



April 6, 2022

To the Stockholders of Albany International Corp.:

You are cordially invited to attend the 2022 Annual Meeting of Stockholders of Albany International Corp., which will be held at 9:00 a.m. on Friday, May 20, 2022. Due to the ongoing COVID-19 pandemic, we have again decided to hold the Annual Meeting virtually this year. You will be able to attend the Annual Meeting by visiting <https://www.meetnow.global/M55NHCN>.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted. Therefore, you are urged to vote and submit your proxy promptly by phone, online, or by signing, dating, and returning a proxy card. If you decide to attend the Annual Meeting, you will be able to vote online, even if you have previously submitted your proxy. (An addressed, postage-prepaid envelope is enclosed for your return of the proxy.)

Information about the meeting, including a description of the various matters on which the stockholders will act, can be found in the accompanying Notice of Annual Meeting and Proxy Statement. The Annual Report for the fiscal year ended December 31, 2021, also accompanies these materials.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Erland E. Kailbourne".

ERLAND E. KAILBOURNE

*Chairman of the Board*

A handwritten signature in black ink, appearing to read "A. William Higgins".

A. WILLIAM HIGGINS

*President and Chief Executive Officer*



**ALBANY INTERNATIONAL CORP.**  
**216 Airport Drive, Rochester, New Hampshire 03867**  
**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD MAY 20, 2022**

The Annual Meeting of Stockholders of Albany International Corp. will be held on Friday, May 20, 2022, at 9:00 a.m. Eastern Time, for the following purposes:

1. To elect nine Directors to serve until the next Annual Meeting of Stockholders and until their successors have been elected and qualified;
2. to consider and take action on a proposal to approve a new Directors' Annual Retainer Plan, increasing the stock portion of each Director's annual retainer from \$105,000 to \$120,000;
3. to ratify the appointment of KPMG LLP as our independent auditor
4. to approve, by nonbinding vote, executive compensation; and
5. to transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

You will be able to attend and participate in the Annual Meeting online, vote your shares electronically and submit your questions prior to and during the Annual Meeting. To be admitted to the Annual Meeting please visit <https://www.meetnow.global/M55NHCN>. No password is needed. There is no physical location for the Annual Meeting.

If you are a registered holder of Company shares (i.e., you hold your shares through our transfer agent, Computershare), please follow the instructions on your proxy card or Notice Regarding the Availability of Proxy Materials. If you hold your shares through an intermediary (i.e., a broker, bank or other financial institution), you must register in advance to attend, vote, and submit questions or comments at the Annual Meeting online. (See "Instructions/Q&A Section" beginning on page 2.)

Only stockholders of record at the close of business on March 21, 2022, will be entitled to vote at the Annual Meeting of Stockholders or any adjournment or adjournments thereof.

Whether or not you expect to attend the Annual Meeting, we urge you to vote your shares at your earliest convenience by telephone, online, or by signing, dating, and returning a proxy card. Submitting your proxy now will not prevent you from voting your shares at the meeting if you desire to do so, as your proxy is revocable at your option.

JOSEPH M. GAUG  
*Secretary*

April 6, 2022



## **PROXY STATEMENT**

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Albany International Corp. ("the Company"), 216 Airport Drive, Rochester, New Hampshire, of proxies in the accompanying form for use at the Annual Meeting of Stockholders to be held on May 20, 2022, and at any adjournment or adjournments thereof.

### **GENERAL INFORMATION**

#### **Annual Meeting**

As part of our effort to maintain a safe and healthy environment at our Annual Meeting and after closely monitoring statements issued by the World Health Organization (who.int) and the Centers for Disease Control and Prevention (cdc.gov) regarding COVID-19, we have decided to hold the Annual Meeting virtually again this year.

#### **Voting Procedures**

Each properly executed proxy in the accompanying form received prior to the Annual Meeting will be voted with respect to all shares represented thereby and will be voted in accordance with the specifications, if any, made thereon. **If no specification is made, the shares will be voted in accordance with the recommendation of the Board of Directors. In addition, the shares will be voted in the discretion of the proxies with respect to (1) any matter of which we did not have notice prior to February 11, 2022, (2) the election of a person as a director in substitution for a nominee named in this proxy statement who, at the time of the meeting, is unable, or for good cause is unwilling, to serve, (3) any stockholder proposal properly excluded from this proxy statement, and (4) matters incident to the conduct of the meeting, or any other matters as may properly come before the meeting. A proxy may be revoked at any time prior to the voting thereof.**

If a stockholder is a participant in our Dividend Reinvestment Plan (sponsored by our transfer agent, Computershare) or the Albany International Corp. ProsperityPlus 401(k) Savings Plan, a properly executed proxy will also serve as voting instructions with respect to shares in the stockholder's accounts in such plans. In order for the plan trustee to vote 401(k) plan account shares, instructions must be received no later than 11:59 p.m. Eastern Time on May 17, 2022.

This proxy statement and the accompanying form of proxy are first being made available to our stockholders on or about April 6, 2022.

The only persons entitled to vote at the Annual Meeting (including any adjournment or adjournments) are holders of record at the close of business on March 21, 2022, of the Company's Class A and Class B Common Stock outstanding on such date. As of March 21, 2022, there were 31,720,301 shares of the Company's Class A Common Stock outstanding but NO shares of our Class B Common Stock outstanding. Each share of Class A Common Stock is entitled to one vote.

Any shareholder attending this year's virtual Annual Meeting will be considered "present" and "in person". Under our By Laws, a copy of which is available at the Corporate Governance section of our website ([www.albint.com](http://www.albint.com)), the presence, in person or by proxy, of shares having a majority of the total number of votes entitled to be cast at the meeting is necessary to constitute a quorum. Under Delaware law, if a quorum is present, a plurality of the votes cast at the meeting by the shares present in person or by proxy and entitled to vote is required for the election of directors. A majority of the voting power of our Class A Common Stock and Class B Common Stock present in person or by proxy, voting together as a single class, is required for any other action. Shares present at the meeting in person or by proxy and entitled to vote that abstain or fail to vote on any matter will be counted as present and entitled to vote but such abstention or failure to vote will not be counted as an affirmative or negative vote and thus will have the same effect as a vote "Against" each of the matters scheduled to be voted on at the Annual Meeting (other than the election of directors).

Under New York Stock Exchange ("NYSE") rules, brokerage firms are permitted to vote in their discretion on certain routine matters on behalf of clients who have been requested to provide voting instructions, and have failed to do so by a date specified in a statement from the brokerage firm accompanying proxy materials

distributed to its clients. Brokerage firms generally do not have such discretion as to any contested action, any authorization for a merger or consolidation, any equity-compensation plan or other matter related to executive compensation, any election of directors, or any matter that may affect substantially the rights or privileges of stockholders. In such a case, broker "nonvotes" are treated as shares that are present at the meeting but are not eligible to vote. The Company anticipates that brokerage firms will be able to vote in their discretion only on the proposal to ratify the selection of KPMG LLP as independent auditor. Broker "nonvotes" will not affect the outcome of any matter being voted on at the Annual Meeting, assuming that a quorum is present.

#### **Instruction/Q&A Section**

**Q: How can I attend the Annual Meeting?**

**A:** The Annual Meeting will be a virtual meeting of stockholders, which will be conducted exclusively online. You are entitled to participate in the Annual Meeting only if you were a stockholder of the Company as of the close of business on the Record Date, or if you hold a valid proxy for the Annual Meeting. No physical meeting will be held.

You will be able to attend the Annual Meeting virtually and submit your questions during the meeting by visiting <https://www.meetnow.global/MNHCN>. No password is needed. You also will be able to vote your shares online by attending the Annual Meeting virtually.

To participate in the Annual Meeting, you will need your 15-digit control number. Please carefully review the information included on your proxy card and on your Notice Regarding the Availability of Proxy Materials.

If you hold your shares through an intermediary, such as a bank or broker, you must register in advance using the instructions below.

**The Annual Meeting will begin promptly at 9:00 a.m. Eastern Time. We encourage you to access the Annual Meeting prior to the start time leaving ample time for the check in. Please follow the registration instructions outlined in this proxy statement.**

**Q: How do I register to virtually attend the Annual Meeting?**

**A:** If you are a registered shareholder (i.e., you hold your shares through our transfer agent, Computershare), you do not need to register to attend the Annual Meeting virtually. Please follow the instructions on the proxy card or Notice Regarding the Availability of Proxy Materials that you received.

If you hold your shares through an intermediary, such as a bank or broker, you must register in advance to attend, vote, and submit questions at the Annual Meeting online.

To register to attend the Annual Meeting virtually, you must submit proof of your proxy power (legal proxy) reflecting your Company holdings along with your name and email address to Computershare. Requests for registration must be labeled as "Legal Proxy" and be received no later than 5:00 p.m. Eastern Time, on May 13, 2022.

You will receive a confirmation of your registration by email after we receive your registration materials.

Requests for registration should be directed to Computershare at the following:

**By email**

Forward the email from your broker, or attach an image of your legal proxy, to [legalproxy@computershare.com](mailto:legalproxy@computershare.com)

**By mail**

Computershare

ALBANY INTERNATIONAL Legal Proxy

P.O. Box 43001

Providence, RI 02940-3001

**Q: How can I submit questions if I attend the Annual Meeting virtually?**

**A:** If you wish to submit a question, you may do so in a few ways. If you want to ask a question before the Annual Meeting, you may do so at <https://www.meetnow.global/M55NHCN>. No password is needed, but you will need your 15-digit control number found on your proxy card or Notice Regarding the Availability of Proxy Materials. If you hold our shares through a broker, you must register in advance using the instructions above.

If you want to submit a question before or during the Annual Meeting, you may do so by logging into the virtual meeting platform at <https://www.meetnow.global/M55NHCN>, entering your 15-digital control number, and clicking on the Q/A icon on the right side of the page. Enter your question in the box and click send.

Questions pertinent to meeting matters will be addressed during the Annual Meeting, subject to time constraints. Questions that relate to proposals that are not properly before the Annual Meeting, relate to matters that are not proper subject for action by stockholders, are irrelevant to the Company's business, relate to material non-public information of the Company, relate to personal concerns or grievances, are derogatory to individuals or that are otherwise in bad taste, are in substance repetitious of a question or comment made by another stockholder, or are not otherwise suitable for the conduct of the Annual Meeting as determined in the sole discretion of the Company, will not be answered. Additional rules of conduct and procedures may apply during the Annual Meeting and will be available for you to review in advance of the meeting at <https://www.meetnow.global/M55NHCN>.

Any questions pertinent to meeting matters that cannot be answered during the Annual Meeting due to time constraints will be posted online and answered at <https://www.meetnow.global/M55NHCN>. The questions and answers will be available as soon as practical after the meeting and will remain available until one week after posting.

**Q: What if I have trouble accessing the Annual Meeting virtually?**

**A:** The virtual meeting platform is fully supported across browsers (Microsoft Edge, Firefox, Chrome and Safari) and devices (desktops, laptops, tablets and cell phones) running the most updated version of applicable software and plugins. Participants should ensure that they have a strong WiFi connection wherever they intend to participate in the Annual Meeting. We encourage you to access the virtual meeting platform prior to the start time. Please allow ample time for online check-in, which will begin at 8:00 a.m. If you encounter any difficulties accessing the virtual meeting platform during the check-in time or during the Annual Meeting, please call the technical support number that will be posted on <https://www.meetnow.global/M55NHCN>.

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## SUMMARY OF SHAREHOLDER VOTING MATTERS

Voting Matters		Board Vote Recommendation	See Page
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<b>Item 2</b>	Approval of New Directors' Annual Retainer Plan	FOR	20
<b>Item 3</b>	Ratification of Independent Auditors	FOR	22
<b>Item 4</b>	Advisory Vote on Executive Compensation	FOR	52

### DIRECTOR NOMINEES

Name	Age	Director Since	Experience	Committee Membership	Other Public Company Boards
Erland E. Kailbourne	80	1999	Retired Chairman and Chief Executive Officer (New York Region) of Fleet National Bank, a banking subsidiary of Fleet Financial Group, Inc.	Compensation (Chair), Governance	Rand Capital Corporation
John R. Scannell	58	2012	Chairman and Chief Executive Officer of Moog Inc.	Compensation	Moog, Inc., M&T Bank
Katharine L. Plourde	70	2013	Former principal and analyst at the investment banking firm of Donaldson, Lufkin & Jenrette, Inc.	Governance (Chair) Audit	
A. William Higgins	63	2016	President & Chief Executive officer of Albany International Corp.; Former Chairman, Chief Executive Officer and President of CIRCOR International, Inc.		Kaman Corporation
Kenneth W. Krueger	65	2016	Former interim President and Chief Executive Officer of Manitowoc Company, Inc., former Chief Operating Officer of Bucyrus International, Inc.,	Audit (Chair) Governance	Manitowoc Company, Inc., Douglas Dynamics, LLC
Mark J. Murphy	54	2020	Chief Financial Officer of Qorvo, Inc., former CFO, Delphi Automotive, PLC, and former President, Praxair Surface Technologies.	Governance Audit	
J. Michael McQuade	66	2020	Strategic advisor to the President, Carnegie Mellon University, former Vice President for Research at Carnegie Mellon University, former Senior Vice President, Science & Technology at United Technologies Company	Compensation	
Christina M. Alvord	54	2022	Former President, Southern and Gulf Coast Division, Vulcan Materials Company, Former President, Middle River Aircraft Systems (GE Aviation)	Compensation	Apogee Enterprises
Russell E. Toney	52	2022	President, Specialty Products Group, Dover Corporation, former Senior Vice President, Global Sourcing, Dover Corporation	Compensation	

## EXECUTIVE SUMMARY

At Albany International Corp. we develop and produce world-class highly engineered components and custom process solutions that improve efficiency, quality, and cost for our customers in the aerospace, paper and process industries. We do this by leveraging innovation leadership, operational excellence and the expertise of our diverse, engaged and talented global team. We are committed to driving sustainably positive results for our Company and for all of our stakeholders through consistent investment in talent and technology. Our core values are:

**Safety** *Before all else, be safe.*

**Accountability** *Own your actions, decisions and results.*

**Integrity** *Do what's right every time.*

**Respect** *Treat others as they want to be treated.*

**Passion** *Be determined and persistent to attain excellence.*

**Innovation** *Challenge assumptions to deliver the best solutions*

### BUSINESS HIGHLIGHTS

Years Ended December 31 <sup>st</sup>	2021	2020	2019
US \$Million, except per share data			
<b>Net Sales</b>	\$929.2	\$900.6	\$1,054.1
<b>Operating Income</b>	\$178.0	\$166.1	\$193.6
<b>Net Income Attributable to the Company</b>	\$118.5	\$98.6	\$132.4
<b>Earnings Per Share – Basic</b>	\$3.66	\$3.05	\$4.10
<b>Earnings Per Share - Diluted</b>	\$3.65	\$3.05	\$4.10

Executing on our vision and strategy, we were able to deliver solid results for our stockholders in 2021 while simultaneously remaining focused on the health and safety of our employees and responding to the needs of our customers. Showing great resiliency, management responded decisively to the uncertainties of 2021 and our employees rose to the challenges caused by the global COVID 19 pandemic, rising inflation and supply chain disruption, and the macroeconomic issues of the markets we serve. We achieved net sales of \$929 million, operating income of \$178 million, net income of \$118 million resulting in basic earnings per share of \$3.66. We generated record free cash flow<sup>1</sup> of more than \$160 million and in so doing succeeded in reducing net debt<sup>2</sup> to \$48 million while returning almost \$50 million to stockholders through dividends and share buybacks. All this was done while further improving our Total Recordable Incident Rate, a key measure of employee safety, to a world-class rate of 0.68. As we enter 2022, we remain committed to a disciplined capital allocation strategy focused on investing in our

<sup>1</sup>A non-GAAP measure, cash from operations, less capital expenditures. Please see the tables in our Annual Report on Form 10K and subsequent Securities and Exchange Commission (SEC) filings for a reconciliation of non-GAAP measures to their comparable GAAP measures, as well as for our disclosure regarding cautionary information and forward looking statements.

