



United Nations Global Compact

Communication on Progress Covering Calendar Year 2020

April 1, 2021

To our Stakeholders:

I am pleased to confirm that once again this year AMG Advanced Metallurgical Group N.V. ("AMG") reaffirms its support of the Ten Principles of the United Nations Global Compact ("UNGC") in the areas of Human Rights, Labor, Environment and Anti-Corruption. Our Code of Business Conduct and Policy on Human Rights, both of which are available on our website, set out our commitments to act ethically and uphold the ten UNGC principles in all our business activities.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication, primarily the AMG website www.amg-nv.com.

Sincerely yours,

A handwritten signature in blue ink, which appears to read 'Heinz C. Schimmelbusch'.

Dr. Heinz C. Schimmelbusch
Chairman of the Board and Chief Executive Officer

HUMAN RIGHTS

- Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights.

AMG Advanced Metallurgical Group explicitly supports the United Nations' Universal Declaration of Human Rights and refers to this commitment in its annual report to Shareholders. Although always an integral part of AMG, our formal commitment in this area started in 2009 with the publication of our Code of Business Conduct.



AMG CODE OF BUSINESS CONDUCT



This was augmented in 2011 by the publication of our Policy on Human Rights. Both documents can be found in the Corporate Governance section of the AMG website, and the Human Rights Policy is shown below:



Policy on Human Rights

AMG Advanced Metallurgical Group N.V. is a global company operating in a global market. We rely on our employees to implement our ethical values to ensure our business is conducted in a way that values human rights. We formally support the United Nations Global Compact including its labor, environmental, anti-corruption and human rights aspects. With respect to human rights:

AMG supports and respects the protection of internationally proclaimed human rights and will work to make sure it is not complicit in human rights abuses.

The key principles of the AMG Policy on Human Rights are driven by internationally accepted norms and national laws and are:

- **Children and Young Workers.** AMG does not employ children or support the use of child labor. We will support the creation of educational programs for young people including apprenticeships combined with formal education.
- **Equality of Opportunity.** AMG has zero tolerance for any kind of discrimination or harassment. We embrace cultural differences in our workforce. We will attract, develop, promote and retain the best employees based solely on merit and ability.
- **Freedom of Engagement.** All AMG employees have chosen to work for the company and AMG does not engage in forced labor or compulsory hiring practices.
- **Compensation.** AMG will compensate its employees through wages and benefits to ensure it meets or exceeds legal minimums and is in full compliance with all applicable laws and will be competitive to retain employees.
- **Freedom of Association.** AMG upholds the freedom of association and the right to collective bargaining.
- **Relationships with Communities.** AMG respects the customs, values and cultures of the local communities in which we operate including communities indigenous to those areas, taking into account their concerns and needs.

Within our company our human rights principles are enacted through the provision of safe and healthy working conditions in a non-discriminatory environment. We will continuously support our human rights standards by living our values in our interactions with local and national governments, and the communities in which we operate and wherever possible endeavor to extend our values and principles to our suppliers and contractors.

These human rights principle are universal to AMG, applied in everything we do, and are implemented irrespective of the developed or developing status of the countries in which we operate. This policy provides additional details to those commitments made in our Code of Business Conduct and applies to all AMG Advanced Metallurgical Group N.V. wholly and majority owned facilities and shall be communicated annually to all employees.

Dr. Heinz C. Schimmelbusch
Chairman of the Management Board and Chief Executive Officer

A review of this policy in 2020 determined it to still be adequate to articulate AMG's commitments and it remains relevant to the current business climate.

A network of Compliance Officers under the oversight of a Chief Compliance Officer and a core Compliance team monitors the commitments made in these publications. The core Compliance team meets typically twice per year to review Compliance and Ethical issues and is supported by an independent external consultant. This consultant has assisted in the development of policies, procedures, and training programs and in responding to enquiries from stakeholder groups with interests in human rights issues. There is an ongoing program of employee surveys to gauge the workforce's perceptions about AMG's commitments to ethical business practices and human

rights and reviewing AMG's programs against the OECD guidelines for multinational enterprises. To date the results of these surveys has been positive.

In 2020 there were no reported incidents of breaches of the AMG Code of Business Conduct related to human rights abuses.

- Principle 2 - Make sure businesses are not complicit in human rights abuses.

The aim of the presence of an AMG business unit in a community is to strengthen and be part of the community, fostering sound relationships and avoiding conflicts. We respect the dignity and rights of our employees, their families, and the communities in which we operate and others who might be affected by our operations and actively involving ourselves and supporting those communities. AMG also contributes through philanthropic donations to support local community needs including to schools, colleges, and hospitals with a focus on education in STEM subjects.

AMG sustains a network of Code of Business Conduct Compliance Officers covering all sites and based in countries and at major sites where AMG companies are operating to locally identify any potential human rights abuses. In instances where this needs to be done independently and confidentially, a Speak Up & Reporting Policy is in force allowing any employee to come forward and report issues. The Speak Up & Reporting Policy can be accessed through the Governance section of the AMG website. The Chief Compliance Officer and their team carefully review all Speak Up & Reporting Policy complaints.

