

ENABLING THE CIRCULAR ECONOMY

REMUNERATION REPORT | MAY 2021
ANNUAL GENERAL MEETING



AMG ADVANCED
METALLURGICAL GROUP N.V.

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COMPONENTS OF MANAGEMENT BOARD REMUNERATION 2020

BASE SALARY

ANNUAL BONUS (SHORT TERM INCENTIVE (“STI”))

LONG-TERM INCENTIVES

- Stock Options (“SO”)
- Performance Share Units (“PSU”)

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

PEER GROUP CONSIDERATIONS

- AMG's Supervisory Board established a revised peer group in 2020. Contrary to past practices in which a majority of the peers were US-based, 12 of the 17 peer companies are based in Europe.
- Importantly, the 2021 Remuneration Policy includes a provision for maintaining a peer group that includes two-thirds European companies
- 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.
- AMG's Supervisory Board feels it is important to have an industry-based peer group – it is this peer group against which AMG competes for executive talent

Supplier	Customer	Competitor	Materials Industry
<ul style="list-style-type: none"> ▪ Elementis ▪ AMAG Austria Metall 	<ul style="list-style-type: none"> ▪ Commercial Metals ▪ Aperam ▪ Allegheny Technologies* ▪ Carpenter Technologies* ▪ Outokumpu ▪ Constellium* ▪ Eramet ▪ SGL Carbon 	<ul style="list-style-type: none"> ▪ Bodycote ▪ AMAG Austria Metall ▪ Materion* ▪ Eramet ▪ SGL Carbon 	<ul style="list-style-type: none"> ▪ Ferrexpo ▪ Salzgitter ▪ Vallourec ▪ OCI ▪ Hill & Smith

* Denotes a US-Listed Peer

SHORT TERM INCENTIVES (“STI”) 2020

Based on annual budget approved by the Supervisory Board

<u>Weight</u>	<u>STI Metric</u>
40%	ROCE
40%	Operating Cash Flow
20%	Personal Targets
100%	

As % of Salary

<u>Target Bonus</u>	<u>Market P50</u>
CEO: 85%	100%
COO: 65%	75%
CFO: 65%	75%

MANAGEMENT BOARD 2020 PERFORMANCE SCORECARD

Measure		Weighting	Target	Actual	Actual % vs Target	Achievement versus Target
Financial	Operating Cash Flow	40%	\$60.7	\$18.3	30%	0%
	Return on Capital Employed	40%	9.2% ¹	3.6%	39%	0%
Strategic	Drive Continuous improvement in Safety Performance	20%	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%

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.

LONG-TERM INCENTIVES: PERFORMANCE SHARE UNITS (“PSU”)

PSU's: pay-out is based on TSR measured over a three-year period against the Bloomberg World Metal Fabricate/Hardware Index (Award date is three years prior to vesting date)

Vesting Year*

2012	25% of PSUs vested and paid out
2013 & 2014	TSR below 25 percentile of peers, 0% vested
2015	TSR at 60 th percentile of the Bloomberg Index which yielded a 115% payout
2016 - 2018	TSR at 90 th percentile of the Bloomberg Index which yielded a 175% payout
2019	TSR at 40 th percentile of the Bloomberg Index which yielded a 75% payout
2020	TSR at 40 th percentile of the Bloomberg Index which yielded a 75% payout <i>(Please note, this payout would have been 0% under the 2021 Remuneration Policy)</i>

For 2020, AMG's stock price performance was at the 40th percentile of the Bloomberg World Metal Fabricate/Hardware Index

**Note: PSU awards are distributed in the first quarter of the following year*

MANAGEMENT BOARD REALIZED PAY 2020 & 2019

USD 000's		Base Salary	Annual Bonus	PSUs	Options ¹	Pension	Other	Total
Heinz Schimmelbusch, CEO	2020	1,035	-	1,057	338	229	333	2,992
	2019	1,030	744	637	1,780	268	134	4,593
Eric Jackson, COO	2020	837	-	311	99	133	40	1,420
	2019	750	462	187	523	161	40	2,123
Jackson Dunckel, CFO	2020	637	-	311	99	357	26	1,430
	2019	635	351	993 ²	330	277	51	2,637
¹ Option value detail is described in the annual report. ² Includes final tranche of share-based signing bonus.								

