

*As approved by the General Meeting of Shareholders on 6 May 2021*

---



**AMENDED**

**Remuneration Policy for the Management Board  
of AMG Advanced Metallurgical Group N.V**

Amsterdam, the Netherlands  
6 May 2021

# Remuneration Policy

## Introduction

On behalf of the Supervisory Board, I am pleased to present a proposed Remuneration Policy applicable to the Management Board of AMG Advanced Metallurgical Group NV (“the Company” or “AMG”). This Remuneration Policy is subject to shareholder approval at the forthcoming Annual General Meeting (“AGM”) on 6 May 2021 and will be effective from the 2021 financial year and for an anticipated period of 4 years until the next policy review.

This draft Remuneration Policy is issued by the Supervisory Board upon recommendation by the Remuneration Committee (the “Committee”). The current Remuneration Policy was approved at the AGM of 3 May 2013 and is available on the corporate website (<https://amg-nv.com/about-amg/corporate-governance/>).

AMG’s previous proposed Remuneration Policy was not supported by Shareholders at the 2020 Annual General Meeting. Since then, the Committee and the Supervisory Board have reached out to shareholders and proxy advisors and reviewed their feedback and their published best practice guidelines. We thank them for the clear and constructive feedback received and we will continue to engage with shareholders and proxy advisors on an ongoing basis.

The Committee and Supervisory Board also appointed Mercer Limited (“Mercer”) to provide independent advice and to help develop and redesign the Remuneration Policy. Mercer is a founding member of the Remuneration Consultants Group, and, as such, operates under its code of conduct. The Committee is comfortable that the advice given by Mercer has been objective and independent.

## Summary of proposed changes to the Remuneration Policy

Our review of the Remuneration Policy took into account several factors including the long-term strategic opportunities and challenges that AMG will face over the next few years, the external corporate governance environment, the views of our employees and senior stakeholders and commentary from shareholders and proxy advisory bodies. A number of shareholders and proxy advisers were consulted with in late 2020 and early 2021. Specifically, there were eleven meetings with shareholders and proxy advisors in 2020 and early 2021, and we believe we have addressed their key concerns with the changes AMG has made in its proposed policy.

Firstly, we reviewed the level of Annual Bonus incentives for the Management Board, taking into account the performance of the members of the Management Board and market levels of compensation in other companies in our industry of similar scale and complexity. These companies represent our competitors, our suppliers and our customers, and reflect the pool of talent that we must compete with for human capital. Taking this into account, and conscious of the contracts agreed with the members of the Management Board, we kept the target annual bonus for the CEO at 85% of salary, and for the COO and CFO at 65% of salary. However, we significantly decreased the maximum payout from 300% to 200% in line with best and common practice. This stretch target of 200% will continue to be paid out only upon the highest levels of attainment against all performance measures, and we will maintain a 0% payout should the threshold targets not be met.

In addition, we decided to change the Annual Bonus performance measures, and introduce quantifiable Environmental, Social and Governance (“ESG”) performance measures to reflect AMG’s strategy in this area. The detailed weighting for the 2021 reporting cycle is in the Explanatory Notes below.

The Committee and Supervisory Board were mindful of the need for increased transparency to our shareholders and stakeholders in the long-term incentive. We therefore decided to simplify the current Long-Term Incentive Program (“LTIP”) and align it to best practice, taking into account investor feedback, as follows:

- Share options will no longer be awarded. All awards will be in the form of performance share units (“PSUs”).
- The overall value of the awards will be unchanged – i.e., the value of the PSU awards going forward will equal the total value of the Long-Term Incentive Program.
- PSUs will feature a 3-year performance period and an additional 2-year holding period in line with the Dutch Corporate Governance Code. The existing share ownership guidelines of four times salary for the CEO and two times salary for the CFO and COO will continue. The Management Board currently owns 1.4 million shares collectively, which represents 4.5% of outstanding shares.
- For 2021, payouts will be based 100% on relative Total Shareholder Return versus relevant global sector peers. Because of the cyclical nature of some of AMG’s products, the Supervisory Board believes that a relative measure versus AMG’s industry peers is the best way to incentivize the Management Board to outperform its industry over time and to mitigate the risk of inappropriate windfall payments that result from commodity cycle fluctuations.
- There will no longer be any vesting of the PSU’s for performance below the 50th percentile, in line with best market practice.
- For good leavers, awards will vest on the normal vesting date, subject to performance and pro-rata for time served.

We have increased the transparency of various elements of our Remuneration Report in line with the requirements of the EU Shareholder Rights Directive (“SRD”). In conjunction with this, we have disclosed the 2020 annual bonus scorecard in our 2020 Remuneration Report (including weightings of performance measures) and included the actual targets. We are fully compliant with the disclosure requirements of the SRD, but we will be mindful of the evolution of best practice disclosure and will seek to close any gaps in future annual reports.

We look forward to your support for these proposals at the forthcoming AGM.

On behalf of the Supervisory Board,  
Herb Depp, Remuneration Committee Chairman

## Remuneration Policy: Key Principles

The AMG Values (Safety, Value Creation, Respect for People, and Integrity) are the foundation of AMG's ambition to be a leader in the field of critical materials and engineering services.

AMG's strategy is to be at the forefront of critical material technologies which target clean energy and energy efficiency and ultimately reduce CO<sub>2</sub> production.