AMG also has a Supplier Conduct Charter, shown below, which is part of a process to ensure the standards relating to Human Rights which AMG holds itself to, are expanded to our suppliers as well. This policy states that: "AMG's suppliers should support and respect the protection of internationally proclaimed human rights and ensure they are not complicit in human rights abuses." This Supplier Conduct Charter was reviewed during 2020 and remains adequate under AMG's current business climate.



Supplier Conduct Charter

AMG Advanced Metallurgical Group N.V. is a global company operating in a global market. Our supplier–customer relationships are essential in building economic value, but are also important in promoting social and environmental best practices

Essential elements of our supplier-customer relationship will include specifications, price, quality, service level and technology. AMG will also take into account environmental and social impact in assessing supplier quality and will preferentially deal with partners who are able to demonstrate commitment in the following areas, based upon the relevant principles of AMG's Code of Business Conduct:

- Human Rights
 - AMG's suppliers should:
 - Support and respect the protection of internationally proclaimed human rights and ensure they are not complicit in human rights abuses.
- Labor
 - AMG's suppliers should:
 - Uphold the freedom of association and the effective recognition of the right to collective bargaining; support the elimination of all forms of forced and compulsory labor; support the effective abolition of child labor; and support the elimination of discrimination in respect of employment and occupation.
 - Have programs in place to protect the health and safety of your staff, subcontractors and local residents, preferably through a documented safety management system.
- Environment
 - AMG's suppliers should:
 - Support a precautionary approach to environmental challenges and act to promote greater environmental responsibility.
 - Comply with all local environmental laws and regulations in the locations in which you operate and hold all required permits.
 - Have procedures in place to prevent environmental incidents and response plans to mitigate the effects should such an incident occur, preferably through a documented environmental management system
- Anti-Corruption
 - AMG's suppliers should:
 - Not tolerate corruption in any of its forms, including extortion and bribery.
 - Comply with laws and regulations in the locations in which they operate.
 - Uphold high standards of personal and business ethics.

AMG will engage with its suppliers in a respectful and ethical way, encompassing fairness and honesty and will select suppliers on the basis of specifications, price, quality, service level and technology, but also Human Rights, Labor, Environment and Anti-Corruption approach, as outlined in this charter.

AMG Suppliers are expected to respond promptly to inquiries from AMG procurement professionals with respect to compliance with these principles and accept that they may be required to perform self-assessment questionnaires.

LABOR

- Principle 3 - Businesses should uphold freedom of association & effective recognition of the right to collective bargaining.

AMG respects the freedom of its individual employees to join, or choose not to join, legally authorized association or organizations. AMG continues to use the Global Reporting Initiative (GRI) indicator 102-41 (Collective Bargaining Agreements) to monitor this principle. In our 2020 Annual Report we state:

“The rights and freedoms for individual employees to join, or choose not to join, unions, as described in Article 23 of the Universal Declaration of Human Rights, are fully respected by AMG. Once again in 2020, AMG had no strikes or lockouts.

Additionally, we utilize indicator 102-41 (Collective Bargaining Agreements). In the 2020 Annual Report we state:

“Protection of internationally proclaimed human rights is an area in which AMG is both highly aware and fully committed, and the Company strives to make sure it is not complicit in human rights abuses. Each AMG site is assessed during site visits and internal audits to identify if there is the possibility of freedom of association or collective bargaining being put at risk because of political or business factors. In 2020, it was found that no sites were at risk, except for China, where the formation of unions remains restricted. Similarly, the Company has reviewed sites to ensure that they are not at risk for employing child labor or exposing young workers to hazards. No sites have been identified that pose a risk at this time. AMG also aims to ensure rights are protected in our supply chain through its Supplier Code of Conduct. Our policy on human rights is included in the Company Code of Business Conduct and Ethics and detailed in the Company’s human rights policy; all are available on the AMG website.

Further, with the development and implementation of our Supplier Conduct Charter we begin to hold our suppliers to the same standard stating: *“AMG’s suppliers should uphold the freedom of association and the effective recognition of the right to collective bargaining; support the elimination of all forms of forced and compulsory labor.”*

- Principle 4 - The elimination of all forms of forced and compulsory labor

All AMG employees work for the company because of need or want. Nobody is forced to work for AMG and we prohibit the use of any forced labor, including slavery, servitude, or prison labor. This is reflected in the widespread presence of unionized labor across AMG. Currently most of the locations and environments AMG facilities are present in are stable and advanced

democracies, assisting in ensuring human rights abuses of this type are not occurring. AMG has development projects which may expand the boundaries of the company into countries with more challenging environments and AMG recognizes this may bring an increased level of diligence. Again, our Supplier Conduct Charter adopted in 2014 introduces our commitment to this principal to our suppliers stating: *“AMG’s suppliers should support the elimination of all forms of forced and compulsory labor.”*

