



Agenda and Explanatory Notes of the
Annual General Meeting of Shareholders
of AMG Advanced Metallurgical Group N.V.

Thursday May 6, 2021 at 15:00 CEST

Agenda of the Annual General Meeting of Shareholders of AMG Advanced Metallurgical Group N.V. (the “Company”)

Thursday May 6, 2021 at 15:00 CEST
by *Virtual Meeting platform*

1. **Opening**
- 2.a. **Report of the Management Board for the 2020 financial year including discussion of the Annual Report 2020 (*discussion item*)**
- 2.b. **Remuneration Report of the Supervisory Board for the 2020 financial year (*advisory voting item*)**
- 2.c. **Discussion of the dividend policy (*discussion item*)**
- 3.a. **Adoption of the 2020 financial statements (*voting item*)**
- 3.b. **Proposal to resolve upon (final) dividend distribution (*voting item*)**
4. **Discharge of liability of the members of the Management Board for the 2020 financial year (*voting item*)**
5. **Discharge of liability of the members of the Supervisory Board for the 2020 financial year (*voting item*)**
6. **Composition of the Management Board**
 - 6.a. Reappointment of Dr. Heinz Schimmelbusch as Chief Executive Officer and Chairman of the Management Board (*voting item*)
 - 6.b. Reappointment of Mr. Eric Jackson as Chief Operating Officer and member of the Management Board (*voting item*)
7. **Composition of the Supervisory Board**
 - 7.a. Reappointment of Mr. Willem van Hassel as member of the Supervisory Board (*voting item*)
 - 7.b. Reappointment of Mr. Herb Depp as member of the Supervisory Board (*voting item*)
 - 7.c. Appointment of Mr. Warmolt Prins as member of the Supervisory Board (*voting item*)
8. **Adoption of the Remuneration Policy for the Management Board (*voting item*)**
9. **Renewal of the authorization to (i) issue shares and/or grant rights to acquire shares and (ii) to restrict or exclude the preemptive rights for general corporate purposes and/or for the purpose of mergers and acquisitions, and/or for strategic alliances and/or or financial support arrangements (*voting items*)**
10. **Renewal of the authorization to acquire shares in the Company's own share capital (*voting item*)**
11. **Any other business (*discussion item*)**

12. Closing

Explanatory Notes

to the Agenda for the Annual General Meeting of Shareholders of AMG Advanced Metallurgical Group N.V. (the “Company” or “AMG”) to be held on Thursday May 6, 2021 at 15:00 CEST by Virtual Meeting platform

Agenda item 2.a. Report of the Management Board for the 2020 financial year including discussion of the Annual Report 2020 (*discussion item*)

This item will include the speech by the Chief Executive Officer and Chairman of the Management Board, who will look back on the 2020 financial year, and will look ahead, explaining the strategy of the AMG Group going forward.

Agenda item 2.b. Remuneration Report of the Supervisory Board for the 2020 financial year (*advisory voting item*)

In this item the Chairman of the Remuneration Committee will discuss the Remuneration Report of the Supervisory Board that reports on the implementation of the Remuneration Policy for the Management Board and the Remuneration Policy for the Supervisory Board during the financial year 2020. This Remuneration Report reflects the provisions of the revised EU Shareholder Rights Directive that became effective in the Netherlands in 2019 (“**SRD**”). The Remuneration Report is drawn up in accordance with the provisions of the SRD as embodied in Dutch law to the extent applicable and appropriate.

The Supervisory Board is mindful of the fact that the 2020 Remuneration Report is based on the Remuneration Policy of the Management Board that was last adopted in 2013 (the “**Current MB Remuneration Policy**”), as the amendment of the Current MB Remuneration Policy that was proposed to AMG's 2020 Annual General Meeting was not adopted. As stated in the 2020 Remuneration Report and under item 8 of this Agenda, AMG will ask the General Meeting to vote on a further revised Remuneration Policy for the Management Board during the 2021 Annual General Meeting (the “**Proposed MB Remuneration Policy**”).

We kindly refer to the Report of the Supervisory Board, including the 2020 Remuneration Report, in the Annual Report 2020, for an overview of the remuneration paid to the members of the Management Board and the members of the Supervisory Board for the financial year 2020. The Remuneration Report for the 2020 financial year is attached hereto as **Annex A**.

In accordance with article 2:135b subsection 2 of the Dutch Civil Code, the Remuneration Report for the 2020 financial year will be submitted to the General Meeting for its advisory vote. It is proposed to cast a favourable advisory vote in respect of the Remuneration Report.

Agenda item 2.c. Discussion of dividend policy (*discussion item*)

In 2018, the Management Board – with the approval of the Supervisory Board – had decided to amend the Company's dividend policy to target an annual dividend pay-out of between 20-40% of net income attributable to shareholders, it being provided that year-on-year changes shall be limited to 20% or less, all subject to prevailing statutory requirements.

Given the current situation and the intrinsic volatility AMG has experienced in some of its markets, the Management Board proposes – with the approval of the Supervisory Board – to amend the current policy going forward as follows: given that AMG has cyclical elements in its product mix and that it desires to have a relatively consistent dividend pay-out, the revised policy will allow for stable dividend pay-outs and target gradual increases to historic dividend levels, provided that such pay-outs and possible increases are supported by AMG's liquidity and cash flow generation, and subject to prevailing statutory requirements.

Agenda item 3.a. Adoption of the 2020 financial statements (*voting item*)

In this item it is proposed to the General Meeting to adopt the Financial Statements of AMG for the financial year 2020. The Financial Statements for 2020 including explanatory notes were published on the Company's website on March 11, 2021. The Financial Statements have been audited by KPMG Accountants N.V. and were approved by the Supervisory Board in its meeting of February 24, 2021. The Management Board recommends that the Financial Statements for 2020 will be adopted by the General Meeting.

Agenda item 3.b. Proposal to resolve upon (final) dividend distribution (*voting item*)

[It is proposed to the General Meeting to resolve upon a total dividend distribution over the financial year 2020 of EUR 0,20 per ordinary share. As discussed under agenda item 2.c., the amended dividend policy reflects the Company's strong liquidity as well as the confidence that the Management Board has in the long-term ability of the Company to generate a solid cash flow. With this in mind, the Management Board, with the approval of the Supervisory Board, proposes to declare a dividend of EUR 0,20 per ordinary share over the financial year 2020. On August 15, 2020, the interim distribution of EUR 0.10 per ordinary share was effected; this will be deducted from the total dividend distribution making the final dividend EUR 0,10 per ordinary share. The final dividend of EUR 0,10 per ordinary share will be made payable on or around May 14, 2021 to shareholders of record on May 11, 2021. The ex-dividend date will be May 10, 2021. Dutch withholding tax will be deducted from the dividend at a rate of 15%.

Agenda item 4. Discharge of liability of the members of the Management Board for the 2020 financial year (*voting item*)

It is proposed to the General Meeting to discharge the members of the Management Board in office during the financial year 2020 from all liability in relation to the exercise of their duties in the financial year 2020, to the extent such exercise is apparent from the financial statements or has been otherwise disclosed to the General Meeting prior to the approval of the financial statements.

Agenda item 5. Discharge of liability of the members of the Supervisory Board for the 2020 financial year (*voting item*)

It is proposed to the General Meeting to discharge the members of the Supervisory Board in office during the financial year 2020 from all liability in relation to the exercise of their duties in the financial year 2020, to the extent such exercise is apparent from the financial statements or has been otherwise disclosed to the General Meeting prior to the approval of the financial statements.

Agenda item 6. Composition of the Management Board

The Supervisory Board has reviewed the respective terms of the three members of the Management Board who all received high praise at their annual evaluation by the Supervisory Board in November of last year. The terms of both the CEO and Chairman of the Management Board, Dr. Heinz Schimmelbusch, and the COO, Mr. Eric Jackson, will expire in May 2021. The term of the CFO, Mr. Jackson Dunckel, was extended in 2020 and expires in 2024.

AMG is currently in the midst of an unprecedented and extremely difficult economic environment caused by the COVID-19 pandemic, which has not yet revealed a clear path to a more predictable economic outlook. At the same time, AMG has reached a critical phase in its strategic development. It has completed its segmental re-orientation into three new reporting segments, and it has reformulated and completed its Environmental, Social & Governance ("**ESG**") strategy that is encapsulated in the ECO2RP concept that will continue to drive AMG's strategy and capital investment program across its three new reporting segments.

AMG's current CEO, Dr. Schimmelbusch, is one of the incorporators of AMG and the intellectual designer of AMG's successful strategy. His appraisals have all been excellent, his leadership skills have shown to be beyond reproach, and, where needed, he has demonstrated ample and continuous innovation and agility.

The Supervisory Board has therefore concluded that it is of utmost importance that AMG secures the leadership of Dr. Schimmelbusch for the coming years as CEO and Chairman of the Management Board, given the strategic and operational challenges the Company is facing and prepare AMG for the post-pandemic economy.

In addition, Mr. Jackson, has been an indispensable partner of the CEO as COO in executing the strategy of the Company and maintaining focus on innovation and cost-efficiency. He has made a significant contribution to the Management Board's focus on operational excellence, debt reduction and working capital management besides his international, managerial and industry experience. Mr. Jackson has performed and continues to perform very well in his role as COO particularly by streamlining the organisation into an effective and cost-efficient operation. The Supervisory Board considers it of critical importance that Mr. Jackson can continue in his role as COO, and to bring continuity to the leadership of the Company.

a. Reappointment of Dr. Heinz Schimmelbusch as Chief Executive Officer and Chairman of the Management Board (voting item)

The full curriculum vitae of Dr. Heinz Schimmelbusch is available for inspection at the offices of the Company as well as on the Company's website www.amg-nv.com.

Dr. Schimmelbusch was born in 1944 and has the Austrian nationality. He was appointed as member of the Management Board on November 21, 2006, as Chief Executive Officer and Chairman. He has served in a similar capacity for the businesses and companies comprising AMG Group since 1998. Dr. Schimmelbusch also serves as non-executive Chairman of the Board of various companies, including Allied Resource Corporation (United States), and Chairman of the Supervisory Board of PFW Aerospace (Speyer, Germany). Dr. Schimmelbusch served as Chairman of Metallgesellschaft AG (Germany) from 1989 until he resigned in 1993 and he was a board member at a variety of companies including Allianz Versicherung AG, Mobil Oil AG, Teck Corporation and Methanex Corporation. Dr. Schimmelbusch received his graduate degree (with distinction) and his doctorate degree (magna cum laude) in economics from the University of Tübingen, Germany.

Dr. Schimmelbusch owns 1,023,157 ordinary shares in the Company's share capital as of March 11, 2021.