This Remuneration Policy and the performance measures included within it endeavor to align AMG's performance targets with AMG's long-term strategic objectives and AMG's Values and generate long-term stakeholder value.

The performance measures focus management on the delivery of a combination of robust key performance indicators relating to the annual performance of the Company (as further detailed hereafter), and on long-term share price appreciation. AMG has concluded that this combination of annual key performance indicators and long-term share price appreciation align well with shareholder value creation.

AMG believes that shareholder value creation is an important pillar to creating long-term, sustainable stakeholder value. AMG's revised Remuneration Policy will continue to incentivize the Management Board to focus on the other key pillars of stakeholder value creation: Employees must be motivated to work in an environment that puts safety first, and the company must consider the best interests of the surrounding community, customers, suppliers, service providers, financial institutions, and government agencies. AMG's non-financial performance measures focus management on delivering leadership in strategic projects and in long-term sustainability by targeting a specific set of goals including CO<sub>2</sub> abatement, safety, environmental stewardship, diversity, human resource development, and risk management.

From the inception of AMG in 2007, the Supervisory Board has adopted a US-centric approach towards executive remuneration, but with due regard to the Dutch corporate governance environment given that its head office is located, and its shares are listed in Amsterdam. This US focus is due to the location of AMG's operational headquarters in the US and the fact that all of its Management Board members have been and continue to be US residents, however, this revised Remuneration Policy conforms in all major respects to the EU Shareholder Rights Directive ("SRD") and with the Dutch Corporate Governance Code. In addition, as detailed in the Additional Notes below, the Supervisory Board has decided that the Peer Group utilized to benchmark the Management Board's remuneration and measure the payout of its Performance Share Units should include a minimum of 2/3<sup>rd</sup>'s European companies.

The Supervisory Board fully subscribes to the importance of deploying the remuneration of AMG's senior management as a tool for realizing its strategic and stakeholder value ambitions. With this in mind, the Supervisory Board has developed an Executive Remuneration Philosophy that aims at enabling AMG to fulfil its ambitions as outlined above.

The AMG group of companies competes throughout the world for business and for talent. Given its size and the diversity of its business it must compete for superior talent with corporations of considerable scale. Therefore, AMG must provide top talent with roles that are challenging and motivating in a fast-paced environment and offer very competitive reward opportunities for superior performance.

Accordingly, the Executive Remuneration Philosophy must take into account the following key principles:

1. help secure the human capital that will achieve AMG's strategic objectives including maintaining its leadership status in advanced technologies that address CO<sub>2</sub> reduction;
2. reward superior performance across both financial and non-financial measures, and weight such measures to long-term performance;
3. engender an innovative fast-paced entrepreneurial environment;
4. provide clear alignment between executive compensation and shareholder and stakeholder interests which include customers, employees and wider society.
5. directly link compensation to clearly disclosed financial and non-financial key performance indicators;
6. support the business model and, in particular, a collaborative culture by having consistent pay practices across all levels of senior management;
7. be firmly rooted in the societal values that prevail in the main countries and regions where AMG operates; and
8. take into account feedback from investors and other stakeholders.

The Management Board is responsible for executing the Company's strategic plan and for fulfilling the Company's purpose of enabling global businesses to grow sustainably. With regard to the Remuneration Policy, the Remuneration Committee ("the Committee") is responsible for the preparation of a proposal for the Supervisory Board to be adopted by the General Meeting. The Committee and Supervisory Board together ensure that the performance metrics used in the Company's variable remuneration incentive plans hold the members of the Management Board accountable for the successful delivery of the strategic plan.

The Dutch Corporate Governance Code requires listed companies to disclose certain information about the compensation of the Supervisory Board and the Management Board. This Remuneration Policy fulfils this requirement alongside the Remuneration Report and endeavors to provide additional information to ensure full transparency with our shareholders. In addition, this report is compliant with the amended Shareholder Rights Directive and requirements under the Dutch Civil Code.

The Committee's role and responsibilities are outlined in Annex D of the Rules of Procedure of the Supervisory Board, which is published on the Company website: <https://amg-nv.com/about-amg/corporate-governance/>.

**Remuneration Policy: Scope and Individual Components**

The remuneration structure for members of the Management Board is designed to balance short-term operational performance with the long-term objectives of the Company and value creation for stakeholders. The key elements of remuneration for the Management Board member’s reward packages are shown below:

Element	Purpose and link to strategy / long-term interests and sustainability	Operation	Maximum Opportunity	Performance Measures
<b>Base Salary</b>	<p>The base salary represents a fixed cash compensation that is set based on the level of responsibility and performance of each executive.</p> <p>Because the Management Board is based in the US, the majority of their salary will be paid in US Dollars. However, given that AMG’s headquarters is in Amsterdam, a portion of their salary will be paid in Euros.</p> <p>The base salary helps to attract and retain the caliber of talent required at AMG.</p>	<p>Salaries are generally reviewed annually and fixed for 12 months commencing at the start of the financial year, but the Supervisory Board has discretion to make changes at other times, where this is justified by the performance of the business, changes to role content and external market data.</p> <p>Salaries are set in the context of the level of responsibility, experience and performance of each executive, business performance, scarcity of talent and external comparator groups made up of industry peers of a similar size, scope and business complexity.</p>	<p>There is no defined maximum salary. Increases in salary, if any, for Management Board members will generally be in line with those for employees in the relevant region.</p> <p>Increases above this level may be made in specific circumstances which may include but are not limited to internal promotions, material growth within the role (i.e., from initial appointment), significant changes to the scope and responsibility of a role, material changes to the business and exceptional company performance.</p>	<p>No explicit performance linkage. However, increases, if any, will take into account the performance of individuals and affordability in the context of business profitability.</p>