- Principle 5 - The effective abolition of child labor

As stated in our Human Rights Policy, AMG does not employ children and strongly rejects the use of child labor and expects our suppliers to do the same through the requirements of our Supplier Conduct Charter. AMG does actively support the creation of educational programs for young people including apprenticeships combined with formal education, particularly in the areas of science and engineering. In our annual report we utilize the Global Reporting Initiative indicator 408-1 “Operations identified as having significant risk for incidents of child labor”. In its 2019 annual report AMG reported that it has reviewed 33 of its operating sites across the world to ensure that they are not at risk for employing child labor or exposing young workers to hazards. It was found that no sites posed a risk at this time. AMG is at the root of the supply chain for several of its products and is proud to be able to supply metals such as Tantalum and Tin, commodities historically fraught with human rights abuses, from mining operations with strong ethical practices and not utilizing child labor. Our Tantalum supply chain in Brazil is certified as Conflict Free by the Electronics Industry Citizenship Coalition (EICC).

- Principle 6 - Eliminate discrimination in respect of employment and occupation.

AMG’s Code of Business Conduct states that the Company views as unacceptable any form of harassment or unfair or unlawful discrimination based on race, age, gender, color, sexual orientation, disability, or national origin, whether by employees, temporary employees, managers, customers, vendors, or AMG companies’ visitors.

“The size of AMG’s workforce has been relatively stable over the last year and at year-end 2020 AMG Critical Materials had 1,753 employees and AMG Technologies had 1,311. For the facilities covered by this report, the total AMG workforce was 3,064. Geographically, these employees were in Africa (115), Asia (330), Europe (1,680), North America (417), and South America (522).

AMG assesses the diversity of its workforce in terms of gender and age, but not ethnicity. The multinational, and therefore multicultural, nature of AMG's business means that ethnic diversity is significant, but it is not possible to define minority employees in such an environment.

In 2017, the Management Board deployed measures to attract and maintain a diverse workforce at its units by, among other things, linking incentives for unit managers to meaningful results in diversity targets.

Women are often under-represented in the academic and professional fields of engineering and particularly in leadership roles at major companies. However, AMG is leading by example, seeking out the most talented employees regardless of gender to drive the company forward.

AMG also adopted a Diversity Policy in relation to the composition of its Management Board and Supervisory Board. AMG will continue to take its key diversity objectives, including maintaining a proper balance of nationalities and the gender allocation of seats, into account in connection with recruitment, retention of employees, and succession planning.

Of the total employees, 19% are female; 81% are male; 18% are under 30 years of age, 53% are between thirty and fifty, and 29% are over fifty. Within leadership roles at AMG, which are defined as those with direct reports, 79% leaders are male and 21% leaders are female. The Management Board's composition is 100% male. The Supervisory Board's composition is 67% male and 33% female as of the end of 2020."

AMG is continuing to work to improve the diversity of its Boards. On page 27 of our 2020 Annual Report, we note:

"The Supervisory Board is fully supportive of the initiatives of the Management Board that have been reflected in the Diversity Policy of the Company to promote diversity among its global employee population including among the staff and senior management of AMG's Group companies. As of 2021, the Supervisory Board is considering including specific diversity targets for the Management Board in its short-term incentive remuneration package going forward. Diversity among AMG's employees and staff, not only in gender but also in, amongst others, nationality, and country of origin, is a key objective for the Management Board and is fully supported by the Supervisory Board.

In line with the Diversity Policy of the Company, which was adopted in 2017, AMG pursues a policy of having at least 30% of the seats on the Supervisory Board and the Management Board be held by each gender. The company will continue to take its key diversity objectives, including maintaining a proper balance of nationalities to reflect the transatlantic structure of AMG, and the

gender allocation of seats as outlined above, into account in connection with recruitment, retention of employees and succession planning for both the Management Board and the Supervisory Board. In 2020, the Management Board deployed measures to attract and maintain a diverse workforce at its units, including linking incentive payments for unit managers to meaningful progress toward diversity targets. Since the Annual Meeting in May 2019, AMG is meeting its diversity objectives in terms of gender as outlined above with respect to the Supervisory Board. The Supervisory Board will continue to look for suitable female candidates for both the Management Board and the Supervisory Board in order to meet all of its diversity objectives as outlined in its Diversity Policy as soon as reasonably possible. In addition, in anticipation of expected new legislation in the Netherlands concerning gender diversity in the composition of supervisory boards and management boards, the Management Board has initiated the creation of a robust plan supporting diversity with appropriate targets, within the AMG Group going forward.”

ENVIRONMENT

- Principle 7 - Businesses should support a precautionary approach to environmental challenges.

All AMG facilities have a strong awareness and knowledge of their environmental impact and the company utilizes the Global Reporting Initiative (GRI) guidelines to measure and report environmental impacts in several areas including raw material use, energy consumption, greenhouse gas generation, water use and discharge and waste generation and disposal. Collection of this data is vital to help sites focus on improving efficiencies – including reducing energy use and concurrent greenhouse gas emissions, but also reducing solid and liquid wastes and reducing water consumption. AMG has transitioned to the latest GRI guidelines and reports at the core level. These environmental impacts are reported annually to our stakeholders in the Company annual report.