2021 PROPOSED REMUNERATION POLICY

Glass Lewis, a Proxy Advisory Firm, summed up the key changes to AMG's Policy best:

“Further, the Company is proposing the following changes:

- STI maximum opportunity will be reduced from 300% to 200% of target;*
- ESG targets will be introduced under the LTI plan;*
- All LTI awards will be paid in the form of performance share units;*
- LTI awards will be subject to a post-vesting holding period of two years; and*
- No LTI awards will vest for relative TSR performance below the 50th percentile.*

Here, we believe that the Company has sufficiently addressed shareholder concerns.”

PROPOSED 2021 SHORT TERM INCENTIVE PLAN

Based on annual budget approved by the Supervisory Board

Financial Measures

- Cash flow from operations 35%
- EBITDA 35%

Non-financial Measures

- ESG Measures 20%
 - Lost Time Incident Rate
 - Enabling CO2 Reduction
 - CO2 Credits Created
- Management Board Strategic Targets 10%

As % of Salary

Target Bonus

Market P50

CEO: 85%

100%

COO: 65%

75%

CFO: 65%

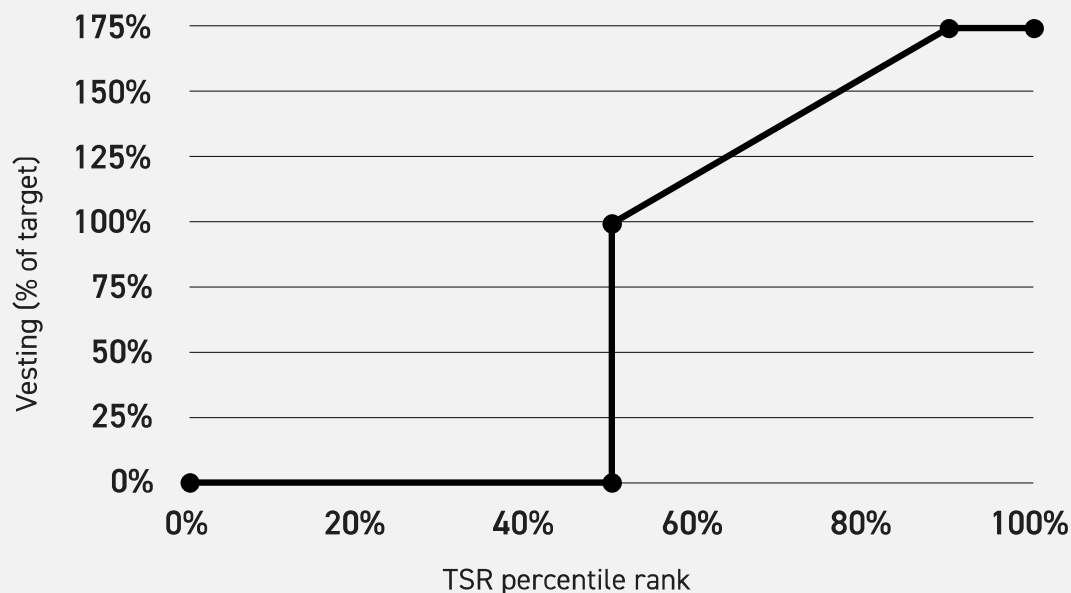
75%

Our target bonuses are below the 50th percentile of our peer group

PERFORMANCE SHARE UNITS

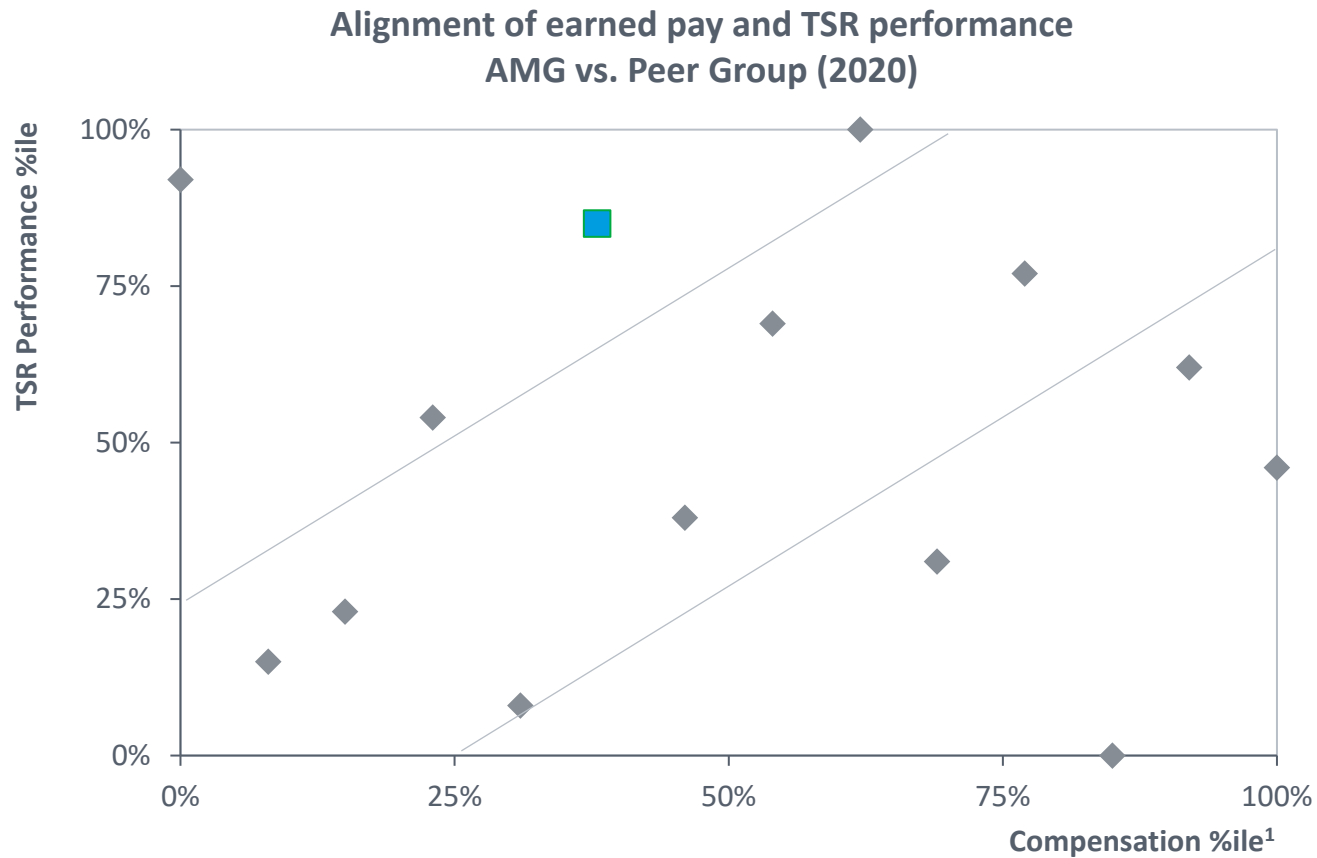
The vesting schedule for awards from 2021 is shown below—the maximum opportunity is only available with outperformance at the 90th percentile, and unlike the existing policy, there will no longer be any vesting for below-median performance.

