

*As approved by the General Meeting of Shareholders on 6 May, 2020*

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

Amsterdam, the Netherlands  
6 May, 2020

## **Introduction**

Please find below the Remuneration Policy applicable to the Supervisory Board of AMG Advanced Metallurgical Group NV (“the Company or “AMG”) as recommended for adoption by the 2020 General Meeting of Shareholders. (“The Remuneration Policy”) This Remuneration Policy will be effective for the years 2020 and beyond.

This Remuneration Policy has been prepared and is presented for the first time due to the recent adoption of the EU Shareholder Rights Directive (“SRD”) that is effective in the Netherlands as of 1 January 2020. The current compensation of the Supervisory Board members has been in place since 2013 when it was approved by the General Meeting of Shareholders and will remain in place until adoption of this Remuneration Policy. The most recent review of the current remuneration in 2019 confirmed that the remuneration of the Supervisory Board members – both in structure and content – is still in line with the overall compensation philosophy of the Company and fully meets the standards of international good corporate governance practices and does meet the requirements set by the SRD.

Therefore, the resulting Remuneration Policy and compensation as reflected in this document does not materially differ from the policy used and remuneration that was in place prior to adoption of this Remuneration Policy. Unless the Company’s interests require otherwise as indicated hereafter, this Remuneration Policy for the Supervisory Board complies with all applicable best practice provisions of the Dutch Corporate Governance Code (dated December 8, 2016) The Supervisory Board believes to have sound explanations for those best practice provisions it cannot comply with as explained in this Policy and in the Corporate Governance Report published on the Company’s website ([www.amg-nv.com](http://www.amg-nv.com)).

### **a. Background, Role and Strategic Context**

The responsibilities and duties of Supervisory Board members are different from those of the Management Board and focus principally on supervision of and advice to the Management Board, which is responsible for defining and executing the strategic objectives of the Company. Accordingly, Supervisory Board remuneration at AMG should be such that it can attract and retain highly skilled individuals with the right balance of qualities, capabilities, experience and profile as needed to supervise the Company’s performance and execution of its strategy and to act as advisors to the Management Board members in their efforts to execute the strategic objectives and attain the long-term sustainable success of the Company and its businesses. The Company’s remuneration philosophy as regards its Supervisory Board members embraces the Company’s values, identity, mission and strategic framework and long-term objectives, all as explained and detailed in the Remuneration Policy for the Management Board, as guiding principles for the remuneration of the Company’s Supervisory Board members.

Further, AMG's executive remuneration philosophy as explained in the Remuneration Policy of the Management Board provides direction to AMG's Supervisory Board remuneration. 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.

As a result, the Supervisory Board has selected and uses an appropriate compensation peer group for benchmarking purposes that is similar to the peer group used for benchmarking the remuneration of the Management Board. Reference is made to the Remuneration Policy for the Management Board for further details of this benchmarking peer group. The Supervisory Board targets the total compensation for its Board membership services between the 25<sup>th</sup> percentile and 50<sup>th</sup> percentile versus all peers collectively, which centers AMG in between its US based peers (higher) and its European based peers (lower).

AMG is mindful of the views of society about the level and structure of remuneration for its supervisory board members and AMG continues to inform itself about those views in the major countries it is operating like the United States, Germany, Brazil, 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. This Remuneration Policy has been designed with these views in mind and with assistance of and input from executive compensation consultants and legal advisors. As a result, this Remuneration Policy, both in approach and results, does align with what is deemed acceptable by the prevailing societal views about executive compensation in the major countries in which AMG is operating.

## **b. Remuneration Supervisory Board**

Fees paid to Supervisory Board members are not linked to the financial performance of the Company. Supervisory Board members receive fixed compensation on an annual basis that is partly payable cash and partly payable in shares AMG as explained below.

Supervisory Board members do not accrue pension rights and are compensated for all expenses (including travel and lodging) reasonably incurred as a result of discharging their Supervisory Board duties.

Annual compensation for the individual Supervisory Board members is set forth in the table below, and takes into account the time spent in executing his or her duties and the level of responsibility of each Supervisory Board member.

	Cash (Retainer) (USD)	Cash (Additional) (USD)	Shares AMG (EUR)
Chairman	65.000	30.000	60.000
Vice-Chairman	65.000	10.000	40.000
Chair Committee	65.000	15.000	35.000
Member	65.000		35.000

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

The value of the fixed share award that is given as compensation to Supervisory Board members comprises a number of AMG shares that is equal to the award amount (referenced under *shares* in the table above) divided by the average fair market value of the underlying AMG share on the last 10 trading days' closing prices, immediately following the publication of the annual results of AMG of the previous year.

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). The Supervisory Board believes that it has sound reasons to do so, all as explained in the Corporate Governance section as published on AMG's website ([amg-nv.com](http://amg-nv.com)).

### **C. Amendment, Resolution and Reporting**

This new Remuneration Policy is the result of extensive deliberations by the Remuneration Committee of the Company and has been adopted unanimously by the Supervisory Board during its meeting on February 26, 2020. This Remuneration Policy is similar to and reflects in all material aspects the remuneration practice at AMG for its Supervisory Board members that was adopted in 2013 with 97% of the attending shareholders voting in favor.

At least every four (4) years the Supervisory Board will ask the General Meeting of Shareholders to review and approve the Remuneration Policy for the Supervisory Board, for the first time during the Annual Meeting on 6 May 2020, in line with prevailing legislation. When reviewing this Remuneration Policy and determining the compensation levels, the Supervisory Board takes multiple factors in account, the type of role of the Supervisory Board member, the pay conditions of AMG's employees and the external market conditions and developments.

Material changes to the Remuneration Policy will be subject to the approval of the General Meeting of Shareholders, in line with prevailing legislation.

The Supervisory Board will prepare and publish once a year its annual Remuneration Report in which document it will account for the remuneration paid and awarded to the Supervisory Board members during the previous calendar year.

Supervisory Board members are appointed for a term of maximum four (4) years by the General Meeting of Shareholders. Board membership is governed by the Articles of Association of the Company and the Rules of Procedure of the Supervisory Board which are both published on the Company's website. Upon retirement of a Supervisory Board member during or after expiration of his or her term, no compensation or severance pay is due or payable.

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