From the CEO Letter to Shareholders:

AMG was founded on the basis of a key global trend of energy transformation: clean energy and energy saving demands materials science-based solutions, activating new demand for elements in the periodic table. AMG was formed to be a leader in these “critical” materials. As a result, and

by design, AMG has created and continues to grow a portfolio of products enabling its customers to reduce CO2.

Since 2012, AMG has developed a methodology to measure the CO2 reduction enabled by its activities. In 2018, we further refined the methodology to measure our enabled CO2 reduction, in partnership with ERM, by conducting Life Cycle Analysis. As a result, ECO2RP delivered a combined CO2 reduction of 67 million tons in 2019, an amazing figure. In 2020 the same methodology resulted in 54 million tons. The decrease in the CO2 reduction impact was a net result of reduced aerospace activity, compensated partly by two new entrants into ECO2RP. It is important to note that, consistently over the past ten years, ECO2RP key highlights include higher growth in revenue and gross profit than AMG in total, with gross margin growing faster than related revenues, and gross margin higher than that of the group as a whole.”

Principle 8 - Undertake initiatives to promote greater environmental responsibility.

The principles outlined by AMG's CEO and founder referred to above eloquently describe AMG's broader approach to the environment. In terms of detailed environmental management at local sites, fourteen of the larger AMG manufacturing facilities now have ISO 14001 environmental management system certification in place. Formalized management systems are a key tool to maintaining focus on environmental responsibility. Additionally, AMG has invested in projects including hydroelectric generation, solar generation, and heat recovery systems. It is also promoting energy management initiatives to improve efficiencies, with several larger energy users, including the largest, holding ISO 50001 energy management certification.

- Principle 9 - Encourage the development and diffusion of environmentally friendly technologies.

As described above, AMG's businesses continue to focus on environmentally friendly technologies. In 2019 AMG continued its investment in the production of titanium aluminides used in the aerospace industry. Investments in the plant in Cambridge, Ohio that produces the steel strengthening alloy ferrovanadium from byproducts of the oil refining and power generation industries, eliminating landfill, has resulted in significant capacity increase, with minimal increase in carbon footprint. Further, this technology reduces energy in the manufacturing process and by strengthening steel, significantly reduces the tonnages required in end user applications. AMG is also actively supporting the automotive industry as it moves to more fuel-efficient turbo charged,

low displacement engines, through heat treatment of fast moving, high temperature parts such as turbo chargers and piston heads. Similar applications have been seen in next generation aviation jet engines which contribute to the fuel efficiency of next generation aircraft and where AMG's ceramic coating technologies further enable fuel efficiency savings. AMG continues to believe that nuclear power is required as part of the short- and medium-term solution to anthropogenic CO2 emissions and continue to supply products and engineering expertise to support this sector.

ANTI CORRUPTION

- Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery.

In 2009 AMG introduced (and published) its Code of Business Conduct to all its staff which sets out guiding principles in its ethics and business conduct as adopted and approved by the Company's Management Board and Supervisory Board. The Code of Business Conduct was reviewed and updated in 2016, adding safety as a core value, and it discusses in detail the ethical conduct and business practices which AMG expects from all employees, covering areas like conflicts of interest, anti-bribery, insider dealing, policies on corporate entertainment and acceptance of gifts, and the integrity of our record keeping and reporting. AMG also has a stand-alone policy on Anti-bribery and Anti-corruption. This is available under the Corporate Governance section of the AMG-NV website. Training in these aspects is carried out on an ongoing basis.

AMG further promotes these values throughout the Company with multilingual posters prominently displayed at operational sites to raise awareness of the Code of Business Conduct and various ethically based programs.

we act **safely**
 we aim to create **value**
 we **respect** people
 we act with **integrity**

AMG's Code of Business Conduct and its supporting policies set out AMG's guiding principles in its ethics and business conduct and applies to all directors, officers and employees of AMG and its group companies worldwide regardless of their position, nationality, gender, race or religion.

At work you may face situations where interpretation or further guidance is needed. When this happens consult the Code of Business Conduct and its supporting policies or discuss the situation with your manager. You can also discuss with your local Compliance Officer or contact AMG's Legal Department.

www.amg-nv.com



We welcome comments on our Code of Business Conduct and supporting policies.

