

Risk and Opportunity Report

Integrated risk and opportunity management

Risks and opportunities are elements of our business activities and are essential to the company's success. This is even more critical in times of new criminal threats, ongoing geopolitical crises and unstable global economic development. As part of our operating business and strategic management, we weigh opportunities and risks against one another and ensure that they remain balanced. We particularly strive to identify and evaluate risks and opportunities as early as possible. We continued to use and advance this approach over the past fiscal year as well.

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) tailored for 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. Group headquarters manages the network. In addition to the risk management officers, a Group Risk Management function was established in the Aurubis Group and reports directly to the CFO. 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 reports to the Executive Board and the Audit Committee, the qualitatively aggregated risk clusters are assessed with due regard for 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, 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, we outline the risks associated with our business, grouped into dedicated 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 equipment availability 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. This enables us to reduce the risk of production interruptions caused by possible supply shortfalls. 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. Despite our extensive international supplier network, we consider the market to be subject to volatility regarding the availability of raw materials for our recycling plants, including industrial production and metal prices in particular. We are especially seeing the negative impact of the difficult economic situation in Europe and in our main market Germany, in particular on scrap collection and as such on scrap availability. Added to this are the purchasing activities of Asian smelters especially, which buy up scrap from the EU. Overall, the ability to predict the availability of recycling materials from short-term agreements on these markets remains limited. We are countering this development by increasing market share, which will result in geographical diversification, though at the same time we are aware that this could further increase volatility in refining charges for copper scrap and other recycling materials.

The material for the plants 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 throughout the entire process.

We address production risks with asset life cycle management and forward-looking maintenance which reduces unplanned production shutdowns. We are also addressing the risk of malfunctions by regularly servicing equipment and keeping critical replacement parts on hand.

Additionally, we have introduced organizational measures to handle potential incidents that could result from events such as flooding or fire. As the catastrophic flooding at our site in Stolberg in July 2021 and Hurricane Helene at our site under construction in Augusta (Georgia) in the US in September 2024 have shown, flooding and hurricanes poses significant physical climate risks. We therefore use global warming scenarios to regularly assess the long-term effects of physical climate risks on our main production sites with the aim of incorporating the resulting adaptation measures into our (investment) planning. Here our focus is on those physical climate risks relevant to us, such as flooding, heavy rainfall, water shortages/droughts and all risks related to storms (including hurricanes, tornados, lightning strikes).. Our parent plant in Hamburg, for instance, is located near the Hamburg harbor and is protected from high water levels by extensive flood control measures (referred to as polders). Furthermore, we have alarm plans in place and train our employees by means of periodic drills. To reduce the risk of potential production stops due to temporary interruptions of the gas supply caused by lower delivery quantities from Russia, a significant portion of our facilities have been upgraded and can now be operated using alternative energy sources. Please refer to the [Q “Energy and climate” section](#) for more details. The risk of potential power outages caused by grid instability remains generally elevated due to the shutdown of baseload power plants. We have rolled out various measures designed to minimize the impact of possible blackouts on our production facilities and that would enable us to quickly bring equipment back online as soon as the power grid is stable again.

We also monitor the supply situation outside Germany very closely. Due the diversified natural gas sources in our other production countries such as Belgium, Spain, Bulgaria and the US, we currently see no need to switch production to alternative energy sources there.

Taking into account the measures described above, we regard the risk of an insufficient raw material supply as “medium.” We also still classify the risk of the severely limited availability of our production facilities as “medium.”

We deal with 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. The global supply chain and transport bottlenecks continue to have a noticeable impact. We consistently work to provide alternative scenarios, each of which enables optimized supply, by accelerating information processing in the supply chain. 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 also

have an international network of qualified service providers at our disposal. This helps us to prevent weather-related or capacity-related risks in the transport chain, such as by contractually arranging a selection of appropriate transport alternatives. We continuously monitor the at times limited passability of the Panama and Suez canals, and any longer transit times are considered in planning.

