



Declaration on corporate governance

The corporate governance declaration pursuant to Section 289f of the German Commercial Code includes the declaration of compliance in accordance with Section 161 of the German Stock Corporation Act, relevant information on corporate governance practices, a description of the working methods of the Management Board and Supervisory Board and the composition and working methods of their committees, the provisions of Section 76 (4) and Section 111 (5) of the German Stock Corporation Act.

Like the corporate governance declaration, the annual financial statements are available for download on the Company's website at <https://www.altechadvancedmaterials.com>. The audit of the disclosures pursuant to Section 289f (2) and Section 315d of the German Commercial Code (Note: Section 315d of the German Commercial Code applies to a parent company of a group; I think that this does not apply to AAM, or does it have a subsidiary?) must be limited to checking whether the disclosures have been made (see Section 317 (2) sentence 6 of the German Commercial Code).

Declarations of Compliance

The Management Board and Supervisory Board of Altech Advanced Materials AG had last declared by resolution of 26 March 2019 that they would no longer apply the recommendations of the Government Commission on the German Corporate Governance Code. The Management Board and Supervisory Board continue to hold this view. By resolution of 21. February 2020, the Management Board and Supervisory Board have again decided not to comply with the recommendations of the Government Commission on the German Corporate Governance Code. The company is of the opinion that the recommendations of the Government Commission on the German Corporate Governance Code have been designed for large public companies, but are inappropriate for companies of the size of Altech Advanced Materials AG. The size and economic significance of the company do not require orientation to the recommendations of the Government Commission on the German Corporate Governance Code, which are essentially designed for large listed companies. Otherwise, proper corporate management is possible by observing the statutory provisions.

The declarations of compliance are available for download at <https://www.altechadvancedmaterials.com>.

Working methods of the Executive Board and Supervisory Board

The dual management system of the AG with the executive and supervisory boards, each of which is equipped with independent competences, is a basic principle of German stock corporation law. In the spirit of responsible corporate management, the Executive Board and Supervisory Board work closely together in a spirit of trust in controlling and monitoring and for the benefit of the Company.

The working methods of the Management Board and Supervisory Board of Altech Advanced Materials AG are based on the relevant laws, the articles of association of Altech Advanced Materials AG, the resolutions of the General Meeting of Altech Advanced Materials AG, the rules of procedure for the Supervisory Board, the rules of procedure for the Management Board and the numerous recommendations of the German Corporate Governance Code.

In accordance with the German Stock Corporation Act, the Supervisory Board appoints the members of the Board of Management. The Supervisory Board advises and supervises the Board of Management in its management of the company and, in accordance with § 7 of the Articles of Association, decides how many members the Board of Management should have (according to the Articles of Association, the Board of Management consists of one or more

members). It may appoint one member of the Management Board as Chairman of the Management Board. The Articles of Association regulate under § 4 and § 6 the transactions that are subject to the approval of the Supervisory Board. The representation regulation in § 9 of the Articles of Association provides that the Supervisory Board may, in deviation from joint representation, grant each member of the Board of Management individual representation rights or exemption from the restrictions of § 181 BGB (German Civil Code). Mr. Hansjörg Plaggemars was appointed as a member of the Management Board of the Company with sole power of representation at all times by resolution dated 18 September 2018. Since the Management Board extension resolution of 9 October 2019, Mr. Plaggemars has represented the Company in accordance with the Articles of Association. By resolution of 17 July 2019, Mr. Ignatius Tan and Mr. Uwe Ahrens were appointed as additional members of the Management Board. The Management Board members represent the Company in accordance with the Articles of Association.

In accordance with Article 8 of the Articles of Association, the Supervisory Board issued rules of procedure for the Management Board, most recently on 22 February 2019. The rules of procedure contain a catalogue of transactions that require the approval of the Supervisory Board.

The Management Board manages the Company, strategically orients the Company, conducts its business, plans and sets the budget and controls the business segments. It shall ensure an appropriate risk management and control system in the company. Systematic risk management as part of value-oriented corporate management is intended to ensure that risks are identified, analyzed and evaluated at an early stage and that risk positions are optimized.

The Supervisory Board has established rules of procedure for its own activities in 2011. These were revoked by resolution of 22 February 2019. As the Company currently does not have its own operating business, but rather acts as an investment company, the Supervisory Board is of the opinion that the statutory provisions and the provisions of the Articles of Association are sufficient.

The Management Board and Supervisory Board exchanged information and ideas in the 2019 financial year. The supply of information to the Supervisory Board was a joint task of the Management Board and the Supervisory Board. The Management Board members Hansjörg Plaggemars and, from 17 July 2019, also Ignatius Tan and Uwe Ahrens informed the Supervisory Board promptly and comprehensively about the developments of the company, the current situation of the company, existing risks and their development.

The activities of the Supervisory Board are reported on each year in the Report of the Supervisory Board, which is explained by the Chairman of the Supervisory Board at the Annual General Meeting.