Element	Purpose and link to strategy / long-term interests and sustainability	Operation	Maximum Opportunity	Performance Measures
<b>Benefits</b>	Benefits help retention and focus on the well-being of executives assisting them with fulfilling their duties and responsibilities.	Members of the Management Board are eligible for a range of benefits in line with those available to the wider workforce. These include, but are not limited to, healthcare insurance, life insurance, disability insurance, and a car allowance. Benefits are reviewed on occasion to ensure they remain competitive.	Benefits are provided in line with local market expectations and are dependent on individual circumstances. AMG expects to maintain benefits at the current level, but the value of benefits may fluctuate based on external factors, personal preferences / circumstances and insurance premiums.	N/A
<b>Pension</b>	Pension provisions encourage executives to save for their future and retirement and helps AMG to remain competitive in the market.	Management Board members receive a Supplemental Employment Retirement Plan ("SERP") which takes into account local retirement plans (e.g., 401-K plans or state sponsored pension programs).	The maximum pension is 50% of the average of the last three year's salary. See Legacy Arrangements below for more details on incumbent Management Board pension design. All details are specified in the Company's Annual Report.	N/A

Element	Purpose and link to strategy / long-term interests and sustainability	Operation	Maximum Opportunity	Performance Measures
<b>Annual Bonus</b>	<p>The annual bonus is a cash bonus that ensures Management Board members are focused on the delivery of performance over the financial year.</p> <p>The bonus drives behavior and communicates the key priorities for the year.</p> <p>Performance metrics are aligned with the Company's strategy in delivering sustainable value to our shareholders and other stakeholders and appropriately reflect both quantitative and qualitative criteria.</p>	<p>Performance measures, weightings and targets are reviewed annually to ensure they remain aligned to AMG's strategy.</p> <p>Performance over the financial year is measured against both quantitative and qualitative targets set at the start of the financial year.</p> <p>The bonus is usually paid out after the release of annual results in late February.</p> <p>Each year the Supervisory Board determines ambitious yet realistic target ranges for each performance metric with respect to the target payout and threshold values. The Board believes it is critical that the annual bonus clearly reflects the principle that pay-out levels should be based on actual performance achieved.</p> <p>As such, the Supervisory Board may apply judgement where necessary to ensure approved pay-out levels are representative of actual, overall company performance in both financial and ethical / compliance terms.</p>	<p>Target performance for the CEO is 85% of base salary and for the COO and CFO 65% of base salary.</p> <p>Maximum performance for all Management Board Members is 200% of target (previously 300%) which translates to 170% of base salary for the CEO and 130% for the COO and CFO.</p>	<p>Performance measures and targets are set annually at the discretion of the Supervisory Board to ensure they remain aligned to AMG's strategy and the markets it operates in.</p> <p>Financial measures may include, but are not limited to, revenue, profit, earnings per share, return on capital employed, operating cash flow, and working capital. The financial measures will have a weighting of at least 60%.</p> <p>Non-financial measures may include, but are not limited to: operational, strategic and individual objectives, compliance, risk management and environmental, social and governance (ESG) measures. The weighting of non-financial measures may not exceed 40%. All non-financial measures will be based on measurable and reportable components.</p> <p>Awards are subject to malus and claw back provisions.</p>

Element	Purpose and link to strategy / long-term interests and sustainability	Operation	Maximum Opportunity	Performance Measures
<p><b>Performance Share Units (“PSU’s”)</b></p>	<p>Designed to drive and reward sound judgement and business decisions which support AMG’s long-term sustainability and the achievement of its strategic objectives.</p> <p>Support and encourage greater alignment with shareholders through a high level of personal share ownership.</p> <p>Awards vest subject to multi-year performance conditions linked to creating superior value for shareholders and other stakeholders.</p>	<p>Awards are made up of performance share units which are granted on an annual basis.</p> <p>Awards vest at the end of a 3-year performance period subject to achieving predetermined performance targets and continued employment.</p> <p>The number of performance share units awarded will be calculated by dividing the value of the target award by the average share price of the five days immediately post the announcement of annual results.</p> <p>The vested value of the Performance Share Unit award will be calculated over 3 years utilizing the 30-day share price average and adjusted for the level of performance achieved.</p> <p>Management Board members are required to hold shares vested at the end of the performance period, on a net of tax basis for an additional 2 years under continuous employment management agreement in line with the requirements under the Dutch Corporate Governance Code.</p>	<p>Target award levels for Management Board members will be set annually.</p> <p>For 2021, the target award level for the CEO is €1,700,00; for the COO is €650,000; and for the CFO is €500,000. While these targets are set with absolute Euro figures, they correspond to a target of 185% of base salary for the CEO, and 90% for the COO and CFO, but will fluctuate based on prevailing exchange rates.</p> <p>These award levels are the same as the total value of the previous Long Term Incentive Plan opportunity in the 2013 approved policy.</p> <p>The maximum vesting is 175% of the target award level and there is zero vesting for below threshold performance (e.g., zero vesting below the 50<sup>th</sup> Percentile for relative TSR)</p>	<p>From the 2021 cycle performance will be determined based on achievement against relative Total Shareholder Return (“TSR”) as disclosed at the end of the period and measured against the same comparable industry peer group used to benchmark overall Management Board compensation.</p> <p>The Supervisory Board may apply judgement where necessary to ensure approved vesting levels are representative of actual, overall company performance including (but not limited to) the level of profit achieved and aim to manage risk in line with integrating business ethics and compliance.</p> <p>The Supervisory Board has discretion to change the performance conditions for future cycles or to adjust weightings where appropriate, to reflect the evolution of the business strategy. Any changes will be disclosed, and the rationale explained in the annual remuneration report. If the changes are substantial, then the Board may consult with major shareholders.</p> <p>Awards are subject to malus and claw back provisions.</p>