RELATIVE TSR— VESTING SCHEDULE



CEO Earned Pay vs. TSR Performance

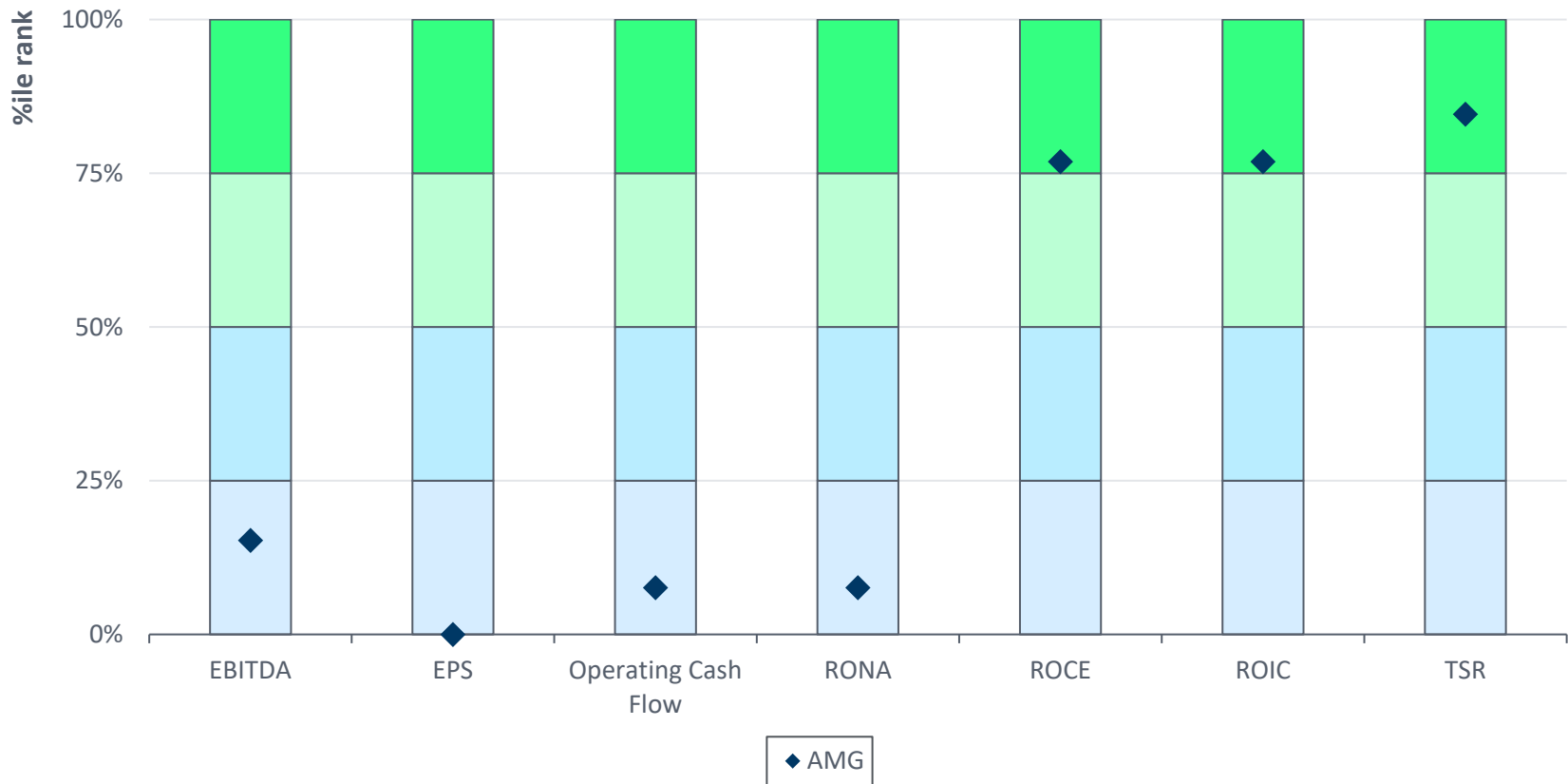
AMG Peer Group (1-Year Analysis)



1. Spot TSR

Relative Performance in Proxy Advisor Metrics

AMG Peer Group (1-Year Analysis)



VANADIUM, MOLYBDENUM AND NICKEL—CAMBRIDGE, OHIO



VANADIUM, MOLYBDENUM AND NICKEL—ZANESVILLE, OHIO



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LI PROCESSING, AMG BRAZIL



TANTALUM, NIOBIUM, AND HAFNIUM



PLUTONIUM

This announcement appears as a matter of record.



AMG's LAW:

"Everything that
can be recycled
will be recycled."

AMG ADVANCED METALLURGICAL GROUP N.V.
amg-nv.com



NIOBIUM



LITHIUM TAILINGS



TITANIUM



CHROMIUM