Criminal activities

Our business model means we continue to be a possible target for (organized) crime and have to counter the threat posed by criminal intent in order to prevent possibly significant financial losses for Aurubis.

The ever-developing steps established by the Executive Board to promote process, plant and Group security have strengthened our security architecture over the long term and contributed to resilience against future threats.

Taking into account the comprehensive measures to improve plant security, we regard 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 [Q Forecast Report](#). The order situation for rod is currently at a moderate level weighed down by weaknesses in the construction sector and the automotive industry. The order situation for shapes and flat rolled products is at a stable, though lower, level, driven by weaknesses in the construction sector and the German automotive industry.

The marketing risk for sulfuric acid has decreased significantly. We are currently well positioned with our diverse customer portfolio and can react flexibly to fluctuations on the sulfuric acid markets. There is currently no marketing risk.

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 damage Aurubis’ image and reputation, possibly negatively impact our product sales, and could result in fines based on the German Supply Chain Due Diligence Act (LkSG). To fulfill our due diligence obligations set out in our Responsible Sourcing Policy (RSP) for the supply chain area, we work with a Business Partner Screening system based on OECD guidelines. In the reporting period, a cross-departmental project team revamped the existing business partner screening process and rolled out an additional tool for environmental and human rights risk analysis in 2024. The RSP was updated at the end of the 2023/24 fiscal year. The Business Partner Screening will be further expanded in the coming fiscal year.

Due to the high ongoing significance of responsibility in the supply chain as part of our sustainability approach, we classify the risk related to sustainability aspects in the supply chain as “medium.”

Sustainability is a fixed component of our company strategy. We adopted ambitious sustainability targets for 2030 when the Group strategy was revised in 2021, and initial strategic projects have been developed for increasing our recycling rate and reducing our carbon footprint, for example. We mitigate the risk that we might be unable to achieve these targets with concrete measures and corresponding key figures for managing these sustainability targets Group-wide. 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 audits the environmental, occupational and social standards at copper production sites, including mines, smelters, refineries and processing plants, and is based on the United Nations’ Sustainable Development Goals (SDGs). For a list of the Aurubis sites certified by the Copper Mark, please see [QCertifications by site](#) in non-financial reporting.

Energy and climate

Aurubis takes protecting the climate very seriously. We highlight the importance of this issue by releasing our [QCO₂ emissions](#) by publishing Scope 1, Scope 2, and Scope 3 emissions (CO₂) as part of the separate non-financial report. Aurubis counters the risks posed by climate change with an energy management system and by consistently realizing energy efficiency and CO₂ reduction potential at all sites. Sustainability targets for 2030 were defined when the corporate strategy was refined. These include our CO₂-reduction targets

that were validated by the Science Based Targets Initiative (SBTi) and contribute to limiting global warming to 1.5°C pursuant to the Paris Agreement on climate change. 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 help us reach these targets, we drafted a decarbonization roadmap that we continually update. In October 2023, the Group Decarbonization department was established in the Corporate Sustainability & External Affairs division. It is responsible for developing and steering the Group-wide decarbonization strategy, targets and roadmap. Group Decarbonization coordinates and steers the implementation of site-specific decarbonization roadmaps and assists the sites with advancement and realization.