Element	Purpose and link to strategy / long-term interests and sustainability	Operation	Maximum Opportunity	Performance Measures
<b>Share Ownership Guidelines</b>	Promotes alignment with shareholders' interests and with our corporate strategy of delivering sustainable value to our stakeholders.	Management Board members are expected to build up their share ownership over a period of 5 years after appointment.	The guideline for the CEO is 4x base salary for the CEO and 2x base salary for the COO and CFO.	N/A
<b>Legacy Arrangements</b>	<ul style="list-style-type: none"> <li>• Management Board members have Performance Share Unit and Option awards outstanding in relation to the previous Long Term Incentive Plan. Awards under these plans made prior to 1 January 2021 will continue but no new awards will be granted under these plans.</li> <li>• With respect to pension benefits, the current CEO participates in the defined contribution plan and a Supplemental Executive Retirement Plan of Metallurg Inc. (a US subsidiary of the Company hereinafter referred to as "Metallurg"). These plans provide for a maximum retirement benefit of 50% of the final three-year average compensation with a maximum per annum of \$ 600,000 payable at the later of age 70 or the end of the employment with AMG and Metallurg.</li> <li>• With respect to pension benefits, the other members of the Management Board, participate in the defined contribution plan and Supplemental Executive Retirement Plan of Metallurg. These plans provide for a maximum retirement benefit of 50% of the final three-year average compensation reduced by, amongst others, retirement benefits as determined in accordance with the Metallurg's defined contribution plan (e.g., 401K) and are payable from age 65 to 88.</li> </ul>			

## Explanatory Notes

### *Selection of performance measures*

The annual corporate performance objectives (e.g., the annual financial plan) used for setting annual incentive awards are approved by the Supervisory Board every year. In this financial plan, scenario analysis has been utilized in order to account for the level of business risks. With respect to the short-term and long-term incentives that are awarded every year, a threshold performance is required for each component to generate a payout, protecting the downside risk to the shareholders.

For the annual bonus, the Supervisory Board continues to believe that it is appropriate to use a mixture of financial metrics and non-financial measures. For 2021 these measures are EBITDA and Operating Cash flow, both weighted at 35%. The Supervisory Board decided to replace Return on Capital Employed (“ROCE”) with EBITDA. Whilst ROCE is a good long-term measure of shareholder value, at this time a ROCE target would incentivize the Management Board to slow down investment, which would not be aligned to AMG’s current project-driven expansionary strategy or would require adjustments to the published results which would limit transparency for shareholders. The ESG measures the Supervisory Board has chosen for 2021 include Lost Time Incident Rate as a measure of operational safety, CO2 credits created as a measure of AMG’s recycling efforts in vanadium and a CO2 abatement measure represented by the amount of CO2 our products have enabled our customers to reduce CO2 emissions. All of these measures are measured under international guidelines and published annually in our sustainability report, and in the case of CO2 abatement are supported by 3rd party life cycle analysis. In 2021, the ESG measures will carry a weight of 20%. The personal measures will carry a weight of 10% and will be based on documented performance of the Management Board in achieving long-term strategic goals.

The Supervisory Board is focused on stretching financial targets such that achieving them will align with enhanced shareholder value. The Committee is of the opinion that the targets for the annual bonus are commercially sensitive in respect of the Company and that it would be detrimental to disclose details at the start of the relevant performance year (or on a prospective basis). Performance against the targets will be disclosed at the end of the relevant performance year (*ex post*) in the Remuneration Report of the Supervisory Board included in the Annual Report (“the Remuneration Report”).

