

# CRITICAL MATERIALS FOR A SUSTAINABLE PLANET

Remuneration Report | Annual General Meeting May 2023



AMG ADVANCED METALLURGICAL GROUP N.V.

# CAUTIONARY NOTE

This document contains proprietary information and is being provided solely for information purposes by AMG Advanced Metallurgical Group N.V. (The “Company”) and may not be reproduced in any form or further distributed to any other person or published, in whole or in part, for any purpose, except with the prior written consent of the company. Failure to comply with this restriction may constitute a violation of applicable securities laws.

This presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company or any of its subsidiaries nor should it or any part of it, nor the fact of its distribution, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

This presentation has been prepared by, and is the sole responsibility of, the Company. This document, any presentation made in conjunction herewith and any accompanying materials are for information only and are not a prospectus, offering circular or admission document. This presentation does not form a part of, and should not be construed as, an offer, invitation or solicitation to subscribe for or purchase, or dispose of any of the securities of the companies mentioned in this presentation. These materials do not constitute an offer of securities for sale in the United States or an invitation or an offer to the public or form of application to subscribe for securities. Neither this presentation nor anything contained herein shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever. The information contained in this presentation has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information or the opinions contained herein. The Company and its advisors are under no obligation to update or keep current the information contained in this presentation. To the extent allowed by law, none of the Company or its affiliates, advisors or representatives accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

Certain statements in this presentation constitute forward-looking statements, including statements regarding the Company's financial position, business strategy, plans and objectives of management for future operations. These statements, which contain the words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “will,” “may,” “should” and similar expressions, reflect the beliefs and expectations of the management board of directors of the Company and are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, the achievement of the anticipated levels of profitability, growth, cost and synergy of the Company's recent acquisitions, the timely development and acceptance of new products, the impact of competitive pricing, the ability to obtain necessary regulatory approvals, and the impact of general business and global economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein.

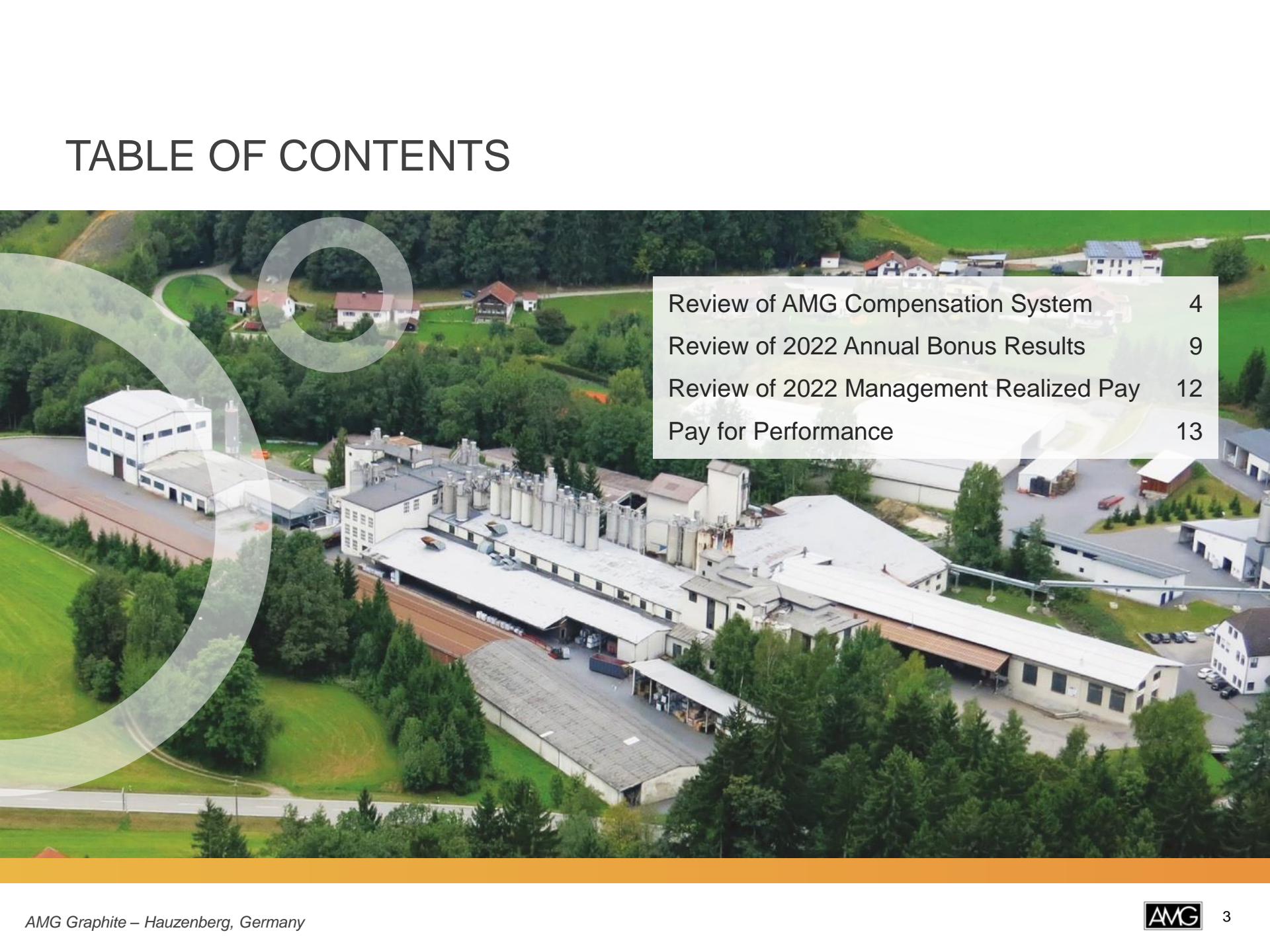
Neither the Company, nor any of its respective agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this presentation.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