<sup>2</sup>Total debt (i.e., long term debt, current maturities of long term debt, and notes and loans payable), less cash and cash equivalents.

businesses, maintaining a sustainable dividend, opportunistic share buybacks, and, if presented, the pursuit of strategic investments and acquisitions that will generate acceptable returns on our invested capital.

## CORPORATE GOVERNANCE HIGHLIGHTS

Albany International Corp. is committed to best corporate governance practices. We believe good corporate governance creates long-term value for our stockholders and strengthens our relationships with other stakeholders. In that regard, our corporate governance practices are dynamic and reflect the Board's continual review of emerging best practices and their impact and effectiveness.

### **Independent Oversight**

- 8 of 9 Directors are independent
- Non-executive Chairman
- All independent committees
- All members of the Audit Committee are financial experts
- Private executive session for all independent Directors following each regularly scheduled Board meeting

### **Accountability**

- Annual Election of all Directors
- Annual Board and Committee self-evaluations
- Annual advisory vote on executive compensation
- Stock ownership and retention guidelines
- Prohibition on hedging, pledging and other transactions
- Corporate Governance Guidelines with overboarding policy

**100% attendance at all Board and Committee meetings in 2021**

As part of this dynamic process, the Board recently amended and updated its corporate governance guidelines to include (1) a Director overboarding policy, (2) a statement of factors taken into consideration when evaluating Director candidates, including experience, diversity and independence, and (3) a recognition of the Board's role in reviewing management's Environmental, Social and Governance ("ESG") strategies, initiatives and policies. In fact, the Charter of the Governance Committee of the Board of Directors was amended to establish the Committee's role and responsibilities in regard to the last two items.

**Most notably, the Company has effectively eliminated its dual class of share ownership. As part of a secondary offering completed in August 2021, the selling stockholders agreed to convert any remaining shares of Class B common stock in their possession to Class A common stock. Thereafter, the Company took efforts to seek the conversion of the remaining 1,154 shares of Class B common stock then outstanding. In early March 2022, the last holder of Class B common shares converted their shares, and at this point there are now no shares of Class B Common Stock outstanding. Thus, while the shareholder tables starting on page 53 show that there were 104 shares of Class B Common Stock outstanding as of March 1, 2022, those shares had been converted by the record date of March 21, 2022.**

## CORPORATE RESPONSIBILITY HIGHLIGHTS

At Albany International Corp., we have long been committed to sustainable practices in our business, our work environment, and in our communities. Day-in and day-out, we are guided by our core values, which are embedded in the way we do business and how we treat one another, our customers, our suppliers and partners, and the communities in which we live and work.

By living our values, we strive to make a positive impact on the world and advance our three core sustainability pillars of

- (1) Respect for our people and communities,
- (2) Accountability for our role as environmental stewards, and
- (3) Integrity in how we govern our business.

We believe that this is the right way to do business and is essential for building long-term value for our stakeholders and ensuring Albany's long-term success.

In the past year we achieved several important milestones, including:

- Establishment of the Albany Sustainability Council with Board oversight and cross functional, global representation across the company;
- Assessment and research of views and preferences of key stakeholder groups, including current and prospective employees, customers, partners, environmental groups and investors; and
- Evaluation reporting frameworks, to assess which standards are best aligned with our business and our stakeholders' interests in order to prepare to report against and/or operationalize around the most material sustainability issues.

As a result of this comprehensive body of work, we now have an enhanced view of Albany's sustainability strengths, challenges and opportunities. While there is more work to be done, notable 2021 achievements include:

- Creation of the Corporate Diversity, Equity and Inclusion Council;
- Establishment of the Empowering Women Leadership Network and various mentoring and internship programs;
- Support for multiple local community services initiatives;
- Amendment of the Governance Committee Charter to include oversight of the Company's Environmental, Social and Governance ("ESG") strategy, initiatives, and policy; and
- Continued execution of a world-class safety program (reporting the lowest recordable incident rate in the company's history of 0.68 per 200,000 work hours) and continuing with our enhanced hygiene and pandemic protocols that helped protect employees during a worldwide pandemic.

## **CORPORATE GOVERNANCE AT ALBANY INTERNATIONAL**

### **BOARD LEADERSHIP STRUCTURE**

Since becoming a public company in 1984, the Company has at times operated under a board leadership structure with the roles of Chief Executive Officer and Board Chairman combined, while at other times the positions of the Chairman and the top executive officer have been separated. At certain times during which the Chief Executive Officer also served as Chairman, a non-management Board member has served as Lead Director. A non-management independent Board member has served as Board Chairman since 2008.

The Board of Directors expects the Chairman of the Board to:

- function as a liaison and independent conduit between the members of the Board and the Company's Chief Executive Officer between meetings of the Board;
- preside over meetings of, and provide leadership to, the non-management members of the Board; and
- set Board meeting agendas, in cooperation with the Chief Executive Officer and Secretary.

Other responsibilities of the Chairman are described in the Company's Corporate Governance Guidelines. The Chairman is also empowered to delegate some of these duties, in his or her discretion, to a Vice Chairman. (There is currently no Vice Chairman of the Board.) The Board has found that having a non-management director function in this role, whether as a "lead director" or as Chairman, facilitates communication, helps ensure that issues of concern to non-management directors are given an opportunity for discussion at meetings, and contributes generally to a more effective use of management and Board time. The Board also believes the current board leadership structure has served the Company well, allowing the Chief Executive Officer to devote his attention to the management of the Company during what has been a challenging and dynamic period. The Board engages in an annual self-evaluation process to determine whether the Board is discharging its responsibilities and operating effectively, and to consider changes in membership, structure, or process that could improve performance. While we believe that the current Board leadership structure is appropriate, it is possible that alternative Board leadership structures, including those that combine the offices of Chairman and Chief Executive Officer, could be appropriate for the Company under different circumstances.

### **RISK OVERSIGHT**

The Board of Directors oversees the Company's risk management processes. The Company's Chief Executive Officer and Chief Financial Officer review with the Board, at each regularly scheduled quarterly meeting, the most significant top-level enterprise risks facing the Company, and the processes by which the Company mitigates such risks. This review is supported by periodic (but no less than quarterly) formal reviews by senior management of all significant enterprise risks, facilitated by the Chief Financial Officer. The Board requests that management, from time to time, supplement these quarterly reviews with a more detailed analysis of one or more specific risks, selected by the Board, including related mitigation actions. The Board also reviews management's annual operating plan and strategic plan to ensure that they are consistent with, and appropriately address, the Company's risks and risk management processes. The Audit Committee is responsible for assisting the Board in its oversight of the Company's risk management processes. The Audit Committee periodically reviews the adequacy of the processes by which the Company handles risk assessment and risk management, and discusses such processes with management, the Company's internal audit function and the independent auditor. The Committee receives periodic reports from the Company's finance department regarding liquidity and other financial risks; from the finance and internal audit function regarding internal control risks; and from the finance, legal, and internal audit departments regarding processes for addressing fraud, legal and compliance risks, and the adequacy of the Company's disclosure controls and procedures. Each year, the Committee also reviews the results of management's annual fraud risk assessment. It also regularly reviews and discusses cyber-security risks to the Company with the Company's Chief Information Officer and the internal audit function, and reviews and discusses with senior management the risk factors disclosed by the Company in its periodic filings with the Securities and Exchange Commission ("SEC") before such filings are made. Each year, the Compensation Committee assesses compensation-related risks to the Company.

Although the Board oversees the Company's risk management, day-to-day management of risk remains the responsibility of management.

## **DIRECTOR INDEPENDENCE**

The corporate governance standards of the NYSE (“NYSE Standards”) require that a majority of our Board consist of independent directors. In general, the NYSE Standards require that an independent director must have no material relationship with the Company, except as a director.

Our Board reviews any business transactions and charitable relationships between the Company and each director to determine whether any such material relationship exists, and to evaluate whether there are any other facts or circumstances that might impact a determination of the independence of such director.

Based on its review, our Board has determined that all Board members, other than President and CEO A. William Higgins, are independent under the NYSE Standards. Our Board has appointed only independent directors to our Audit Committee, Compensation Committee and Governance Committee in accordance with the independence requirements set forth in NYSE Standards.

The Board of Directors has also determined that all of the members of the Audit Committee are independent under the separate independence standards set forth in SEC Rule 10A-3. The Board is not required to make this determination with respect to any other director, and it has not done so.

## **MEETING ATTENDANCE**

The Board of Directors met seven times in 2021. Each incumbent director attended (in person or by video) 100% of the aggregate number of meetings of the Board and of the committees of the Board on which he or she served. It is the policy of the Company that all persons who are candidates for election to the Board of Directors at an Annual Meeting of Stockholders should attend that meeting. All of the candidates for election to the Board of Directors who were also candidates in 2021 attended the 2021 Annual Meeting of Stockholders.

## **NONMANAGEMENT DIRECTORS**

Meetings of the “nonmanagement” directors, as defined by the NYSE Standards, are regularly held at the conclusion of each regularly scheduled meeting of the Board. The current nonmanagement directors are all of the directors other than Mr. Higgins. Meetings of the nonmanagement directors during 2021 were chaired by the Chairman. The Chairman also acts as a liaison between the directors and the Chief Executive Officer and facilitates communication among the directors. Interested persons may communicate with the Chairman and the nonmanagement directors by writing to: Chairman, Albany International Corp., 216 Airport Drive, Rochester, New Hampshire 03867.

## BOARD COMMITTEES

The Board assigns responsibilities and delegates authority to its committees, which regularly report on their activities and actions to the Board. The Board has determined that each current member of each committee is "Independent" within the meaning of the NYSE Standards and the Guidelines and meets any applicable additional committee-specific independence requirements. The standing committees of the Board of Directors are the Governance Committee, the Audit Committee, and the Compensation Committee. The purpose and principle responsibilities of each committee are summarized below and set forth in more detail in each committee's written charter, which can be found in the Corporate Governance section of our website ([www.albint.com](http://www.albint.com)).

<b>Governance Committee</b>		Purpose: to provide leadership to the Board in the development and maintenance of an effective corporate governance structure and process
Members: Katharine L. Plourde, Chair Erland E. Kailbourne Kenneth W. Krueger Mark J. Murphy	Principal Responsibilities:	<ul style="list-style-type: none"><li>• reviews and recommends changes to the Company's Corporate Governance Guidelines and governance and management structure;</li><li>• evaluates the effectiveness of the Board of Directors, its committees, and the directors;</li><li>• recommends to the Board of Directors the persons to be nominated for election as directors; and</li><li>• reviews management succession planning</li></ul>
Meetings in 2021: 4		
Attendance: 100%		

Directors Plourde, Kailbourne, and Krueger each served on the Governance Committee during all of 2021; Director Murphy joined the Committee in August 2021.

The Governance Committee considers, on an ongoing basis, the skills, background, and experience that should be represented on the Board of Directors and its committees, the performance of incumbent directors, the appropriate size of the Board of Directors, potential vacancies on the Board, and other factors relating to the efficacy of the Board. The Committee and the Board seek to maintain a group of Board members that, in the aggregate, possesses the skills, background, and experience necessary and desirable to address effectively the issues and challenges the Company will confront. The Board does not expect that any single member will possess all of these attributes, and therefore seeks to accomplish this by selecting candidates with diverse skills and backgrounds taking into consideration such factors as experience, diversity, and, for non-management directors, independence. The Committee discusses with the Board, at least annually, the various qualifications and skills that should be represented on the Board and its committees, taking into account the nature of the business and the objectives of the Company as they may evolve over time. The Committee also reviews, on an annual basis, the performance of the sitting members of the Board, and makes recommendations to the Board regarding those directors to be nominated for reelection by the stockholders.

The Governance Committee employs professional consultants for this purpose, and members of the Committee also communicate with knowledgeable persons on a continuing basis to identify potential candidates for Board membership. Any qualified potential candidates so identified are then discussed by the Committee and the Board, and if the potential candidate appears likely to be a substantial addition to the Board, he or she is then interviewed by members of the Committee and the Board. The Governance Committee then considers the reports of the interviews and other information that has been gathered and determines whether to recommend to the Board of Directors that the person be elected as a director. The Committee has retained the director search firm of G. Fleck/Board Services since 2011 to assist in identifying and evaluating potential Board members, and at times Korn Ferry to supplement the work of G. Fleck/Board Services as needed.

Stockholders may send recommendations of persons to be considered by the Governance Committee for nomination for election as directors to: Chair, Governance Committee, Albany International Corp., 216 Airport Drive, Rochester, New Hampshire 03867. Our Corporate Governance Guidelines, a copy of which is available at the Corporate Governance section of our website ([www.albint.com](http://www.albint.com)), set forth criteria to be employed by the Governance Committee and the Board of Directors in determining whether a person is qualified to serve as a director of the Company. Recommendations by stockholders should include information relevant to these criteria. The Governance Committee will give consideration to persons recommended by stockholders in the same manner that it employs when considering recommendations from other sources.

All of the nominees for election as directors at the 2022 Annual Meeting are current Board members standing for election or reelection by the stockholders.

<p><b>Audit Committee</b></p>	<p>Purpose: to assist the Board of Directors in fulfilling its oversight responsibilities in a number of key areas, including:</p> <ul style="list-style-type: none"> <li>• the integrity of our financial statements, financial reporting process, and internal controls;</li> <li>• the performance of our internal audit function;</li> <li>• our compliance with legal and regulatory requirements, including our disclosure controls and procedures; and</li> <li>• the annual independent audit of our financial statements, including the engagement of the independent auditor, and the evaluation of the independent auditor's qualifications, independence and performance.</li> </ul>
<p>Members: Kenneth W. Krueger, Chair Katharine L. Plourde Mark J. Murphy</p>	<p>Principal Responsibilities:</p> <ul style="list-style-type: none"> <li>• reviewing and discussing with management each quarterly earnings release, as well as other financial communications, and all quarterly reports on Form 10-Q or annual reports on Form 10-K;</li> <li>• after the completion of each annual audit, and before the filing of the Form 10-K, reviewing and discussing with the independent auditors, the head of internal audit, and senior management, among other things: (1) any significant audit findings, and management's responses to such findings, (2) any significant changes in audit scope, and (3) any difficulties encountered during the course of the audit;</li> <li>• periodically reviewing and discussing with the independent auditor, management, and the head of the internal audit function, the acceptability and quality of our accounting policies, the clarity of our financial disclosures, and any weaknesses in our system of internal controls; and</li> <li>• periodically reviewing, evaluating and discussing with management the qualifications, performance and depth of the Company's financial personnel</li> </ul>
<p>Meetings in 2021: 9</p>	
<p>Attendance: 100%</p>	

Director Kailbourne left the Audit Committee in August 2021 when he became Chair of the Compensation Committee. All of the other current committee members served during all of 2021.

The Board of Directors has determined that none of the members of the Audit Committee has any relationship with the Company that impairs his or her independence, or that would preclude a determination of independence, and, on that basis, has determined that each of them is independent under the NYSE Standards as well as the additional requirements of SEC Rule 10A-3. In making this determination, the Board considered, after due inquiry, the lack of any transactions, relationships, or arrangements between the Company and each member of the Committee. The Board of Directors has also determined that each member of the Audit Committee is a "financial expert" as that term is defined in Item 401 of Regulation SK of the Securities and Exchange Commission.

The Board of Directors believes that each of the current members of the Audit Committee is well qualified to perform the functions for which the Committee is responsible.