Michael Witzel, Chief Compliance Officer
 AMG Advanced Metallurgical Group NV
 Streeklindseyen 1040
 1077 XZ Amsterdam, the Netherlands
 Contact: compliance@amg-nv.com
 Tel: +31 20 71 671 40
 Fax: +31 20 71 671 11

Nous agissons en **sécurité**
 Notre but est de créer de la **valeur**
 Nous **respectons** chaque personne
 Nous agissons avec **intégrité**

A AMG nous sommes ambitieux, innovants et engagés à être leader dans le domaine des matériaux critiques et services d'ingénierie et à atteindre l'excellence dans tout ce que nous faisons. Nos valeurs fondamentales – sécurité, création de valeur, respect et intégrité – forment la base de cette déclaration et s'appliquent à la façon dont nous menons nos activités et à la façon dont nous traitons nos employés, partenaires en affaires et intervenants.

www.amg-nv.com



Michael Witzel, Chief Compliance Officer
 AMG Advanced Metallurgical Group NV
 Streeklindseyen 1040
 1077 XZ Amsterdam, the Netherlands
 Contact: compliance@amg-nv.com
 Tel: +31 20 71 671 40
 Fax: +31 20 71 671 11

ATTACHMENT 1

SUSTAINABLE DEVELOPMENT SECTION FROM THE 2020 ANNUAL REPORT TO SHAREHOLDERS

SUSTAINABLE DEVELOPMENT

This section provides our thirteenth annual sustainability report, which evaluates AMG's social and environmental performance.

SITE NAME ¹	LOCATION	COUNTRY	DIVISION
AMG Headquarters	Amsterdam	Netherlands	AMG Corporate
AMG USA Headquarters	Pennsylvania	USA	AMG Corporate
ALD USA	Connecticut	USA	AMG Technologies
ALD France	Grenoble	France	AMG Technologies
ALD Vacuum Technologies	Hanau	Germany	AMG Technologies
ALD Vacuheat	Limbach	Germany	AMG Technologies
ALD TT USA	Michigan	USA	AMG Technologies
ALD Dynatech	Mumbai	India	AMG Technologies
ALD TT Mexico	Ramos Arizpe	Mexico	AMG Technologies
ALD Japan	Tokyo	Japan	AMG Technologies
ALD Thailand	Bangkok	Thailand	AMG Technologies
ALD C&K	Suzho	China	AMG Technologies
ALD Russia	Moscow	Russia	AMG Technologies
AMG Titanium Alloys	Brand Erbsdorf	Germany	AMG Technologies
AMG Titanium Alloys	Nürnberg	Germany	AMG Technologies
AMG Titanium Alloys	Pennsylvania	USA	AMG Technologies
AMG Alpoco	Anglesey	UK	AMG Critical Materials
AMG Alpoco	Minworth	UK	AMG Critical Materials
AMG Superalloys and AMG Aluminum	Rotherham	UK	AMG Critical Materials
AMG Aluminum	Jiaxing	China	AMG Critical Materials
AMG Aluminum	Kentucky	USA	AMG Critical Materials
AMG Aluminum	Washington	USA	AMG Critical Materials
AMG Antimony	Chauny	France	AMG Critical Materials
AMG Antimony	Lucette	France	AMG Critical Materials
Bogala Graphite Lanka	Colombo	Sri Lanka	AMG Critical Materials
AMG Graphite	Kropfmühl	Germany	AMG Critical Materials
AMG Graphite	Cabo Delgado Province	Mozambique	AMG Critical Materials
AMG Graphite	Qingdao	China	AMG Critical Materials
AMG Graphite Tyn	Tyn	Czech Republic	AMG Critical Materials
AMG Brazil S.A.	Nazareno	Brazil	AMG Critical Materials
AMG Silicon	Pocking	Germany	AMG Critical Materials
AMG Brazil S.A.	São João del Rei	Brazil	AMG Critical Materials
AMG Vanadium	Ohio	USA	AMG Critical Materials

¹ The chart indicates which facilities were included in the scope of the sustainable development data. Only data from these facilities are included in this section, which may therefore show inconsistency with other sections of this annual report covering all facilities.

The reporting boundaries have not changed since 2019. The thirty-three locations reporting in 2020 (in which AMG has a 51% or greater stockholding) are detailed in the table on the previous page. AMG uses actual data for all facilities within the reporting boundary. In 2020, AMG began reporting the number of male and female employees in management across the organization.

AMG reporting locations include mining, manufacturing, sales, and administrative offices in fifteen countries across five continents. This report covers AMG's two operating segments: AMG Critical Materials and AMG Technologies. All locations report their performance at the end of the fourth quarter and no forecast data is used.

For the 2020 reporting year, AMG again engaged ERM as its sustainability consultant. ERM assisted AMG with refining its data collection process. AMG anticipates engaging ERM as its primary sustainability consultant again for the 2021 reporting year.

SCOPE OF THIS REPORT

AMG utilizes the Global Reporting Initiative (GRI) as the basis for this report and includes those aspects which are material to its business units, based upon the following two dimensions:

- The significance of the organization's economic, environmental, and social impacts;
- Their substantive influence on the assessments and decisions of stakeholders.²

In order to ensure consistency in the interpretation of definitions and the source of key performance data, AMG locations utilize a standard template which sites use to report their data. The key performance data for both segments are summarized in the table on page 49.

MEMBERSHIPS AND ASSOCIATIONS



UNITED NATIONS GLOBAL COMPACT

AMG commits its support to the principles of the United Nations Global Compact. The Global Compact, which is overseen by the United Nations, is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption. In 2009, the AMG Management Board approved its commitment to the Global Compact and the intent of AMG to support the ten principles of the Global Compact. AMG will reaffirm its support and submit its Communication on Progress in April 2021.