The Supervisory Board proposes by way of binding nomination to reappoint Dr. Schimmelbusch as managing director for an additional two-year term, covering 2021 through 2023, which term takes effect on May 6, 2021 and lapses on the day following the day of closing of the Annual General Meeting to be held in 2023, to secure AMG's leadership for the next two years and to lead the execution of AMG's strategy and ESG framework in the foreseeable future. Subject to his reappointment at the 2021 Annual General Meeting, Dr. Schimmelbusch will be designated as Chairman of the Management Board with the title of CEO.

b. Reappointment of Mr. Eric Jackson as Chief Operating Officer and member of the Management Board (voting item)

The full curriculum vitae of Mr. Eric Jackson is available for inspection at the offices of the Company as well as on the Company's website www.amg-nv.com.

Mr. Jackson was born in 1952 and is a citizen of the United States of America and Canada. He was first appointed President of the Advanced Materials Division and member of the Management Board on April 1, 2007. In November 2002, he was appointed Chief Operating Officer of Metallurg and also served as a director for certain subsidiaries of Metallurg. Mr. Jackson has been Senior Vice-President of Metallurg since 1998 and has previously acted as director at Phibro, a division of Salomon, Inc, and as Vice-President at Louis Dreyfus Corporation. In addition, from 1979 to 1989 Mr. Jackson acted in various roles for Cargill Incorporated in Canada and the United States. Mr. Jackson received a BS degree in economics and an MBA, both from the University of Saskatchewan, Canada.

Mr. Jackson owns 333,124 ordinary shares in the Company's share capital as of March 11, 2021.

The Supervisory Board proposes by way of binding nomination to reappoint Mr. Jackson as managing director for an additional four-year term, which term takes effect on May 6, 2021 and lapses on the day following the day of closing of the Annual General Meeting to be held in 2025.

Agenda item 7. Composition of the Supervisory Board (voting item)

During the past years, the Supervisory Board has intensified its efforts to review the composition of the Supervisory Board and to bring more diversity to it. Under the prevailing rotation schedule each of Mr. Willem van Hassel and Mr. Herb Depp will reach the end of their respective term at the Annual General Meeting in May 2021.

Mr. Frank Löhner, who has been a member of the Supervisory Board and a member of the Audit & Risk Management Committee since 2018, has requested to step down in May 2021 in view of pressing other priorities in his current professional career. The Supervisory Board has accepted the resignation of Mr. Löhner with regret, and would like to thank Mr. Löhner for his dedication and services to the Supervisory Board and its Audit & Risk Management Committee during the past three years and wishes him well in his future endeavours.

Given the vacancy created by the departure of Mr. Löhner, the Supervisory Board is pleased to present and nominate Mr. Warmolt Prins for appointment as a member of the Supervisory Board by the General Meeting at this Annual General Meeting. Mr. Prins has practiced until 2018 as a chartered accountant and former partner of EY Accountants and served as external auditor (on behalf of EY) of the Company from 2010 through 2015. Mr. Prins also brings highly relevant experience in terms of industry as he served as external auditor of companies engaged in the oil and gas industry and chemical industry.

Mr. Prins will replace Mr. Löhner as member of the Audit & Risk Management Committee, subject to his appointment as member of the Supervisory Board by the General Meeting at this Annual General Meeting.

a. Reappointment of Mr. Willem van Hassel as member of the Supervisory Board (voting item)

The Supervisory Board proposes to reappoint Mr. van Hassel in view of his broad knowledge and experience as Dutch legal and corporate governance expert and his extensive experience as supervisory board member and as administrator and leader in various capacities in the Dutch legal and judicial environment and his outstanding performance as member and Vice-Chairman of the Supervisory Board.

The full curriculum vitae of Mr. Van Hassel is available for inspection at the offices of the Company and is published at the Company's website www.amg-nv.com.

Mr. Van Hassel was born in 1946 and is a Dutch citizen and obtained his Law Degree at Erasmus University Rotterdam in 1964. Until 2000, for nearly 30 years, Mr. Van Hassel has practised in various legal areas, amongst which company law in general, mergers and acquisitions, shareholders and board room disputes, reorganisations and (receiverships in) bankruptcy cases, structuring of public-private partnerships and privatisations. During his legal career he has always combined his counselling activities with litigation, both in court cases and arbitration. He has acted as counsel to Dutch Parliament as well as the Dutch Accounting Office. In the early 1990's, he was president of the Netherlands Bar Association. During the last four years of his legal career he was chairman and managing partner of Trenité Van Doorne, at the time one of the Dutch leading law firms. Until 2000 he was also a Deputy Judge with the Rotterdam District Court. Furthermore Mr. Van Hassel gets appointments by the Enterprise Chamber of the Court of Appeals in Amsterdam as an independent investigator/temporary board member in mismanagement suits and shareholder deadlocks.

Mr. van Hassel owns 10,132 ordinary shares in the Company's share capital as of March 11, 2021,

The Supervisory Board proposes by way of binding nomination to reappoint Mr. Van Hassel as independent member of the Supervisory Board for an additional four-year term which term takes effect

on May 6, 2021 and lapses on the day following the day of closing of the Annual General Meeting to be held in 2025.

b. Reappointment of Mr. Herb Depp as member of the Supervisory Board (voting item)

Mr. Depp has served eight (8) years on the Supervisory Board when his term ends in May 2021. Under the prevailing provisions of the Dutch Corporate Governance Code, Mr. Depp is eligible for reappointment for an additional two-year term. The Supervisory Board proposes to reappoint Mr. Depp in view of his excellent contribution as Supervisory Board member and as Chair of the Remuneration Committee, his technical and engineering background, his international and management experience and his extensive experience in the aerospace industry, one of the major end markets AMG is serving.

The Supervisory Board further believes it is very important that Mr Depp is able to continue and complete the process of implementing the Proposed (amended) Remuneration Policy for the Management Board as Chair of the Remuneration Committee (see item 8 of this Agenda).

The full curriculum vitae of Mr. Depp is available for inspection at the offices of the Company and is published at the Company's website www.amg-nv.com.

Mr. Depp was born in 1944 and is a United States citizen. Mr Depp served from 1994 until 2011 in various positions at General Electric Aviation group, lastly as VP Commercial Aircraft Programs at GE Aviation. Before joining GE in 1994, Mr. Depp was President of Polaris Aircraft Leasing, where he had served in key marketing and executive positions within the company since 1980. Mr. Depp earned a Bachelor of Arts degree in geology from California State University at Fresno in 1966 and a master's degree in personnel management from Central Michigan University in 1975.

Mr. Depp currently owns 28,405 ordinary shares in the Company's share capital as of March 11, 2021.

The Supervisory Board proposes, by way of binding nomination, to reappoint Mr. Depp as independent member of the Supervisory Board for an additional two-year term which term takes effect on May 6, 2021 and lapses on the day following the day of closing of the Annual General Meeting to be held in 2023.

c. Appointment of Mr. Warmolt Prins as member of the Supervisory Board (voting item)

The Supervisory Board proposes to appoint Mr. Warmolt Prins in view of his broad knowledge and experience as chartered accountant and as former partner of international accounting firm EY and his extensive international experience as auditor in oil, gas and chemicals industries and his previous function as external auditor of AMG.

The full curriculum vitae of Mr. Prins is available for inspection at the offices of the Company and is published at the Company's website www.amg-nv.com.

Mr. Prins has the Dutch nationality and was born in 1957. He was audit partner at EY (the Netherlands) and practised as chartered accountant from 1992 to 2018. In that capacity he was a member of the EY EMEA Assurance leadership team (Europe, Middle East, India and Africa) and a regional managing partner in the Netherlands. His areas of expertise stem from regulatory and reporting, environmental, governance and risk management with global perspective and connection especially in the Middle East and Asia Pacific. His former positions include member of the Curatorium of Tilburg University until 2020 and he currently is a co-founder and shareholder of a Dutch international trading company.

Mr. Prins owns no shares in the Company.

The Supervisory Board proposes, by way of binding nomination, to appoint Mr. Prins as independent member of the Supervisory Board for a four-year term which term takes effect on May 6, 2021 and lapses on the day following the day of closing of the Annual General Meeting to be held in 2025.

Agenda item 8. Adoption of the Remuneration Policy for the Management Board (voting item)

The Current MB Remuneration Policy of AMG was adopted by the General Meeting at AMG's 2013 Annual General Meeting and has been effective since then. During 2020, the Remuneration Committee strove to engage with shareholders and proxy advisors to gather feedback on both the 2019 Remuneration Report as well as the amendment to the Current MB Remuneration Policy that was proposed to the General Meeting at AMG's 2020 Annual General Meeting.

In response to and taking into account this feedback, the Remuneration Committee of the Supervisory Board performed a comprehensive review of the Current MB Remuneration Policy and did so with the assistance of an independent adviser and executive compensation consultant Mercer Limited ("**Mercer**"). As further detailed in the Proposed MB Remuneration Policy, the Supervisory Board proposes to make significant changes to the Current MB Remuneration Policy.

The Supervisory Board's review of the Current MB Remuneration Policy took into account several factors, including the long-term strategic opportunities, the challenges and the competitive environment 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 who were consulted late 2020 and early 2021.

The Supervisory Board reviewed the Annual Bonus opportunity 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 AMG's competitors, suppliers and customers, and reflect the pool of talent that AMG must compete with for human capital. In consultation with Mercer, the Supervisory Board established a revised peer group to apply in 2021. Going forward 12 of the 17 peer companies are European based, reflecting its intention to use a peer group which is at least two-thirds European.

The key changes to the Annual Bonus structure include:

- Reducing the maximum Annual Bonus opportunity from 300% of target to 200%, in line with best practice. This stretch target of 200% will continue to be paid out only upon the highest levels of attainment against all performance measures, and AMG will maintain a 0% pay-out 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% for the 2021 reporting year.
- Reducing the Personal Target weighting from 20% to 10% and the Financial Targets from 80% to 70%.

The Proposed MB Remuneration Policy has further been adjusted where necessary to respond to the increasing demands for transparency and clarity resulting from the SRD. The Proposed MB Remuneration Policy continues to fully meet the standards of international good corporate governance practices and it meets the requirements set out by the SRD and Dutch law, specifying, among other things, how the remuneration policy forms a necessary tool for enabling the Company to create long-term value and reach its strategic objectives.

The Supervisory Board, who is responsible for the formulation of the Proposed MB Remuneration Policy, recommends the General Meeting to vote in favor of adopting the Proposed MB Remuneration Policy, as solid framework for the remuneration practice for the Management Board going forward.

In accordance with article 2:135a subsection 2 of the Dutch Civil Code, the proposal can only be adopted by a favourable vote of a majority of at least three-fourths (75%) of the votes cast.