This document has not been approved by any competent regulatory or supervisory authority.



# TABLE OF CONTENTS



Review of AMG Compensation System	4
Review of 2022 Annual Bonus Results	9
Review of 2022 Management Realized Pay	12
Pay for Performance	13

## 2022 REMUNERATION POLICY

- AMG's shareholders voted in 2021 to accept our proposed changes to the Remuneration Policy. The policy was significantly changed as a response to shareholder concerns and in conjunction with significant engagement with proxy advisors, corporate governance experts, and direct meetings with shareholders.
- AMG and its Supervisory Board remain committed to shareholder engagement and will continue to engage with shareholders as remuneration disclosure requirements continue to change.

○ AMG's Key Principle for its Remuneration Policy is Pay for Performance

## 2022 ANNUAL BONUS STRUCTURE

The key changes to our Annual Bonus structure included:

- Reducing the maximum Annual Bonus opportunity from 300% of target to 200% in line with best practice. The target as a percentage of salary remains unchanged. The 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.
- Introducing quantifiable, verifiable, and strategically aligned ESG targets to our Annual Bonus award at a weighting of 20%.
- Reducing the Personal Target weighting from 20% to 10% and the Financial Targets from 80% to 70%.

## 2022 PERFORMANCE SHARE UNIT PLAN

We also simplified the Long-Term Incentive Plan (renamed Performance Share Unit Plan) and aligned it to best practice, taking into account investor feedback, as follows:

- Share options will no longer be awarded.
- Performance Share Units (“PSUs”) will feature a 3-year performance period and an additional 2-year holding period in line with the Dutch Corporate Governance Code.
- For 2022, payouts are based 100% on relative Total Shareholder Return versus the global sector peers we utilize to benchmark Management Board pay.
- For awards granted, there will no longer be any vesting of the PSUs for performance below the 50th percentile, in line with best market practice.

## PEER GROUP CONSIDERATIONS

- Every year, the Remuneration Committee of the Supervisory Board reviews, confirms and uses an executive compensation peer group for benchmarking purposes.
- During 2022, the Supervisory Board utilized a peer group that was established with the assistance of our independent adviser Mercer Limited (“Mercer”).
- This peer group features 12 of 17 peers which are listed and domiciled in Europe and has been used for the basis of reviewing our Remuneration Policy and how we will implement it in 2022.
- The revised peer group consists of the following companies:

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

\*Denotes a US Listed Peer

- This peer group is an important yardstick for the Supervisory Board in determining performance by the Company and setting compensation for the Company’s Management Board.