We report in accordance with the TCFD (Task Force on Climate-Related Financial Disclosures) framework and categorize climate risks in keeping with the definition of physical and transitory risks. The physical risks include those risks arising from 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 in the supply chain, by storing emergency reserves to maintain production, and by ensuring alternative logistics service providers are available, among other things. Furthermore, we observe water levels (flooding/low water) in the key waterways so that we can promptly initiate countermeasures to maintain our transport routes and our cooling processes, or deploy flood protection measures. As shown by the catastrophic flooding at our site in Stolberg in July 2021 and Hurricane Helene at our site under construction in Augusta (Georgia) in the US in September 2024, flooding and hurricanes pose significant physical climate risks. We therefore use global warming scenarios to regularly assess the long-term effects of physical climate risks on our main production sites, with the aim of incorporating the resulting adaptation measures into our (investment) planning. Transition risks include technological and political risks. While we welcome the accelerated expansion of renewable energies, it must be synchronized with grid expansion and the development of storage technologies so that the security of supply is always fully guaranteed and system costs remain affordable (technology risks). We have now fundamentally implemented suitable measures for increasing the basic security of supply at the respective sites. These include alternative energy-source options, such as LPG or heating oil so that, in the event of a gas shortage leading to a shutdown of the gas supply, our German sites in Hamburg, Lünen, Emmerich and Stolberg are not affected, or only affected to a limited extent. We see these restructuring measures as a helpful step towards ensuring we can maintain production in the event of a crisis. No natural gas is currently used for production at our European sites in Pirdop and Pori. Pirdop is scheduled to be connected to the gas network in 2025, providing an additional supply source. Our Belgian sites in Beerse and Olen

along with the Berango site benefit from a more diversified supply concept than is available in Germany. We are preparing to switch from natural gas to hydrogen to further advance our decarbonization targets. In 2021, we successfully carried out a test series on the use of hydrogen in the anode furnace as part of the Northern German Living Lab and in cooperation with the Hamburg College of Applied Sciences (HAW). In 2024, around €40 million was invested in switching out the anode furnaces to enable the use of hydrogen. Measures for boosting flexibility include control energy supplied by the tankhouse (already realized), subsidized partial shutdowns for electricity bottlenecks, and the use of our power-to-heat facility to generate steam with electricity when there is excess electricity. Furthermore, we have had an energy supply contract in place since 2010 that secures most of the electricity our main German sites need in the long term.

Constantly changing overall political conditions means political risks have a significant influence on our business:

- » Mounting burdens resulting from changes in potential cost drivers such as German and European emissions trading, grid charges, and the eco-tax are generally difficult to quantify reliably.
- » The consultation procedure started by the Federal Network Agency (BNetzA) at the end of July to reform the individual grid fees in keeping with Section 19 II StromNEV presents a significant risk. According to the model outlined by the BNetzA, the baseload model will be discontinued as early as the start of 2026 and only flexible consumption behavior that is beneficial to the grid will be incentivized. Since production restrictions only allow for this to a very limited extent, the sites in Hamburg and Lünen face an increased risk of rising grid fees.
- » From 2021 and 2030, the copper manufacturing and processing sector will continue to receive free allocations for direct CO₂ emissions and the electricity price compensation due to its carbon leakage status. For all sites taking 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. However, from 2026 we will start to see significant cuts in these free allocations, since the factors involved in the calculation have dropped significantly. We still do not anticipate any additional costs from the possible need to purchase CO₂ certificates for the company as a whole through 2030. The price for CO₂ certificates has fallen sharply in recent years, though we expect prices to rise again as allowances decrease. The electricity price compensation for indirect CO₂ costs still amounts to at least 50 % of the cost burden. The decarbonization targets described above include different projects at the individual production sites, such as the test series for the direct use of hydrogen in the copper production process

and the conversion of the anode furnaces in Hamburg. We further expanded our PV capacity at the Pirdop site in fiscal year 2023/24. Generated solar power will increase to 38,900 MWh in the 2025 calendar year with the next expansion stage. We have also been feeding CO₂-free industrial heat from our Hamburg site into enercity's district heating system to power the eastern part of the HafenCity for a number of years now. During the major shutdown in Hamburg, additional sections of the contact acid plant, Plant East (KAWO) were successfully retrofitted and will come online to deliver our CO₂-free industrial heat to the Hamburg Energiewerke utility company starting in fall of 2024. This expansion means up to an additional 28,000 households can be supplied with CO₂-free industrial heat. We are also moving forward in converting our power supply contracts to focus on CO₂-free electricity. Since January 2023, our Olen site has been powered by 12 MW from the SeaMade Offshore Wind Farm with a ten-year green power purchase agreement (PPA). We are reducing the site's CO₂ emissions by 42,000 t of Scope 2 emissions per year with this contract.