Both the Proposed MB Remuneration Policy and the Current MB Remuneration Policy are attached as **Annex B** and **Annex C** respectively for comparison and review.

Agenda item 9. Renewal of the authorization to (i) issue shares and/or grant rights to acquire shares and (ii) to restrict or exclude the preemptive rights for general corporate purposes and/or for the purpose of mergers and acquisitions, and/or for strategic alliances and/or or financial support arrangements (voting items)

- a. Proposal to authorize the Management Board for a period of 18 months as of May 6, 2021, *i.e.*, up to and including November 5, 2022, subject to the approval of the Supervisory Board, to issue shares in the Company's share capital and/or grant rights to subscribe for shares in the Company's share capital up to a maximum of 10% of the Company's issued share capital as per December 31, 2020.
- b. Proposal to authorize the Management Board for a period of 18 months as of May 6, 2021, *i.e.*, up to and including November 5, 2022, subject to the approval of the Supervisory Board, to restrict or exclude the preemptive rights accruing to shareholders upon an issuance as referred to under agenda item 9.a.

On May 6, 2020, the General Meeting designated the Management Board as the corporate body which, subject to the approval of the Supervisory Board, is authorized to issue shares and grant rights to subscribe for shares, with the right to restrict or exclude preemptive rights. The authorization referred to in the previous sentence was restricted to 10% of the Company's issued share capital as per December 31, 2019 and will expire on November 5, 2021. Under this agenda item 9, it is proposed to renew this authorization for a period of 18 months, however for a maximum of 10% of the outstanding share capital as per December 31, 2020, with effect from May 6, 2021, including the right for the Management Board to restrict and/or exclude preemptive rights.

The Management Board emphasizes that the authorization to issue shares and/or grant rights to subscribe for shares, combined with the authorization to restrict and/or exclude the preemptive rights, provides the Management Board with the flexibility necessary to manage net equity and/or to respond to any demand for shares in the Company's share capital in the context of general corporate purposes that may arise at any time. In addition, this authorization provides the Management Board with the flexibility in financing mergers, acquisitions, strategic alliances and/or financial support arrangements and the necessary tools to respond decisively to emerging business opportunities and is as such of high importance to the ability to implement the strategy of AMG further.

Agenda item 10. Renewal of the authorization to acquire shares in the Company's own share capital (voting item)

On May 6, 2020, with effect with effect as of that date, the Management Board was authorized by the General Meeting to acquire shares in the Company's own share capital for a period of 18 months. The General Meeting is requested to renew this authorization for a period of 18 months, being the maximum term permitted by Dutch law.

The purpose of the proposal is to create flexibility to return capital to the shareholders. Furthermore, the authorization can be used to acquire common shares to cover the Company's obligations related to share-based remuneration. Repurchased common shares may also be used to cover other obligations of the Company to deliver common shares.

It is proposed to authorize the Management Board for a period of 18 months as of May 6, 2021, *i.e.*, up to and including November 5, 2022, to acquire, subject to the approval of the Supervisory Board, shares in the Company's share capital up to 10% of the Company's issued share capital at the date of acquisition, at the stock exchange or otherwise, at a price between par value and 110 percent of the average closing price of the Company's shares at Euronext Amsterdam N.V. on the five consecutive trading days immediately preceding the day of purchase by or for the account of the Company.

Agenda item 11. Any other business (discussion item)

Agenda item 12. Closing

Annex A: Remuneration Report of the Supervisory Board for the year 2020
Annex B: Proposed 2021 MB Remuneration Policy
Annex C: Current 2013 MB Remuneration Policy

ANNEX A

Agenda + Explanatory Notes Annual General Meeting AMG Advanced Metallurgical Group N.V. 6 May 2021

Remuneration Report for the year 2020

REMUNERATION REPORT FOR THE YEAR 2020

Dear Shareholder, As Chairman of the Remuneration Committee of the Supervisory Board, I am pleased to share with you the 2020 Remuneration Report of AMG Advanced Metallurgical Group N.V. (“the Company,” “AMG NV” or “AMG”).

During 2020, the Committee strove to engage with shareholders and proxy advisors to gather feedback on both our 2019 Remuneration Report as well as our proposed Remuneration Policy that was not approved by shareholders at the 2020 Annual General Meeting (“AGM”). In response to this feedback, and as further detailed at the end of this report, we are proposing to make significant changes to our Remuneration Policy.

Our review of the Remuneration Policy took into account several factors including the long-term strategic opportunities, the challenges, and the competitive environment that AMG will face over the next few years, the external corporate governance environment, the views of our employees and stakeholders and commentary from shareholders and proxy advisory bodies who were consulted in late 2020 and early 2021.

Firstly, we reviewed the Annual Bonus opportunity 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. In consultation with our independent adviser Mercer Limited (“Mercer”), AMG’s Supervisory Board established a revised peer group to apply in 2021 onward. Contrary to past practices in which a majority of the peers were US-based, 12 of the 17 peer companies are based in Europe, reflecting our intention to use a peer group which is at least two-thirds European.

The key changes to our Annual Bonus structure include:

- 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% for the 2021 reporting year.
- Reducing the Personal Target weighting from 20% to 10% and the Financial Targets from 80% to 70%.

The Committee and Supervisory Board were mindful of the need for increased simplicity and transparency in the Long-Term Incentive

Plan. We therefore decided to simplify the current plan 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”), and the Long-Term Incentive Plan will be known as the Performance Share Unit Plan going forward.
- PSUs will feature a 3-year performance period and an additional 2-year holding period in line with the Dutch Corporate Governance Code.
- For 2021, payouts will be based 100% on relative Total Shareholder Return versus the global sector peers we utilize to benchmark Management Board pay. Due to 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.
- There will no longer be any vesting of the PSUs for performance below the 50th percentile, in line with best market practice.

RESPONSE TO COVID-19

Financial performance in 2020 was affected greatly by the global pandemic, and as a result the Management Board responded quickly through restructuring measures to preserve cash and ensure the long-term sustained performance of AMG. The Company was impacted by work-stoppages for its customers, lower aerospace demand and ongoing low prices across its portfolio. AMG initiated an extensive restructuring program, reducing SG&A by \$25.8 million, and reducing operating cost by \$18 million. Despite the impact to our Company, we were able to pay an interim dividend in August and our share price has bounced back since the initial decline in March of 2020.

2020 REALIZED COMPENSATION

Neither our targets nor our threshold values for the Annual Bonus key performance indicators of Operating Cash Flow and Return on Capital Employed were met. The Management Board, however, outperformed under the adjusted internal measures the Supervisory Board approved at the beginning of the crisis in early 2020, including safety, cash generation, liquidity preservation, reduction of working capital, and managing an extensive restructuring program.

Given the overall financial results of the Company, the Supervisory Board together with the Management Board determined that it would not be appropriate for the Management Board to receive an Annual Bonus for 2020, despite the outstanding performance of the

Management Board members against their personal targets.

In addition, we anticipate that the 2018 Performance Share Units (which will vest in early 2021 but are part of the 2020 realized compensation) will not meet the threshold level of performance and therefore will lapse in full. As such the 2020 realized compensation for all Management Board members includes only base salary, vesting stock options, pension, and other benefits.

2021 AGM

At the 2021 AGM, shareholders will be asked to approve our draft Remuneration Policy in order for us to be able to apply the improvements described above. Shareholders will also be asked to endorse this Remuneration Report in an Advisory Vote. In the event that the draft policy is not approved, we will be forced to revert to the legacy policy.

On behalf of AMG and the Remuneration Committee, I would like to thank you for your continued support and feedback.

I invite you to send any comments regarding this report or the draft policy to Michele Fischer, Vice President of Investor Relations, at: mfischer@amg-nv.com.

Sincerely,

Herb Depp,

Remuneration Committee Chairman

INTRODUCTION

Although this Remuneration Report for 2020 should be read in conjunction with the 2013 Remuneration Policy for the Management Board, it reflects those disclosure changes that were mandated by the European Shareholder Rights Directive (“SRD”) in 2019. Regarding the Supervisory Board, its Remuneration Policy was approved by the shareholders at the 2020 AGM, so this Report also reflects the Remuneration Policy for the Supervisory Board as adopted in 2020.

This Remuneration Report details 2020 realized pay in line with the 2013 Remuneration Policy for the Management Board and our intentions for 2021 in line with the new proposed Remuneration Policy, as well as the increased disclosure requirements inherent in the SRD.

MANAGEMENT BOARD COMPENSATION PHILOSOPHY, PRINCIPLES, AND SUMMARY OF 2013 REMUNERATION POLICY

AMG COMPENSATION PHILOSOPHY

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. These values underpin the assessment of overall performance for Annual Incentive Payments across the Company.

AMG’s strategy is to be at the forefront of critical material technologies which target clean energy and energy efficiency and ultimately reduce CO₂ production.

The 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 in so doing, support the generation of long-term stakeholder value.

To this end, AMG focuses on pay for performance: AMG’s variable compensation is tied directly to the achievement of strategic targets. The performance measures focus management on the delivery of a combination of robust key performance indicators relating to the annual performance of the Company, 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 Remuneration Policy incentivizes 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 CO₂ abatement, safety, environmental stewardship, diversity, human resource development, and risk management.

AMG targets a Remuneration Policy that is balanced between financial metrics, strategic objectives, and protecting stakeholder values. In addition, AMG targets a total compensation package that is sufficient to attract and retain key management team members.

COMPETITIVE ENVIRONMENT AND PEER GROUP

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. 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. AMG is mindful of the views of society about the level and structure of remuneration for its senior leadership and AMG continues to inform itself about those views in the major countries in which it is operating like the United States, Germany, Brazil, and the United Kingdom. Although AMG has no operational activities in the Netherlands, it continues to take into account the Dutch perspective since its head office is located and its shares are listed in Amsterdam.

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.

In establishing the 2020 remuneration, the Supervisory Board considered multiple scenarios with, amongst others, the how the remuneration components would be affected given different sets of circumstances, including one in which incentive plan thresholds were not achieved.

Every year, the Remuneration Committee of the Supervisory Board reviews, confirms and uses an executive compensation peer group for benchmarking purposes. During 2020, the Supervisory Board utilized a peer group that was established with the assistance of 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 2021.

The revised peer group consists of the following companies:

1. Allegheny Technologies Inc*
2. AMAG
3. Aperam
4. Bodycote
5. Carpenter Technologies*

6. Commercial Metals*
7. Constellium*
8. Elementis
9. Eramet
10. Ferrexpo
11. Hill & Smith
12. Materion*
13. OCI N.V.
14. Outokumpu
15. Salzgitter
16. SGL Carbon
17. Vallourec

*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.