# COMPONENTS OF MANAGEMENT BOARD REMUNERATION 2022

## FIXED PAY AND BENEFITS

- Heinz Schimmelbusch: \$750,000 + €250,000
- Eric Jackson: \$723,000 + €100,000
- Jackson Dunckel: \$523,000 + €100,000

## ANNUAL BONUS

- Heinz Schimmelbusch: 85% of Base Salary
- Eric Jackson: 65% of Base Salary
- Jackson Dunckel: 65% of Base Salary

## PERFORMANCE SHARE UNIT PLAN

- Heinz Schimmelbusch: 200% of Base Salary
- Eric Jackson: 95% of Base Salary
- Jackson Dunckel: 95% of Base Salary

- All components are determined by market data derived from comparison with a group of companies, known as a peer group



# ANNUAL BONUS METRICS AND WEIGHTING 2022

- Based on annual budget approved by the Supervisory Board

## FINANCIAL MEASURES:

- Cash flow from operations 35%
- EBITDA 35%

## NON-FINANCIAL MEASURES:

- ESG Measures 20%
- Management Board Strategic Targets 10%

## AS % OF SALARY

### TARGET BONUSES

85% CEO  
65% COO  
65% CFO

### MARKET P50

100%  
75%  
75%

- Our target bonuses are below the 50<sup>th</sup> percentile of our peer group

# 2022 ANNUAL BONUS CALCULATION

MEASURE	TARGET	ACTUAL	ACTUAL % VS TARGET	ACHIEVEMENT VS TARGET	2021	TARGET % VS 2021
Financial Measures – 70% of total, comprising:						
Operating Cash Flow (35%)	\$74.7M	\$167.6M	224%	200%	\$90.8M	(18%)
EBITDA (35%)	\$175.5M	\$342.6M	195%	200%	\$136.7M	28%
Non-financial Measures – 30% of total, comprising:						
ESG Measures (20%)						
Lost Time Incident Rate (6.7%)	1.05	0.46	(56%)	200%		
Enabling CO <sub>2</sub> Reduction (6.7%)	86	99	115%	167%		
CO <sub>2</sub> Intensity (6.7%)	3.09	2.65	(14%)	188%		
Management Board Strategic Targets (10%)	Qualitative	Sig. Above	Sig. Above	200%		
TOTAL ANNUAL INCENTIVE AWARD				197%		

## 2022 BONUS RESULTS

MANAGEMENT BOARD	SALARY (IN USD IN THOUSANDS)	TARGET BONUS %	TARGET BONUS
Heinz Schimmelbusch	\$1,013	85%	\$861
Eric Jackson	\$828	65%	\$538
Jackson Dunckel	\$628	65%	\$408

MANAGEMENT BOARD	TARGET BONUS (IN USD IN THOUSANDS)	MULTIPLIER	2022 BONUS
Heinz Schimmelbusch	\$861	1.97x	\$1,697
Eric Jackson	\$538	1.97x	\$1,061
Jackson Dunckel	\$408	1.97x	\$805

# MANAGEMENT BOARD REALIZED PAY 2022

USD 000'S	YEAR	BASE SALARY	ANNUAL BONUS	PSUs <sup>1</sup>	OPTIONS <sup>2</sup>	PENSION	OTHER	TOTAL
Heinz Schimmelbusch, CEO	2022	1,013	1,697	4,078	72	210	196	7,266
	2021	1,046	1,582	1,265	169	181	175	4,418
Eric Jackson, COO	2022	828	1,061	1,584	24	116	54	3,667
	2021	841	973	429	50	103	42	2,438
Jackson Dunckel, CFO	2022	628	805	1,200	21	406	38	3,098
	2021	641	742	372	50	417	41	2,263