- » In the 2023 calendar year, total emissions for all production sites amounted to around 5.8 million t CO₂ (Scope 1 + 2: 1.2 million t CO₂; Scope 3: 4.6 million t CO₂). In copper production, we also extract gold, silver, platinum, palladium, additional precious metals, and building materials such as iron silicate stone along with copper. If produced by other companies using alternative processes, the additional metals and by-products would generate significantly higher CO₂ emissions. Based on an external study referencing published emission factors, the conventional production of the above-mentioned metals and by-products extracted at Aurubis would lead to an additional 3.5 million t of CO₂ emissions each year. Aurubis' energy-efficient processes avoid these additional emissions, due in part to the advantages of the smelter network, which means that the metals we produce, including copper, have a very small CO₂ footprint.

We face market risks primarily from price developments for electricity, natural gas, and CO₂, which are difficult to predict. While early purchases help us fundamentally hedge our exposure to market price fluctuations to a certain extent, the effectiveness of these hedging activities against continually rising prices is limited. We have been compensated for CO₂ costs to energy companies that are included in the electricity price (indirect emissions), including the super cap for up to 90 %, in Germany and Belgium, though no compensation has yet been received in Bulgaria. The remaining portion is still exposed to the risk of rising CO₂ prices. Customer are also increasingly demanding transparent targets and strategies related to effective production processes and energy and CO₂ efficiency. This customer demand could influence future copper product sales, particularly when it comes to customer acquisition and retention. We respond to these calls for transparency by annually participating in a variety of climate reporting systems that are

independently assessed, such as the CDP (formerly the Carbon Disclosure Project) where we currently have an A⁺ score, and through our commitment to realizing the SBTi targets, as described above. We continue to classify the energy and climate category and the associated risks as "high".

Environmental protection

Our production comes with an ecological footprint that we try to keep as small as possible using suitable measures. Our goal is to continue shrinking our footprint. There is the fundamental risk that environmental laws and regulatory provisions could be further tightened, which would necessitate additional environmental protection measures with the accompanying additional expenditure. The production and marketing of products could also be restricted. The European Air Quality Framework Directive is one of the regulatory measures currently being revised with the risk of possible disproportionately stricter limits. We regularly raise our concerns with national and European policy makers.

Furthermore, environmental risks resulting from the possible failure to comply with threshold limits and from non-fulfillment of requirements could have legal implications. We counter this risk by ensuring our production facilities operate in compliance with the law and as environmentally soundly as possible. Our investment in reducing diffuse emissions at the Hamburg site is an excellent example of this. We are a global frontrunner in environmental protection, as confirmed by annual certifications in accordance with ISO 14001 and EMAS in addition to another uptick in the number of points on the EcoVadis rating. We consider ourselves to be well positioned for the future here as well. Nevertheless, operational incidents with an adverse impact on the environment can never be completely ruled out. We are lowering our environmental risk from "high" to "medium" in part because we predict that our measures will allow us to absorb the impact of the European Air Quality Framework Directive well.

Finance and financing

Metal price and exchange rate fluctuations represent a potential risk in the buying and selling of metals. We mainly reduce this risk by means of foreign exchange and metal price hedging. We hedge metal surpluses daily using financial instruments such as spot and forward contracts. Similarly, spot and forward exchange contracts are used to hedge foreign currency risks. We minimize such foreign currency risks, deriving from exchange rate fluctuations for metal transactions concluded in foreign currencies, in this manner. We only select firms with a good credit standing as counterparties for hedging transactions to minimize the default risk.

We hedge expected cash inflows transacted in foreign currencies, especially the US dollar, partly by using options and forward exchange transactions. We will also continue this practice in the future and expect to reduce the risks deriving from metal price and exchange rate fluctuations to a reasonable level by taking such measures. Furthermore, our Aurubis Richmond project in the US has a counteracting effect with regard to our US dollar exposure.

