



Counter motions for the Annual General Meeting on February 27, 2020 in Hamburg

We have received the following counter motion to item 3 of the agenda for our Annual General Meeting from the Dachverband der Kritischen Aktionärinnen und Aktionäre e.V. (Confederation of Critical Shareholders):

Agenda item 3: Adoption of a resolution for the formal approval of the members of the Executive Board for fiscal year 2018/2019

The formal approval of the Executive Board members shall be denied.

Reasoning:

Aurubis AG does not take sufficient efforts to observe human rights and environmental standards in the supply chain. The Group does not fulfill the requirements for human rights due diligence that the German federal government has outlined in the National Action Plan for Business and Human Rights (NAP).

Lack of transparency regarding suppliers from Chile, Peru, and Brazil

Aurubis sources a majority of its copper concentrates from countries such as Chile, Peru, and Brazil. For example, about 25 % of the copper (ores and their concentrates) imported into Germany comes from Peru. Aurubis is arguably the company that processes most of this copper, but it does not publicize the specific suppliers. The company refers time and time again to “competitive and contractual reasons.” Because of this lack of transparency, however, the public hardly has any possibility to find out whether Aurubis’ suppliers observe human rights.

Dead and injured in civil society protests in Peru

Civil society organizations in Peru continuously report to us about serious human rights infringements and environmental law violations in the areas surrounding copper mines. In the area surrounding the Tintaya mine, for instance, high levels of heavy metals have been measured in the soil and water that, as proven by blood tests that have been carried out, threaten the population’s health and destroy their livelihoods. The police and private security forces of the mine operators react to the citizens’ protests with violence. Deaths are not unheard of, as evidenced by the Las Bambas mine in 2015. At that time, four people died during riots.

No consequences after dam failure of Mexican supplier Grupo Mexico

The supply routes from other countries are not transparent for the public, either. With the help of the trade database Panjiva, however, we were able to find out that Aurubis sources copper concentrates from the Mexican mining group Grupo Mexico. The group was at fault for a 2014 dam failure in the Buena Vista del Cobre copper mine in northern Mexico after over 40,000 tons of copper sulfate slime spilled into two rivers. Consequently, a provisional establishment for health monitoring determined the presence of toxic residue in the blood and urine of over 350 people, as well as skin and vascular disease. Grupo Mexico still hasn't implemented certain measures for collective compensation. For example, a health center that was promised was never commissioned and water preparation facilities were not provided. In a position paper, Aurubis writes generally about screening procedures and supplier monitoring. However, whether Aurubis has taken any steps due to the human rights violations, and what steps those are, is not stated.

No information about processing of toxic copper concentrates at Aurubis sites

Aurubis still does not report on toxic copper concentrates that it processes at its sites. The Hamburg environmental authority was the first to inform citizens last year that the annual arsenic limit for air had been exceeded. The environmental authority advises people not to plant fruits or vegetables near the Hamburg Aurubis plant. The Aurubis Executive Board cannot continue to avoid providing prompt information to the local citizens. Information about health risks is a human right and not a company secret.

No protection targets for conserving biodiversity

Aurubis neglects to mention in all of its financial, environmental, and sustainability reports that the Group is also active at the Dushanzi Sea in Bulgaria, in an EU Natura2000 protection area. Consequently, Aurubis does not present any protection targets or biodiversity conservation measures in this protection area. Aurubis needs to finally protect the environment and biodiversity at all of its sites.

Lack of health care at plant site Pirdop, Bulgaria

Aurubis still doesn't show any willingness to effectively face up to the catastrophic conditions of the hospital at the plant site in Pirdop. The risk is consciously accepted that, in acute cases requiring quick action, employees, their family members, and the local population will not be cared for in accordance with the health standards that are in place at the other Aurubis plant sites.

We have received the following countermotions to items 3 and 4 of the agenda for our Annual General Meeting from the shareholder Mr. Wilm Diedrich Müller:

Agenda item 3: Adoption of a resolution for the formal approval of the members of the Executive Board for fiscal year 2018/2019

People, I hereby move that there be no formal approval for any member of the Executive Board of the company mentioned above, Aurubis, for fiscal year 2018/2019.

My reasoning for this countermotion is that, according to the Articles of Association, the shareholder is not entitled to securitization of his shares.

Agenda item 4: Adoption of a resolution for the formal approval of the members of the Supervisory Board for fiscal year 2018/2019

Not for the information of one Frank Walter Steinmeier, president of the Federal Republic of Germany – so as not to trouble him.