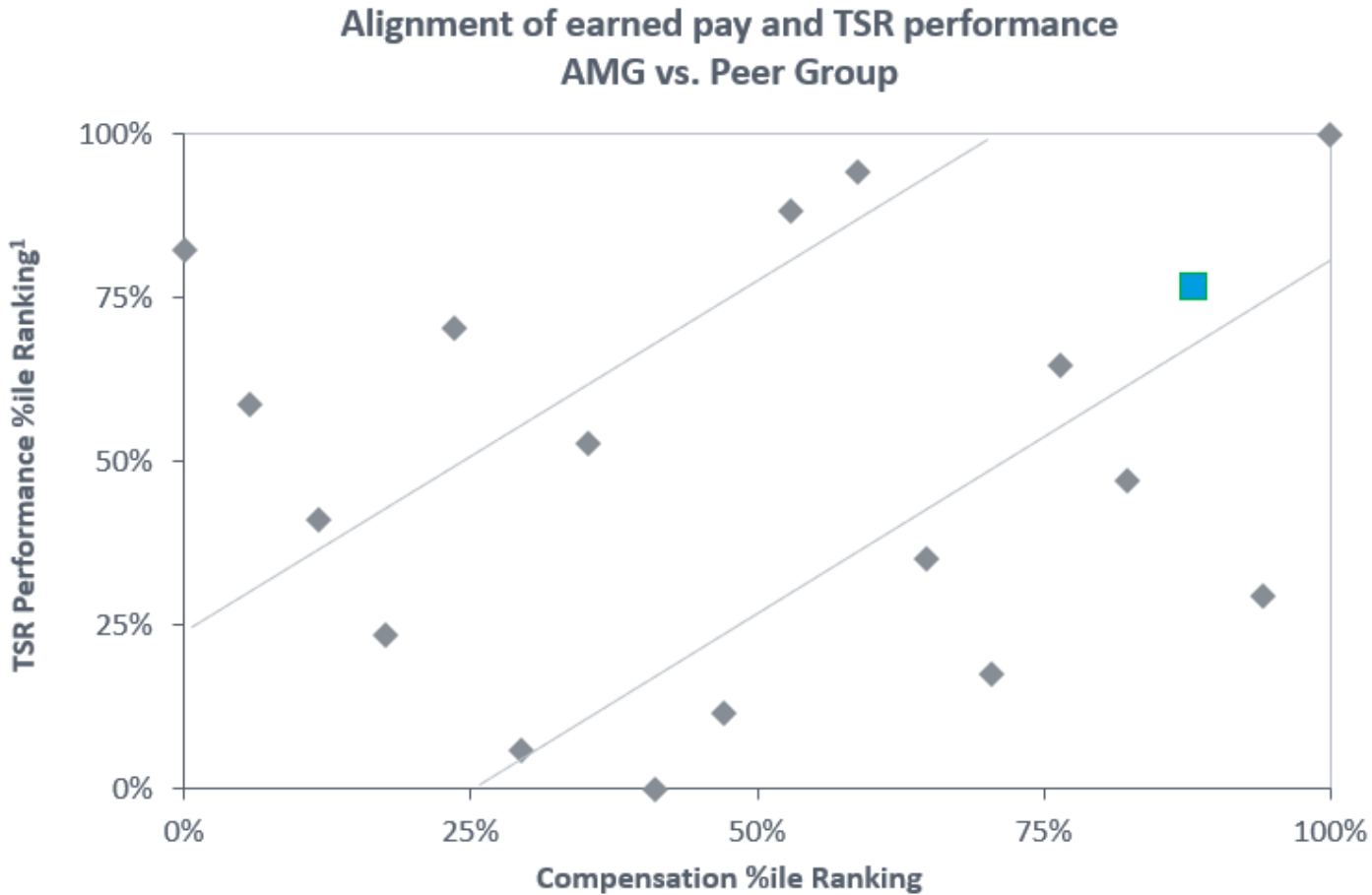
<sup>1</sup> PSU updated for actual payout based on vesting in March 2023 and final multiplier was 1.75x.

<sup>2</sup> See annual report for additional details on option calculation.