Default risks deriving from trade accounts receivable are covered to a great extent through use of commercial credit insurance. We only permit internal risks to a very limited extent and after undertaking a review. We closely monitor the development of any outstanding receivables. During the reporting period, there were no significant cases of default concerning receivables. We also do not foresee any increased risks for the future.

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

Information technology

At Aurubis, IT risks exist in relation to the three protective goals of confidentiality, availability and integrity of information and data. These can impact areas such as supply, production, and sales, as well as communication and collaboration between departments and sites as well as with customers and partners. These risks were taken into consideration in the company’s risk assessment.

We counter IT availability risks for our systems with measures like continuous monitoring, redundant infrastructure, and ongoing optimization to incorporate 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 heightened protection requirements 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 have analyzed the associated processes, making changes in some cases. Moreover, we have third parties regularly review and evaluate the cybersecurity measures, and we use their findings to improve these measures. Aurubis AG was also successfully certified in accordance with ISO 27001 in the past fiscal year. We continue to classify the IT cybersecurity risk as “high”.

As the Group prepares for new EU legislation (e.g., NIS 2, among others), Corporate IT is assisting the sites with numerous initiatives in production IT (OT). These include the drafting of the Corporate OT Security Policy and support with implementation, such as with OT risk management workshops at all sites. Furthermore, Corporate IT is coordinating the implementation of the NIS 2 directive via the information security management system.

Personnel

In light of demographic change, the intensifying shortage of skilled specialists and workers in general, and ongoing crises, we recognize the rising uncertainty on the labor market and the sharp tightening of competition for the best talent. We have set the target of developing an attractive employer brand and reinforcing our recruiting and talent management excellence. Our targeted focus here is on consistently realizing our appealing employer brand, personnel marketing campaigns tailored to specific target groups and with an emphasis on diversity, further advancing our university marketing activities, and interdisciplinary, international talent management. This includes launching our ambassador program, in which a selection of employees talks about what defines us as an employer, on LinkedIn. Furthermore, our expansive student network for student workers and interns 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 using a structured knowledge management method as part of succession planning at Aurubis AG. We promote diversity and a clear zero-tolerance approach towards any form of discrimination, hate or prejudice, to advance our organization and foster an inclusive work environment. We implement this with routine training and our binding, Group-wide Diversity Commitment in addition to a newly drafted anti-discrimination policy and appointing anti-discrimination officers at every site.

We continue to classify personnel risks as “medium.”

Other

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 production sites are certified in accordance with ISO 45001. Detailed risk assessments, audits, training and campaigns to enhance 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.

The occupational safety management systems at all Group sites were reviewed by independent external advisors starting at the beginning of the fiscal year. The analyses were completed in July 2024 and action areas for improvement identified. Implementation of appropriate measures has begun at the Hamburg plant as a pilot site and will be rolled out to additional sites over the course of the coming fiscal year.

In July 2024, an employee from a contractor was involved in a fatal industrial accident while preparing to set up scaffolding. A comprehensive investigation was immediately launched. Based on the findings, we are currently revising our management processes for external companies.

A number of factors are relevant for the successful implementation of our strategic growth projects. There are also risks, such as high energy, material and operating costs and the availability of suitable personnel, that could indicate the need for routine revisions of priorities, the respective project scope, and the

schedule. We counter these by closely managing our projects, for instance with a clearly defined stage-gate process for project approval and project organization and management specification that include monitoring critical KPIs, in addition to active staff and talent management. We also introduced a corresponding strategic early warning system to predict possible strategically relevant changes and market developments. Overall, we consider the strategic project pipeline very robust because the respective projects can be implemented individually and, for the most part, independently of one another, and we can respond to possible changes at an early stage. Nevertheless, the possibility of timeframe or financial changes to project results cannot be completely ruled out. We classify the remaining 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 response to any criminal activities, we promptly enact labor law measures and claim damages under civil law. For a detailed explanation of the compliance management system, please see the Corporate Governance section [Control and risk management system and Compliance](#).