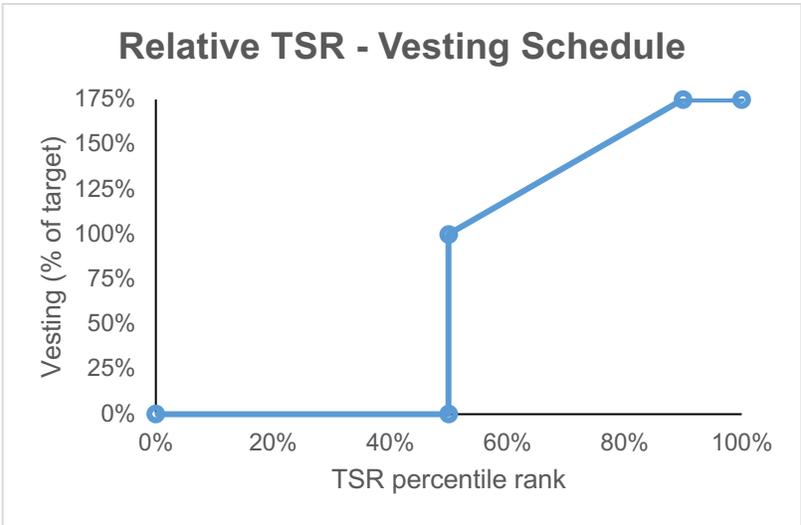
The Supervisory Board has decided to weight the Performance Share Units 100% to relative TSR. Because of the cyclical nature of some of AMG’s products, the Supervisory Board believes a relative measure versus AMG’s industry peers is the best way to incentivize management to outperform its industry over time and to mitigate the risk of inappropriate windfall payments as a result of commodity cycle fluctuations. Utilizing the same peer group to benchmark Management Board compensation will provide a more challenging and much less volatile outcome than the Bloomberg World Metal Fabricate Index which has been used since the

establishment of the 2013 Remuneration Policy. The Bloomberg index was broader, with circa 50 constituents, and had a much wider geographic scope than the predominantly European peer group the Remuneration Committee is proposing to use going forward. In addition, the Supervisory Board has removed the ROCE hurdle for the PSU's for the same reasons cited above with regard to the Annual Bonus performance .

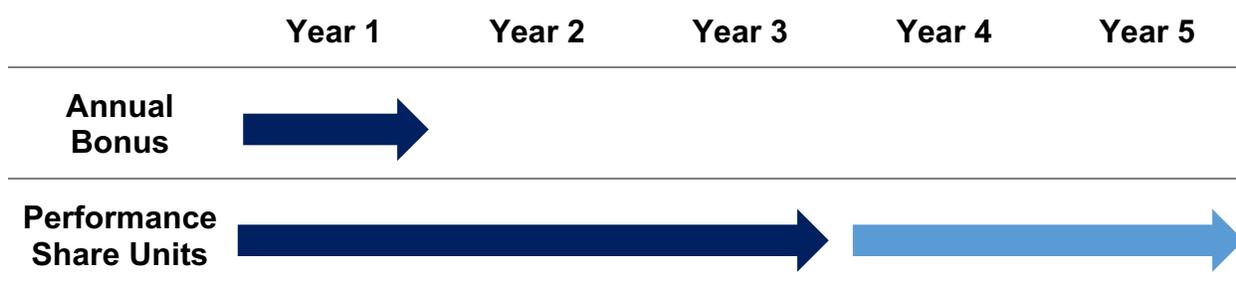
The share price utilized for the PSU award value will be based on the average share price over the 5 trading days after the publication of the annual results. The vesting value will be based on the TSR performance over a three year period, and will utilize an average share price calculated over the 30 trading days prior to the year-end which was reported in the annual results versus the average share price over the 30 trading days prior to the year-end three years afterwards. The Supervisory Board may elect to alter this award value and vesting value calculation, but only if exceptional market volatility warrants the change in order to ensure an equitable and reasonable outcome for both AMG Shareholders as well as the recipients of the award.

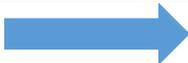
The vesting schedule for awards from 2021 onwards is set out below. Previously the vesting curve started at the 30<sup>th</sup> percentile. For future cycles, in line with best practice and investor feedback, there will be no payment for below 50<sup>th</sup> percentile performance. If this new policy had been in place between 2013 – 2020, the PSUs would have only paid out in 4 of 8 years.

The peer group was developed taking external independent advice into account including an analysis of historical share price correlation between AMG and the peer group and the relative levels of historical share price volatility. The new proposed peer group can be found in Appendix A attached and is the same as that used for compensation benchmarking purposes.



*Variable Incentives: Time horizons*



<b>Key</b>	
<i>Performance Period</i>	
<i>Holding Period</i>	

*Peer groups – setting levels of pay and alignment to the wider workforce*

The Remuneration Committee on an annual basis reviews and selects an appropriate compensation peer group for benchmarking purposes. The peer group selected comprises a group of approximately 15 - 20 companies which are comparable to AMG in size, complexity and geographic presence and are reflective of the various business segments that AMG is operating in – critical materials, metals, engineering and specialty chemical industries (please see Appendix A for a list of the 2021 peer group). The Remuneration Committee periodically reviews and makes changes to the peer group to adjust for changes caused by mergers, bankruptcies or asset sales among the peer group. The Supervisory Board will target a peer group that is comprised of at least 2/3<sup>rd</sup>'s European companies. The composition of the peer group used will be published annually in the Remuneration Report and the same peer group will be used to calculate the value of the PSU awards on a relative TSR basis.

AMG intends to target total direct compensation (salary, annual bonus and long-term incentive) between the 50th percentile and 75th percentile (based on individual performance), of the compensation peer group.

As part of the Executive Remuneration Philosophy, the Supervisory Board assigns importance to a remuneration structure that is generally consistent for all senior executives across the AMG Group. Base level salaries of all senior executives, including the senior management of each of AMG's business units, are reviewed on a regular basis and annual incentive and long-term incentive (LTI) programs are aligned both in target setting as well as performance measurement.