LOST TIME INCIDENT RATE

0.62		2020
0.80		2019

TOTAL INCIDENT RATE

1.05		2020
1.46		2019

AIR EMISSIONS CO₂E (mt)

460,481		2020
540,162		2019

² GRI, GRI Standards, GRI 101: Foundation 2016, p.18.

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

AMG continues its support of the Extractive Industries Transparency Initiative ("EITI"), a global initiative to improve governance in resource-rich countries through the verification and full publication of Company payments and government revenues from oil, gas, and mining. EITI works to build multi-stakeholder partnerships in developing countries to increase the accountability of governments. As of today, AMG has one extractive operation in one EITI-implementing country: Mozambique.

Further information on AMG Sustainable Development and our commitments to these organizations, including our United Nations Global Compact Communication on Progress, can be found on the AMG website [sustainability.amg-nv.com].

ENVIRONMENT

AIR EMISSIONS

GRI STANDARDS 305-1 AND 305-2

AMG facilities emit and report upon both direct ("Scope 1") and indirect ("Scope 2") greenhouse gas ("GHG") emissions. Electricity used for the generation of heat for metallurgical processing is the most significant source of GHG emissions for AMG. Electricity use gives rise to Scope 2 GHG emissions of carbon dioxide equivalent ("CO₂e"), which are dependent on the nature of its generation. Scope 2 GHG emissions have been calculated using location-based emission factors.

Scope 1 GHG emissions result primarily from the combustion of carbon-containing materials as part of the metallurgical process such as using coke as a reductant, but also for the generation of heat, such as burning natural gas in a furnace. Other GHGs occurring from processes other than combustion are minimal for AMG business units. AMG includes mobile combustion emissions and refrigerant emissions in its Scope 1 GHG emissions results which is aligned with Carbon Disclosure Project ("CDP") guidance.

AMG Critical Materials' GHG emissions (Scope 1 and Scope 2) in 2020 were 436,639 mt of CO₂e. 45% of these emissions are attributed to direct sources (stationary combustion emissions, mobile combustion emissions, processing GHG emissions, and refrigerant emissions). Overall emissions are dominated by the silicon metal production activities which account for 309,104 mt of CO₂e. This activity also dominates AMG's overall GHG emissions, accounting for 67% of total group emissions.

AMG Technologies GHG emissions (Scope 1 and Scope 2) in 2020 were 23,842 mt of CO₂e. 29% of these emissions are associated with operations at the Nuremberg, Germany facility.

Normalized to a revenue basis, AMG Critical Materials emitted 436,639 mt CO₂e, with revenue of \$576 million, equivalent to 758 mt CO₂e per million USD revenue. AMG Technologies generated 23,842 mt CO₂e and \$361 million in revenue, or 66 mt CO₂e per million USD revenue. This wide range reflects the diversity of the AMG portfolio.

Total AMG GHG emissions were 460,481 mt CO₂e in 2020 with revenue of \$937 million, resulting in a GHG intensity of 491 mt CO₂e per million USD revenue.

GRI STANDARDS 305-6 AND 305-7

Emissions of ozone-depleting substances are generally de minimis for AMG. However, in 2020 AMG reported air emissions from refrigerants of 76 mt CO₂e. The global warming potential (i.e., CO₂e) of certain HFC refrigerants is significant, as the actual release of material was 41 kg. AMG's production facilities have other air emissions, including SO_x (407 mt), NO_x (370 mt) and particulate materials (78 mt). Data is only available for regulated sources where measurements have been made.

ENERGY

GRI STANDARDS 302-1 AND 302-2

High-temperature metallurgical processes and mining operations utilized in AMG Critical Materials are energy-intensive and improving energy efficiency is an operational priority at AMG that results in both environmental and economic benefit. The two most significant energy contributors are electricity and natural gas.³

The reported electricity usage of AMG in 2020 was 2,611 terajoules (TJ). AMG generates renewable energy at its hydroelectric generating facility near São João del Rei, Brazil which generated 72.76 TJ, and at AMG Vanadium's solar power system which generated 0.93 TJ.

RESOURCE EFFICIENCY

GRI STANDARDS 301-1 AND 301-2

Resource use varies between AMG business units. Examples include local mining, primary raw material purchase, secondary metal and alloy production from recycled resources, and engineering services.

Furnace technology and engineering services provided by AMG Technologies results in this segment utilizing limited resources. Resources used are mainly complex component parts for furnaces which are routinely measured in units rather than by mass. Unlike the chemicals and alloys business units, this means only limited data are available on resource mass.

AMG Critical Materials uses a much more diverse range of resources including mined ores for tantalum, lithium, and graphite, power plant wastes and spent refinery catalysts to produce

³ Indirect energy consumption does not include the energy consumed by electricity producers to generate the electricity or transmission losses.

vanadium alloys, and metal salts for aluminum alloy production. The segment uses recycled iron, steel, aluminum, and titanium in processes when possible.

