requirements, could positively affect the Aurubis Group's procurement situation and therefore its earnings.

FURTHER DEVELOPMENT OF EXPERTISE IN COMPLEX RAW MATERIAL PROCESSING

Both primary and secondary raw materials are becoming increasingly complex as their copper content falls and the concentrations of accompanying elements and impurities in them rise. One of Aurubis' particular strengths lies in processing complex primary and secondary raw materials within the Group's own smelter network. Aurubis invests in targeted internal projects to continue expanding its processing capabilities and capacities in this area, further enhancing the efficiency of its production processes and thus recovering valuable metals even better and faster. Following projects to expand and optimize electrolyte and anode slime processing at our Belgian sites, in December 2022 we made the decision to implement the Complex Recycling Hamburg (CRH) project. CRH will boost recycling capabilities in the central plant in Hamburg, and we have already started construction. With our modular recycling concept that will be used in our new plant in the US, we are broadening this expertise in a new market. The development of additional synergy potential from this broader expertise or the establishment of additional capabilities could positively influence the Aurubis Group's purchasing and earnings situation.

DIGITALIZATION, CONTINUOUSLY IMPROVING PROCESSES AND COST POSITION, AND ACHIEVING SYNERGIES

Our markets are globally competitive. Operating excellence is therefore exceedingly important for us. We continuously work on optimizing our processes and improving our cost position. In doing so, we are increasingly leveraging the opportunities that digitalization provides in production and service. During the past fiscal year, we continued strengthening these kinds of initiatives and projects within the scope of our digital strategy. For instance, we launched an extensive customer and supplier portal through the Aurubis Digital Innovation Lab with the aim of improving business partner relationships. Furthermore, we are always identifying and implementing means for increasing synergy potential within the network of Aurubis plants. Going beyond the targets connected to the improvement measures initiated could have a positive impact on the Aurubis Group's earnings.

CAPACITY EXPANSION LINKED WITH INTERNATIONALIZATION

In light of growing global demand for sustainable metal production and sustainable metal recycling, we see growth potential through the expansion of our processing capacities in regions with attractive markets and favorable overall conditions. In concrete terms, we are seizing these opportunities in North America. During the past fiscal year, we already approved the second stage for our new plant for recycling complex secondary raw materials in the US. Additionally, we are investing in capacity expansions at existing sites, for example enlarging the tankhouse in Pirdop, and are striving to further develop our supplier network to secure a sustainable supply for our broader production network. Additional opportunities could arise for the Aurubis Group due to regulatory amendments and the accompanying increase in the regionalization of recycling markets owing to geopolitical developments. If we are in a position to utilize synergies in our continued investment activities through our modular recycling system, Aurubis could benefit from these regulatory trends and this technology even more, further expanding capacities.

DEVELOPMENT OF SOLUTIONS FOR INDUSTRIAL CUSTOMERS AND SUPPLIERS

We work closely with our suppliers and customers at all levels of our value chain. This includes developing products for individual customers, providing additional services, processing specific raw materials, and offering additional closing-the-loop solutions as well as particularly sustainable or certified products — an aspiration summed up in our Tomorrow Metals product commitment. This also includes the digitalization of business relationships and processes to boost efficiency, added value, and customer loyalty. If the demand of our customers and suppliers for our solutions is stronger than forecast, this could have a positive effect on the Aurubis Group's earnings.

INNOVATIONS FROM FUTURE RESEARCH AND DEVELOPMENT ACTIVITIES

Within the scope of our research and development activities, we are working on innovations to further set ourselves apart from the competition in the future and to heighten competitive advantages. For example, we are working on the more resource-efficient processing of complex feed materials in our smelters and plants. We are also actively working on developing new processes and improving existing processes to allow us to process future material streams. One example is our new procedure for processing black mass from batteries, which we patented in the past fiscal year. Technical and economic advantages of this black mass recycling process compared to other metallurgical processes for battery recycling could open up additional significant growth opportunities for the Group, which we would want to use on the market.

Assessment of the Aurubis Group's risk and opportunity situation

No risks threatening the company's continued existence arose in the reporting year. There were no particular structural changes in the Group's risks. According to our current assessment, there are no risks that endanger the company's continued existence.

Both the Audit Committee (Supervisory Board) and the auditors ascertained that the Executive Board has taken the measures prescribed by Section 91 (2) of the German Stock Corporation Act (AktG) in an appropriate manner and that the legally required early risk detection system fulfills all requirements.

For a complete overview of company activities, the opportunities of the Group have to be considered in addition to the risks. We are confident that our business portfolio, our expertise, and our ability to innovate will enable us to take advantage of any opportunities that arise.

Part of the management report not subject to mandatory auditing

In accordance with the recommendations of the 2022 German Corporate Governance Code, the Executive Board comprehensively assessed the appropriateness and effectiveness of the risk management system and the internal control system (ICS) in detail.

With regard to the risk management system, the Executive Board identified no significant objections that would indicate that it is not appropriate or effective.

In light of the criminal activities directed against Aurubis and the resulting financial losses, the Executive Board determined that the risk management system was not not effective enough in some cases, particularly at the Hamburg site, with regards to recording, assessing and addressing risks in correlation with the risk culture connected to the security of metals.

Also in light of the criminal activities directed against Aurubis and the resulting financial losses, the Executive Board determined that parts of the ICS were not appropriate and not effective. In particular, according to current knowledge, it stands to reason that the tasks and obligations (especially exercising control) are in need of improvement, as participants (in the organized crime) were able to commit serious offenses and cause Aurubis significant financial losses despite the precautions in place.

After the criminal activities that targeted Aurubis came to light in June 2023, the Executive Board initiated a project to promote process security and plant safety and engaged renowned external consultants to assist in investigating the incidents, clarifying the facts surrounding the criminal activities that targeted Aurubis, reporting on the investigation process to the company, and issuing specific recommendations for improvements.

However, for the rest of risk management, the Executive Board identified no significant objections that would indicate that it is not effective.

Furthermore, for the rest of the ICS as well, the Executive Board identified no significant objections that would indicate that it is not appropriate or effective.