SUMMARY: 2013 REMUNERATION POLICY

2020 FIXED PAY AND BENEFITS			PERFORMANCE RELATED PAY		
	ANNUAL BASE SALARY	PENSION AND OTHER BENEFITS	2020 ANNUAL INCENTIVE	Long-Term Incentive Plan (LTIP)	
Purpose	Reflects responsibilities, experience, and skill sets	Provides retirement and risk insurances tailored to local market practices and regulations	Rewards for performance against short-term financing and strategic objectives, and personal performance	Rewards long-term shareholder value creation	
Form of Payment	Cash	Country and Individual specific and aligned with other senior managers	Cash	80% of the LTIP value: shares, following a 3-year vesting period	20% of the LTIP value: options vesting 50% in year 3 and 50% in year 4
Performance Measures	—	—	Financial Measures: <ul style="list-style-type: none"> • Operating Cash Flow (40%) • Return on Capital Employed (40%) Personal: <ul style="list-style-type: none"> • Personal Targets (20%) 	<ul style="list-style-type: none"> • Relative TSR versus the Bloomberg Metal Fabricate Index • ROCE Hurdle 	

VARIABLE AWARD OPPORTUNITIES PER 2013 REMUNERATION POLICY

EXECUTIVE	SALARY ¹	ANNUAL BONUS TARGET (% of salary)	LONG-TERM INCENTIVE GRANT (% of salary)
Heinz Schimmelbusch, CEO	\$750,000 + €250,000	85%	194% (€1,700,000 ²) <ul style="list-style-type: none"> • 80% PSUs (€1,360,000) • 20% Options (€340,000)
Eric Jackson, COO	\$723,000 + €100,000	65%	93% (€650,000 ²) <ul style="list-style-type: none"> • 80% PSUs (€520,000) • 20% Options (€130,000)
Jackson Dunckel, CFO	\$523,000 + €100,000	65%	93% (€500,000 ²) <ul style="list-style-type: none"> • 80% PSUs (€400,000) • 20% Options (€100,000)

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

2. LTIP is fixed as a Euro figure and the total will not change in the proposed 2021 policy. Percentage of salary is shown for comparability utilizing a 1.20 Euro / dollar exchange rate.

COMPENSATION GOVERNANCE SUMMARY

DECISION ON	DECISION MAKING AUTHORITY
Compensation of Supervisory Board	Supervisory Board
Compensation of Management Board	Supervisory Board
Compensation of Senior Executives	Management Board/Remuneration Committee

MANAGEMENT BOARD COMPENSATION RISK MANAGEMENT PRINCIPLES

<ul style="list-style-type: none"> • Rigorous performance management process • Balanced mix of short-term and long-term variable compensation elements • Performance evaluation on an individual basis • Long-term incentive plan focused on share price performance with three and four-year vesting 	<ul style="list-style-type: none"> • Annual incentive compensation and LTIP capped at 300% and 175%, respectively • Post contractual non-compete of 24 months • Compensation is base salary plus in some cases target annual incentive payment 	<ul style="list-style-type: none"> • Good and bad leaver provisions apply to annual bonus and unvested share plans • Clawback and malus principles apply to all elements of variable compensation • Share ownership requirements • No loans to executives permitted
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2020 MANAGEMENT BOARD COMPENSATION

2020 AND 2019 REALIZED PAY FOR THE MANAGEMENT BOARD

USD 000's		BASE SALARY	ANNUAL BONUS	PSUs ¹	OPTIONS ¹	PENSION	OTHER	TOTAL	FIXED [% OF TOTAL]	VARIABLE [% OF TOTAL]
Heinz Schimmelbusch, CEO	2020	1,035	0	0	338	229	333	1,935	83%	17%
	2019	1,030	744	637	1,780	268	134	4,593	31%	69%
Eric Jackson, COO	2020	837	0	0	99	133	40	1,109	91%	9%
	2019	750	462	187	523	161	40	2,123	45%	55%
Jackson Dunckel, CFO	2020	637	0	0	99	357	26	1,119	91%	9%
	2019	635	351	993 ²	330	277	51	2,637	37%	63%

¹ Assuming a share price of €24.77 as of December 31, 2020, the 2018–2020 PSUs were expected to pay out 0%. Option value detail is described on the following pages.

² Includes final tranche of share-based signing bonus.

BASE SALARY

Neither the CEO nor the CFO received an increase to base salary in 2020. In addition, the CEO has not received a base salary increase since 2008, and the CFO has not received an increase since joining the Company in January 2016. The COO had not received an increase in salary since 2008. Recognizing the COO's increasing responsibilities with regard to implementing AMG's key expansion projects in lithium in Brazil and in vanadium in Ohio, the Supervisory Board decided to increase his salary to a level commensurate with his increased responsibilities and demonstrated track record with, amongst others, the successful start-up of the spodumene production plant in Brazil. Accordingly, the COO received an increase of 16% effective January 1, 2019; and another salary increase of 13% effective November 15, 2019. Together, these two salary increases represent a 2.2% increase per annum between 2008 and 2019. The Supervisory Board has decided that no Management Board members will receive salary increases in 2021, and is committed to clearly disclosing its intentions with regard to significant future salary increases.

PENSIONS AND RETIREMENT BENEFITS

The members of the Management Board are members of a defined contribution plan maintained in the United States. They receive additional retirement benefits from Metallurg's Supplemental Executive Retirement Plan (SERP). With respect to Heinz Schimmelbusch, the supplemental benefits are payable commencing at the end of his employment with AMG.

The benefit to be paid under the AMG retirement plan will be reduced by the amounts received under the normal retirement benefit under the Pension Plan of Metallurg Inc. Pursuant to Eric Jackson's and Jackson Dunckel's SERP, it is provided that if they are employed by AMG or remain in AMG's employment until the age of 65, they are entitled, whether or not they have terminated their employment, to receive AMG retirement benefits (reduced by amounts received under Metallurg's other pension plans). As Eric Jackson has reached age 65 and remains in AMG's employment, he has begun receiving AMG retirement benefits. Jackson Dunckel's benefits will be reduced if his employment with AMG ends prior to reaching age 65.

2020 ANNUAL BONUS

Target opportunity was 85% of salary for the CEO and 65% for the COO and CFO. Maximum performance was 300% of target subject to the attainment of exceptional performance.

MEASURE	TARGET	ACTUAL	ACTUAL % VS TARGET	ACHIEVEMENT VERSUS TARGET
Financial Measures—80% of total, comprising:				
Operating Cash Flow (40%)	\$60.7M	\$18.3M	30%	0%
Return on Capital Employed (40%)	9.2% ¹	3.6%	39%	0%
Personal Objectives²—20% of total, comprising:				
Drive Continuous improvement in Safety Performance		N/A		Significantly Above
Drive AMG Technology IPO		N/A		Not Met
Deepen AMG's CO ₂ Enabling Strategy		N/A		Significantly Above
Advance Cambridge 2 Execution		N/A		Met
Advance German Lithium Hydroxide Project		N/A		Met
Advance Shell Joint Venture Projects		N/A		Met
Overall Assessment				Met
Total Annual Incentive Award				0%

¹ This target was set below our normal level due to the very high capex program AMG is currently undergoing, which reduces ROCE during the build years before the plant starts up.

² The Personal Objectives relate to strategic projects of the Company and apply to each Management Board member with different weighting and are fixed and measured by the Supervisory Board.

Financial performance was hit hard by the global pandemic, as such threshold performance was not met.

Dr. Schimmelbusch was instrumental in 2020 in establishing the AMG Shell Joint Venture and driving the JV toward commercialization of multiple projects in the Middle East. In addition, Dr. Schimmelbusch presented a new ESG strategy to shareholders, including detailed measurement of AMG's CO₂ reduction technology. In 2020, the Company achieved an all-time best safety result.

Mr. Jackson was engaged throughout 2020 on project execution. The key project was the doubling of AMG's vanadium capacity in Ohio, but Mr. Jackson initiated and managed many other projects including the expansion of our Aluminum capacity in China, and the establishment of a centralized project engineering group. In addition, Mr. Jackson was responsible for the cost cutting efforts across the Company.

Mr. Dunckel was responsible for all aspects of liquidity management during the pandemic. He established a detailed cash management projection protocol, worked with AMG's banking syndicate to maintain capacity under the revolving credit facility, and worked with all of AMG's relationship banks to increase cash availability. As a result, despite poor results and low cash generation by the operating units, AMG ended 2020 with similar levels of liquidity as it began the year with.

Given the overall financial results of the Company, the Supervisory Board determined that it would not be appropriate for the Management Board to receive an Annual Bonus for 2020 despite the outstanding performance of the Management Board members against their Personal targets.

2018 LONG-TERM INCENTIVES (VESTING 2020)

For the 2018 PSU award, the three-year vesting period was completed in 2020 and the average minimum ROCE over the

performance period (2018-2020) was 17.5% versus the target set by the Supervisory Board of 11%. Based on the share price performance to December 31, 2020, AMG estimates that the relative TSR for the Company will not meet threshold performance and, as such, the PSU award will lapse.

50% of the 2016 Stock Options and 50% of the 2017 options vested in 2020 and, based on the closing share price on the vesting date, resulted in the following vesting value (net of exercise price) to the Management Board:

(in thousands except shares)	NUMBER OF SHARES	VALUE ¹
Heinz Schimmelbusch, CEO	21,302	\$338
Eric Jackson, COO	6,265	\$99
Jackson Dunckel, CFO	6,265	\$99

¹ Calculated based on the share price of €14.56 on the Award Date of May 4, 2020.

During 2020, the Management Board exercised zero options.

2017 LONG-TERM INCENTIVES (VESTING 2019)

For the 2017 PSU award, the three-year vesting period was completed in 2019 and the average minimum ROCE over the performance period (2017-2019) was 23.4% versus the target of 11% set by the Supervisory Board. Based on the average share price of €19.31 for the 10 days after the publication of the 2019 annual report, AMG ranked in the 40th percentile of performance versus the Bloomberg World Metal Fabricate Index. As such, Relative TSR for the Company resulted in a multiplier of 75% which, accordingly, allowed 75% of the PSUs to vest.

The Supervisory Board resolved on November 2, 2016, pursuant to the authority granted under the Remuneration Policy, that all PSU awards granted thereafter would be settled in AMG shares rather than cash, subject to vesting of the awards. As a result, in 2020 the following shares were issued to the following Management Board members as settlement of the 2017 PSU awards:

(in thousands except shares)	NUMBER OF SHARES	VALUE ¹
Heinz Schimmelbusch, CEO	42,945	\$637
Eric Jackson, COO	12,631	\$187
Jackson Dunckel, CFO	12,631	\$187

¹ Calculated based on the share price of €13.55 on the Award Date of March 19, 2020.