WASTEWATER

GRI STANDARDS 306-1 AND 306-3

AMG facilities record the volumes of aqueous effluents to local water courses. Clean water consumption (typically freshwater used for cooling purposes) is included in the Social and Environmental Key Performance Indicators and GRI Content Index table at the end of this section.

In 2020, 2,958,052 cubic meters of water were discharged to water courses by AMG compared to 2,988,665 cubic meters in 2019. Most of AMG's water discharge results from global mining operations.

The balance of AMG's water is used for cooling purposes and therefore produces clean water discharges. Some wet chemical processes generate aqueous waste streams, including cooling water used by the silicon metal furnaces and mine water from dewatering pumps. In several locations, mine water is utilized for process water before final discharge.

In 2020, there were no significant spills (defined as one which would affect the Company's financial statements because of the ensuing liability) at any AMG site.

SOCIAL

COVID-19

We made the important decision to maintain critical operations during this unprecedented crisis because of the vital role our company plays in sustaining global infrastructure. AMG's products are essential to the aerospace, automotive, defense, infrastructure, and energy industries. Keeping our operations running meant modifying how we work to keep our employees, contractors, and visitors safe during a pandemic. AMG drew upon worldwide guidance to develop location-specific programs which included educating personnel to recognize signs and symptoms, implementing self-quarantine protocols, establishing temperature checks at every entrance, elevating workplace hygiene and cleaning protocols, social distancing, and enacting global travel restrictions.

To protect the safety and health of our workforce, as well as meet our customer's critical needs during this crisis, a robust reporting program was launched to keep our executive management team informed and provide daily insight into infection and quarantine trends at all AMG facilities. This ensures timely and effective responses at the highest levels of the organization.

We will continue to closely monitor the situation around the world and address our customers' needs on a case-by-case basis.

HEALTH AND SAFETY

AMG is pleased to report that no fatal incidents occurred at its operations in 2020. AMG's medium-term aspirational goal is to become a zero lost time incident workplace—we cannot accept that any incident is inevitable. In 2020, internal safety performance in both lost time incidence rate and recordable incidence rate have improved year-over-year. For AMG, the total lost time incident rate⁴ decreased 23% from 0.80 in 2019 to 0.62 in 2020. Of the thirty-three locations included in this report, twenty-three achieved zero lost-time incident performance in 2020. The total incident rate⁵ decreased 28% from 1.46 in 2019 to 1.05 in 2020. Formal safety management systems continue to be important to achieving zero harm to employees and sixteen of AMG's sites are OHSAS 18001 or ISO 45001 certified.

DIVERSITY AND INCLUSION

GRI STANDARDS 102-8, 102-41, 403-1, 403-2, 404-1 AND 405-1

The size of AMG's workforce has been relatively stable over the last year, and at year-end 2020, AMG Critical Materials had 1,753 employees and AMG Technologies had 1,311. For the facilities covered by this report, the total AMG workforce was 3,064. Geographically, these employees were located in Africa (115), Asia (330), Europe (1,680), North America (417), and South America (522).

AMG assesses the diversity of its workforce in terms of gender and age, but not ethnicity. The multinational, and therefore multicultural, nature of AMG's business means that ethnic diversity is significant, but it is not possible to define minority employees in such an environment.

In 2020, the Management Board deployed measures to attract and maintain a diverse workforce at its units by, among other things, linking incentives for unit managers to meaningful results in diversity targets.

Women are often under-represented in the academic and professional fields of engineering and particularly in leadership roles at major companies. However, AMG is leading by example, seeking out the most talented employees regardless of gender to drive the company forward.

AMG also adopted a Diversity Policy in relation to the composition of its Management Board and Supervisory Board. AMG will continue to take its key diversity objectives, including maintaining a proper balance of nationalities and the gender allocation of seats, into account in connection with recruitment, retention of employees, and succession planning.

⁴ Lost time incident frequency rate equals the number of lost time incidents multiplied by 200,000 divided by the total hours worked. Lost time injury was defined using local regulations.

⁵ Total incident frequency rate equals the number of incidents (including all medically treated injuries) multiplied by 200,000 divided by the total hours worked.

Of total employees, 19% are female and 81% are male; 18% are under 30 years of age, 53% are between thirty and fifty, and 29% are over fifty. Within leadership roles at AMG, which are defined as those with direct reports, 79% of leaders are male and 21% are female. The Management Board's composition is 100% male. The Supervisory Board's composition is 67% male and 33% female as of the end of 2020.

The rights and freedoms for individual employees to join, or choose not to join, unions, as described in Article 23 of the Universal Declaration of Human Rights, are fully respected by AMG. In 2020, AMG facilities once again had no strikes or lockouts.

