

Internal control and risk management system relating to the Group 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 means of 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

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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 – at the level of both the operational areas and the Group.

Explanation of relevant opportunities

Rising global demand for copper and metals for technology

Copper is one of the most important industrial metals for sustainable economic and technical progress. This applies to safeguarding and improving infrastructure and key industrial areas alike. Demand for copper follows global economic growth, especially in the electrical, electronics, energy, construction and automotive industries. While worldwide trends such as urbanization and the growing middle class worldwide continue their impacts unchanged, 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 ongoing 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. In digitalization the importance of artificial intelligence and the expansion of data centers is increasing. More favorable than expected development of the economy and the demand for our products 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. If treatment and refining charges and market prices for our products develop more positively than currently forecast, this could positively impact the Aurubis Group's earnings. Correspondingly the currently low treatment charges for copper concentrate currently represent a risk factor, though they could also offer an opportunity in the future.