<p><b>Compensation Committee</b></p>	<p>Purpose: generally responsible for determining the compensation of the Company's Directors, Chief Executive Officer and other senior executive officers of the Company</p>
<p>Members: Erland E. Kailbourne, Chair John Scannell J. Michael McQuade Christina Alvord Russell Toney</p>	<p>Principal Responsibilities:</p> <ul style="list-style-type: none"> <li>• assists the Board of Directors in the creation and implementation of employee compensation, incentive, and benefit policies and plans;</li> <li>• administer (or oversees the administration by management of) pension and other employee benefit plans;</li> <li>• approve grants and awards under our incentive plans;</li> <li>• oversee the compliance of such programs and policies with applicable legal requirements</li> </ul>
<p>Meetings in 2021: 4</p>	
<p>Attendance: 100%</p>	

#### **Compensation Committee Interlocks and Insider Participation**

Directors Scannell and McQuade both served on the Compensation Committee during all of 2021. Director Kailbourne joined the Committee and became its Chair in August 2021. Until August 2021, Lee C. Wortham was Chair of the Committee. Mr. Wortham is an officer and director of J. S. Standish Co. Mr. Wortham resigned from our Board of Directors in August 2021 when J.S. Standish Co., Standish Families Holdings, Inc. and other related entities completed a secondary offering wherein the selling stockholders sold 1,566,644 shares of the Company's Class A Common Stock. Director Alvord became a member of the Committee when she was elected to the Board of Directors in February 2022. Director Toney became a member of the Committee when he was elected to the Board of Directors in March 2022. No member of the Committee was an employee during 2021.

## **ITEM 1** **ELECTION OF DIRECTORS**

All of the members of the Board of Directors are elected annually to serve until the next Annual Meeting of Stockholders and until their successors are elected and qualified. Pursuant to our By Laws, the Board of Directors may increase or decrease the number of directors from time to time, but not to fewer than three. The Board of Directors has determined that, until further action by the Board, the number of directors of the Company, from and after the time of the 2022 Annual Meeting of Stockholders, shall be nine. Accordingly, the number of directors to be elected at the 2022 Annual Meeting of Stockholders is nine. The Board of Directors has nominated for election the nine persons listed below. All of the nominees are currently serving as directors. Unless otherwise specified on the proxy, the shares represented by a proxy in the accompanying form will be voted for the election of the nine persons listed below. If, at the time of the meeting, any nominee is unable, or for good cause unwilling, to serve, which event is not anticipated, the shares will be voted for a substitute nominee proposed by the Board of Directors, unless the Board reduces the number of directors. The biographical sketches of each nominee below highlight some of the specific experience, qualifications, attributes or skills that contributed to his or her selection by the Board.

**Age:** 80

### **ERLAND E. KAILBOURNE**

**Director  
Since:**  
1999

**Chairman  
Since:**  
2020

Erland E. Kailbourne previously served as Chairman from May 2008 until February 2019. He resumed the position in January 2020. Mr. Kailbourne retired as Chairman and Chief Executive Officer (New York Region) of Fleet National Bank, a banking subsidiary of Fleet Financial Group, Inc., in 1998. He was Chairman and Chief Executive Officer of Fleet Bank, also a banking subsidiary of Fleet Financial Group, Inc., from 1993 until its merger into Fleet National Bank in 1997, and also served as Vice Chairman of the State University of New York from 1995 until 1999. He is a director of Rand Capital Corporation, a director of the two insurance companies that comprise the Allegany Insurance Group, and a director of Rev LNG Holdings, LLC and Rev LNG, LLC.. Mr. Kailbourne's broad experience as a director on numerous boards of public and private companies and foundations, his 38 years of experience in banking and finance, and his operational experience as chief executive officer of large organizations make him a valuable addition to the board of any public or private company, especially in oversight of risk management, liquidity, and finance matters.

**Age:** 58

### **JOHN R. SCANNELL**

**Director  
Since:**  
2012

John R. Scannell has served as Chairman and Chief Executive Officer of Moog Inc., a worldwide designer, manufacturer, and integrator of high-performance precision motion and fluid control systems for a broad range of applications, since January 2014. Mr. Scannell joined Moog in 1990 as an Engineering Manager of Moog Ireland and later became Operations Manager of Moog GmbH in Germany. In 1999, he became the General Manager of Moog Ireland, and in 2003 moved to the Aircraft Group in East Aurora, New York, as the Boeing 787 Program Manager. He was named Moog's Director of Contracts and Pricing in 2005. Mr. Scannell was elected Vice President of Moog in 2005 and Chief Financial Officer in 2007, a position he held until December 2010, at which time he was appointed President and Chief Operating Officer. In December 2011, he was named Moog's Chief Executive Officer. Mr. Scannell also serves on the Board of M&T Bank. Mr. Scannell's range of management experience in engineering, operations management, contracts, and finance, along with his in-depth knowledge of aerospace markets, products, and technologies, make him highly qualified to serve as a Director. In addition to an M.B.A. from Harvard Business School, Mr. Scannell holds B.S. and M.S. degrees in Electrical Engineering from University College Cork, Ireland.

## KATHARINE L. PLOURDE

**Age:** 70

**Director Since:**  
2013

Katharine L. Plourde was a principal and analyst at the investment banking firm of Donaldson, Lufkin & Jenrette, Inc. (“DLJ”) until November 1997. Since that time, she has engaged in private investing. She previously served as a director of Pall Corporation, a global provider of filtration, separation and purification products and systems, from 1995 until its acquisition by Danaher Corporation in 2015, and of OM Group Inc. (OMG), a provider of specialty chemicals, advanced materials and technologies, from 2002 until OMG was acquired by Apollo Global Management in 2015. She also previously served as lead independent director of OMG and on the audit committees of OMG and Pall. She has also served on the board of directors of Evercore Equity Fund, a publicly traded mutual fund, since November 2014. Ms. Plourde brings significant analytical and financial expertise to the Board in a number of critical areas, including investor relations, financial reporting, accounting, corporate finance, and capital markets. Ms. Plourde's years of service on the nominating/governance committees at Pall and OM Group have also given her significant Board governance experience, and contributed to her expertise on governance issues generally.

## A. WILLIAM HIGGINS

**Age:** 63

**Director Since:**  
2016

A William Higgins has been President and CEO since January 20, 2020. He previously served as Chairman of the Board from February 2019 until January 20, 2020. Mr. Higgins currently serves as a director of Kaman Corporation, a diversified aerospace, defense, industrial and medical company, where he is a member of the finance and corporate governance committees. He previously served on the board of Bristow Group Inc., a global industrial aviation services provider, from 2016 until October 2019. (Bristow filed a pre-negotiated Chapter 11 plan of reorganization in May, 2019, from which it successfully emerged in October, 2019.) He served as Chairman, Chief Executive Officer and President of CIRCOR International, Inc. from 2008 to 2012. Prior to March 2008, Higgins held the offices of President and Chief Operating Officer and Executive Vice President and Chief Operating Officer of CIRCOR. Prior to joining CIRCOR in 2005, he spent thirteen years in a variety of senior management positions with Honeywell International and AlliedSignal. Mr. Higgins's professional background as a chief operating officer, president, chief executive officer and chairman of a public company, as well as his prior experience at Honeywell and Allied Signal, provides the Board with additional valuable perspective on talent development, international operations and global strategic development, lean manufacturing and continuous improvement processes, and the aerospace and defense industries.

## KENNETH W. KRUEGER

**Age:** 65

**Director Since:**  
2016

Kenneth W. Krueger currently serves as the Chairman of the Board of Manitowoc Company, Inc. He has been a member of the Manitowoc Board of Directors since 2004. From October 2015 until March 2016, he also served as Manitowoc's interim President and CEO. Mr. Krueger served as Chief Operating Officer of Bucyrus International, Inc., a global manufacturer of mining equipment, from 2006 to 2009, having previously served as Executive Vice President from 2005 to 2006. Mr. Krueger also served as Senior Vice President and Chief Financial Officer of A.O. Smith Corp., a global manufacturer of water heating and treatment systems, from 2000 to 2005, and as Vice President, Finance and Planning for the Hydraulics, Semiconductor and Specialty Controls business segment of Eaton Corporation in 1999 and 2000. Mr. Krueger has served as a director of Douglas Dynamics, Inc. since 2012, where he is currently chair of the audit committee and also serves on the compensation and nominating and governance committees. Mr. Krueger's contributions to the Company's Board include his experience as a chief operating officer, chief executive officer and chairman of a public company, his board experience at other public companies, and his prior treasury and financial reporting experience.

## **MARK J. MURPHY**

**Age:** 54

**Director Since:**  
2019

Mark J. Murphy is the Chief Financial Officer of Qorvo, Inc., (NASDAQ: QRVO), a leading provider of radio frequency solutions for mobile devices, wireless infrastructure, aerospace and defense, internet of things, and other markets. Mr. Murphy joined Qorvo as CFO in June 2016 and is responsible for finance, information technology, and strategic planning. He was previously executive vice president and CFO of Delphi Automotive, PLC, a supplier of advanced technologies to the automotive industry. Mr. Murphy joined Delphi from Praxair, Inc., a global industrial gas supplier, where he was president of the U.S. Industrial Gases business, and before that, president of Praxair's Surface Technologies and Electronic Materials division. He previously served as senior vice president and CFO of MEMC Electronic Materials, Inc., corporate controller of Praxair, president of Praxair's Electronics division and vice president of finance for Praxair Asia based in Shanghai. Mr. Murphy's experience as a CFO and general manager in high technology industrial businesses, including those serving aerospace and advanced materials markets, and his extensive experience working in Asia and Europe make him qualified to serve as a director.

**Age:** 66

**Director Since:**  
2020

## **J. MICHAEL McQUADE**

J. Michael McQuade is the Strategic Advisor to the President at Carnegie Mellon University a private, global research university in Pittsburgh, Pennsylvania. Until July 2021 he was the Vice President for Research at the University. He also served on the Defense Innovation Board of the United States Department of Defense from 2016 to 2021. From 2006 to 2018, he served as Senior Vice President, Science & Technology at United Technologies Company which, prior to its merger with Raytheon Technologies Company, was a diversified company with extensive aerospace operations. From 2002 to 2006, Dr. McQuade was Vice President of 3M Medical Business Unit and from 2000 to 2001 President, Kodak Health Imaging Business Unit and Senior Vice President, Eastman Kodak. Prior to 2000, Mr. McQuade held various technical and managerial positions at the health imagining businesses of Kodak, 3M Company and Imation. Dr. McQuade holds B.S., M.S., and Ph.D. degrees from Carnegie Mellon University. His extensive background in research and development, program management, and innovation are valuable attributes for oversight of the Company's research and development operations as well as its Albany Engineered Composites segment, which seeks to grow as a key supplier to customers in the aerospace industry.

**Age:** 55

**Director Since:**  
2022

## **CHRISTINA M. ALVORD**

Christina M. Alvord has been a director of the Company since February 2022. From 2016 to 2021 she served in various roles at Vulcan Materials Company, including President, Southern and Gulf Coast Division, President, Central Division, and Vice President, Performance Improvement. Prior to 2016 Ms. Alvord held various technical and executive leadership positions at the GE Aviation unit of General Electric Company, including General Manager, Turbine Airfoils Center of Excellence, President, Unison Industries, and President, Middle River Aircraft Systems. Ms. Alvord holds a B.S. degree in Political Science, and a B.S. and M.S. degree in Mechanical Engineering, all from Massachusetts Institute of Technology, and an M.B.A. from Harvard Graduate School of Business Administration. She currently serves on the board of directors of Apogee Enterprises. Her significant experience in leadership positions in a manufacturing environment and her knowledge of the aerospace industry make her highly qualified to serve as a director and will be valuable attributes contributing to the growth of the Company's Albany Engineered Composites business segment.

**Age:** 52

**Director Since:**  
2022

## **RUSSELL E. TONEY**

Russell E. Toney has been a director of the Company since March 2022. Since 2018 he has been President, Specialty Products Group at Dover Corporation, a diversified global manufacturing company. From 2015 to 2018 he served as Dover's Senior Vice President, Global Sourcing, where he also had responsibility for its Global Innovation center in India. Before joining Dover, Mr. Toney spent 13 years at General Electric Company where he held various sales and leadership positions in its plastics business, as well as supply chain and leadership roles at its energy business. Prior to that, he was a strategy consultant with Boston Consulting Group and worked in engineered and manufacturing roles at Proctor Gamble Company. Mr. Toney holds a B.S. degree in Chemical Engineering from the University of Dayton and an M.B.A. from the Darden Graduate School of Business Administration at the University of Virginia. His experience in sales, operations, supply chain, and strategic consulting, as well as his engineering background, will provide significant insight, making him highly qualified to serve as a director.

The table below summarizes the key experience, qualifications and attributes for each director nominee and highlights the balanced mix of experience, qualifications and attributes of the board as a whole. This high-level summary is not intended to be an exhausted list of each director nominee's skills or contributions to the board.

	Industry Experience	Public Company Board Experience	Senior Leadership Experience	Finance / Capital Allocation	International Experience	Government and Public Policy	Gender, Ethnic or National Diversity
<b>Erland E. Kailbourne</b>		•	•	•	•	•	
<b>John R. Scannell</b>	•	•	•	•	•		•
<b>Katharine L. Plourde</b>		•		•			•
<b>A. William Higgins</b>	•	•	•	•	•		
<b>Kenneth W. Krueger</b>		•	•	•	•		
<b>Mark. J Murphy</b>	•		•	•	•		
<b>J. Michael McQuade</b>	•		•		•	•	
<b>Christina M. Alvord</b>	•	•	•	•		•	•
<b>Russell E. Toney</b>	•		•		•		•

In nominating Director Scannell for re-election, the Board is cognizant of the fact that some institutional investors and some proxy advisory firms might deem him to be "overboarded" due to the fact that he also serves as a member of the boards of directors of M&T Bank, and Moog, Inc., where he is also President and CEO. We are also aware that there are differing opinions on this issue, and that other institutional investors and shareholder advisory firms do not deem him overboarded. As a result, we have adopted an overboarding policy appropriate for our Board and our Company as part of our Corporate Governance Guidelines. Under this policy, Director Scannell is not overboarded.

On this issue, we believe a one-size-fits-all approach is not in the best interest of stockholders. A review of Mr. Scannell's biography above shows he is well-qualified to serve as a Director of our Company and is an important contributor to our Board. His education, experience and expertise align well with our business needs and goals, particularly as we seek to grow the Albany Engineered Composites business segment. To conform to an inflexible and arbitrary overboarding policy without deference to his abilities, value or significant contributions, would be unwise. Director Scannell has been an Albany director since February 2012. Over those years, he has provided valuable oversight and direction to our Company and has developed significant institutional knowledge and insight, while building important relationships with management. He attended 100% of all Board and Compensation Committee meetings last year and remains a hard-working, engaged Director, who brings intelligence and experience to the table. Consequently, we believe Mr. Scannell's continued service on our Board of Directors is in the best interest of our stockholders.