# CEO EARNED PAY VS. TSR PERFORMANCE

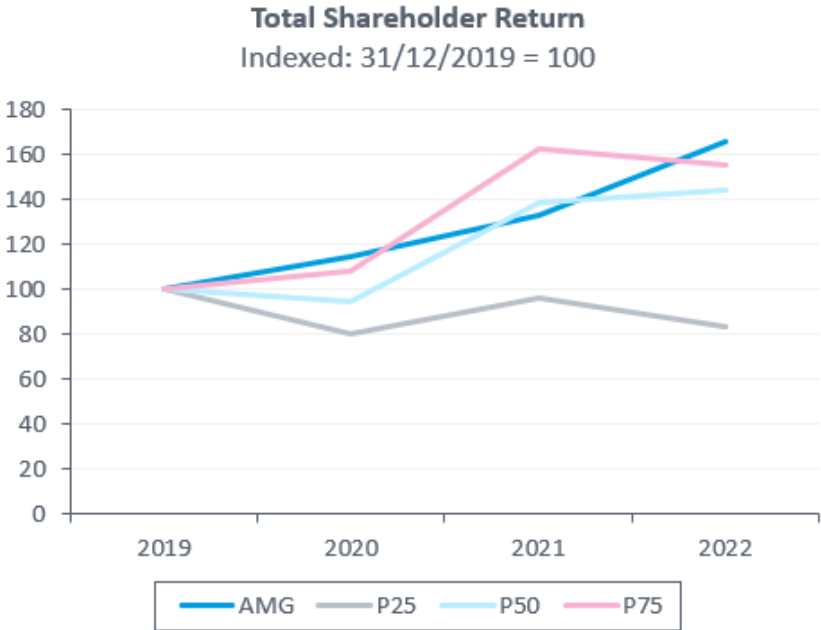
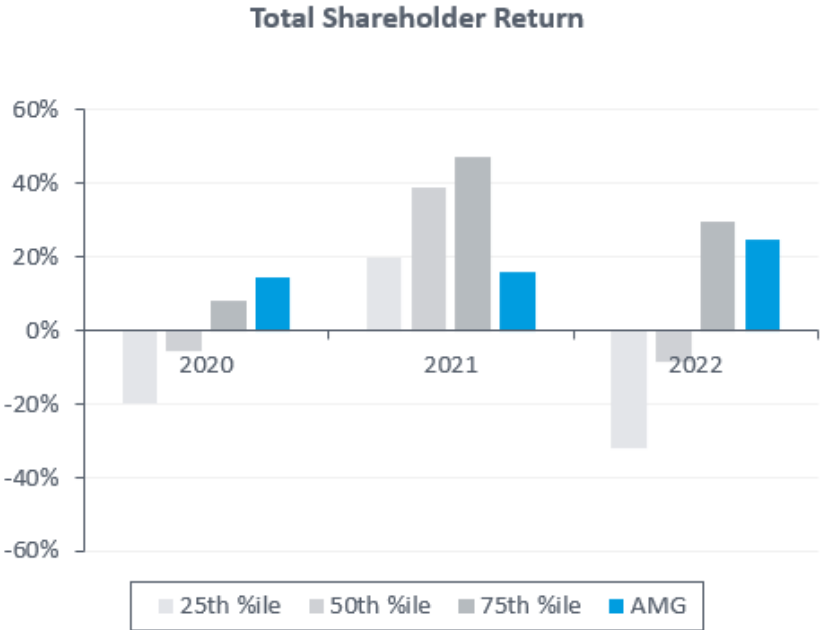
## AMG PEER GROUP (3-YEAR ANALYSIS)