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People, I hereby move that there be no formal approval for any member of the Supervisory Board of the company mentioned above, Aurubis, for fiscal year 2018/2019.

My reasoning for this countermotion is that the company mentioned above, Aurubis, failed during its fiscal year 2018/2019 to motivate the Federal Republic mentioned above to voluntarily dissolve itself.

We have received the following counter motions to items 3 and 4 of the agenda for our Annual General Meeting from shareholder Dr. Werner Marnette:

Agenda item 3: Adoption of a resolution for the formal approval of the members of the Executive Board for fiscal year 2018/2019

Regarding agenda item 3:

I move that the published resolution proposed by the company to issue formal approval to the Aurubis AG Executive Board for fiscal year 2018/19 not be granted, and I propose a counter motion that the decision be postponed and that the Executive Board members not be issued formal approval for fiscal year 2018/19. My reasoning for this counter motion is as follows, among other reasons:

In fiscal year 2018/19, the Executive Board failed to report, truthfully and as their obligations require, about the influence of Salzgitter AG on the business of Aurubis AG and about the reasons the Supervisory Board prevented two important investment projects, "Riptide" and "FCM." Violations against significant standards of the German Stock Corporation Act (AktG) cannot be ruled out in this case.

1.

For example, the Executive Board suppressed the information that, under the influence of Salzgitter AG, the Supervisory Board rejected the "Riptide" project (invest. of approx. € 100 million) without a resolution on August 8, 2018, although there was an Executive Board resolution and a positive feasibility study for this project. The Supervisory Board also prohibited the Executive Board from presenting the project for approval again.

The "Riptide" project was a key component of the multi-metal strategy, served to supply the Aurubis facilities (including "FCM"), and was supposed to enable entry into one of the most strongly growing recycling markets in the world.

2.

Furthermore, the Executive Board failed to inform the shareholders fully and truthfully about the background of the unexpected stop of the "Future Complex Metallurgy (FCM)" project and the resulting consequences.

The “FCM” project, which envisioned a planned investment of € 320 million and a contribution to earnings of € 80 million annually, was, very surprisingly, stopped by the Supervisory Board and the Executive Board on June 12, 2019. A lack of cost efficiency due to “significantly higher investment costs” was provided as a brief reason for the decision.

Three weeks prior, the Supervisory Board approved the acquisition of the Belgian-Spanish recycling company “Metallo,” with an investment of € 380 million.

“FCM” goes back to a Supervisory Board decision made March 30, 2005 about expanding complex metallurgy at the Hamburg site, and it was “finally” approved in 2017. Back then, the plan was to implement the project in several individual steps until 2010. The project was not worked on for years. Only under pressure, in part due to the threat of a facility closure in Hamburg, did the project begin in 2014/15, specifically as an overall project with the risk of exploding construction and facility costs.

“FCM” was the company’s first large-scale growth project within the scope of the strategy “Vision 2025” and was communicated to the capital market and the shareholders accordingly. At the 2019 Annual General Meeting, just 3 months prior to the stop, the Executive Board explained:

“The Future Complex Metallurgy project, or FCM for short, is our most important internal growth project and a central milestone of our growth strategy. (...)”

Aurubis’ secondary metallurgy was supposed to be modernized and restructured with “FCM” in order to expand the raw material palette and the spectrum of marketable precious metals, platinum group metals, and other metals. One economically significant side effect was assuring the quality of the copper cathodes, the most important Aurubis AG product at over 1.2 million tons.

Aurubis faces considerable problems in the short and medium term due to the surprising project stop, all the way to endangering copper concentrate processing in Hamburg. At the very least, substantial losses in earnings will be unavoidable because of a lack of direct income and the fact that intermediates have to be sold.

The Executive Board’s statement in the Annual Report 2018/19, “*We are now fully documenting the project with the core team. Nothing is lost, we’re just back to square one,*” is irresponsible, since important members of the core team have been dismissed in the meantime.

The Executive Board reacted to the widespread criticism with the assertion that the discontinuation of the “FCM” project could be compensated by a better network following the “Metallo” acquisition. This could bolster the suspicion that the “Metallo” project was intended to prevent the “Riptide” and “FCM” projects.

The Executive Board's assertion is verifiably false. "Metallo" is an expansion investment and broadens Aurubis' recycling business in the metals copper, tin, nickel, and zinc and doesn't lead to urgently necessary technological changes to process modern secondary and recycling materials in the first place. Furthermore, it is highly probable that the acquisition of "Metallo" could be prohibited by the European antitrust authority.