**THE BOARD OF DIRECTORS RECOMMENDS**

**A VOTE "FOR"**

**ALL OF THE NOMINEES FOR ELECTION**

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## **DIRECTOR COMPENSATION**

It is the goal of the Company to set directors' fees at a competitive level that will enable the Company to attract and retain talented, well-qualified directors. Effective August 2021, the Board, upon the recommendation of the Compensation Committee (and subject to the approval of the Company's stockholders for that portion which is paid in shares of Company Common Stock, see below) and based on benchmark data provided by compensation consultant Pearl Meyer & Partners, approved the following compensation for directors:

Annual Cash Retainer	\$75,000
Additional Annual Cash Retainer for Chairman of the Board	\$75,000
Additional Annual Cash Retainer for Vice Chairman of the Board	\$35,000
Additional Annual Cash Retainer for Audit Committee Chair	\$22,000
Additional Annual Cash Retainer for Compensation Committee Chair	\$15,000
Additional Annual Cash Retainer for Governance Committee Chair	\$12,000
Additional Annual Cash Retainer for Audit Committee Member	\$12,000
Additional Annual Cash Retainer for Compensation Committee Member	\$7,500
Additional Annual Cash Retainer for Governance Committee Member	\$7,000
Annual Equity Grant in the form of Class A Common Stock	\$120,000

Directors serving for only a portion of the year receive a pro-rated portion of their applicable compensation. Cash retainer fees are paid in four equal quarterly installments; the annual equity grant is paid shortly after the date of the Annual Meeting of Stockholders to each member who served on the Board during the year in which the meeting was held. A director whose final term ends at the Annual Meeting, or any director first elected at the Annual Meeting, receives one-half of the share retainer; directors elected otherwise than at an Annual Meeting receive a pro-rated portion of the equity grant at the time of appointment.

All directors are reimbursed for expenses incurred in connection with such services. In addition, the Company provides travel and liability insurance to all directors.

During 2021, the Board created a special committee of disinterested Directors (consisting of Directors Plourde, Krueger and Murphy) in connection with the Company's participation in a registered secondary offering by the Standish family of a portion of their Company shares. Members of the special committee during 2021 each received a stipend of \$5,000 and fees of \$1,000 for each meeting they attended in person, \$750 for each meeting they attended by telephone, and \$1,500 for each day spent on special committee business.

**Director Pension.** Each person who was a member of the Board of Directors on January 12, 2005, who was elected as a director prior to August 9, 2000, and who is not eligible to receive a pension under any other Company retirement program is, following (i) the termination of his or her service as a director and (ii) the attainment by such director of the age of 65, entitled to receive an annual pension in the amount of \$20,000, payable in quarterly installments until the earlier of (a) the expiration of a period equal to the number of full years that such person served as a director prior to May 31, 2001, or (b) the death of such person. Director Erland Kailbourne is the only current director so eligible.

**Share Ownership Guidelines.** The Board has adopted share ownership guidelines for its members. Under these guidelines, directors are generally expected to retain ownership of shares of Common Stock awarded or acquired until an ownership equal to three (3) times the annual cash and stock retainer is attained.

**Meeting and Other Fees.** Since May 2018, Directors have not received any additional fees for attendance at meetings or for any other service.

## Director 2021 Compensation Earned

Name	Earned or Paid in Cash (\\$)	Stock Awards <sup>(1)</sup> (\\$)	Option Awards (\\$)	Nonequity Incentive Plan Compensation (\\$)	Deferred Compensation Earnings (\\$)	All Other Compensation	Total (\\$)
Christine L. Standish <sup>(2)</sup>	150,333	—	—	—	1,252 <sup>(4)</sup>	—	151,585
Erland E. Kailbourne	114,829	149,921	—	—	1,489 <sup>(4)</sup>	—	266,239
John F. Cassidy, Jr. <sup>(3)</sup>	46,019	52,481	—	—	—	—	98,500
John R. Scannell	80,039	104,961	—	—	—	—	185,000
Katherine L. Plourde	107,539	104,961	—	—	—	—	212,500
Kenneth W. Krueger	112,539	104,961	—	—	—	—	217,500
Lee C. Wortham <sup>(2)</sup>	46,289	104,921	—	—	—	—	151,250
Mark J. Murphy	52,329	149,921	—	—	—	—	202,250
J. Michael McQuade	174,936	10,065	—	—	—	—	185,001

- (1) As these are payments of shares, and not stock “awards,” there are no amounts deemed “outstanding” at the end of 2021.
- (2) Resigned from the Board of Directors effective August 10, 2021.
- (3) Did not stand for re-election and retired at the conclusion of the May 2021 annual shareholder meeting.
- (4) Increase/(decrease) during 2021 in the actuarial present value of the director's accumulated benefit under the director pension plan described in the narrative preceding this table.

## **ITEM 2**

### **APPROVAL OF NEW DIRECTOR'S ANNUAL RETAINER PLAN**

The Company's Directors' Annual Retainer Plan provides that \$105,000 of a Director's annual retainer, the total amount of which is determined by the Board of Directors, be paid in shares of the Company's Class A Common Stock. Under the NYSE Standards, the Company cannot increase the stock portion of the directors' annual retainer without stockholder approval.

A copy of the new proposed Directors' Annual Retainer Plan, which will replace the current plan, is attached to this Proxy Statement as Exhibit B.

The proposed plan:

- **Provides that it will govern the stock portion of the directors' annual retainer during the period from the 2022 Annual Meeting until it is amended or terminated by the Board; and**
- **Fixes the stock portion of the annual retainer at \$120,000.**

The Board of Directors recommends that the new Directors' Annual Retainer Plan be approved.

#### **New Plan Benefits**

Assuming the new plan is approved, the portion of total director compensation paid in shares of the Company's Class A Common Stock will be increased from \$105,000 to \$120,000. Current non-employee Directors and Director nominees who would be entitled to the new benefits are Erland E. Kailbourne, John R. Scannell, Katharine L. Plourde, Kenneth W. Krueger, Mark J. Murphy, J. Michael McQuade, Christina M. Alvord and Russell E. Toney.

**THE BOARD OF DIRECTORS RECOMMENDS**

**A VOTE 'FOR'**

**THE APPROVAL OF THE NEW DIRECTORS' ANNUAL RETAINER PLAN**

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## AUDIT COMMITTEE REPORT

The Audit Committee has provided the following report:

The Audit Committee has reviewed and discussed with management and the independent auditors, KPMG LLP ("KPMG"), the financial statements for 2021, including management's report with respect to internal control over financial reporting. The Audit Committee has discussed with KPMG the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board ("PCAOB") and has received from KPMG the written disclosures and the communications relating to KPMG's independence required by PCAOB rules. The Audit Committee has discussed with KPMG its independence, and has considered whether the provision by KPMG of the services referred to below under "**RATIFICATION OF INDEPENDENT AUDITORS**" is compatible with maintaining the independence of KPMG.

Based on the foregoing discussions and review, the Audit Committee recommended to the Board of Directors that the audited statements for 2021 be included in the Company's Annual Report on Form 10-K for 2021 filed with the Securities and Exchange Commission.

The financial reporting process of the Company, including the system of internal controls and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, is the responsibility of the Company's management. The Company's independent auditors (KPMG) are responsible for auditing the Company's financial statements and internal controls over financial reporting. The Audit Committee monitors and reviews these processes. As required by the NYSE Standards, the Board of Directors has determined that, in their judgment, all of the members of the Audit Committee are "financial experts" as such term is defined in Item 407 of Regulation S-K of the Securities and Exchange Commission and are "financially literate" and have "accounting or related financial management expertise." The members of the Audit Committee are not employees of the Company and do not represent themselves as experts in the field of accounting or auditing.

The Charter of the Audit Committee provides that the members of the Committee are entitled to rely, and they do rely, on advice, information, and representations that they receive from the independent auditors, management, and the head of the Company's Internal Audit function. Accordingly, the review, discussions, and communications conducted by the Audit Committee do not assure that the financial statements of the Company are presented in accordance with accounting principles generally accepted in the United States of America, that the audit of the Company's financial statements has been carried out in accordance with auditing standards generally accepted in the United States of America, or that the Company's independent auditors are, in fact, "independent."

The Audit Committee:

Kenneth W. Krueger, *Chair*  
Katharine L. Plourde  
Mark J. Murphy

## **ITEM 3**

### **RATIFICATION OF INDEPENDENT AUDITORS**

The Audit Committee appointed KPMG LLP (“KPMG”) as auditors of the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021, and to perform the reviews of the financial statements to be included in our quarterly reports on Form 10-Q during that period.

As stated in the Audit Committee Report above, the Audit Committee has received the communications related to KPMG’s independence required by applicable PCAOB rules, has discussed with KPMG its independence, and has considered whether the provision of the services referred to below under “All Other Fees” is compatible with maintaining the independence of KPMG. In accordance with its charter, the Committee has also reviewed KPMG’s report describing (1) its internal quality-control procedures, (2) any material issues raised in any recent internal review, peer review, or review by any government or professional authorities (such as the PCAOB) of one or more independent audits conducted by KPMG, and (3) any steps taken by KPMG to deal with any issues raised in such reviews.

Although current law, rules, and regulations, as well as the charter of the Audit Committee, require the Audit Committee to appoint, terminate, oversee and evaluate the performance of the Company’s independent auditor, the Board considers the selection of the independent auditor to be an important matter of stockholder concern and is submitting the selection of KPMG for ratification by stockholders as a matter of good corporate practice. The affirmative vote of holders of a majority of the votes entitled to be cast at the meeting by the shares present in person or by proxy is required to approve the ratification of the selection of KPMG as the Company’s independent auditor. A representative from KPMG is expected to be available to respond to appropriate questions from stockholders.

The Audit Committee currently expects to take action during the second quarter of 2022 with respect to the appointment of auditors to audit the financial statements to be included in our Annual Report on Form 10-K for the year ending December 31, 2022, and may issue requests to KPMG and other audit firms for proposals, which the Committee will review before making any appointment. The Audit Committee also reserves the right to appoint, reappoint, retain, or replace our auditors at any time, even after an appointment has been ratified by the stockholders. The stockholder vote on this proposal is advisory and nonbinding and serves only as a recommendation to the Board of Directors. If the shareholders do not ratify the appointment of our auditors, the Audit Committee will consider such voting results with respect to any appointment.

#### **Audit Fees**

The aggregate fees billed by or agreed to with KPMG for the audit of the Company’s annual financial statements, reviews of the financial statements included in the Company’s Forms 10-Q, and services in connection with statutory and regulatory filings or engagements were \$3,200,000 in 2021 and \$2,998,300 in 2020.

#### **Audit-related Fees**

The aggregate fees billed by KPMG for assurance or related services reasonably related to the performance of the audit or review of the Company’s annual financial statements, including benefit plans and a comfort letter related to the secondary offering in 2021, were \$275,000 in 2021 and \$123,500 in 2020.

#### **Tax Fees**

The aggregate fees billed by KPMG for tax compliance, tax advice, and tax planning were \$98,150 in 2021 and \$133,500 in 2020. Billings were primarily for assistance in the preparation of tax returns and filings, assistance in connection with tax audits, tax compliance advice in connection with corporate and business restructuring activities, and general tax advice.

#### **All Other Fees**

KPMG did not bill for any other products or services not described above in 2021 or 2020.

#### **Preapproval Policy**

It is the responsibility of the Company’s Audit Committee to approve all audit and nonaudit services to be performed by the independent auditors, such approval to take place in advance of such services when required by law, regulation, or rule.

The Chairman of the Audit Committee is permitted to preapprove any engagement of the independent auditor for services that could be properly preapproved by the Committee, provided that the anticipated fees with respect to the services so preapproved do not exceed \$100,000. The Chairman is required to report such preapprovals at the next regular meeting of the Committee.

The Audit Committee is required to preapprove each engagement of the independent auditor not preapproved by the Chairman of the Committee. Each such preapproval must describe the particular service to be rendered. No preapproval may be given for any service that would cause the independent auditor to be considered not

independent under applicable laws and regulations, and the independent auditor is requested to confirm that such service will not compromise its independence as part of the preapproval process.

With respect to the engagement of the independent auditor to provide routine and recurring audit-related tax and other nonaudit services, preapproval of the Audit Committee may take the form of approval of a schedule describing such services in reasonable detail and specifying an annual monetary limit. Each audit or nonaudit service shall be reflected in a written engagement letter or other writing. In connection with the provision of permitted tax services, the independent auditor is required to, among other things, provide a written description of the services and discuss their impact on the auditor's independence.

None of the 2020 or 2021 services described above was approved by the Audit Committee or its Chairman pursuant to 17 CFR 210.2-01(c)(7)(i)(C), which permits the waiver of preapproval requirements in connection with the provision of certain nonaudit services.

**THE BOARD OF DIRECTORS RECOMMENDS**

**A VOTE “FOR”**

**THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP**

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## **Other Audit Committee Matters**

As part of its oversight of our internal audit function, the Audit Committee reviews and approves the annual internal audit plan, and reviews, at least quarterly, the reports and findings of plan activities with the head of the department, senior management and the independent auditor. The Committee also evaluates the performance of the department at least annually, with input from management and the independent auditor.

The Audit Committee has established procedures for the receipt, retention and treatment of communications (including anonymous communications) relating to questionable accounting, auditing or internal control matters, violations of laws or regulations to which the Company is subject, or violations of the Company's Business Ethics Policy or Code of Ethics for the Company's Chief Executive Officer, Chief Financial Officer or Controller. Our Business Ethics Policy describes various means by which such communications may be reported (see "Available Information" on page 55.) The Committee has direct access to any complaints made to the Company's whistleblower hotline that relate to accounting, auditing, internal controls, or alleged violations of the Business Ethics Policy, and oversees the investigation and resolution of all such complaints by the Company's legal department and compliance function. The Committee also serves as the Company's "Qualified Legal Compliance Committee" pursuant to the rules of the Securities and Exchange Commission with respect to Section 307 of the Sarbanes-Oxley Act, and is responsible for the review and resolution of all reports of "material violations" subject to Section 307. The Committee is also charged with reviewing any complaints or concerns relating to accounting, auditing, or internal controls matters that are communicated to the Chair of the Committee pursuant to the Company's "up-the-ladder" reporting process for responding to such communications. The Committee is also responsible for evaluating all related-party transactions, and for recommending to the Board whether any such transaction should be ratified or approved.

The Audit Committee is solely responsible, in accordance with the NYSE Standards, for the appointment of our independent auditors. The Committee is also responsible for the evaluation of the independence, performance and qualifications of our independent auditors, and reviewing and approving their compensation. (See "**RATIFICATION OF INDEPENDENT AUDITORS**" on page 22.)

## **Certain Business Relationships and Related Person Transactions**

The Company has adopted a written policy requiring review of relationships and transactions in which directors or executive officers, or members of their immediate families, are participants, in order to determine whether such persons have a direct or indirect material interest. The Company's Legal Department is responsible for developing and implementing processes and controls designed to obtain information relating to any such relationship or transaction, and for determining whether disclosure of such relationships or transactions is required. The Audit Committee of the Board of Directors is responsible for reviewing such information and making recommendations to the disinterested members of the Board regarding the ratification or approval of such relationships or transactions. As set forth in the policy, the Audit Committee considers each transaction in light of relevant factors, including any benefits to the Company, whether the terms are arm's-length and in the ordinary course, the direct or indirect nature of the related person's interest in the transaction, the size and expected term of the transaction, and such other facts and circumstances as may bear on the materiality of the transaction or relationship. No director may participate in the review, ratification, or approval of any transaction in which such director has an interest.

Since January 1, 2021, there have been no transactions involving related persons required to be reported in this proxy statement where the above policy did not require review, approval, or ratification, or where such policy was not followed.

## **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has provided the following report:

The Compensation Committee of the Board of Directors has reviewed with management of the Company the Compensation Discussion and Analysis set forth in this proxy statement. Based on such review, the Committee has approved it, and has recommended to the Board of Directors that it be included in the Company's Annual Report on Form 10-K and this proxy statement.

Erland E. Kailbourne, *Chair*  
John Scannell  
J. Michael McQuade  
Christina Alvord

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Executive Summary**

This portion of our Proxy Statement describes the 2021 executive compensation program and reports on the compensation earned by and paid to the Company's "named executive officers" in 2021. For 2021 our named executive officers (or, "NEOs"), as that term is defined in applicable SEC regulations, were:

- President and CEO A. William Higgins,
- Chief Financial Officer Stephen M. Nolan;
- President — Machine Clothing Daniel Halftermeyer;
- President – Albany Engineered Composites Gregory N. Harwell; and
- Vice President, General Counsel & Secretary Joseph M. Gaug.

