



## United Nations Global Compact

### Communication on Progress Covering Calendar Year 2010

4<sup>th</sup> April 2011

To our Stakeholders:

I am pleased to confirm that AMG Advanced Metallurgical Group N.V. reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. Our Code of Business Conduct, available on our website, sets out our commitments to act ethically and uphold these ten principles in all of 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](http://www.amg-nv.com).

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Heinz C. Schimmelbusch', written in a cursive style.

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. In 2009 AMG published its Code of Business Conduct which sets out guiding principles in its ethics and business conduct as adopted and approved by the Management Board and Supervisory Board of the Company. The first item in the Code of Business Conduct discusses Equal Opportunities and Human Rights. All of our employees have been provided with a copy of the Code of Business Conduct and interactive online training has been carried out to ensure AMG employees understand the guiding principles. This is seen as the first step in our Human Rights Commitment and will act as a foundation to build upon and expand awareness of our Human Rights commitment within our spheres of control and influence.

In 2010 there were no reported incidents of breaches of the AMG code of business conduct, and in particular none related to human rights abuses.

- Principle 2 - Make sure they 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.

AMG has an expanding network of Code of Conduct Compliance Officers based in the countries and at the sites where AMG companies are operating. Additionally AMG has a confidential means for employees to report issues, accessible through the Governance section of the AMG website.

## 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. Beginning in 2009 AMG began using the Global Reporting Initiative (GRI) indicator LA4 (Percentage of Employees Covered by Collective Bargaining Agreements) to monitor this principle. In 2009 65% of the AMG workforce was covered under such agreements.

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

All AMG employees work for the company as a result 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.

- Principle 5 - The effective abolition of child labor

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.

- 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. By nature of the international nature of our business, there is significant racial and national origin diversity in the company. Unfortunately the mining and metals industries remain significantly less gender diverse with significantly more male employees. AMG has started to utilize GRI indicator LA13 to monitor diversity on the basis of gender and age.

## 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) G3 guidelines to measure and report environmental impacts in a number of areas including raw material use, energy consumption, greenhouse gas generation, water use and discharge and waste generation and disposal. These are reported annually to our stakeholders in the Company annual report. AMG has expanded the scope of this monitoring and reporting in 2010 moving from C to B application level. The underlying aim is to measure and improve performance so we can manufacture our products and deliver our services with high efficiency and therefore minimized environmental impact.

- Principle 8 - Undertake initiatives to promote greater environmental responsibility

A number of larger AMG manufacturing facilities either have, or are working towards achieving ISO 14001 environmental management system certification. Combined with ongoing GRI reporting we see this as an important tool to demonstrate to all stakeholders our

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

Much of AMG's business focuses on environmentally friendly technologies. We supply lightweight alloys for Aluminum and Titanium in the aerospace and automotive industries. Strengthening alloys made by AMG for the steel industry including ferrovanadium are made exclusively from by products from the oil refining and power generation industries, by products that have historically been disposed. Not only does this eliminate waste, but also reduces energy in the manufacturing process and by strengthening

steel, significantly reduces the tonnages required in end user applications. We are a leading supplier of silicon re-melting vacuum furnaces, crucial in the production of photovoltaic solar panels. We also believe that nuclear power continues to be 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 published its Code of Business Conduct which sets out guiding principles in its ethics and business conduct as adopted and approved by the Management Board and Supervisory Board of the Company. The Code of Business Conduct discusses in detail the ethical practices which AMG expects from all employees, including conflicts of interest, bribery, insider trading, policies on corporate entertainment and acceptance of gifts and the integrity of our record keeping and reporting. Training in this area has been carried out and will be refreshed on an on going basis.