The Executive Remuneration Philosophy calls for an appropriate balance between the fixed and variable compensation elements and the Supervisory Board believes that targeting a fixed compensation percentage of 20% - 40% is appropriate. The annual

percentage of fixed compensation will vary depending on the amount of the incentive payouts and as a result variable compensation is targeted at 60% - 80%.

The Supervisory Board takes into account the employment conditions of AMG's employees and staff worldwide including the applicable pay-ratio in setting the remuneration of the Management Board members. The Supervisory Board annually reviews the applicable pay-ratio in particular in comparison with pay ratios pertinent to AMG's peer group and/or in the Dutch stock market and compensation levels in the countries it is operating. AMG subscribes to the UN Global Compact and continues to apply appropriate standards to set employment conditions for its geographically highly diversified workforce. Further details are provided in the Remuneration Report.

The remuneration structure and rewards have been designed to meet the applicable risk assessment tests used within AMG Group, in order to ensure that inappropriate risk taking by executives is avoided. Specifically, it is noted that remuneration decisions are taken on the basis of scenario analysis and in the context of AMG's Code of Business Conduct as well as applicable laws and corporate governance requirements.

#### *Consideration of wider employee remuneration*

Our remuneration policy follows the same principles across AMG, however, packages offered to employees are reflective of local market practice, role and seniority. The Committee reviews and comments on the salary, bonus and long-term incentive awards to senior management (i.e., below Management Board level) and the Supervisory Board approves the overall design. Base level salaries and total compensation of senior executives including senior management of each of AMG's business units are reviewed by the Committee on a regular basis

The majority of employees are eligible for a discretionary annual bonus. Bonus levels and plan designs may vary depending on seniority, position, function and location.

#### *Malus and claw back*

The Annual Bonus and Performance Share Units are subject to the recovery provisions (i.e. claw back and malus) as set out below:

- a. The Supervisory Board will have the right to reclaim variable compensation payments that have already been paid out or vested if the payment has been made or the vesting has occurred on the basis of incorrect information about the realization of the underlying goals and (performance) targets or the circumstances from which the entitlement to the variable compensation was made dependent.
- b. The Supervisory Board will have the right to reduce variable compensation payments that are not yet paid out or vested to an appropriate amount if the payment or vesting of the initial variable compensation would be unacceptable

according to the standards of reasonableness and fairness as described in Article 2:135 paragraph 6 of the Dutch Civil Code,

The recovery provision under section “a” above will apply for a period of three years post-payment (Annual Bonus) and post-vesting (Performance Share Units). This aligns with our goals to manage risk in line with integrating business ethics and compliance.

*Deviation from the Remuneration Policy in extraordinary circumstances for Recruitment*

Our approach to recruitment remuneration is to pay no more than is necessary and appropriate to attract the right talent and caliber to the role.

Our Remuneration Policy sets out the various components for inclusion in the remuneration package for the appointment of a Management Board member. Any new member’s remuneration package would normally include the same elements and be subject to the same constraints, as those of the existing member performing similar roles. Annual incentive awards made in the first year of appointment may be subject to different performance measures and targets.

When considering the remuneration arrangements of individuals recruited from external roles to the Management Board, we will take into account the remuneration package at the individual’s prior role. We may provide additional compensation to individuals to buy-out awards forfeited as a result of joining AMG. In this event, the Supervisory Board will take into consideration relevant factors including the vehicle, expected value, performance linkage and timing of forfeited awards. Any buy-out will be limited to the commercial value of payments and awards forfeited by the individual. In general, any buy-out of performance-based long-term incentives will also be linked to performance and payment and will be vested or paid no sooner than the forfeited awards.

Where a Management Board member is required to relocate from their home location to take up a role at AMG, the Company may provide reasonable relocation assistance and other allowances. Global relocation support and associated costs and benefits may also be provided if there is a sufficient business need.

In the event that the candidate is internal and promoted to the Management Board, legacy terms and conditions will normally be honored, including any outstanding variable incentive awards.

In the event that new employee benefits are introduced then Management Board members in the same geography may be permitted to participate on the same terms as other participants.

## Remuneration Scenarios

As part of the design of this Remuneration Policy, the Supervisory Board has performed robust scenario analysis to determine both the amount and composition of the remuneration of Management Board members, with due regard of both internal pay practices and the market positioning.