Following the same format of prior years, the discussion is presented in three parts. The first part sets forth the compensation philosophy and objectives of the Compensation Committee (the "Committee"), identifies the different elements of compensation, describes the structure of the 2021 compensation program, and explains the various matters taken into consideration by the Committee when adopting compensation policies or making compensation decisions. The second part reports the compensation earned by our NEOs based on the Company's 2021 performance. The final part sets out the 2021 compensation actually earned by, awarded to, or available to the NEOs in the tables prescribed by SEC rules.

## **PART I - Overview**

### **Compensation Philosophy and Objectives**

The Compensation Committee strongly believes in pay for performance.

The principal objectives of our executive compensation program are to:

- Enable the Company to attract and retain talented, well-qualified, experienced, and highly motivated executives whose performance will substantially enhance the Company's performance;
- Reinforce the Company's strategic objectives and core values;
- Align executive pay results with the Company's performance results both in terms of short-term financial performance and long-term shareholder value creation, while not encouraging excessive risk taking; and
- Reflect sound governance principles and best practices

To further these objectives, we

- Target total compensation opportunities near the market median, with other relevant factors also being considered when making pay determinations (e.g., experience, growth potential, internal equity, succession planning, etc.);
- Provide a higher portion of target total compensation in the form of variable incentives than fixed base salary, such that actual compensation earned by our executives increases or decreases based on company performance and shareholder value;
- Utilize both short-term and long-term incentives to appropriately balance the achievement of annual operating plans, multi-year financial objectives, and long-term shareholder value creation;
- Evaluate performance measures, weights, and goals annually to ensure alignment with the Company's business strategy and performance expectations, which evolve as the operating environment and business mix change; and
- Denominate and settle long-term incentive awards in Company stock and require executives to achieve and maintain a minimum level of stock ownership and prohibit the selling of shares (net of taxes) until the minimum ownership level is attained.

### **Elements of Compensation**

The Company's executive compensation program incorporates several components of compensation. Not every component need be granted, or made available, to all executives. Flexibility in the use of each discrete component provides the Committee the ability to adjust to changes in market conditions and for performance. This flexibility is evidenced in the Committee's practice of adjusting the allocation between long- and short-term compensation, and in its varying use of cash and non-cash elements. In 2021, the principal components of the executive compensation program are summarized in the following chart and described in more detail below.

Key Elements of Compensation	
Base Salary	Core cash portion of compensation
Annual Incentive Plan	Annual cash incentive bonuses
Performance Awards	Cash and share-based awards to reward performance for senior executives
Performance Phantom Awards	Retention and performance award for top managers other than the senior executives
Restricted Stock Units (RSUs)	Special grants made from time-to-time to senior executives

### Base Salary

Annual base salary constitutes the core cash portion of the compensation for every member of management, including the NEOs. In determining the appropriate amount to be established as base salary, the Committee considers benchmarking data, the executive's past performance, his or her individual importance to the Company and internal equity.

### Annual Incentive Plan

The Company provides certain managers an opportunity to earn an annual cash incentive bonus. These bonus opportunities are established pursuant to the Company's 2017 Incentive Plan. Although the amount of the bonus actually paid to a manager is determined by the Committee in its sole discretion, it is generally based on Company, business unit, and/or individual performance against established targets during the previous year. Target bonus opportunities are established as a percentage of base salary. The Committee generally excludes the senior management team (consisting of the CEO and approximately three to five top executives working most closely to him) from the annual cash incentive bonus and did so again in 2021. Instead, the senior management team is granted Performance Awards, as described below. Participation in the annual cash incentive bonus program is limited to approximately 350-400 managers worldwide.

Under the annual incentive plan, a bonus at the targeted level is paid only if the Committee determines that the performance levels that it considers appropriate for the particular year have been achieved. Lesser cash incentives may be paid if such performance levels are not achieved, and larger incentives will be paid if performance exceeds such levels. Threshold performance levels are also established and performance below the threshold levels would generally result in no bonus being earned. Maximum performance levels are also established. The threshold, target and maximum performance levels are established by reference to the annual operating plan approved by the Board of Directors.

## Performance Awards

Performance Awards are granted pursuant to the Company's 2017 Incentive Plan to the senior executive team only. They are designed to reward performance. In granting Performance Awards, the Committee considers:

- (1) the alignment between the performance goals and the Company's business objectives,
- (2) advice from its executive compensation consultant regarding the total value of the awards as a percentage of total direct compensation, as well as the ideal frequency of various award outcomes, and
- (3) the amounts of Performance Awards actually earned in prior years.

The performance period for the short-term performance incentive awards granted in 2021 was the 2021 fiscal year. This annual performance period award (the "APP Performance Award") entitled the recipient to receive between 0% and 200% of the target award, denominated as a dollar amount, based on the extent to which certain performance goals were attained during 2021. Once determined, the awards were paid out in full in cash in March 2022. The performance period for the long-term performance incentive awards granted in 2021 runs from January 1, 2021 through December 31, 2023. Beginning in 2021, recipients were granted two multi-year performance period awards. The first of these, referred to as the "MPP Performance Award", entitles the recipient to receive between 0% and 200% of the target award, denominated in shares, based on the extent to which certain cumulative performance goals were attained at the end of the three-year performance period. Once determined, the awards will be paid out in full in stock in early 2024. For the second of the multi-year performance period awards, the Company chose to grant share-settled restricted stock units under the Company's 2017 Incentive Plan. Under this award, each recipient is awarded a fixed number of shares which vests ratably over the three-year period and is paid in Class A common stock upon vesting.

When establishing performance goals for all performance-based incentive compensation, the Committee intends that there be a rather high probability that threshold levels would be met, and a rather low probability that maximum levels would be met. The performance measurement metrics and goals for the 2021 performance-based incentive compensation program were drawn from the annual operating plan approved by the Board of Directors for 2021.

## Performance Phantom Stock

Performance Phantom Stock is granted pursuant to the Company's Performance Phantom Stock Plan (the "Performance Phantom Stock Plan"). These grants function as a retention incentive, but with a performance component. The size of any grant is determined primarily on the basis of salary and grade level, internal equity, consideration of the employee's value to the Company, and the retentive effect of previously awarded incentives that remain outstanding. The number of units ultimately earned depends on Company performance measured against corporate-wide goals established at the beginning of the one-year performance period. Members of the senior management team have not participated in, and are not expected to participate in, this plan. These grants are targeted to approximately 125-150 managers below the senior management team, who also participate in the annual cash incentive bonus program.

## Restricted Stock Units

Restricted Stock Units ("RSUs") can also be granted pursuant to the Company's Restricted Stock Unit Plan ("RSU Plan") to function primarily as retention incentives. These RSUs are separate and distinct from the RSUs awarded under the Company's 2017 Incentive Plan, and have been used only rarely since 2010. From time to time, however, both before and after 2011, the RSU Plan has been utilized to make special grants to members of the senior management team as part of special executive retention incentives. In those times, grants have been made to individual members of the senior management team, under unique situations, and not to the group as a whole.

## Other Plans and Programs

In addition to the foregoing, the Company maintains a tax-qualified 401(k) defined contribution plan in which all U.S. employees are generally eligible to participate. Under the 401(k) plan, a participant is entitled to contribute up to 100% of his or her income (subject to IRS-imposed limitations). The Company will match contributions made by the employee under the Plan, up to a maximum of 5% of the employee's pre-tax income. The Company also maintains a profit-sharing plan for all eligible U.S. employees. Under the profit-sharing plan, the Company makes an additional, discretionary profit-sharing contribution to the accounts of eligible participants in the 401(k) plan. The amount of the contribution is generally determined using a formula similar to one used to determine the Company CEO's performance under his annual APP Performance Award. The actual amount is determined by the Committee in its sole discretion, and typically amounts to between 1% and 2.5% of each participant's annual salary. The contributions are made in cash and allocated to investments chosen by plan participants.

The Company maintains a tax-qualified defined benefit plan (i.e., a pension plan) in which all salaried and hourly U.S. employees who began their employment before October 1, 1998 participate. The Company also maintains a related supplemental executive retirement plan. NEOs who are U.S. employees and who were hired before such date accrued retirement benefits under these plans in accordance with their terms until February 28, 2009. These plans were both amended as of that date so that no additional benefits would accrue to any plan participant, effectively freezing the future benefits of any participant based on their years of service and highest earned salaries as of such date. These plans were subsequently terminated as of September 30, 2021 and the Company is currently in the process of winding down the plans.

The amounts to which executives are entitled under these plans are dictated by the terms of the plans themselves. These are tax-qualified, nondiscriminatory plans, which apply equally to all eligible employees of the Company. The Committee is made aware of the accrued value of these entitlements when making determinations regarding executive compensation (including the NEOs), but an executive's benefits under these plans have generally had no direct bearing on its determinations. The Committee believes that the accumulation of benefits under these plans should have no impact on its objective of compensating individuals based upon their individual importance to the Company in achieving annual and strategic objectives.

Employees located outside of the United States may enjoy benefits under local government-mandated retirement or pension plans, as well as supplementary pension or retirement plans sponsored by local Company affiliates. Mr. Halftermeyer is the only NEO employed outside of the United States. As a French citizen serving as an employee of a Swiss subsidiary of the Company while on an international assignment, he accrues benefits under both a private pension plan maintained by the Swiss subsidiary as required by Swiss law, and as an expatriate under a French government-sponsored pension program. The Company pays both the employer and employee contributions to this program in order to maintain Mr. Halftermeyer's participation during his expatriation. The amounts paid by the Company toward both pension plans during 2021 are reported in the "Summary Compensation Table" on page 39, and the present value of the benefits accumulated under the Swiss private pension plan are reported in the "Pension Benefits" table on page 47.

## **Shareholder “Say on Pay”**

For 2021, the Committee once again implemented the same compensation program structure it has used since 2010. Although the results of the 2021 “say on pay” vote were not available when the Committee was adopting the 2021 compensation program in February 2021, voting results from prior years had a significant impact on that decision. When the vote was eventually held in 2021, the votes for approval represented 99.86% of the votes cast.

## **Roles in Structuring Compensation**

### *The Role of Compensation Committee*

The Committee is responsible for reviewing and approving compensation for all of our executive officers. The Committee considers, adopts, reviews, and revises the various compensation plans, programs and guidelines, and reviews and determines all components of each executive officer’s compensation. The Committee also reports to, and receives feedback from, the full Board of Directors each quarter. With respect to CEO compensation, the determination of the Committee reflects advice and input from the full Board of Directors and takes into account the full Board’s assessment of CEO performance.

### *The Role of Consultants and Advisors*

The Committee’s charter charges the Committee with the responsibility to obtain advice and assistance from outside legal or other advisers or consultants as the Committee may from time to time deem appropriate, and to determine the compensation and other terms of service of such advisers and consultants. The Committee has exclusive power to select, retain, and terminate the services of any such advisers or consultants to assist in evaluating the compensation of the Chief Executive Officer or senior executives, and sole power to determine the compensation and other terms of service of such consultants. The charter provides that the Company shall provide for the payment of fees and compensation to any advisers or consultants so employed by the Committee.

### *The Role of the Compensation Consultant*

The Committee retains Pearl Meyer & Partners (“PMP”) as an executive compensation consultant to provide benchmarking and comparative compensation analysis. PMP’s findings and recommendations form part of the basis used in the ongoing review and design of the Company’s compensation programs. Their analysis is normally performed annually in the case of the Company’s CEO, CFO and business unit Presidents, and periodically with respect to other members of the senior management team. Analyses completed by PMP in late 2020 were considered by the Committee when establishing 2021 total direct compensation targets and base salary increases. In addition, PMP was retained in 2021 to provide compensation consulting services in connection with director compensation.

### *The Role of Executive Officers*

The Committee’s Charter provides that input from management is expected, and in some instances required, in connection with the Committee’s exercise of its responsibilities. Company management does make recommendations to the Committee from time to time regarding the elimination or modification of existing benefit plans, or the adoption of new plans. In addition, although the Committee has traditionally been responsible for reviewing and approving salary ranges for senior management, such ranges and changes are typically proposed to the Committee by the Company’s CEO after consultation with personnel from the Company’s human resources function.

## **Other Compensation Policies and Considerations**

### *Timing of Awards and Grants*

Base salary increases are determined by the Committee at its first meeting after completion of the fiscal year when all relevant data is available. This meeting typically occurs in February, with increases becoming effective in April. The Committee also typically approves Performance Award grants, annual cash incentive bonuses and Performance Phantom Stock grants at this meeting.

### *The Effect of Prior or Accumulated Compensation*

When considering each element of compensation, the Committee reviews historic compensation summaries for each executive officer and other members of the senior management team. These summaries show all material elements of annual and long-term compensation actually earned by each executive in the immediate prior year and, depending on the executive's length of service, several years prior thereto. They also show the outstanding balances of RSU or Phantom Stock grants and any equity-based awards, and the unrealized gains on those balances. The Committee considers this information before approving new Performance Awards, base salary increases, or final annual cash incentive bonuses for the prior year. These summaries are used to determine how effectively past compensation practices satisfy the Committee's objectives.

Although these summaries provide insight into an executive's accumulated compensation, it is the Committee's view that neither the historical data nor any perceived wealth accumulation justifies a change in either the Committee's current compensation philosophy or the elements of compensation employed. It is the Committee's belief that an executive's accumulated compensation is the result of his or her achievement of a series of objectives over time. Furthermore, it is the Company's view that the effect of such accumulated compensation is not sufficient to call into question the Committee's objective of compensating individuals based on their individual importance to the Company in achieving strategic objectives. The Committee views "realizable" future compensation as having been earned by the employee based on past employment and performance. As a result, such "realizable" future compensation has generally had little, if any, bearing on the amount or timing of new compensation approved or awarded. The Committee does not believe that the compensation paid to its executives, including the NEOs, or any individual element of that compensation, is lavish or extraordinary.

### *Independence of Compensation Consultant and Identity of Benchmarking Group*

For its 2021 benchmarking and comparative compensation analysis, the Committee again retained the services of PMP. The Committee has used the services of PMP since 2010. The Company paid PMP \$119,925 for services during 2021 including such benchmarking and comparative compensation analysis as well as other services. The Committee routinely assesses the independence of PMP using criteria established by the New York Stock Exchange and has consistently determined them to be independent.

For 2021, PMP benchmarked individual compensation against a peer group of companies approved by the Committee in 2017. The peer group consisted of publicly traded U.S. companies (identified below) in the same or related industries with comparable revenues, employees, and international operations. The benchmarking data used was derived from proxy statements filed by these companies prior to 2021, which explains why the list may contain companies that are no longer publicly traded.

The peer group of comparable publicly traded U.S. companies consisted of the following:

Teledyne Technologies Incorporated	ESCO Technologies Inc. Donaldson Company, Inc.	Curtiss-Wright Corporation Hexcel Corporation
Woodward, Inc.	TriMas Corporation	P. H. Glatfelter Company
Aerojet Rocketdyne Holdings, Inc.	Kaman Corporation	Schweitzer-Mauduit International, Inc.
Barnes Group, Inc.	HEICO Corporation Kadant, Inc.	

Representatives from PMP communicate directly with members of management as needed, including the Company's CEO and personnel from the Human Resources function, with the acknowledgement and encouragement of the Committee. However, the consultant is retained by, instructed by, serves for, and reports to the Committee, and its main point of contact remains the Chairman of the Committee. Notwithstanding the use of a compensation consultant, the Committee is ultimately responsible for all compensation matters.