50% of the 2015 Stock Options and 50% of the 2016 options vested in 2019, and based on the closing share price on the vesting date resulted in the following net vesting value to the Management Board:

(in thousands except shares)	NUMBER OF SHARES	VALUE ¹
Heinz Schimmelbusch, CEO	64,768	\$1,780
Eric Jackson, COO	19,049	\$524
Jackson Dunckel, CFO	11,689	\$330

¹ Calculated based on the share prices of €25.24 and €23.46 on the Award Dates of May 4, 2019 and May 7, 2019.

During 2019, Heinz Schimmelbusch exercised 103,057 options for gross proceeds of \$1.692 million. Eric Jackson exercised 30,311 options for gross proceeds of \$498K.

2020 LONG-TERM INCENTIVES

In 2020, the Supervisory Board awarded Performance Share Units and Options to the Management Board pursuant to the 2013 Remuneration Policy.

The face value of the Long-Term Incentive Plan for 2020 is as follows:

(in thousands except shares)	PSUs (80%)	OPTIONS (20%)	TOTAL
Heinz Schimmelbusch, CEO	€1,360	€340	€1,700
Eric Jackson, COO	€520	€130	€650
Jackson Dunckel, CFO	€400	€100	€500

Per the 2013 Remuneration Policy, the number of PSUs awarded is calculated as the face value divided by the average share price of the 10 trading days after the publication of the annual results. These PSU awards will vest after three years, subject to:

- A minimum average ROCE over the performance period as established by the Supervisory Board.
- The relative Total Shareholder Return (TSR) compared to the Bloomberg World Metal Fabricate/Hardware Index. TSR is calculated using the average 10 days after the publication of the annual results three years after the award. TSR for both AMG and the Index includes the value of dividends paid.

In May 2020, options were granted to the Management Board members pursuant to the Remuneration Policy as part of the long-term incentive plan. The number of options awarded and the strike price were set based on the average share price for the 10 day trading period after the publication of the annual results.

The value of the options is determined based on the average share price for the 10 day trading period after the publication of the annual results on the third and fourth anniversary of the vesting date. They vest 50% in year 3 and 50% in year 4. No stock options were granted to other employees of the AMG Group during 2020. Should the 2021 Remuneration Policy be approved, the Management Board will cease to receive grants of options going forward.

OUTSTANDING OPTIONS HELD BY THE MANAGEMENT BOARD

The summary of all options outstanding, both vested and non-vested, is presented in the table below:

AMG OPTION PLAN		NON-VESTED OPTIONS UNDER THE PLAN				VESTED OPTIONS UNDER THE PLAN			
FOR THE YEAR ENDED DECEMBER 31, 2020	YEAR	DATE OF GRANT	NUMBER OF OPTIONS	PRESENT VALUE AT DATE OF GRANT (€)	VESTING SCHEME	EXERCISE PRICE (€)	NUMBER OF OPTIONS	MARKET VALUE AT 12/31/20 (€000)	
Dr. Heinz Schimmelbusch	2016	5-4-16	—	340,000	50% vested after 3 years, 50% vested after 4 years	9.78	64,885	973	
	2017	5-4-17	23,834	340,000	50% vested after 3 years, 50% vested after 4 years	25.50	23,834	N/A	
	2018	5-2-18	17,086	340,000	50% vested after 3 years, 50% vested after 4 years	44.24	—	N/A	
	2019	5-13-19	35,602	340,000	50% vested after 3 years, 50% vested after 4 years	31.43	—	N/A	
	2020	3-11-20	85,859	340,000	50% vested after 3 years, 50% vested after 4 years	19.31	—	N/A	
Eric Jackson	2016	5-4-16	—	100,000	50% vested after 3 years, 50% vested after 4 years	9.78	19,084	286	
	2017	5-4-17	7,010	100,000	50% vested after 3 years, 50% vested after 4 years	25.50	7,010	N/A	
	2018	5-2-18	5,026	100,000	50% vested after 3 years, 50% vested after 4 years	44.24	—	N/A	
	2019	5-13-19	12,042	115,000	50% vested after 3 years, 50% vested after 4 years	31.43	—	N/A	
	2020	3-11-20	33,333	132,000	50% vested after 3 years, 50% vested after 4 years	19.31	—	N/A	
Jackson Dunckel	2016	5-4-16	—	100,000	50% vested after 3 years, 50% vested after 4 years	9.78	38,168	572	
	2017	5-4-17	7,010	100,000	50% vested after 3 years, 50% vested after 4 years	25.50	7,010	N/A	
	2018	5-2-18	5,026	100,000	50% vested after 3 years, 50% vested after 4 years	44.24	—	N/A	
	2019	5-13-19	10,471	100,000	50% vested after 3 years, 50% vested after 4 years	31.43	—	N/A	
	2020	3-11-20	25,253	100,000	50% vested after 3 years, 50% vested after 4 years	19.31	—	N/A	

SHARE OWNERSHIP GUIDELINES

Management Board Members are required to hold a minimum level of shares in relation to their base salary. The CEO's guideline is 400% of base salary whilst the COO and CFO's guidelines are 200% of base salary.

The table below outlines the number of shares held by Management Board Members on an unvested and vested basis.

	SHARES OWNED	MULTIPLE OF SALARY ¹	UNVESTED PSUs AT TARGET AWARD (100%)	PSU AWARD PRICE	NET UNDERLYING SHARES UNVESTED OPTIONS ¹	NET UNDERLYING SHARES VESTED OPTIONS ¹	TOTAL SHARES
Dr. Heinz Schimmelbusch	1,017,586	30x			18,926	39,266	
2018–2020 ²			0	€37.72			
2019–2021 ²			0	€31.43			
2020–2022			70,430	€19.31			
TOTAL SHARES	1,017,586		70,430		18,926	39,266	1,146,208
Eric Jackson	331,058	12x			7,348	11,549	
2018–2020 ²			0	€37.72			
2019–2021 ²			0	€31.43			
2020–2022			27,343	€19.31			
TOTAL SHARES	331,058		27,343		7,348	11,549	377,298
Jackson Dunckel	48,566	2x			5,566	23,098	
2018–2020 ²			0	€37.72			
2019–2021 ²			0	€31.43			
2020–2022			20,715	€19.31			
TOTAL SHARES	48,566		20,715		5,566	23,098	97,945
TOTAL SHARES OWNED BY MANAGEMENT BOARD	1,397,210		118,488		31,840	73,913	1,621,451

1. Based on December 31, 2020 share price of €24.77

2. The 2018 and 2019 awards had a 0% multiplier as of December 31, 2020

PAY RATIO AND AMG GROUP WORKFORCE COMPENSATION

Since the introduction of the pay ratio in 2017, the Supervisory Board, upon recommendation of the Remuneration Committee, has established that the most informative ratio would be one which compares the average Management Board actual compensation with that of the average total employee benefit cost per employee (global workforce). The average Management Board compensation (rather than only CEO compensation) is deemed to be the appropriate parameter, given the collective management responsibility of the Management Board members under the Dutch corporate governance system.

It should be noted that pay-ratios are specific to a company's industry, geographic footprint, and organizational structure. For example, a large part of AMG's workforce is located in emerging and developing countries, whereas AMG's Management Board members are based in the United States. Compensation packages are designed to be locally competitive. Pay ratios are also susceptible to volatility over time, as they can vary with incentive outturns, stock market movements (impacting the LTI part of the Management Board compensation), changes in incumbents, exchange rate movements and actual financial performance by the Company.

	2016	2017	2018	2019	2020
Management Board Pay Ratio	71	72	62	40	25
CEO Pay Ratio	113	120	96	61	35

The average remuneration on a full-time equivalent basis of the workforce of the AMG Group moved down from \$70K per year to \$64K per year in 2020 due to cost cutting and lower variable compensation.

The development of this pay ratio will be monitored and disclosed going forward, but it is important to note that the pay ratio is likely to go up versus the 2020 figure to the extent the Management Board achieves its financial targets and receives an Annual Bonus. In addition, we expect average remuneration of the workforce of AMG Group to normalize and return to pre-pandemic levels once the pandemic ends. The Remuneration Committee has taken into account these pay ratios in establishing the Management Board compensation for 2020 and 2021 and believes that these ratios are fair and adequate for this purpose.

FIVE-YEAR CHANGE IN REALIZED COMPENSATION VERSUS KEY PERFORMANCE INDICATORS

The table below shows the change in total realized remuneration for each Management Board member over the past five-year period, compared to (i) financial performance by the Company and (ii) average remuneration AMG Group workforce, during the same period.

YEAR ON YEAR % CHANGE (EXCEPT ROCE)	2016	2017	2018	2019	2020
Heinz Schimmelbusch	142%	45%	-10%	-72%	-58%
Eric Jackson	86%	41%	-9%	-63%	-48%
Jackson Dunckel	N/A	-9%	153%	-54%	-58%
Cash Flow from Operations	-26%	40%	24%	-52%	-58%
Share Price Change	67%	187%	-32%	-21%	15%
Actual ROCE	18.8%	21.2%	35.4%	13.7%	3.5%
Average Remuneration AMG Group Workforce	3%	4%	4%	-4%	-8%

TOTAL COMPENSATION EXPENSE OF THE MANAGEMENT BOARD IN 2020

Total costs to AMG with respect to the pension and retirement benefits of the Management Board are provided in the table below, which sets forth total expenses incurred in 2020 for Management Board remuneration.

All Management Board members receive benefits that are in line with industry and individual country practice. No loans, advances, or guarantees are granted to any Management Board members. Total costs to the Company with respect to other remuneration of the Management Board are provided in the table below, which sets forth total costs incurred in 2020 for Management Board remuneration.

(in thousands)							
FOR THE YEAR ENDED DECEMBER 31, 2020	BASE SALARY	ANNUAL BONUS	OPTION COMPENSATION	PERFORMANCE SHARE UNITS	RETIREMENT BENEFITS & PENSIONS	OTHER REMUNERATION ¹	TOTAL
Heinz Schimmelbusch	\$1,035	\$-	\$183	\$419	\$229	\$333	\$2,199
Eric Jackson	\$837	\$-	\$58	\$137	\$133	\$40	\$1,205
Jackson Dunckel	\$637	\$-	\$54	\$123	\$357	\$26	\$1,197

Note: These amounts represent the expense recorded by AMG for each component.

¹ "Other Remuneration" includes car expenses and additional insurance paid for by the Company.

2021 MANAGEMENT BOARD COMPENSATION PROPOSAL

The AMG Supervisory Board and Remuneration Committee are proposing significant changes to the 2013 Remuneration Policy in the draft 2021 Remuneration Policy. To the extent this 2021 Remuneration Policy is approved by shareholders at the 2021 AGM, the compensation parameters listed below will apply. If the 2021 Policy is rejected, AMG will revert to the compensation parameters contained in the 2013 Policy.