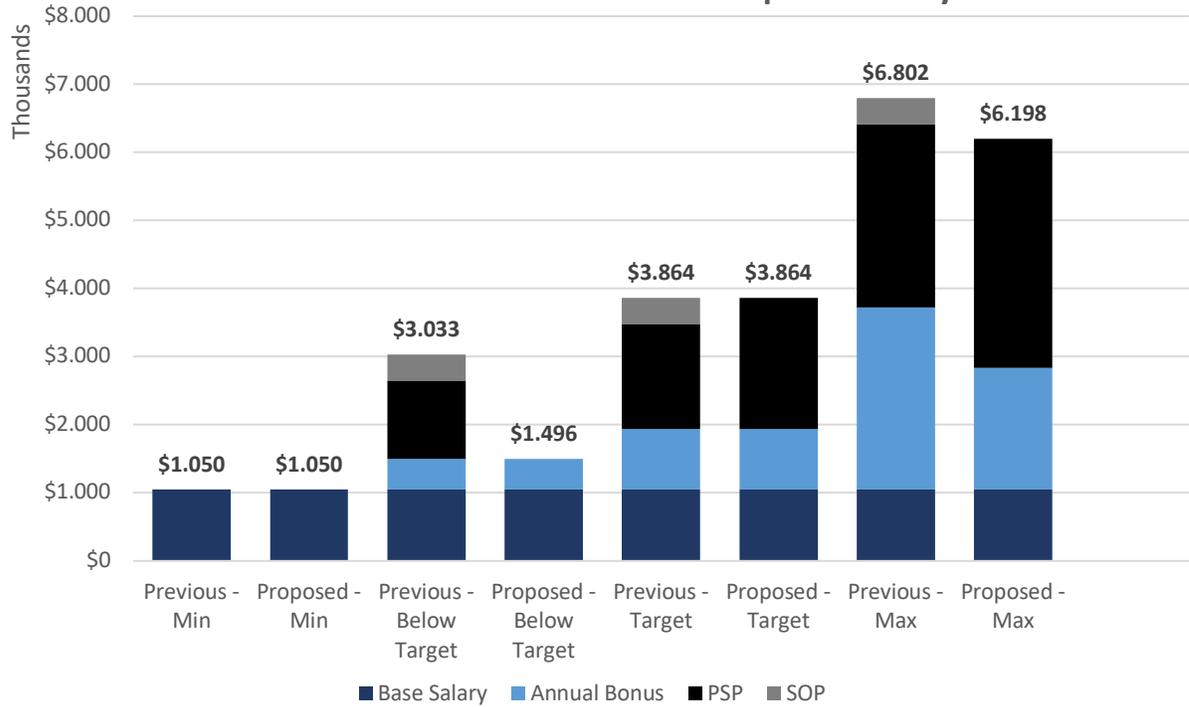
In the event that specific short-term and long-term threshold performance targets are not achieved, there will be no variable pay vesting or pay-out for Management Board members for the relevant period.

The charts below illustrate how much the Management Board members could receive under different scenarios in 2021. Our scenarios do not take into consideration any benefits, share price appreciation or dividend payments.

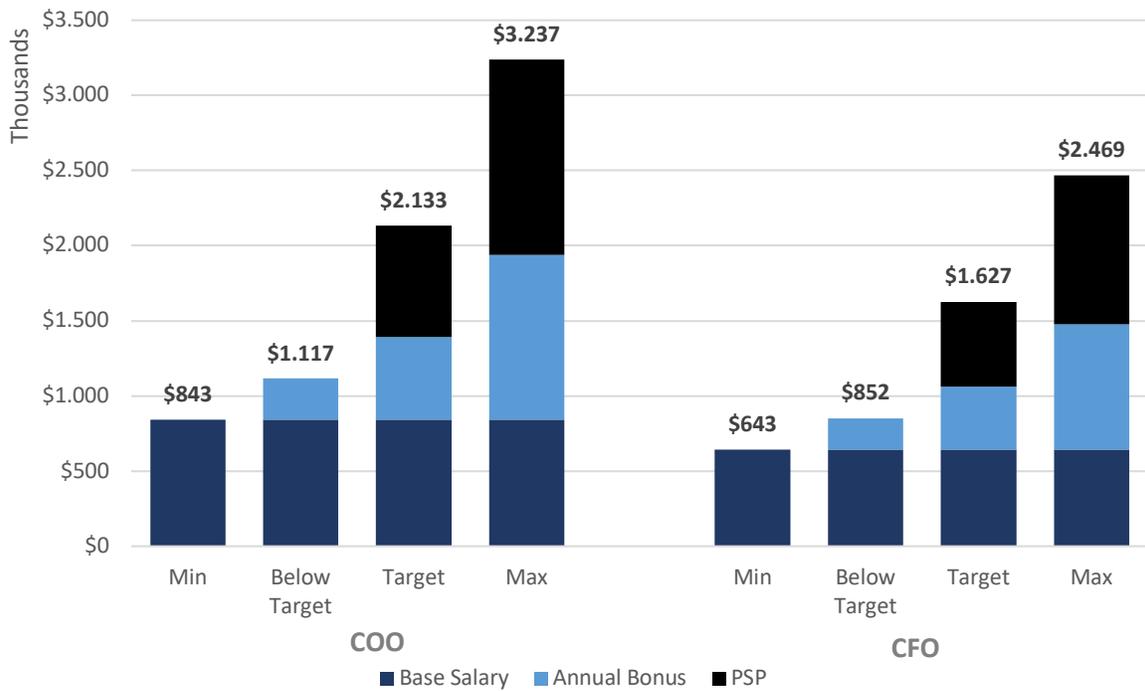
Remuneration Component	Assumptions made	
	Previous Policy (approved in 2013)	Proposed Policy (from 2021)
<b>Salary<sup>1</sup></b>	CEO: \$750,000 + €250,000 COO: \$723,000 + €100,000 CFO: \$523,000 + €100,000 Euro / USD: 1.2	No change
<b>Annual Bonus</b>	<ul style="list-style-type: none"> <li>For minimum, the scenario assumes no pay-out</li> <li>For below target, the scenario assumes 50% of target for all Management Board Members</li> <li>For target, the scenario assumes 85% of salary for the CEO and 65% for the COO and CFO</li> <li>For maximum, the scenario assumes 300% of target for all Management Board Members</li> </ul>	<ul style="list-style-type: none"> <li>No change to minimum, below target or target pay-out</li> <li>For maximum, the scenario assumes 200% of target for all Management Board Members</li> </ul>
<b>Performance Share Units</b>	<ul style="list-style-type: none"> <li>For minimum, the scenario assumes no pay-out</li> <li>For below target, the scenario assumes 75% of target for all Management Board Members</li> <li>For target, the scenario assumes 100% of target, or 80% of total Long-Term Incentive Program (LTIP): <ul style="list-style-type: none"> <li>CEO: €1,360,000</li> <li>COO: €520,000</li> <li>CFO: €400,000</li> </ul> </li> <li>For maximum, the scenario assumes 175% of target</li> </ul>	<ul style="list-style-type: none"> <li>No change to minimum or maximum pay-out</li> <li>For below target, the scenario assumes 0% pay-out.</li> <li>For target, the scenario assumes 100% of target, which is 100% of the total 2013 LTIP target. <ul style="list-style-type: none"> <li>CEO: €1,700,000</li> <li>COO: €650,000</li> <li>CFO: €500,000</li> </ul> </li> </ul>
<b>Share Options</b>	For all scenarios, share options are valued at fair value. This is 20% of total LTIP: <ul style="list-style-type: none"> <li>CEO: €340,000</li> <li>COO: €130,000</li> <li>CFO: €100,000</li> </ul>	Share Options are discontinued from 2021