#### *The Impact of Accounting or Tax Considerations*

When confronted with a choice between two comparable forms of compensation, the Committee has in the past favored the form with the lower tax cost (to the employee and/or the Company), more favorable accounting treatment, or more favorable impact on the Company's borrowing cost pursuant to its primary revolving credit facility.

#### *Equity Ownership Requirements or Guidelines*

The Company's Board of Directors has adopted stock ownership guidelines for the Company's CEO, and all other NEOs. Those guidelines provide that the CEO is expected to own and hold shares of the Company's Common Stock (Class A or Class B) equal in value to five times current base salary. The other NEOs are expected to own and hold shares equal in value to two times their base salary. There is no deadline by which these such targets should be attained, but at any time that the value of one's holdings is less than his or her target, he or she will be expected to retain, in addition to all shares already owned, (1) all shares acquired upon the exercise of any stock options, and (2) all shares received upon a distribution of shares pursuant to the terms of any Performance Award (in each case, net of shares used, if any, to satisfy the exercise price, taxes, or commissions). Messrs. Higgins, Nolan, Harwell and Gaug had not reached the applicable guideline by the end of 2021, but Mr. Halftermeyer did own shares of value equal to at least two times his base salary. The Committee does not believe that adoption of share ownership guidelines for other officers is warranted at this time.

#### *Compensation Clawback Policy*

The "clawback" provisions under the annual and long-term incentive awards granted to our NEOs provide that repayment of the awards may be required under certain circumstances. For instance, under these award agreements, an NEO must repay the entire incentive, or forfeit it if not already paid, whether vested or unvested, to the extent a material financial restatement is caused or substantially caused by the fraud or intentional misconduct of the NEO. In the event a material restatement occurs but is not caused or substantially caused by the fraud or intentional misconduct of the NEO, the NEO must repay, or forfeit if not already paid, so much of the incentive that was or would have been earned and awarded based on the achievement of financial results that were subsequently the subject of a restatement. Moreover, any unpaid incentive would be forfeited in its entirety should an NEO engage in any business or activity, either on his own or as an employee, which is deemed to be in competition with the Company.

#### *Anti-hedging Policy*

No officer, director or employee of the Company is permitted to purchase or use, directly, or indirectly, through family members or other persons or entities, financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to offset or hedge any decrease in market value of Company securities.

#### *Risk Assessment of Compensation Plans and Programs*

During 2021, the Committee, after reviewing its compensation plans and programs, particularly those components which are employed as part of the incentive compensation plans for the NEOs and other executives, re-affirmed its prior determinations that such plans and programs are not reasonably likely to have a material adverse effect on the Company. In reaching this conclusion, the Committee compiled an inventory of all executive compensation plans and programs globally and evaluated those plans and programs as potential contributors to Company risks. The conclusion is based on the finding that the Company's executive compensation structure consists of a balanced mix of components that utilize both equity and cash elements, impose caps on incentives, apply multiple performance measures, establish staggered performance and payout periods, and rely on the Committee's use of discretion in approving final awards. The Committee also noted the Company's policies related to severance, perquisites, and change-in-control provisions, as well as its adoption of clawback/recoupment mechanisms. During its discussion, the Committee recognized its own oversight responsibilities and noted that it requires all senior management incentive compensation calculations to be reviewed by its external auditor. It then determined that its practices, coupled with the structure of the executive compensation plans and programs, appropriately mitigate any risks associated with compensation programs.

#### *Employment Contracts — Named Executive Officers*

The Company entered into an Employment Agreement with Mr. Higgins dated January 20, 2020. The Agreement provides that employment could be terminated by either party at any time. It provided for an initial base salary of \$850,000 and provided for an Annual Performance Award and Multi-year Performance Award. The Agreement entitled Mr. Higgins to four weeks of vacation with pay, or such greater amount as the Company's vacation policy applicable to executive officers provides and entitled him to participate in the Company's employee benefit plans, policies, and arrangements applicable to executive officers generally (including, for example, 401(k), health care, vision, life insurance, and disability); in each case, as the same may exist from time to time, as well as such perquisites as may from time to time be made generally available to senior executives of the Company. The Agreement includes a severance provision that is more fully described below. As of December 31, 2020, the Company had not entered into employment contracts with any other NEO.

## **Structuring the 2021 Compensation Program — Pay for Performance**

The first step to determining 2021 compensation for NEOs was to establish a total direct compensation target for each executive. The Committee considers benchmarking data as well as the executive's past performance and his or her individual importance to the Company when establishing such targets. The Committee considers the total direct compensation target and base salary paid to similarly-situated executives at companies included in its benchmarking group (see page 32). It also notes the mean and median compensation paid to executives in the benchmarking group and compares those amounts to the amounts awarded to the Company's own executives in prior years.

Once total direct compensation targets are established, the Committee selects the compensation elements to be used, and allocates the targeted compensation among the selected components. In making these determinations, the Committee reviews the mix of the compensation paid to executives in the benchmarking group, focusing on long-term and short-term compensation, fixed and variable components, and the ratio of earned compensation paid as equity or cash. The Committee determined that the 2021 total direct compensation target opportunities for NEOs would be paid as base salary, and through short-term and long-term incentive compensation awards. The Committee then allocated how much of the total direct compensation target would be allocated to each component based on benchmarking data, internal equity and other considerations.

After the total direct compensation target was allocated among these components, the Committee established the performance measurement metrics and goals against which each NEO's performance would be judged to determine how much of the incentive compensation, if any, would be earned by that NEO at the end of 2021. Lastly, the Committee determined the form in which each component should be paid, if earned. Base salary and the short-term incentive award were both established as cash compensation, while long-term performance incentive awards was determined to be payable in equity.

### **2021 NEO Compensation Opportunities**

Following the structure described above, the Committee established a total direct compensation target for each of the Company's NEOs for 2021 as follows:

NEO	2021 Total Direct		2020 Total Direct		% Change
	Compensation Target		Compensation Target		
A. William Higgins	\$	3,800,000	\$	3,400,000	11.76%
Stephen Nolan	\$	1,716,750	\$	1,526,000	12.50%
Daniel Haltermeyer	\$	1,404,660	\$	1,193,000	17.74%
Greg Harwell	\$	1,421,000	\$	1,347,500	5.45%
Joseph Gaug	\$	905,625	\$	750,000	20.75%

The Committee then determined the amount of the total direct compensation target that should be paid as base salary.

NEO	2021		% of Total	2021 to 2020
		Base Salary	Direct Target	% Change
A. William Higgins	\$	875,000	23.00 %	3 %
Stephen Nolan	\$	545,000	31.75 %	0 %
Daniel Halftermeyer	\$	492,000	35.00 %	0 %
Greg Harwell	\$	490,000	34.40 %	0 %
Joseph Gaug	\$	393,750	43.50 %	5 %

Lastly, the Committee determined the proper allocation between stock and cash for the performance awards and RSU grants. For 2021, the MPP Performance Award allocation was 100% stock, and a distinct target share opportunity was identified. Similarly, since the RSUs are settled in shares, a distinct share amount was also established. Moreover, since the MPP Performance Award and the RSU grant were each intended to represent fifty percent (50%) of each senior executive's long-term incentive, the share amounts were equal. The grant date share price was used to determine the actual number of shares granted in the RSU award and the actual number of shares for the MPP Performance Award stock target. For the APP Performance Award, the allocation was 100% cash, and a target dollar amount was identified in the award agreement. The following table sets forth the target opportunities established for each of the NEOs for the MPP Performance Award and the APP Performance Award, and the number of shares granted in the RSU Award.

NEO	APP		MPP	
	Opportunity Cash	Opportunity Shares	RSU Shares granted	
A. William Higgins	\$ 925,000	12,531	12,531	
Stephen Nolan	\$ 381,500	4,951	4,951	
Daniel Halftermeyer	\$ 273,060	3,298	3,298	
Greg Harwell	\$ 343,000	3,684	3,684	
Joseph Gaug	\$ 236,500	1,727	1,727	

## PART II - 2021 EXECUTIVE COMPENSATION EARNED

### Performance Award Metrics and Goals

The 2021 APP Performance Awards granted to NEOs contained performance measurement metrics and goals appropriate to that executive. In some cases, where appropriate, executives may share a metric and its related goal. The following tables set forth the metrics chosen for each NEO's APP Performance Award, and the percentage that each metric counted toward the NEO's overall performance. (The definitions of the listed metrics are contained in Exhibit A to this Proxy Statement.)

<b>Higgins, Nolan &amp; Gaug</b>	
Performance Metrics	<b>Weight</b>
1. 2021 AIN Adjusted EBITDA	80%
2. AIN TRIR	10%
3. AIN Compliance/Control Failures	5%
4. AIN Compliance/Controls Testing	5%
<b>Haltermeyer</b>	
Performance Metrics	<b>Weight</b>
1. 2021 MC Adjusted EBITDA	80%
3. AIN TRIR	10%
4. MC Compliance/Control Failures	5%
5. MC Compliance/Controls Testing	5%
<b>Harwell</b>	
Performance Metrics	<b>Weight</b>
1. 2021 AEC Adjusted EBITDA	80%
3. AIN TRIR	10%
4. AEC Compliance/Control Failures	5%
5. AEC Compliance/Controls Testing	5%

The threshold, target and maximum goals for these metrics were as follows:

Performance Metric	Performance Metric Percentage Goals		
	Threshold	Target	Maximum
2021 AIN Adjusted EBITDA	= \$163.3M	= \$209.4M	= \$255.5M
AIN TRIR	= 1.5 TRIRs	= 1.0 TRIRs	= 0.75 TRIRs
2021 MC Adjusted EBITDA	= \$158.8M	= \$198.5M	= \$238.2M
2021 AEC Adjusted EBITDA	= \$42.4M	= \$60.5M	= \$78.7M
AIN Compliance/Control Failures	To Be Calculated as Described in Exhibit A		
AIN Compliance/Controls Testing	To Be Calculated as Described in Exhibit A		
MC Compliance/Control Failures	To Be Calculated as Described in Exhibit A		
MC Compliance/Controls Testing	To Be Calculated as Described in Exhibit A		
AEC Compliance/Control Failures	To Be Calculated as Described in Exhibit A		
AEC Compliance/Control Testing	To Be Calculated as Described in Exhibit A		

The following table sets forth the metrics chosen for each NEO's 2021 MPP Performance Award, and the percentage that each metric counted toward overall performance. In each case, these metrics are aggregated to reflect the three-year performance period, and the goals established as the cumulative projected results for each metric in 2021, 2022, and 2023. The Committee has determined that disclosing actual goals would result in competitive harm to the Company.

<b>Higgins, Nolan &amp; Gaug</b>	
Performance Metric	<b>Weight</b>
Aggregate AIN Adjusted EBITDA	100%
<b>Halftermeyer</b>	
Performance Metric	<b>Weight</b>
1. Aggregate AIN Adjusted EBITDA	40%
2. Aggregate MC Adjusted EBITDA	60%
<b>Harwell</b>	
Performance Metric	<b>Weight</b>
1. Aggregate AIN Adjusted EBITDA	40%
2. Aggregate AEC Adjusted EBITDA	60%

According to the applicable incentive plan and award agreements, the foregoing goals (including the threshold and maximum goals) are subject to subsequent adjustment in the event of unanticipated business developments during the applicable performance periods, such as acquisition or divestiture of business operations.

The Committee purposefully chose to utilize Adjusted EBITDA metrics in both the short-term and long-term performance incentive grants. It was the Committee's determination that creating an incentive for the senior executive team based on adjusted EBITDA was consistent with the Company's goals and strategies, and that a three-year performance period created sufficient balance against a one-year performance period.

### Achievement of Goals and Awards Earned

The Committee is responsible for reviewing performance against goals and establishing final incentive compensation payouts at the end of each performance period. It is at that point when the total direct compensation actually earned by the NEO can be determined. In early 2022, and based on the Company's audited 2021 financial statements, and other corporate records, the Committee determined one-year performance versus threshold, target and maximum goals for each performance metric. The Committee determined:

- 2021 AIN Adjusted EBITDA was \$255.92 million, representing an achievement of 200.0% of goal;
- The total recordable incident rate at the company-wide level was .68, resulting in an achievement of 200.0% of goal;
- 2021 MC Adjusted EBITDA was \$234.24 million, representing an achievement of 190.0% of goal; and
- 2021 AEC Adjusted EBITDA was \$73.13 million, representing an achievement of 169.4% of goal;

Regarding the Compliance metrics identified above, the Committee found that there were no material weaknesses with regard to the Company's financial controls and only one significant deficiency, which occurred within the financial controls of the AEC business segment. And, regarding the identification and remediation of any Medium or High findings within the Company's internal audit reports, the Committee found that there were no Medium or High findings overdue at the end of the year, and that there were no High findings, at all, during the year (see, Exhibit A).

Based upon the level of achievement of the foregoing performance measurement metrics, the Committee determined each NEO's overall performance percentage achieved, and calculated the amount of APP Performance Award targets actually earned, as follows:

Overall Performance Achievement	Higgins 197.5%	Nolan 197.5%	Halftermeyer 192.0%	Harwell 170.5%	Gaug 197.5%
Cash Earned	\$1,826,875	\$753,463	\$524,275	\$584,815	\$466,594

Additionally, in accordance with the terms of the award agreement, a portion of the RSUs granted to each of the NEOs as part of their 2021 long-term incentive vested and became payable in February 2022. One-third of each NEO's target vested and was paid in shares. The number of shares paid to each NEO is set forth in the following table:

	Higgins	Nolan	Halftermeyer	Harwell	Gaug
Shares Earned	4,177	1,650	1,099	1,228	576

The performance period for MPP Performance Awards granted in 2021 runs through December 31, 2023. The Company considers compensation earned under an MPP Performance Award to have been earned over the entirety of the performance period. However, 2021 was also the final year of the three-year performance period for MPP Performance Awards granted in 2019. Mr. Halftermeyer was the only current NEO who was granted an MPP Performance Award in 2019. The two metrics chosen for Mr. Halftermeyer's 2019 MPP Performance Award were Aggregate AIN Adjusted EBITDA and Aggregate MC Adjusted Reported EBITDA, and accounted for 40% and 60%, respectively, of his overall performance. The threshold, target and maximum goals for the metrics are presented in the subsequent table.

Performance Metric	Performance Metric Percentage Goals		
	Threshold	Target	Maximum
Aggregate AIN Adjusted EBITDA	= \$438.3M	= \$730.5M	= \$1.022B
Aggregate MC Adjusted Reported EBITDA	= \$356.28M	= \$593.8M	= \$831.32M

In early 2022, based on the Company's audited financial statements for 2019 through 2021 (which include each year in the performance period), the Committee determined performance versus threshold, target and maximum goals for the foregoing performance metric. The Committee determined that:

- Aggregate AIN Adjusted EBITDA over the three-year period was \$744.50 million, representing an achievement of 115.1% of target;
- Aggregate MC Adjusted Reported EBITDA was \$668.70 million, representing an achievement of 131.5% of target.

Based on the level of achievement of that performance measurement metrics, the Committee determined that Mr. Halftermeyer's overall performance percentage achieved and calculated the amount of their MPP Performance Award targets actually earned, as follows:

Overall Performance Achievement	Shares Earned
125.0%	6,580

## PART III

### REQUIRED COMPENSATION TABLES

#### Summary Compensation Table

The following table sets forth information concerning the compensation of the Named Executive Officers for 2019, 2020 and 2021.