FIXED REMUNERATION

No changes to the structure of fixed remuneration are proposed for 2021. There will also be no increases to base salary.

ANNUAL BONUS

Target opportunities will remain the same as per the 2013 remuneration policy, the CEO's target bonus will be 85% of base salary and the COO's and CFO's will be 65% of salary. Maximum opportunities have been reduced from 300% to 200% of target in line with best practice.

Financial Measures	Weighting
Operating Cash Flow	35%
EBITDA	35%
Non-financial Measures	
ESG Measures	
• Lost Time Incident Rate	20%
• Enabling CO ₂ Reduction	
• CO ₂ Credits Created	
Management Board Strategic Targets	10%

The Supervisory Board has made the decision to suspend ROCE as a Key Performance Indicator during the current period of significant capital expenditures. While ROCE is a good long-term measure of shareholder value, an ROCE target at this time would incentivize the Management Board to slow down investment. This would not be aligned with AMG's current project-driven expansionary strategy and would require adjustments to published results, limiting transparency for shareholders. Accordingly, going forward, the Supervisory Board may reinstate ROCE depending on the prevailing circumstances.

The non-financial measures will be graded on a 5-point scale—Not Met; Below Expectations; Met; Above Expectations; Significantly Above Expectations. This scale will pay out 0% to 200% of target based on actual performance versus the pre-set targets as well as the judgment of the Supervisory Board. The ESG measures are reported by AMG in its Sustainability Report utilizing the Global Reporting Initiative (GRI) as the basis for the reporting. In addition, AMG has engaged ERM as its Sustainability Consultant to aid in data gathering and analysis and utilized ERM to support its CO₂ enabling calculation.

Specific financial targets are set to be stretching but achievable. ESG targets are quantifiable and verifiable. The Committee is of the opinion that the targets for the annual bonus are commercially sensitive with respect to the Company and that it would be detrimental to disclose details at the start of the relevant performance year. Performance against the targets will be retrospectively disclosed in next year's Annual Report on Remuneration.

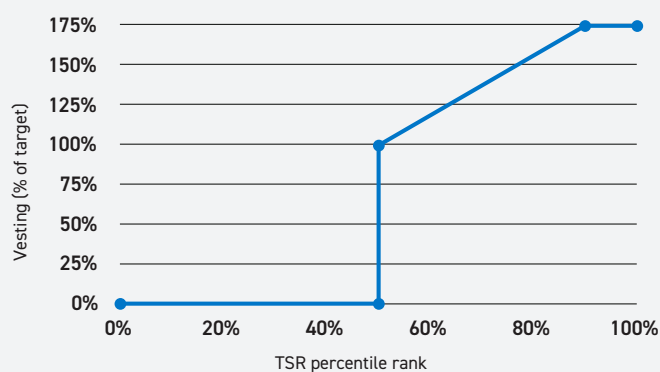
PERFORMANCE SHARE UNITS

In line with the 2021 Remuneration Policy, the Long-Term Incentive Plan will now be called the Performance Share Unit Plan. Stock Options will be discontinued going forward. PSUs will be granted based on a fixed Euro face value amount unchanged from 2020, with target percentages of base salary not exceeding 200% of base salary. Maximum opportunity will continue at 175% of target.

Performance will continue to be measured over a three year period. In addition, a two-year holding period of the post-tax shares awarded under the PSU plan will be implemented for all PSUs under the 2021 Remuneration Policy.

Performance will be measured solely based on relative TSR versus the peer group utilized to benchmark Management Board compensation. The ROCE hurdle is discontinued as the Company is in the midst of a large, multi-year investment cycle that will depress ROCE until the projects start up. The vesting schedule for awards from 2021 is shown below—the maximum opportunity is only available with outperformance at the 90th percentile, and unlike the existing policy, there will no longer be any vesting for below-median performance.

RELATIVE TSR— VESTING SCHEDULE



The 2021 target opportunities are shown below:

(in thousands)	FACE VALUE
Heinz Schimmelbusch, CEO	€1,700
Eric Jackson, COO	€650
Jackson Dunckel, CFO	€500

The share price utilized for the award value will be based on the average share price over the 5 trading days after the publication of the 2020 annual results. The vesting value will be based on the TSR performance over three years and will utilize the average share price 30 trading days prior to year-end 2020 versus the average share price over the 30 trading days prior to year-end 2023.

PEER GROUP

The peer group utilized to benchmark Management Board compensation will be unchanged from 2020, and importantly, the 2021 Remuneration Policy includes a provision for maintaining a peer group that includes two-thirds European companies.

SUPERVISORY BOARD REMUNERATION REPORT 2020

BACKGROUND AND STRATEGIC FRAMEWORK

Reference is made to the Remuneration Policy for the Management Board of the Company with respect to a description of the relevance of the Company's values, identity, and mission and of the background, strategic framework and ambitions and guiding principles that apply to the Company's remuneration philosophy, all of which equally apply in the context of explaining and reporting about the remuneration of the Company's Supervisory Board members.

As explained in the 2020 Remuneration Policy for the Supervisory Board, which was adopted during the AGM in May 2020, Supervisory Board members have a different role than Management Board members and are compensated differently. Accordingly, Supervisory Board members are not entitled to variable compensation or long-term incentives. No financial or non-financial performance indicators apply to the annual compensation of Supervisory Board members.

The Supervisory Board believes that the benchmarks it uses to attract and retain members for the Management Board should equally apply to the composition and membership of the Supervisory Board. Hence, and given the fast-paced and competitive international environment surrounding AMG's operations, competitive reward opportunities are necessary to attract highly qualified Supervisory Board members.

The Supervisory Board therefore has selected and uses an appropriate compensation peer group for benchmarking purposes that is the same as the peer group used for benchmarking the remuneration of the Management Board.

REMUNERATION COMPONENTS-SUPERVISORY BOARD

Fees paid to Supervisory Board members are not linked to the financial results of the Company. Supervisory Board members receive fixed compensation on an annual basis that is partly payable in AMG shares as explained below. Supervisory Board members do not accrue pension rights and are compensated for travel and lodging expenses incurred as a result of discharging their Supervisory Board duties. They are not entitled to any benefits upon the termination of their appointment.

The individual Supervisory Board members are paid annually:

1. a fixed retainer fee in cash (USD)
2. a fixed Share Award (EUR)

taking into account the level of responsibility of each Supervisory Board member within the Board.

In 2020, the following amounts were paid to the Supervisory Board members:

(in thousands except shares)	CASH	SHARES ¹	SHARE VALUE	TOTAL
Steve Hanke	\$110	3,017	\$69	\$179
Willem van Hassel	\$75	2,072	\$46	\$121
Herb Depp	\$80	1,813	\$40	\$120
Donatella Ceccarelli	\$80	1,813	\$40	\$120
Frank Löhner	\$65	1,813	\$40	\$105
Dagmar Bottenbruch	\$65	1,813	\$40	\$105

¹ Share quantity calculated based on the share price on the award date.

The amounts above comprise the total remuneration received on an annual basis by Supervisory Board members for their services rendered.

The share award that is given as compensation to Supervisory Board members comprises a number of AMG shares that is equal to the award amount divided by the average share price of the 10 trading days immediately following the publication of the annual results of AMG of the previous year. Shares awarded to and received by Supervisory Board members as compensation are held for long-term investment purposes and shall be held for a period of at least three years from the date of receipt, and for at least one year after the date a Supervisory Board member has retired.

The Supervisory Board acknowledges that by awarding shares to its members as compensation, AMG deviates from best practice provision 3.3.2. of the Dutch Corporate Governance Code (2016). As explained by the Supervisory Board during and as early as the 2009 and 2013 AGMs, and again during the 2020 AGM, it considers it important to be able to recruit future members from the global marketplace given the size and complexity of the markets AMG is operating in. This merits that part of the remuneration be paid

in company shares, in line with US practice (and the general US centric approach for executive compensation as chosen by the Supervisory Board and explained in the Remuneration Policy of the Management Board), where the Company has its operational headquarters. Shares granted as compensation to Supervisory Board members are held as long-term investments and restricted from trading for a period of at least three years from the date of granting. As a result, the Company departs from best practice provision 3.3.2. for reasons explained above. The Supervisory Board expects that this departure will continue to apply indefinitely as it has been in place since 2007 and has contributed to the quality of the Supervisory Board and success

of AMG. Further, the Supervisory Board holds the view that this departure does not in any way negatively affect good corporate governance at the Company.

The decision by the Supervisory Board to continue its practice to partly compensate its members in AMG shares fully aligns with the long-term share-based incentives granted to the Management Board members under the Management Board Remuneration Policy as a tool to drive and reward sound business decisions and judgment to support AMG's long-term health that is necessary for achieving its strategic objectives and to align the interests of its Board members with those of AMG's shareholders.

FIVE-YEAR CHANGE IN SUPERVISORY BOARD COMPENSATION EXPENSE VERSUS KEY PERFORMANCE INDICATORS

YEAR ON YEAR % CHANGE (EXCEPT ROCE)	2016	2017	2018	2019	2020
Steve Hanke	0%	-2%	20%	33%	11%
Willem van Hassel	N/A	N/A	N/A	5%	-2%
Herb Depp	0%	1%	12%	3%	1%
Donatella Ceccarelli	0%	1%	2%	10%	3%
Frank Löhner	N/A	N/A	N/A	N/A	1%
Dagmar Bottenbruch	N/A	N/A	N/A	N/A	N/A
Cash Flow from Operations	-26%	40%	24%	-52%	-58%
Total Shareholder Return	67%	187%	-32%	-21%	15%
Actual ROCE	18.8%	21.2%	35.4%	13.7%	3.5%
Average Remuneration AMG Group Workforce	3%	4%	3%	-4%	-8%

ANNEX B

Agenda + Explanatory Notes Annual General Meeting AMG Advanced Metallurgical Group N.V. 6 May 2021

DRAFT AMENDMENT Remuneration Policy for the Management Board 2021

For approval by the General Meeting of Shareholders on 6 May 2021



DRAFT AMENDMENT

**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 CO₂ 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 CO₂ 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 2/3rd'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 CO₂ 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
Base Salary	<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.</p> <p>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
Benefits	Benefits help retention and focus on the well- being of executives assisting them with fulfilling their duties and responsibilities.	<p>Members of the Management Board are eligible for a range of benefits in line with those available to the wider workforce.</p> <p>These include, but are not limited to, healthcare insurance, life insurance, disability insurance, and a car allowance.</p> <p>Benefits are reviewed on occasion to ensure they remain competitive.</p>	<p>Benefits are provided in line with local market expectations and are dependent on individual circumstances.</p> <p>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.</p>	N/A
Pension	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).	<p>The maximum pension is 50% of the average of the last three year's salary.</p> <p>See Legacy Arrangements below for more details on incumbent Management Board pension design. All details are specified in the Company's Annual Report.</p>	N/A

Element	Purpose and link to strategy / long-term interests and sustainability	Operation	Maximum Opportunity	Performance Measures
Annual Bonus	<p>The annual bonus is a cash bonus that ensures Management Board members are focused on the delivery of performance over the financial year. 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>Performance Share Units (“PSU’s”)</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 50th 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
Share Ownership Guidelines	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
Legacy Arrangements	<ul style="list-style-type: none"> • 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. • 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. • 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. 			