1. The AMG Management Board resides in the US, but since AMG is headquartered in Amsterdam, each member has a portion of its salary paid in the Netherlands in Euros.

### CEO - Scenarios for Previous vs. Proposed Policy



### COO and CFO - Scenarios for Proposed Policy



## Terms of employment and severance arrangements

Details of the current Management Board members' appointment terms are as follows:

Name	Title	Date of Initial Contract / Date of Re-Appointment	Length of Contract / Length of Appointment
Heinz Schimmelbusch	CEO	6 April 2006 2 May 2019	Contract: Evergreen Management Board: 2 years
Eric Jackson	COO	1 July 2007 4 May 2017	Contract: Evergreen Management Board: 4 Years
Jackson Dunckel	CFO	22 January 2016 6 May 2020	Contract: Evergreen Management Board: 4 Years

Each newly appointed member of the Management Board will have a management contract with AMG. In addition, such newly appointed, if US-based, Management Board members will have an employment agreement with Metallurg Inc., a US subsidiary of AMG. These contracts will be effective for an indefinite period of time and can be terminated upon a minimum of one (1) month written notice in case of termination without cause that will provide for severance of maximum of one (1) year Base Salary. If severance of one (1) year base salary would be unreasonable under local market practice (for the new Management Board member concerned), the Supervisory Board may decide to adjust the severance up to a maximum of two (2) years Base Salary. Prior to the nomination of a new Management Board member to the Management Board, the Supervisory Board shall review and agree on an appropriate severance payment package taking into account the principles expressed above.

With respect to current Management Board members who have a long service history with AMG or one of its predecessor companies, the severance arrangements are disclosed on our website (<https://amg-nv.com/about-amg/corporate-governance/>).

The Remuneration Committee of the Supervisory Board will determine in its ultimate and full discretion how severance payments and related (unvested) incentive entitlements will be treated when a Management Board member leaves the employment of the company (that includes the decision whether such member qualifies as a so-called *good* or *bad* leaver). Good leavers would include those who leave due to death, ill-health, retirement with consent of the Supervisory Board, redundancies or as otherwise determined by the Supervisory Board.

## *Treatment of variable incentives for leavers*

The table below summarizes the treatment for leavers in relation to the variable incentives.

<b>Proposed Policy</b>	
<b>Annual Bonus</b>	Individuals who are good leavers would be considered for an annual bonus in respect of the period prior to cessation of employment. Any award would be at the Supervisory Board's discretion. Any award would be subject to performance and pro-rated for the time served to the end of employment.
<b>Performance Share Program</b>	<p>For good leavers, awards will continue to vest on the normal vesting date at which point they will be performance tested and time pro-rated to reflect the length of time between the start of the performance period and the date of termination of the Management Agreement.</p> <p>In the event of death or total and permanent disability (as determined by the Supervisory Board), awards will vest as soon as practicable based on performance to date. The Supervisory Board has discretion to accelerate vesting to the date of cessation for good leavers in extraordinary circumstances, where appropriate.</p> <p>In all other circumstances, awards lapse.</p>

XXX

**Appendix A**  
Proposed Peer Group for 2021

1. AMAG
2. Aperam
3. Allegheny Technologies Inc\*
4. Bodycote
5. Carpenter Technologies\*
6. Commercial Metals\*
7. Constellium\*
8. Elementis
9. Eramet
10. Ferrexpo
11. Materion\*
12. Hill & Smith
13. OCI
14. Outokumpu
15. Salzgitter
16. Vallourec
17. SGL Carbon

\*Denotes a US Listed Peer