Name and Principal Position	Year	Salary (\$)	Bonus <sup>(1)</sup> (\$)	Stock Awards <sup>(2)</sup> (\$)	Option Awards <sup>(3)</sup> (\$)	Nonequity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>(4)</sup> (\$)	All Other Compensation (\$)	Total (\$)
A. William Higgins, President and CEO									
A. William Higgins, President and CEO	2021	868,750		2,000,000	—	1,838,475 <sup>(5)</sup>	—	18,486 <sup>(6)</sup>	4,725,711
	2020	808,589		1,700,000	—	1,186,118 <sup>(7)</sup>	—	19,854 <sup>(8)</sup>	3,714,562
Stephen Nolan, Chief Financial Officer									
Stephen Nolan, Chief Financial Officer	2021	545,000		790,250	—	765,063 <sup>(9)</sup>	—	14,647 <sup>(10)</sup>	2,114,960
	2020	545,000		599,500	—	1,320,317 <sup>(11)</sup>	—	16,920 <sup>(12)</sup>	2,481,737
	2019	408,750		753,467	—	377,806 <sup>(13)</sup>	—	60,618 <sup>(14)</sup>	1,600,640
Daniel Halftermeyer, President, Machine Clothing									
Daniel Halftermeyer, President, Machine Clothing	2021	701,486 <sup>(15)</sup>		526,440	—	524,275 <sup>(16)</sup>	38,429	198,191 <sup>(15, 17)</sup>	1,988,821
	2020	683,675 <sup>(18)</sup>		428,040	—	415,324 <sup>(19)</sup>	115,008	208,555 <sup>(18, 20)</sup>	1,850,602
	2019	641,350 <sup>(21)</sup>		413,000	—	309,697 <sup>(22)</sup>	15,636	348,778 <sup>(21, 23)</sup>	1,728,461
Greg Harwell, President, Albany Engineered Composites									
Greg Harwell, President, Albany Engineered Composites	2021	490,000		588,000	—	596,415 <sup>(24)</sup>	—	15,476 <sup>(25)</sup>	1,689,891
	2020	499,423		514,500	—	358,609 <sup>(26)</sup>	—	18,742 <sup>(27)</sup>	1,391,274
	2019	65,961		300,000	—	175,467 <sup>(28)</sup>	—	2,222 <sup>(29)</sup>	543,650
Joseph Gaug, VP – General Counsel & Secretary									
Joseph Gaug, VP – General Counsel & Secretary	2021	389,062		275,625	—	478,194 <sup>(30)</sup>	—	15,284 <sup>(31)</sup>	1,158,165
	2020	340,710		299,967	—	306,251 <sup>(32)</sup>	—	15,052 <sup>(33)</sup>	961,980
	2019	268,495	92,250	125,828	—	7,529 <sup>(34)</sup>	—	13,355 <sup>(35)</sup>	507,457

- (1) The figure provided represents the Annual Incentive Plan bonus earned, or any additional discretionary bonus awarded, during that year, if any, for performance during that year, but which was actually paid in the subsequent year.
- (2) The figure provided for each year represents the grant date fair value, in dollars, of (a) the target share amounts contained in any Performance Awards granted during that year under the 2017 Incentive Plan, (b) all Restricted Stock Units granted in that year under the Company's Restricted Stock Unit Plan, and (c) all Performance Phantom Stock granted in that year under the Company's Performance Stock Plan. In all cases, the total presented is the aggregate grant date fair value computed in accordance with FASB ASC Item 718.
- (3) No options have been granted since 2002.

- (4) The figure provided for each year, if any, represents the aggregate change in the actuarial present value of each NEO's (except Mr. Halftermeyer's) accumulated benefit under all defined benefit and actuarial pension plans (including supplemental plans) from the prior year. The change is calculated between the pension plan measurement dates used by the Company for financial statement reporting purposes in each year. The figure also reflects any changes in actuarial assumptions. Reference is made to Note 4 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 for a discussion of these assumptions. The figure provided for Mr. Halftermeyer represents the change in present value of the private pension purchased for Mr. Halftermeyer through a Swiss insurance company in accordance with Swiss law (see footnote 4 to the "Pension Benefits" table on pp. 47). There were no above-market or preferential earnings during 2019, 2020 or 2021 for any of the NEOs under any deferred compensation plans.
- (5) Includes (a) profit-sharing of \$11,600 under the Company's U.S. profit-sharing plan and (b) \$1,826,875, the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2021 and paid during 2022.
- (6) Includes (a) Company-matching contributions of \$14,250 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan; (b) a premium of \$1,494 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer; (c) relocation expenses of \$1,685 and (d) a taxable award of \$1,057.
- (7) Includes (a) profit-sharing of \$2,187 under the Company's U.S. profit-sharing plan and (b) \$1,183,931, the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2020 and paid during 2021.
- (8) Includes (a) Company-matching contributions of \$9,237 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan; and (b) a premium of \$10,527 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.
- (9) Includes (a) profit-sharing of \$11,600 under the Company's U.S. profit-sharing plan and (b) \$753,463 the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2021 and paid during 2022.
- (10) Includes (a) Company-matching contributions of \$13,562 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan; and (b) a premium of \$1,085 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.
- (11) Includes (a) profit-sharing of \$8,749 under the Company's U.S. profit-sharing plan; (b) \$561,568, the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2020 and paid during 2021; and (c) \$750,000, the target cash payment of a retention bonus awarded to the officer in 2020.
- (12) Includes (a) Company-matching contributions of \$14,050 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$2,870 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.
- (13) Includes (a) profit-sharing of \$7,560 under the Company's U.S. profit-sharing plan; (b) \$370,246, the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2019 and paid during 2020.
- (14) Includes (a) Company-matching contributions of \$9,458 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$971 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer and (c) relocation expenses of \$35,631 and (d) tax adjustments \$14,557.
- (15) Represents either the amount paid in euros, translated into U.S. dollars at the rate of 1.18306 dollars per euro, or the amount paid in Swiss francs, translated into U.S. dollars at the rate of 1.09415 dollars per Swiss franc, which are the rates used by the Company in its 2021 Consolidated Statements of Income and Retained Earnings.
- (16) Represents the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan earned during 2021 and paid during 2022.

- (17) Includes (a) a premium of \$11,641 paid by the Company with respect to maintenance of private Swiss health insurance coverage; (b) contributions of \$92,476 to maintain the NEO in French social programs, including state pension schemes, during his expatriation (of which approximately \$28,985 was the officer's employee contribution paid by the Company); (c) expenses of \$91,983 related to the NEO's international assignment, consisting of housing (\$63,942) and tax adjustments (\$28,041); and (d) perquisites of \$2,090, valued on the basis of the taxable benefit for the private use of a Company car.
- (18) Represents either the amount paid in euros, translated into U.S. dollars at the rate of 1.14157 dollars per euro, or the amount paid in Swiss francs, translated into U.S. dollars at the rate of 1.06637 dollars per Swiss franc, which are the rates used by the Company in its 2020 Consolidated Statements of Income and Retained Earnings.
- (19) Represents the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan earned during 2020 and paid during 2021.
- (20) Includes (a) a premium of \$11,272 paid by the Company with respect to maintenance of private Swiss health insurance coverage; (b) contributions of \$105,673 to maintain the NEO in French social programs, including state pension schemes, during his expatriation (of which approximately \$29,726 was the officer's employee contribution paid by the Company); (c) expenses of \$89,573 related to the NEO's international assignment, consisting of housing (\$62,318) and tax adjustments (\$27,255); and (d) perquisites of \$2,037, valued on the basis of the taxable benefit for the private use of a Company car.
- (21) Represents either the amount paid in euros, translated into U.S. dollars at the rate of 1.11954 dollars per euro, or the amount paid in Swiss francs, translated into U.S. dollars at the rate of 1.00650 dollars per Swiss franc, which are the rates used by the Company in its 2019 Consolidated Statements of Income and Retained Earnings.
- (22) Represents the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan earned during 2019 and paid during 2020.
- (23) Includes (a) a premium of \$21,665 paid by the Company with respect to maintenance of private Swiss health insurance coverage; (b) contributions of \$236,732 to maintain the NEO in French social programs, including state pension schemes, during his expatriation (of which approximately \$36,776 was the officer's employee contribution paid by the Company); (c) expenses of \$88,462 related to the NEO's international assignment, consisting of housing (\$58,820) and tax adjustments (\$29,642); and (d) perquisites of \$1,919, valued on the basis of the taxable benefit for the private use of a Company car.
- (24) Includes (a) profit-sharing of \$11,600 under the Company's U.S. profit-sharing plan and (b) \$584,415, the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2021 and paid during 2022.
- (25) Includes (a) Company-matching contributions of \$14,500 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan; and (b) a premium of \$976 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.
- (26) Includes (a) profit-sharing of \$8,749 under the Company's U.S. profit-sharing plan; and (b) \$349,860, the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2020 and paid during 2021.
- (27) Includes (a) Company-matching contributions of \$14,250 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan; and (b) a premium of \$4,492 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.
- (28) Includes (a) profit-sharing of \$925 under the Company's U.S. profit-sharing plan; and (b) \$75,542, the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2019 and paid during 2020, and (c) a \$100,000 sign on bonus.
- (29) Includes (a) Company-matching contributions of \$1,885 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$337 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.
- (30) Includes (a) profit-sharing of \$11,600 under the Company's U.S. profit-sharing plan and (b) \$466,594, the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2021 and paid during 2022.
- (31) Includes (a) Company-matching contributions of \$14,500 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan; and (b) a premium of \$784 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.
- (32) Includes (a) profit-sharing of \$8,750 under the Company's U.S. profit-sharing plan; (b) \$172,501, the actual cash award received relative to his APP Performance Award granted under the 2017 Incentive Plan, in each case earned during 2020 and paid during 2021; and (c) \$125,000, the target cash payment of a retention bonus awarded to the officer in 2020.
- (33) Includes (a) Company-matching contributions of \$14,250 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan; and (b) a premium of \$802 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.

- (34) Profit-sharing under the Company's U.S. profit-sharing plan.
- (35) Includes (a) Company-matching contributions of \$12,720 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan; and (b) a premium of \$635 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.

#### CEO Pay Ratio

We are required to disclose:

- the median annual total compensation of all of our employees, excluding our CEO;
- the annual total compensation of our CEO; and
- the ratio between those two amounts

Mr. Higgins' total compensation for 2021 as reported in the Summary Compensation Table above was \$4,725,711. Using the same format, the following table presents the annual total compensation of our median employee in 2021 (excluding Mr. Higgins):

Name and Principal Position	Year	Salary (\$)	Bonus	Stock Awards (\$)	Option Awards (\$)	Nonequity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Median Employee	2021	51,087		0	0	2,067 <sup>(1)</sup>	0	3,125 <sup>(2)</sup>	56,279

(1) Profit-sharing under the Company's U.S. profit-sharing plan.

(2) Includes (a) Company-matching contributions of \$2,584 to the employee's account under the Company's ProsperityPlus 401(k) defined contribution plan, (b) a premium of \$44 paid by the Company with respect to life or other insurance for the benefit of the employee or beneficiaries designated by the employee., and (c) a taxable employee service/recognition award of \$497.

The ratio of the two amounts is 84:1.

To perform the foregoing calculation, we started with the total number of employees working for the Company and its subsidiaries worldwide as of December 1, 2020; we used our entire worldwide employee population and did not use statistical sampling. We then determined total compensation paid to each employee for all of 2020, excluding only changes in value of any vested pension benefits, as we concluded that it would have been extremely burdensome to determine such changes for all employees. Each employee's total compensation was then translated into U.S. dollars using the exchange rate applicable to each employee's country of employment, as used by the Company in its 2020 Consolidated Statements of Income and Retained Earnings. On this basis, we determined that our median employee, for the purposes of this disclosure, was an hourly employee working at the Borne, Texas facility of our Albany Engineered Composites subsidiary, who did not have a defined pension benefit. As is permitted by the applicable regulations, we have used this same employee as the comparator for the purposes of this 2021 disclosure.

## Grants of Plan-Based Awards

Name	Estimated Future Payouts Under Nonequity Incentive Plan Awards <sup>(1)</sup>				Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>						
	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares or Stock or Units <sup>(3)</sup> (#)	All Other Option Awards: Number of Securities or Underlying Options (#)	Exercise or Base Price of Option Awards (\$/sh)	Value of Stock and Option Awards <sup>(4)</sup> (\$)
A. Williams Higgins	2/19/21	462,500	925,000	1,850,000	6,266	12,531	25,063	12,531			2,000,000
Stephen Nolan	2/19/21	190,750	381,500	763,000	2,476	4,951	9,903	4,951			790,250
Daniel Halftermeyer	2/19/21	136,530	273,060	546,120	1,649	3,298	6,597	3,298			526,440
Greg Harwell	2/19/21	171,500	343,000	686,000	1,842	3,684	7,368	3,684			588,000
Joseph Gaug	2/19/21	181,125	236,250	472,500	863	1,727	3,454	1,727			245,625

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- (1) Awards represent the target cash amount established for each officer in early 2021 in the APP Performance Awards granted to that officer under the 2017 Incentive Plan.
- (2) Awards represent the target share amount established for each officer in the MPP Performance Awards granted to the officer under the 2017 Incentive Plan consisting of a target number of shares of Class A Common Stock. Each Performance Award entitled the NEO to receive from 50% (for attaining performance at the threshold level) to as much as 200% (for attaining performance at the maximum level) of such target, based on the extent to which he or she attained certain performance goals during the performance periods. The performance conditions at each of the threshold, target, and maximum levels in the Performance Awards granted to each of the NEOs are described above (see pp. 35).
- (3) Awards represent the number of restricted stock units granted for the officer in the restricted stock award granted under the 2017 Incentive Plan as part of his 2021 multiyear performance incentive award. Under this award, each recipient is awarded a fixed number of shares which vests ratably over the three-year period and is paid in Class A common stock upon vesting.
- (4) The grant date fair value of the MPP Performance Award plus the grant date fair value of the restricted stock unit award. In accordance with FASB ASC Topic 718, the grant date fair value of the MPP Performance Award targets was determined to be the product of the target number of shares awarded multiplied by \$79.80, the closing market price on February 19, 2021, the grant date of the Performance Awards, as it was expected that the probable outcome of the performance conditions would lead to the achievement of the target number of shares.

### Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards				Equity Incentive Plan Awards: Market <sup>(1)</sup> or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value <sup>(1)</sup> of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
A. William Higgins	—	—	—	—	—	—	—	22,779 <sup>(2)</sup>	2,014,803	
	—	—	—	—	—	—	—	12,531 <sup>(3)</sup>	1,108,367	
	—	—	—	—	—	—	—	12,531 <sup>(4)</sup>	1,108,367	
Stephen Nolan	—	—	—	—	—	—	—	8,033 <sup>(2)</sup>	710,519	
	—	—	—	—	—	—	—	4,951 <sup>(3)</sup>	437,916	
	—	—	—	—	—	—	—	4,951 <sup>(4)</sup>	437,916	
	—	—	—	—	—	—	—	6,285 <sup>(5)</sup>	555,908	
	—	—	—	—	—	1,426 <sup>(6)</sup>	126,130	—	—	
Daniel Haltermeyer	—	—	—	—	—	—	—	6,580 <sup>(7)</sup>	582,001	
	—	—	—	—	—	—	—	5,735 <sup>(2)</sup>	507,261	
	—	—	—	—	—	—	—	3,298 <sup>(3)</sup>	291,708	
	—	—	—	—	—	—	—	3,298 <sup>(4)</sup>	291,708	
Greg Harwell	—	—	—	—	—	—	—	6,894 <sup>(2)</sup>	609,774	
	—	—	—	—	—	—	—	3,684 <sup>(3)</sup>	325,850	
	—	—	—	—	—	—	—	3,684 <sup>(4)</sup>	325,850	
	—	—	—	—	—	3,010 <sup>(8)</sup>	266,235	—	—	
Joseph Gaug	—	—	—	—	—	—	—	2,512 <sup>(2)</sup>	222,186	
	—	—	—	—	—	—	—	— <sup>(3)</sup>	—	
	—	—	—	—	—	—	—	1,727	152,753	
	—	—	—	—	—	—	—	1,727 <sup>(4)</sup>	152,753	
	—	—	—	—	—	325 <sup>(9)</sup>	28,746	—	—	
	—	—	—	—	—	878 <sup>(10)</sup>	77,659	—	—	
	—	—	—	—	—	1,383 <sup>(11)</sup>	122,326	—	—	
—	—	—	—	—	—	1,852 <sup>(12)</sup>	163,809	—	—	

- (1) Based on closing market price on December 31, 2021, of \$88.45.
- (2) Represents the share target opportunity established in the MPP Performance Award granted to the NEO in 2020 under the 2017 Incentive Plan. This share target is earned based on performance during 2020, 2021, and 2022, and paid in 2023. None of the balance reported was earned as of December 31, 2021.
- (3) Represents the share target opportunity established in the MPP Performance Award granted to the NEO in 2021 under the 2017 Incentive Plan. This share target is earned based on performance during 2021, 2022, and 2023, and paid in 2024. None of the balance reported was earned as of December 31, 2021. These awards are a part of those included in the “Grants of Plan-Based Awards” table on page 43.
- (4) Restricted Stock shares granted under the 2017 Incentive Plan. One-third of the balance will vest and be payable on February 19, in each 2022, 2023 and 2024. These awards are a part of those included in the “Grants of Plan-Based Awards” table on page 43.
- (5) Represents the share target opportunity in an Incentive Award granted to the NEO in 2019 under the 2017 Incentive Plan. The award is not performance based, and the shares are earned and paid upon the NEO’s continued employment through March 31, 2022. None of the balance reported was earned as of December 31, 2021.
- (6) Restricted Stock Units granted under the Restricted Stock Unit Plan. The balance will vest and be payable on April 1, 2022.