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”).

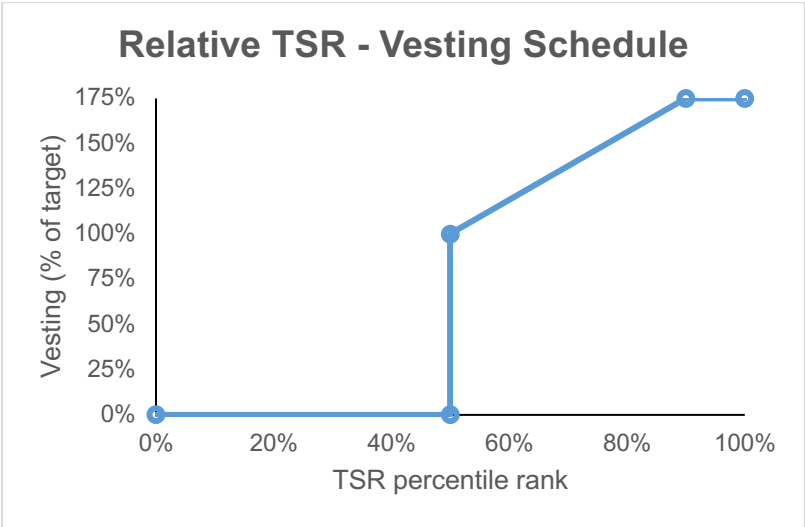
The Supervisory Board has decided to weight the Performance Share Units 100% to relative TSR. Because of the cyclical nature of some of AMG’s products, the Supervisory Board believes a relative measure versus AMG’s industry peers is the best way to incentivize management to outperform its industry over 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 .

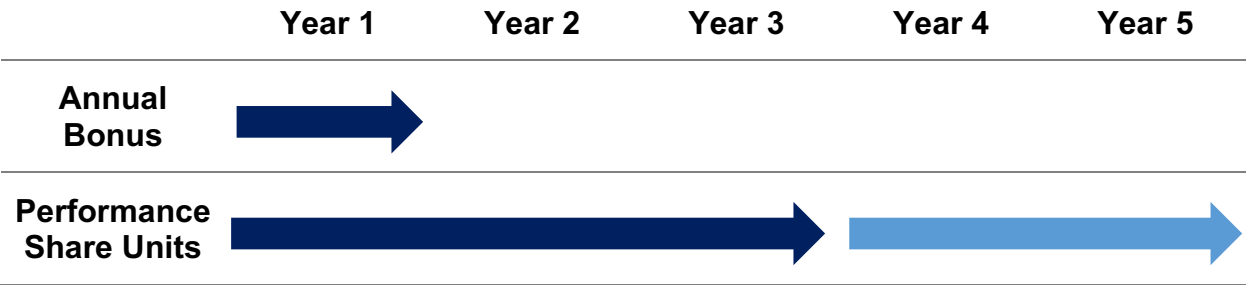
The share price utilized for the PSU award value will be based on the average share price over the 5 trading days after the publication of the annual results. The vesting value will be based on the TSR performance over a three year period, and will utilize an average share price calculated over the 30 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 30th percentile. For future cycles, in line with best practice and investor feedback, there will be no payment for below 50th 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



Key	
<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 2/3rd'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.

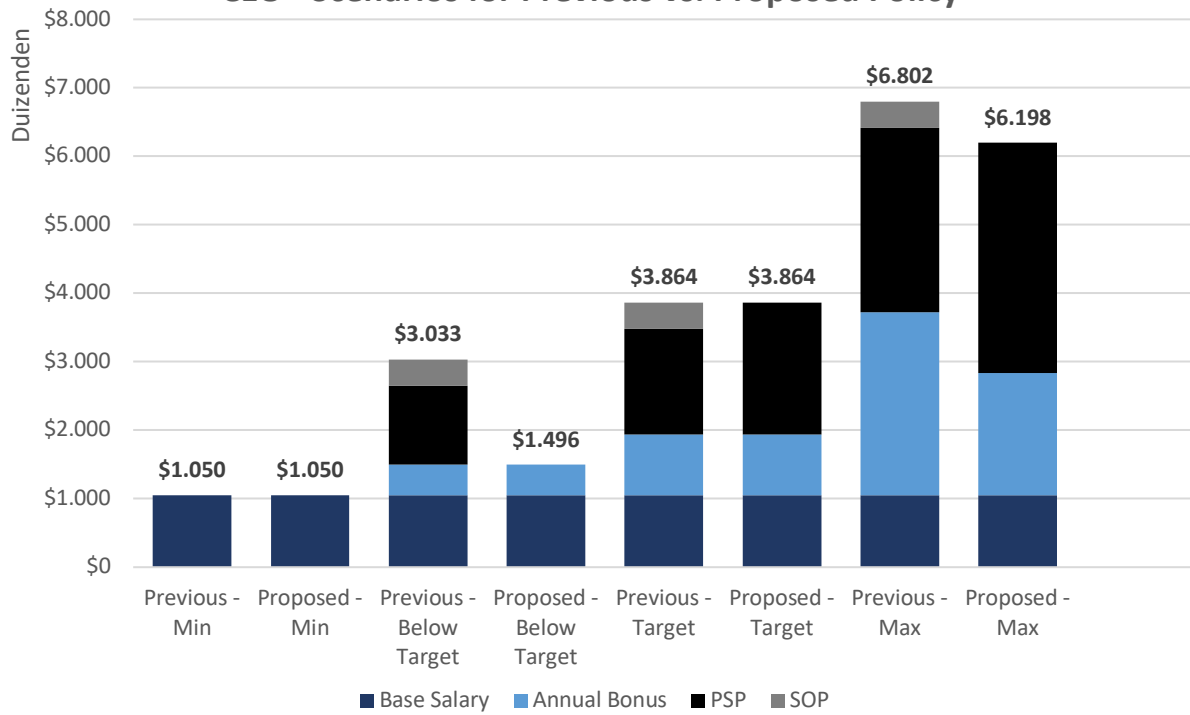
In the event that specific short-term and long-term threshold performance targets are not achieved, there will be no variable pay vesting or pay-out for Management Board members for the relevant period.

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.

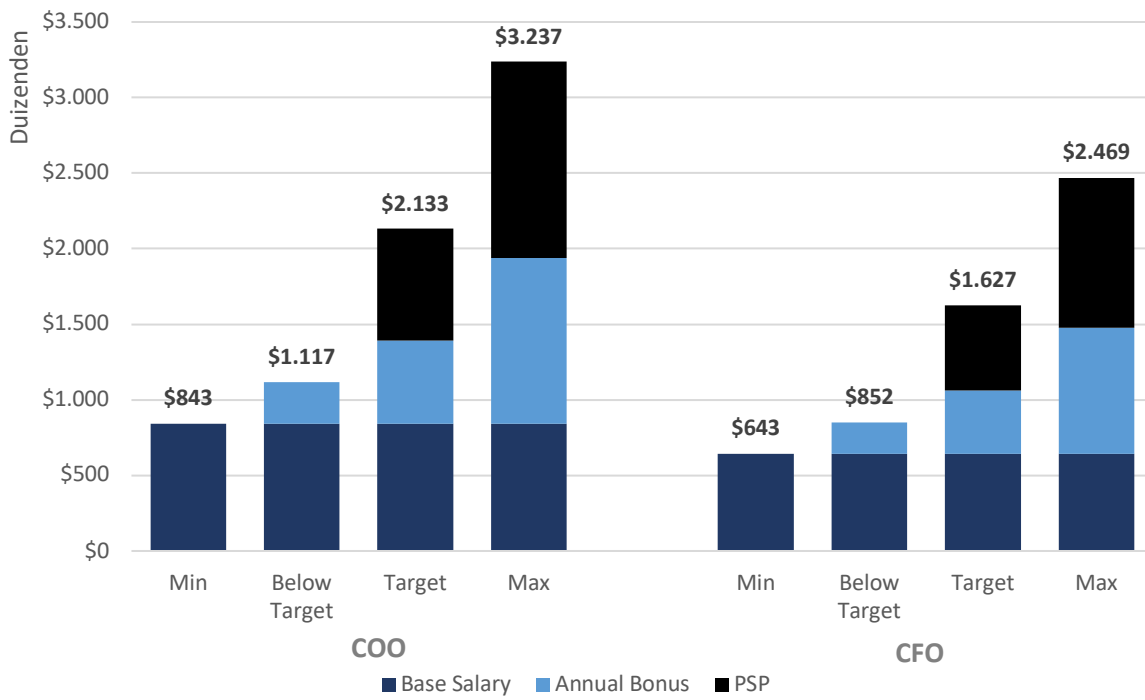
Remuneration Component	Assumptions made	
	Previous Policy (approved in 2013)	Proposed Policy (from 2021)
Salary¹	CEO: \$750,000 + €250,000 COO: \$723,000 + €100,000 CFO: \$523,000 + €100,000 Euro / USD: 1.2	No change
Annual Bonus	<ul style="list-style-type: none"> For minimum, the scenario assumes no pay-out For below target, the scenario assumes 50% of target for all Management Board Members For target, the scenario assumes 85% of salary for the CEO and 65% for the COO and CFO For maximum, the scenario assumes 300% of target for all Management Board Members 	<ul style="list-style-type: none"> No change to minimum, below target or target pay-out For maximum, the scenario assumes 200% of target for all Management Board Members
Performance Share Units	<ul style="list-style-type: none"> For minimum, the scenario assumes no pay-out For below target, the scenario assumes 75% of target for all Management Board Members For target, the scenario assumes 100% of target, or 80% of total Long-Term Incentive Program (LTIP): <ul style="list-style-type: none"> CEO: €1,360,000 COO: €520,000 CFO: €400,000 For maximum, the scenario assumes 175% of target 	<ul style="list-style-type: none"> No change to minimum or maximum pay-out For below target, the scenario assumes 0% pay-out. For target, the scenario assumes 100% of target, which is 100% of the total 2013 LTIP target. <ul style="list-style-type: none"> CEO: €1,700,000 COO: €650,000 CFO: €500,000
Share Options	For all scenarios, share options are valued at fair value. This is 20% of total LTIP: <ul style="list-style-type: none"> CEO: €340,000 COO: €130,000 CFO: €100,000 	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.