1. Spot TSR

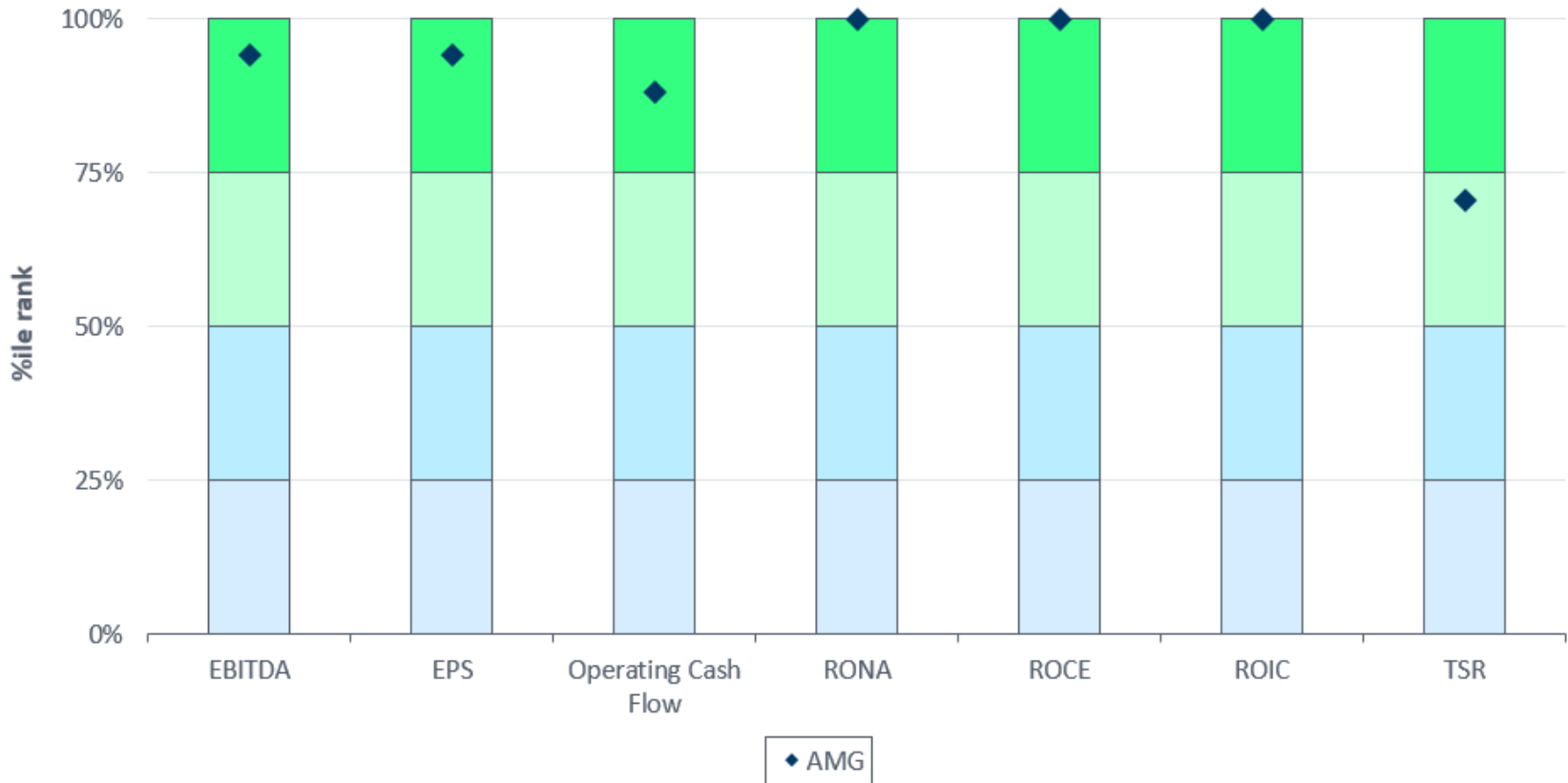
# TSR PERFORMANCE

## AMG PEER GROUP



# RELATIVE PERFORMANCE IN PROXY ADVISOR METRICS

## AMG PEER GROUP (1-YEAR ANALYSIS)





LITHIUM LAB



LITHIUM HYDROXIDE - BITTERFELD, GERMANY



LIVA BATTERY



LI PROCESSING, AMG BRAZIL



TITANIUM



PLUTONIUM



TANTALUM, NIOBIUM, AND HAFNIUM



VANADIUM, MOLYBDENUM AND NICKEL - CAMBRIDGE, OHIO

This announcement appears as a matter of record.



AMG's LAW:

"Everything that  
can be recycled  
will be recycled."

AMG ADVANCED METALLURGICAL GROUP N.V.

[amg-nv.com](http://amg-nv.com)



LITHIUM TAILINGS



ENGINEERING - HANAU, GERMANY



MELTSHOP - ZANESVILLE, OHIO



V<sub>2</sub>O<sub>5</sub>



VANADIUM, MOLYBDENUM AND NICKEL - ZANESVILLE, OHIO