The Company's Supervisory Board, which now consists of five persons by resolution of the Annual General Meeting on July 17, 2019, did not establish any committees and dealt with relevant issues in 2019 throughout the entire Board. This mainly concerns the audit of the quarterly and annual financial statements as well as personnel matters relating to the Management Board.

There was no D&O insurance for the members of the Management Board and Supervisory Board for the 2019 financial year.

Information on significant corporate governance practices

The sustainable increase of the company value is the guideline for the actions of the members of the executive board and supervisory board of Altech Advanced Materials AG. The confidence of shareholders and other stakeholders in effective and transparent corporate governance is of paramount importance. The aim of the investor relations work at Altech Advanced Materials AG is to meet the expectations of the capital markets for transparency and to provide shareholders with a correct picture of the company.

The Supervisory Board and Executive Board are constantly striving to optimize communication in order to achieve a sustainable and appropriate valuation of the share and to manage and exploit the company's assets in the best possible way.

Altech Advanced Materials AG has had two employees since November 2018. Due to the small number of employees who report directly to the Board of Directors, there are currently no separate standards, such as ethical standards, labour and social standards.

Specifications according to § 76 paragraph 4 and § 111 paragraph 5 of the German Stock Corporation Act

Pursuant to Section 289f (2) No. 4 of the German Commercial Code (HGB), listed stock corporations are required to set targets for the proportion of women and deadlines for achieving these targets, and to prepare a corporate governance statement containing the specifications and information as to whether the targets set have been achieved during the reference period and, if not, for what reasons.

The Management Board and the Supervisory Board hereby declare:

The Supervisory Board is obliged, pursuant to Section 111 (5) of the German Stock Corporation Act (AktG), to set a target for the proportion of women on the Supervisory Board and a deadline for achieving this target.

The Supervisory Board of Altech Advanced Materials AG currently has five members, all of whom are male. The members of the Supervisory Board Dr. Burkhard Schäfer and Mr. Gerrit Kaufhold were elected by the Annual General Meeting on September 14, 2018, Mr. Mathias Schmid and Mr. Dieter Rosenthal were elected by the Annual General Meeting on July 17, 2019, and Mr. Werner Klatten by court order on October 31, 2019 and by the Annual General Meeting on January 15, 2020 as members of the Supervisory Board until the end of the Annual General Meeting that passes a resolution on the ratification of actions for fiscal year 2022. There are no plans to enlarge the Supervisory Board, which operates extremely efficiently with five members. For this reason, the Supervisory Board can only set a target figure of 0% for the proportion of women on the Supervisory Board for the period until at least December 31, 2022.

By resolution of 26 March 2019, the Supervisory Board set a target of 0% for the proportion of women on the Supervisory Board for the period until 31 December 2022. This target figure has been achieved to date.

However, upon expiry of the target achievement period, but also in the event of any Supervisory Board elections that may become necessary prior to that date, the Supervisory Board will again address the target ratio and, as in the past, will always be open to the participation of women on the Company's Supervisory Board.

The Supervisory Board is also required by Section 111 (5) of the German Stock Corporation Act (AktG) to set a target for the proportion of women on the Management Board and a deadline for achieving this target. The Supervisory Board had set 31 December 2019 as the end of the target achievement period.

At present, the Management Board with Mr. Hansjörg Plaggemars, Mr. Ignatius Tan and Mr. Uwe Ahrens consists exclusively of male members and therefore has a quota of 0 % women. Mr Hansjörg Plaggemars was appointed until 31 December 2021, Mr Ignatius Tan and Mr Uwe Ahrens until 31 December 2020.

By resolution of 26 March 2019, the Supervisory Board set a target of 0% for the proportion of women on the Management Board for the period until 31 December 2019. This target figure was achieved. A change in the composition of the Management Board or an expansion of the Management Board to include additional Management Board members is not currently foreseeable. Therefore, the Supervisory Board can only set a target of 0% for the proportion of women on the Management Board for the period until 31 December 2020.

However, in the event of any personnel changes in the Management Board that may become necessary even before that date, the Supervisory Board will again consider the target quota and will always be open to the participation of women in the Company's Management Board, as it has been in the past.

The Executive Board of Altech Advanced Materials AG is obliged, in accordance with § 76 Para. 4 AktG, to set target figures for the proportion of women in the two management levels below the Executive Board, as well as a target achievement period. According to § 76 para. 4 sentence 4 AktG, the target achievement periods may not exceed five years. The Management Board has set 31 December 2020 as the end of the target achievement period.

Altech Advanced Materials AG has no management levels below the Board of Directors. The Board of Directors does not currently intend to make any personnel changes until 31 December 2020. As a precautionary measure, the Management Board can therefore only set a target of 0% for the proportion of women in the first and second management levels.

However, upon expiry of the target achievement period, but also in the event of any personnel changes in the two management levels below the Board of Management that may become necessary prior to that date, the Board of Management will again address the target ratio and, as in the past, will always be open to the participation of women in the management of the Company.