



Corporate Governance Statement

The corporate governance statement pursuant to Section 289f of the German Commercial Code comprises the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act, relevant disclosures on corporate governance practices, a description of the working methods of the Executive Board and Supervisory Board and the composition and working methods of their committees, the stipulations pursuant to Section 76 (4) and Section 111 (5) of the German Stock Corporation Act.

Like the corporate governance statement, the annual financial statements are available for downloading from the Company's website at <https://www.altechadvancedmaterials.com>. The audit of the disclosures pursuant to Section 289f (paragraph) is to be limited to whether the disclosures have been made (see Section 317 (2) sentence 6 HGB).

Declarations of compliance

The Management Board and Supervisory Board of Altech Advanced Materials AG last declared in a resolution dated March 26, 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. In a resolution dated March 3, 2021, the Management Board and Supervisory Board again determined not to comply with the recommendations of the Government Commission on the German Corporate Governance Code as published in the Federal Gazette on March 20, 2020. The Company is of the opinion that the recommendations of the Government Commission on the German Corporate Governance Code were designed for large publicly traded companies - in particular those with their own operations - but are inappropriate for companies of the size of Altech Advanced Materials AG. Therefore, the recommendations of the Government Commission on the German Corporate Governance Code will not be followed in the future. The size and economic importance of the company do not require it to follow the recommendations of the Government Commission on the German Corporate Governance Code. The Management Board and Supervisory Board are convinced that proper corporate governance is also possible through compliance with 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 with independent powers, is a fundamental principle of German stock corporation law. In the spirit of responsible corporate governance, the Executive Board and the Supervisory Board work closely together in a spirit of trust in managing and monitoring the Company and for its benefit.

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 Annual 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 Executive Board. The Supervisory Board advises and monitors the Executive Board in its management of the company and, in accordance with § 7 of the Articles of Association, decides how many members the Executive Board should have

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

In accordance with Section 8 of the Articles of Association, the Supervisory Board issued rules of procedure for the Executive Board, most recently on February 22, 2019. The Rules of Procedure contain a catalog of transactions requiring the approval of the Supervisory Board.

The Management Board shall manage the Company, strategically align the Company, manage its business, plan and set the budget, and control the business areas. It shall ensure an appropriate risk management and control system in the Company. Systematic risk management as part of value-based 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 not established rules of procedure for its own activities. As the Company does not currently have any operating business of its own, 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 Executive Board and Supervisory Board exchanged information and ideas in the 2020 financial year. Providing the Supervisory Board with information was a joint task of the Executive Board and the Supervisory Board. Executive Board members Hansjörg Plaggemars, Ignatius Tan and Uwe Ahrens provided the Supervisory Board with timely and comprehensive information on the Company's developments, 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.

By resolution of the Annual General Meeting on July 17, 2019, the Supervisory Board of the Company, which now consists of five members, did not establish any committees and dealt with the relevant issues in 2020 in its entirety. This relates primarily to the review of the quarterly and annual financial statements as well as personnel matters relating to the Executive Board.

There was no D&O insurance for the members of the Executive Board and Supervisory Board for the 2020 financial year.

Disclosures on significant corporate governance practices

The sustainable increase of the company's value is the guiding principle of the actions of the members of the Management Board and Supervisory Board of Altech Advanced Materials AG. The confidence of shareholders and other stakeholders in effective and transparent corporate governance is of primary importance. The aim of investor relations work at Altech Advanced Materials AG is to meet the expectations of the capital markets for transparency and to provide shareholders with an accurate picture of the company.

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

Altech Advanced Materials AG has two employees since November 2018. Due to the small number of employees reporting directly to the Management Board, there are currently no separate standards, such as ethical standards, labor and social standards.

Determinations pursuant to section 76 (4) and section 111 (5) of the German Stock Corporation Act (AktG)

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

The Board of Management and the Supervisory Board declare in this regard:

Pursuant to Section 111 (5) of the German Stock Corporation Act (AktG), the Supervisory Board is required 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 member of the Supervisory Board, the Chairman of the Supervisory Board, Dr. Burkhard Schäfer, has been appointed by the Annual General Meeting on September 14, 2018, the member of the Supervisory Board, Mr. Dieter Rosenthal, has been appointed by the Annual General Meeting on July 17, 2019, the member of the Supervisory Board, Mr. Werner Klatten, has been appointed by court order on October 31, 2019 and by the Annual General Meeting on 15. January 2020, the Deputy Chairman of the Supervisory Board, Mr. Wilko Stark, has been elected by the Annual General Meeting on March 12, 2020, and the member of the Supervisory Board, Mr. Nikolaus Graf Lambsdorff, has been elected by the Annual General Meeting on September 08, 2020 until the end of the Annual General Meeting that resolves on the ratification of the acts of the Supervisory Board for the fiscal year 2022. There are no plans to increase the size of the Supervisory Board, which operates extremely efficiently with five members. For this reason the Supervisory Board can only set a target of 0% for the proportion of women on the Supervisory Board for the period up to at least December 31, 2022.

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

However, upon expiry of the target achievement period, but also in the event of any Supervisory Board elections becoming necessary before then, the Supervisory Board will again address the target quota and - as in the past - will always be open to the participation of women on the Company's Supervisory Board.

Pursuant to Section 111 (5) of the German Stock Corporation Act (AktG), the Supervisory Board is also required to set a target for the proportion of women on the Executive Board and a deadline for achieving this target. The Supervisory Board had set December 31, 2020 as the end of the target achievement period.

At present, the Executive Board consists exclusively of male members, namely Mr. Hansjörg Plaggemars, Mr. Ignatius Tan, and Mr. Uwe Ahrens, and therefore has a female quota of 0%. Mr. Hansjörg Plaggemars, Mr. Ignatius Tan and Mr. Uwe Ahrens were appointed until December 31, 2021.

By resolution dated February 12, 2020, the Supervisory Board set a target of 0% for the proportion of women on the Board of Management for the period up to December 31, 2020. This target has been achieved. A change in the composition of the Executive Board or an increase in the number of Executive Board members is currently not foreseeable. For this reason, the Supervisory Board can only set a target of 0% for the proportion of women on the Board of Management for the period up to December 31, 2021.

However, in the event of any personnel changes in the Executive Board becoming necessary before then, the Supervisory Board will again address the target quota and - as in the past - will always be open to the participation of women in the Executive Board of the Company.

Pursuant to section 76 (4) AktG, the Management Board of Altech Advanced Materials AG is obliged to set targets for the proportion of women in the two management levels below the Management Board as well as a target achievement period. According to section 76 (4) sentence 4 AktG, the target achievement periods may not be longer than five years. The Executive Board has set December 31, 2021 as the end of the target achievement period.

Altech Advanced Materials AG has no management levels below the Management Board. The Management Board currently does not intend to make any personnel changes until December 31, 2021. Therefore, as a precautionary measure, the Management Board can only set a target of 0% for the proportion of women in the first and second management levels.

At the end of the target achievement period, but also in the event of any personnel changes in the two management levels below the Executive Board that may become necessary before then, the Executive Board will, however, again address the target quota and - as in the past - will always be open to the participation of women in the management of the Company.