GOVERNANCE

BUSINESS ETHICS

GRI STANDARDS 205-2, 407-1, 408-1, AND 412-2

Protection of internationally proclaimed human rights is an area in which AMG is both highly aware and fully committed. The Company strives to make sure it is not complicit in human rights abuses. Each AMG site is assessed during site visits and with internal audits to identify if there is the possibility of freedom of association or collective bargaining being put at risk because of political or business factors. In 2020, it was found that no sites were at risk, except for China, where the formation of unions remains restricted. Similarly, the Company has reviewed sites to ensure that they are not at risk for employing child labor or exposing young workers to hazards. No sites have been identified that pose a risk at this time. AMG also aims to ensure rights are protected in our supply chain through its Supplier Code of Conduct. Our policy on human rights is included in the AMG Code of Business Conduct and detailed in the Company's human rights policy; all are available on the AMG website.

THE AMG VALUES AND THE AMG CODE OF BUSINESS CONDUCT

"We act Safely, We aim to create Value, We respect People, We act with Integrity" are AMG's Values, and they enable AMG's ambition of being a leader in the field of critical materials and engineering services. These values apply to how AMG conducts its operations and how it deals with its employees, business partners, and stakeholders. The AMG Code of Business Conduct and the Speak Up and Reporting Policy, which reference the AMG Values, are prominently displayed in the local language at each place where the AMG companies carry out their operations and where AMG staff are employed.

In 2019, AMG deployed its online general ethics training for all employees who are not involved in manual labor activities. A general ethics training program for employees who are involved in manual labor activities was rolled out in 2018 (after its first deployment in 2015). In 2018, AMG also completed its online

general antitrust and competition law principles training for designated staff. The general ethics training, anti-bribery training, and general antitrust and competition law trainings are repeated in three-year cycles.

A network of compliance officers located at all major sites oversees deployment of AMG's ethics training programs and distribution of information concerning AMG's Values and Code of Business Conduct. In February 2021, AMG's Chief Compliance Officer reported to the Management Board and the Supervisory Board about applicable compliance and incident trends at AMG during 2020.

The number of complaints received under AMG's Speak Up and Reporting policy in 2020 was well below the available benchmark as published by NAVEX Global (2019 Ethics & Compliance Hotline & Incident Management Benchmark report). No incidents or complaints have been reported to AMG or any public authorities in 2020 to date which would implicate AMG or any of its staff in any bribery scheme involving public officials or agencies.

COMPLIANCE

GRI STANDARDS 307-1

No AMG facility received a material fine or equivalent penalty for non-compliance with environmental laws in 2020.

PRODUCTS

PRODUCT QUALITY AND SAFETY

GRI STANDARD 64-DMA

AMG continues to comply with its responsibilities under the REACH regulations in Europe. Industry groups continue to focus on developing health and safety knowledge of their products as the regulatory framework grows and expands across the world. AMG units are involved in, among others, the Vanadium International Technical Committee, and the International Antimony Association.

RESPONSIBILITIES

AMG's environmental, health, safety, and social performance reporting has been prepared by the management of AMG who are responsible for the collection and presentation of the information.

AMG Advanced Metallurgical Group N.V.

sustainability.amg-nv.com

Contact: global.sustainability@amg-nv.com

SOCIAL AND ENVIRONMENTAL KEY PERFORMANCE INDICATORS AND GRI CONTENT INDEX

GRI INDICATOR	DESCRIPTION	UNITS	AMG CRITICAL MATERIALS		AMG TECHNOLOGIES		AMG GROUP	
			2019	2020	2019	2020	2019	2020
102-8	Total workforce	Total	1,851	1,753	1,394	1,311	3,245	3,064
403-2	Lost Time Accident Rates	Rate	0.86	0.49	0.73	0.89	0.80	0.62
403-2	Total Incident Rates	Rate	1.82	0.98	0.92	1.22	1.46	1.05
405-1	Women in Management	%	N/A	22	N/A	18	N/A	21
302-1	Direct Electricity Consumption	TJ	32	37	0	0	32	37
302-2	Indirect Electricity Consumption	TJ	2,421	2,416	196	158	2,617	2,574
303-1	Water consumption	'000 cubic meters	11,384	10,573	117	96	11,501	10,669
305-1	CO ₂ equivalent emissions	mt	507,602	436,639	32,560	23,842	540,162	460,481
305-7	SOx emissions	mt	618	407	0	0	618	407
305-7	NOx emissions	mt	198	56	10	314	208	370
305-7	Particulates discharged to air	mt	105	75	0	3	105	78
306-1	Metals discharged	mt	1	1	29	0	30	1
306-2	Hazardous waste (including recycled)	mt	2,763	1,914	1,524	1,685	4,287	3,599
306-2	Non-hazardous waste (including recycled)	mt	31,023	25,130	9,192	4,110	40,215	29,240
306-2	Percent of waste recycled	%	46	41	95	97	58	51
306-2	Waste disposed to landfill	mt	18,117	15,832	533	171	18,650	16,003
306-3	Spills	L	0	0	0	0	0	0
307-1	Environmental Fines	'000 USD	0	47	0	0	0	47
205-1	Fines for non-compliance with laws	'000 USD	4	12	0	0	4	12