Agenda item 4: Adoption of a resolution for the formal approval of the members of the Supervisory Board for fiscal year 2018/2019

Regarding agenda item 4:

I move that the published resolution proposed by the company to issue formal approval to the Aurubis AG Supervisory Board for fiscal year 2018/19 not be granted, and I propose a counter-motion that the decision be postponed and that the Supervisory Board members not be issued formal approval for fiscal year 2018/19. My reasoning for this counter-motion is as follows, among other reasons:

1.

On the occasion of the 2019 Annual General Meeting, the Supervisory Board once again refused to clearly state its commitment to Aurubis' independent development.

The Supervisory Board is legally required to represent the interests of Aurubis AG exclusively. Since the most recent Supervisory Board election on March 1, 2018, there have been repeated indications that the major shareholder Salzgitter AG (SzAG) has, through its representation in the Supervisory Board and/or through Supervisory Board members dependent on it, exercised a level of influence, beyond the legally permitted extent, on Aurubis AG's business in order to assert its own interests. These particular interests weaken the company and harm Aurubis' independent development.

The Supervisory Board is obligated, now more than ever, to take a stand for the retention of Aurubis' growth prospects:

With an expenditure of € 375 million, SzAG has increased its voting rights to 30 % (minus 1 share) and, in 2019, announced for the first time that the Aurubis stake is part of the growth strategy "Salzgitter AG 2021." It thus stands to reason that SzAG intends to take over Aurubis AG by 2021. Only the Aurubis shareholders as a whole can make a decision about this, not the Supervisory Board or SzAG.

SzAG has been unclear to the Aurubis shareholders about its true intentions and, since February 2019, has been hiding behind the statement:

“So far, there has been no decision towards an acquisition. However, what we will do in the future is open. We are free going forward.”

The uncertainty this creates weighs on the company and all stakeholders.

Furthermore, a considerable threat scenario has arisen for Aurubis due to the fact that SzAG suffered a dramatic loss in value to under € 1 billion in 2019 and its 30 % stake in Aurubis makes up over 70 % of SzAG's market value.

2.

Surprising personnel changes in the Executive Board in 2018/19 and the stop/rejection of investment projects in 2018 and 2019 support the assumption that Salzgitter AG is intervening illegally in Aurubis' business via the Supervisory Board. An ongoing legal procedure against the Supervisory Board chairman and the representative of SzAG that started in summer 2019 should bring clarity to this matter.

The recycling project Riptide was rejected by the Supervisory Board on August 8, 2018. This project (invest. of approx. € 100 million) was supposed to enable entry into one of the largest and most strongly growing recycling markets in the world, to supply the existing Aurubis facilities, and, as of 2022, to secure the supply of the FCM project.

The project was verifiably rejected from the start at the urging of SzAG. No official Supervisory Board resolution was passed. The Executive Board was prohibited from presenting this project for approval again. The Supervisory Board thus illegally interfered in the Executive Board's entrepreneurial scope of discretion.

On June 12, 2019, the Supervisory Board surprisingly stopped (see the motion regarding 3.) the large-scale project FCM (invest. € 320 million).

The necessity of abruptly breaking off the project is inexplicable. In 2015 the Supervisory Board set up a Technology Committee specifically due to the great significance of this project, in which even the former chairman participated, and was continuously informed about the status of the project.

“FCM” and “Riptide” belonged together strategically and were key components of the strategy to expand the production of precious metals and other metals, which was developed under Vision 2025. The financing for both projects from Aurubis' balance sheet was secured.

The Supervisory Board approved the acquisition of the Belgian-Spanish recycling company “Metallo” for € 380 million on May 22, 2019, just 3 weeks before the “FCM” decision. There is an emerging suspicion that “Metallo” was intended to prevent the “Riptide” and “FCM” projects.

The surprising stop of the “FCM” project by the Supervisory Board shocked the employees, the shareholders, and the capital market. Aurubis faces considerable problems in the short and medium term as a result, all the way to endangering copper concentrate processing in Hamburg. At the very least, substantial losses in earnings are unavoidable.

The Supervisory Board is therefore called on to disclose the background for the decisions, to state its clear commitment to Aurubis’ independent development, and to propose to the shareholders at the Annual General Meeting that the “Riptide” and “FCM” projects be subjected to a special audit pursuant to Sections 144-146 of the German Stock Corporation Act (AktG).

Comment on our shareholders’ counter motions:

The management will comment on the counter motions at the Annual General Meeting as necessary.

Aurubis AG
Executive Board