Proposed Policy	
Annual Bonus	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.
Performance Share Program	<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

ANNEX C

Agenda + Explanatory Notes Annual General Meeting AMG Advanced Metallurgical Group N.V. 6 May 2021

Remuneration Policy for the Management Board 2013



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

Amsterdam, the Netherlands
3 May, 2013

Introduction

Please find below the remuneration policy applicable to the Management Board as amended by the 2013 General Meeting of Shareholders (following the first version being adopted by the 2009 General Meeting of Shareholders) and effective for the years 2013 and beyond.

The Remuneration Committee of the Supervisory Board has reviewed during the past year, with the support of Hay Group Consultants, the Remuneration Policy for the Management Board, specifically whether the Policy would still support the overall executive compensation philosophy of AMG Advanced Metallurgical Group NV (“the Company”) and whether corporate governance developments in general and in the Netherlands would merit an adjustment of the Policy. The resulting amended Policy as reflected herein fully meets the standards of international good corporate governance practices. Unless the Company’s interests require otherwise, this (amended) Remuneration Policy for the Management Board complies with all applicable best practice provisions of the Dutch Corporate Governance Code dated December 10, 2008. The Supervisory Board believes to have sound explanations for those best practice provisions it cannot comply with as explained in the Corporate Governance Report published on the Company’s website (www.amg-nv.com).

Executive Remuneration Philosophy

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.

AMG’s offerings, therefore, must provide top talent with roles which are challenging and motivating in a fast paced environment and offer very competitive reward opportunities for top talent and superior performance. Accordingly, the Executive Remuneration Philosophy must:

- help secure the human capital that will achieve AMG’s short-term, medium-term and long-term objectives
- reward superior performance
- engender an innovative fast-paced entrepreneurial environment
- provide a clear linkage between executive and shareholder interests
- support the business model and, in particular, a collaborative culture

Compensation and Risk Assessment

The Supervisory Board assigns importance to a remuneration structure which is generally consistent with that for the other senior executives of the AMG Group. Base level salaries of all senior executives 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 measuring. The annual performance of the Management Board members is measured on the basis of Company wide metrics which capture the overall performance of the AMG Group.

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.

The following are highlights of various measures and applications with respect to compensation arrangements that emphasize prudent risk-taking;

- AMG has adopted a compensation clawback policy for Management Board members. Under the policy, all performance based incentives awarded to Management Board members can be recouped by the Company in situations where an unfair result has been produced due to incorrect financial data, error, material misinterpretation, or the material non-compliance or misconduct by a Management Board member, within a 36 month look-back period.
- If conditionally granted (but not yet paid) compensation awarded in a previous financial year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the pre-determined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards.
- The annual corporate performance objectives used for annual incentive awards are approved by the Supervisory Board for the year. The level of business risks has been taken into account.
- With respect to the annual incentive plan, a threshold performance is required for each component to generate a payout, protecting the downside risk to the shareholders. On the other hand, a maximum amount of incentive pay out is defined with measurable objective(s), thereby earnings opportunities are capped for unnecessary risk taking.
- The use of share-based compensation (stock options and PSUs) will continue to be highly emphasized for Management Board members. The deferred vesting timeframe of stock options and PSUs is a measure of time risk, focusing on longer term performance.
- Share ownership requirements for Management Board members are in place, with direct alignment with shareholders' interests

Remuneration Components for Management Board

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 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 - metals, technologies and mining industry. The Remuneration Committee periodically makes changes to the peer group to adjust for changes caused by mergers, bankruptcies or asset sales among the peer group. The composition of the peer group used shall be published annually in the Report of the Supervisory Board section of the Annual Report of the Company.

The Management Board members' remuneration consists of the following components:

- Base Salary
- Annual Bonus
- Long-term Incentives
- Pension and other benefits

The remuneration components support the Executive Remuneration Philosophy. AMG uses a competitive total direct compensation strategy that will help secure top talent. As an overarching policy, AMG intends to target total direct compensation (salary, annual incentive and long term incentive) between the median (P50) and 75th percentile (based on individual performance), of the compensation peer group. Total direct compensation of the Management Board consists of Base Salary, Annual Bonus and Long-term Incentives. In determining a competitive remuneration package and to reward superior performance, the Remuneration Committee has benchmarked AMG in 2012 with the peer group identified above and will continue to do so on a regular basis.

Base Salary

Base Salary levels are part of the overall remuneration package and fit into the overall remuneration strategy to position the total direct compensation level in line with the target of the total compensation peer group referred to above. Base salary levels are based upon the credentials and experience of the executive compared to market analysis of base salary levels of others in the peer group.

Annual Bonus

Members of the Management Board participate in AMG's short-term incentive plan. The short-term incentive plan provides for an annual cash bonus which depends on three key performance metrics:

- Return on Capital Employed (ROCE)
- Operating Cash Flow
- Individual performance

The table below provides a relative weighting of these key performance metrics including the relative importance in determining the Annual Bonus.

Key performance metrics	ROCE	Operating Cash Flow	Individual Performance
Description	EBIT / Capital Employed (%) in established target ranges	OCF realized in established target ranges	Leadership and human capital development
Weighting	40%	40%	20%

The Target Annual Bonus opportunity is expressed as a percentage of Base Salary as indicated in the table below. The Annual Bonus can vary based upon actual performance and can range from zero to three times the Target. The Target pay out percentages are determined on the basis of market analysis of the peer group.

Management Board position	Target payout
Chairman and Chief Executive Officer	85%
Chief Operating Officer	65%
Chief Financial Officer	65%

Each year the Supervisory Board determines ambitious yet realistic target ranges for each performance metric with respect to the target payout. It is deemed of critical importance that the annual bonus and long term incentive components of the remuneration package clearly reflect the principle that pay out levels should be based on actual performance achieved. This will be the most important yardstick for the Supervisory Board to use in deciding on actual pay out or award levels.

Long-term incentives

The long-term incentive framework is in line with sound market practice and supports the overall Executive Remuneration Philosophy. Long term incentive awards are based upon market analysis of the peer group and are expressed as multiples of Base Salary. It is comprised of two programs: a Performance Share Unit Plan and a Stock Option Plan. The value of those two programs will be determined by the Supervisory Board, and will be reported as part of the Supervisory Board's remuneration report in the Company's annual report.

The Performance Share Unit Plan provides for a number of Performance Share Units ("PSU") conditionally awarded to the members of the Management Board on an annual basis. The PSUs are tied to the value of ordinary shares and are credited in notional accounts for each member of the Management Board – one PSU is equal to one ordinary AMG share. Fractional PSUs are added to the notional accounts to recognize any dividend payout before vesting. The PSUs vest three years after the grant date, subject to challenging performance criteria. Depending on the performance achieved, the actual number of PSUs may vary upward and downward compared to the initial grant. At vesting, the PSU payouts are redeemed and settled in cash, based on the

average fair market value of the underlying share on the last 10 trading days' closing prices immediately following the publication of the annual results of the last year comprised by the relevant PSU award. The Supervisory Board has the discretion to settle the PSU pay out in AMG shares or a combination of shares and/or cash, in which event such will be explained and reported as part of the Supervisory Board's remuneration report in the Company's annual report. The aggregate number of shares that can be issued as part of a PSU pay out settlement to the Management Board shall be no more than 5% of AMG's share capital from time to time.

Vesting of the PSUs is subject to two performance criteria:

- A threshold level of three year average Return on Capital Employed (ROCE)
- Relative Total Shareholder Return (TSR) against a relevant external market.

With respect to the relative TSR, the Bloomberg World Metal Fabrication/Hardware Index will be used. This global index is a capitalization-weighted index of the leading metal fabricate/hardware shares in the world, including approximately 50 metal and mining companies.

At the end of the performance cycle (i.e. three years after the grant date) the actual number of PSUs may be higher or lower than the initial grant. The payout multiplier is based on AMG's TSR ranking against the Bloomberg World Metal Fabricate/Hardware Index as indicated in the table below. In case the threshold ROCE level is not reached the payout will be zero, irrespective of the TSR ranking.

AMG TSR Percentile Ranking	PSU Payout Multiplier X Initial Grant
P90 - P100	175%
P80 - P89	150%
P70 - P79	130%
P60 - P69	115%
P50 - P59	100%
P40 - P49	75%
P30 - P39	25%
Below P30	0%

The Stock Option Plan ("SOP") provides for an annual conditional grant of stock options to each member of the Management Board. The aggregate number of stock options that can be granted pursuant to this Remuneration Policy and under this Plan to the Management Board shall be no more than 10% of AMG's outstanding share capital from time to time. The stock options granted under the SOP have a maximum term of ten years from the grant date. Vesting is subject to performance criteria: a threshold level of three year average Return on Capital Employed (ROCE) must be achieved for stock options under the SOP to vest. Half of the granted stock options vests after the third anniversary year and the other half after the fourth anniversary year (both subject to the 3 year average ROCE target set by the Supervisory Board). The exercise price of the stock options under the SOP equals the fair market value of the underlying share (i.e. closing price) at the grant date. Neither the exercise price nor any other of the conditions mentioned above shall be modified during the term of the options, except insofar as prompted by structural changes relating to the shares of AMG in accordance with market practice.

Pension and other benefits

Each member of the Management Board will be offered pension and other benefits (i.e. company car and insurances) which are in line with market and individual country practice, taking into account the employment history of the Management Board member. No personal loans or guarantees shall be granted to the members of the Management Board.

Contracts

Each newly appointed member of the Management Board will have a management contract with AMG. The contracts provide for a maximum term of four years with severance of maximum of one (1) year Base Salary. If severance of one (1) year base salary would be unreasonable, the Supervisory Board can 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 which shall not exceed the maximum of two (2) years Base Salary as expressed above.

With respect to the current Management Board members who have all been promoted from within and have a long service history with AMG or one of its predecessor companies, the severance payment shall be in line with current employment agreements which are all honored and which include two years Base Salary severance payment provisions.

The main elements of the contracts of employment of the Management Board members are published under the Corporate Governance section of the Company's website.

Shareholding

The Supervisory Board believes that Management Board members should align their interests with those of the shareholders by holding shares in AMG Advanced Metallurgical Group NV. The Chief Executive Officer and Chairman of the Management Board is expected to build up a shareholding of four times his base salary over a five (5) year period starting in 2013. Other Management Board members are expected to build up a shareholding to the value of two times their base salary over a five (5) year period starting in 2013. The Management Board members are expected to use the proceeds from PSU awards and to hold shares gained from SOP plans (net of the sale of a portion of such awards for tax purposes) until they achieve and maintain their respective minimum shareholding ratio.