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 the principles, guidelines, procedures and measures geared toward implementing the decisions made by the Executive Board:

- » to safeguard the effectiveness and profitability of our business activities (this includes asset protection, along with preventing and detecting financial losses);
- » for the correctness and reliability of our accounting (internal control and risk management systems related to the Group accounting process) and;
- » to comply with the legal provisions applicable to the Aurubis Group.

The ICS has been established as a fixed component of our central and decentral internal control and monitoring processes. It also includes a compliance management system, which reflects the company's risk situation.

The ICS is documented in a corporate policy.

Responsibility

The Aurubis AG Executive Board bears overall responsibility for the ICS. The Compliance and Risk Management corporate functions support the Executive Board in systematic development, among other things, and are responsible for organizing reporting to the Executive Board and the Supervisory Board's Audit Committee.

The respective Group levels detailed in the organizational structure are responsible for implementation. Corporate guidelines also define responsibilities along with decentralized rules of conduct and regulations.

Monitoring

The ICS is subject to regular process-integrated and process-independent monitoring.

Process-integrated monitoring includes the safety measures and controls integrated into the operational and organizational structure. This includes authorization concepts, access and entry restrictions, the

separation of functions, completeness and validity checks, and monitoring limits. Measures and controls are regularly audited within the organization.

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

The Audit Committee also regularly assesses the effectiveness of the ICS. Together with the Executive Board, Internal Audit and the Group Compliance and Risk Management corporate functions regularly inform the committee about current developments.

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

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 – 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.

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 new recycling plant in the US, we are now significantly expanding our regional service offering in North America as well, and the second module is already under construction. 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 also 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. The projects to expand and optimize electrolyte and anode slime processing at our Belgian sites have already been completed or are nearly finished. The Complex Recycling Hamburg (CRH) project for improving recycling capabilities at the central plant in Hamburg is also already under construction. We are broadening this expertise in a new region and building on existing supply relationships with our modular recycling concept that will be used in our new plant in the US. In December 2023, we made the decision to invest in a new precious metals processing plant in Hamburg. If additional synergy potential develops from this expansion of expertise, or if we establish additional capabilities, this 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 and consistently bolster these kinds of initiatives and projects within the scope of our digital strategy. In the Digital Factory program we focus on the ongoing improvement of our production processes. In the past fiscal year, for example, an AI system was developed that autonomously forecasts and decides whether it is more economical to use electrical energy or gas to generate steam. 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. Our new recycling plant for complex secondary raw materials in the US will start production in the 2024/25 fiscal year and the second stage is already under construction. 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, such as prescribed recycling quotas, and this modular recycling system 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. We

operate uniformly on the market with our “Tomorrow Metals” product commitment backed by annual life cycle assessments that verifiably document the CO₂ emissions associated with our products compared to the global average. We are also working on digitalizing 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 patented process for processing black mass from batteries. 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 we will be able to realize the opportunities presented by our business portfolio, our expertise, and our ability to innovate.

Part of the management report not subject to mandatory auditing

In fiscal year 2023/24 the operating ICS was improved as part of the project to heighten process and plant security started in Q4 of the previous fiscal year (for detailed information please see the [Economic Report](#)). Along with this project, additional measures were introduced and implemented to improve the ICS. These measures include:

- » Fundamentally revising the existing risk control matrices (RCM)
- » Mapping the RCM of selected key reporting units using IT-supported quarterly reporting
- » Executing a quality inspection including control tests and subsequently mandating a large auditing firm to draft a catalogue of improvements for the concept and design of controls
- » Refining the responsibilities of risk and control owners at different places in the Group, especially in those reporting units in which vulnerabilities were identified the year before

In summary, this catalogue of measures has led to improvements in the risk culture of the Aurubis Group and in Hamburg (plant and headquarters) in particular.

The Executive Board and Audit Committee of the Supervisory Board regularly and comprehensively review the results of this catalogue of measures.

Overall, the Executive Board has come to the conclusion — especially in light of the project to heighten process and plant security and the catalogue of measures detailed above — that there are no signs indicating that the RMS and the ICS were not adequate or not effective at the end of the fiscal year on September 30, 2024.