- (7) Represents the shares actually earned by the NEO with respect to the MPP Performance Award granted to the NEO in 2019 under the 2017 Incentive Plan. The shares were earned based on performance during 2019, 2020 and 2021, and paid in 2022. None of the balance reported was earned as of December 31, 2021. As of January 1, 2022, 100% of the balance reported became vested, and these balances were distributed, in stock, on or about March 1, 2022.
- (8) Restricted Stock Units granted under the Restricted Stock Unit Plan. The balance will vest and be payable on November 4, 2022.
- (9) Performance Phantom Stock granted under the Performance Stock Plan. The balance reported will vest and be payable on March 15 in each 2022.
- (10) Performance Phantom Stock granted under the Performance Stock Plan. One-half of the balance reported will vest and be payable on March 15 in each 2022 and 2023.
- (11) Performance Phantom Stock granted under the Performance Stock Plan. One-third of the balance reported will vest and be payable on March 15 in each 2022, 2023 and 2024.
- (12) Performance Phantom Stock granted under the Performance Stock Plan. One-fourth of the balance reported will vest and be payable on March 15 in each 2022, 2023, 2024 and 2025.

### Description of Equity Awards

Equity awards referred to in the foregoing table include the following:

**Stock Options.** All of the options in the foregoing table were granted prior to 2002. Each option is fully vested and exercisable. The exercise price of each option is the fair market value of the Company's Class A Common Stock on the date of grant.

**Restricted Stock Units.** RSUs granted under the RSU Plan are, upon vesting, paid in full in cash, in an amount equal to the average closing price of one share of the Company's Class A Common Stock during a specified period preceding the vesting/payment date. No shares of Class A Common Stock are issued or issuable under the RSU Plan. There is no exercise price. In lieu of cash dividends, a holder of RSUs is credited with additional RSUs equal to the number of shares of Class A Common Stock having the same value on the dividend payment date as the aggregate dividends that would be payable on shares of Class A Common Stock equal in number to the RSUs held by such holder. (The crediting of such dividends is reflected in the above table.) RSU awards generally vest as to 20% of the awarded units on each of the first five anniversaries of the date of grant, but only if the holder is then employed by the Company or a subsidiary. However, differing vesting schedules are permitted under the terms of the RSU Plan and have been used in special circumstances; such was the case with a special executive-retention or recruitment incentives implemented for certain key executives from time to time. In the event of termination of employment, all unvested RSUs terminate without payment, except that in the case of voluntary termination after age 62, death, disability, or involuntary termination, one-half of all unvested RSUs automatically vest and are paid at termination.

**Performance Phantom Stock.** Grants under the Performance Phantom Stock plan are denominated as share targets, but no shares of Class A Common Stock are actually issued or issuable under the Plan, nor is there an exercise price. Instead, upon vesting, the earned shares are paid in full in cash, in an amount equal to the average closing price of one share of the Company's Class A Common Stock during a specified period preceding the vesting/payment date. Each award entitles the recipient to earn and be credited with between 0% and 200% of the target award, based on the extent to which certain company-wide performance goals are achieved during the annual performance period. Once the number of shares earned is determined, the awards generally vest as to 20% of the earned shares on the last day of February in each of the first five years following the performance period, but only if the holder is then employed by the Company or a subsidiary. Award recipients are not credited with additional shares based upon the payment of dividends. The performance period for the 2020 grants runs from January 1, 2020 through December 31, 2020, and payout on earned shares runs through February 2025.

**Performance-based Incentive Awards.** The performance-based incentive awards described in the foregoing table were granted under the Company's 2017 Incentive Plan.

Beginning in 2010, the performance-based incentive awards were structured in the form of the APP and MPP Performance Awards described above. Through 2017, these awards each established both share and cash targets, which were paid out as denominated when earned. However, since 2018 the APP Performance Award is paid completely in cash and the MPP Performance Award is paid completely in equity. Beginning with the grants in 2021, the long-term incentives targets, while still settled in equity, have been divided evenly between the performance shares under the MPP Performance Award and restricted stock.

An APP Performance Award is cancelled if the recipient's employment is terminated for any reason during the performance period. If the employment is terminated after the performance period, but prior to distribution of the award, the recipient is entitled to receive 100% of the earned award on the distribution date provided his or her employment is not terminated for "cause." A recipient whose employment is terminated for "cause" forfeits any payments not yet paid, unless the Committee or, if required, a Performance Committee of the Board determines otherwise in its absolute discretion. An MPP Performance Award is cancelled only in the event the recipient's employment is terminated for "cause," in which case he or she would not be entitled to any payments unless the Committee or a Performance Committee of the Board determines otherwise in its absolute discretion. In the event a recipient's employment is terminated for any other reason, the MPP Performance Award is not cancelled but the vesting ceases as of the date of termination. The recipient would then be entitled to a pro-rata payment for the amount that vested. Such payment would be based on achievement of the performance goals at the end of the performance period and would be made on the distribution date established in the award.

**Restricted Stock Shares.** Restricted stock granted under the 2017 Incentive Plan are, upon vesting, are paid in equity. Each restricted stock vesting entitles the recipient to one share of the Company's Class A Common Stock. There is no exercise price and no dividends are paid until the shares vest and are distributed to the recipient. The awards vest as to one-third of the awarded units on each of the first three anniversaries of the date of grant, but only if the holder is then employed by the Company or a subsidiary. In the event of termination of employment, all unvested restricted shares terminate without payment, except that in the case of voluntary termination after age 62, death, disability, or involuntary termination, one-half of all unvested RSUs automatically vest and are paid at termination.

	Option Exercises and Stock Vested Option Awards		Stock Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
A. William Higgins	—	—	—	—	—	—
Stephen Nolan	—	—	1,426 <sup>(1)</sup>	105,838	—	—
Daniel Halftermeyer	—	—	4,442 <sup>(1)</sup>	376,415	8,882 <sup>(2)</sup>	746,088
Greg Harwell	—	—	2,649 <sup>(1)</sup>	213,721	—	—
Joseph Gaug	—	—	2,044 <sup>(3)</sup>	151,705	—	—

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- (1) Vesting of Restricted Stock Units granted pursuant to the Company's Restricted Stock Unit Plan. Amounts reported as "Value Realized on Vesting" were distributed in cash to the NEO during 2021.
- (2) Vesting of share target under the MPP Performance Award granted to the NEO in 2018 pursuant to the 2017 Incentive Plan. Amounts reported as "Value Realized on Vesting" were distributed in stock to the NEO during 2021.
- (3) Vesting of Performance Phantom Stock granted pursuant to the Company's Performance Phantom Stock Plan. Amounts reported as "Value Realized on Vesting" were distributed in cash to the NEO during 2021.

## Pension Benefits

Name <sup>(1)</sup>	Plan Name	Number of Years Credited Service <sup>(#)</sup>	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Daniel A. Halftermeyer <sup>(2)</sup>	—		305,023	—

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- (1) The Company's PensionPlus Plan and Supplemental Executive Retirement Plan were closed to new employees, effective October 1, 1998. Messrs. Higgins, Nolan, Harwell, and Gaug all joined the Company after the plans were closed and have no reportable pension benefits. They are therefore omitted from the table.
- (2) As a non-U.S. employee, Mr. Halftermeyer does not participate in the U.S. PensionPlus Plan, the Supplemental Executive Retirement Plan or the Qualified Supplemental Retirement Plan. Instead, as Mr. Halftermeyer is a French citizen working for a company affiliate in Switzerland, the Company is required by Swiss law to maintain a private pension for his benefit. The private pension is purchased through an insurance company. The Company's Swiss subsidiary is required to make defined premium contributions. The premium paid by the Company in 2021 was CHF 7,909 or \$8,653 using the conversion rate of 1.09415 U.S. dollars per Swiss franc, which is the rate used by the Company in its 2021 Consolidated Statements of Income and Retained Earnings. The policy was first purchased in 2007. The present value of the accumulated benefit is set forth in the table above (and has been translated into U.S. dollars at the rate of 1.09547 U.S. dollars per Swiss Franc, which was the applicable conversion rate as of December 31, 2021). In addition, Mr. Halftermeyer continues to participate in a French state-mandated social scheme as an expatriate. The Company contributes both the employer's and employee's share of the legally required contribution under this scheme. In early 2021, the Company paid €78,167, or \$92,476 using the conversion rate of 1.18306 U.S. dollars per euro, which is the rate used by the Company in its 2020 Consolidated Statements of Income and Retained Earnings. This contribution covered the period from October 2020 through September 2021. Of this amount, approximately \$25,985 was the employee's required contribution, which the Company assumed as part of the international assignment

**PensionPlus Plan.** The Company's U.S. PensionPlus Plan, applicable to all salaried and most hourly employees in the United States who began employment on or before October 1, 1998, provides generally that an employee who retires at his or her normal retirement age (age 65) will receive a maximum annual pension equal to the sum of (a) 1% of his or her average annual base compensation for the three most highly compensated consecutive calendar years in his or her last ten years of employment (the "High Three Average") times his or her years of service (up to 30) before April 1, 1994; plus (b) 0.5% of the amount by which his or her High Three Average exceeds a Social Security offset (\$41,623 in 2009) times his or her years of service (up to 30) before March 31, 1994; plus (c) 1% of his or her High Three Average times years of service (up to 30) between March 31, 1994, and January 1, 1999; plus (d) 0.75% of such High Three average times years of service (up to 30) after December 31, 1998; plus (e) 0.25% of such High Three Average times years of service in excess of 30. The Plan was amended effective February 28, 2009, to freeze the accrual of any new benefits. As a result, no participant has accrued any additional pension creditable service after that date, and the High Three Average is now determined in reference to the last ten years of employment prior to February 28, 2009.

Annual base compensation in any year used to determine a participant's High Three Average is the rate of base earnings of such participant as of January 1 of such year. It does not include other cash compensation (such as annual cash bonuses) or noncash compensation.

Section 415 of the Internal Revenue Code places certain limitations on pensions that may be paid under federal income tax qualified plans. Section 401 of the Code also limits the amount of annual compensation that may be used to calculate annual benefits under such plans. The effect of such limits is reflected in the amounts reported as the present value of benefits accumulated under the PensionPlus Plan.

The PensionPlus Plan permits early retirement at or after age 55 with at least ten years of service. In general, provided that payment of benefits does not commence until the normal retirement age of 65, the pension of a participant retiring early will be calculated in the same manner as described above, taking into account years of service up to February 28, 2009, and such participant's High Three Average prior to that date. A participant eligible for early retirement may also elect to commence benefits on or after his or her early retirement date and prior to age 65 in an amount that is the actuarial equivalent of his or her normal retirement benefit.

**Supplemental Executive Retirement Plan.** The Company's unfunded Supplemental Executive Retirement Plan is intended to replace any PensionPlus benefits that a participant is prevented from receiving due to the Section 415 limits on pensions or the Section 401 limits on annual compensation used to calculate PensionPlus benefits. All plan participants affected by such limitations are eligible to receive benefits under the unfunded Supplemental Executive Retirement Plan. In other words, the pension formula described above is used to determine aggregate benefits under both plans — the portion that is not payable under the PensionPlus Plan due to the foregoing limits is payable under the Supplemental Executive Retirement Plan. The allocation is made on the basis of IRS regulations in effect on the valuation date. The Executive Retirement Plan was also amended effective February 28, 2009 to freeze the accrual of any new benefits.

**Qualified Supplemental Retirement Benefits.** Certain employees of the Company who were active on June 30, 2002, are entitled to receive additional qualified supplemental retirement ("QSR") benefits under the PensionPlus Plan. On June 30, 2002, each covered employee was credited with an initial account balance in a specified amount. Each such participant had participated in deferred compensation plans maintained by the Company on or before such time, pursuant to which he or she could defer the receipt of earned cash compensation until retirement or other events. Amounts deferred earned interest at rates approved from time to time by the Compensation Committee. In each case, the amount initially credited to such employee's QSR account was equal to an amount of deferred compensation (including interest) to which he or she was entitled but which he or she agreed to renounce. Each QSR account is credited with interest at 8.5% annually until retirement, at which time the QSR account value is payable in the form of an actuarially equivalent single life annuity or, at the election of the participant, in a single lump sum.

### Nonqualified Deferred Compensation

There were no executive or Company contributions, or interest or other earnings, during 2021 under any defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified, nor did any NEO receive any withdrawals or distributions during, or have any account as of the end of, 2021.

### Plan-based Compensation

**Stock Options.** There were no unexercisable options as of December 31, 2021 that would become exercisable upon the involuntary termination or retirement of any NEO.

**Restricted Stock, Phantom Stock and Performance-based Awards.** The following chart indicates what the effect on RSUs, Phantom Stock and earned performance-based incentive awards in the accounts of each NEO would have been upon the occurrence of (a) termination of employment involuntarily on December 31, 2021, without cause, or (b) in the case of any NEO who had attained age 62 at the time, a voluntary or involuntary termination of employment on such date, without cause. (All of these awards are reported in the table entitled "Outstanding Equity Awards at Fiscal Year-End" on page 44.)

Name	Number of Shares or Units of Stock That Have Not Vested (#)	Number of Shares or Units of Stock That Would Vest Upon Such Termination (#)	Value of Shares or Units of Stock That Would Vest Upon Such Termination <sup>(1)</sup> (\$)
A. Williams Higgins	22,779 <sup>(2)</sup>	15,186 <sup>(3)</sup>	1,343,208
	12,531 <sup>(4)</sup>	4,177 <sup>(5)</sup>	369,455
	12,531 <sup>(6)</sup>	6,265	554,183
Stephen Nolan	8,033 <sup>(2)</sup>	5,355 <sup>(3)</sup>	473,682
	4,951 <sup>(4)</sup>	1,650 <sup>(5)</sup>	145,972
	4,951 <sup>(6)</sup>	2,476	218,958
	6,285 <sup>(7)</sup>	0	0
	1,426 <sup>(8)</sup>	713	63,065
Daniel Halftermeyer	5,735 <sup>(2)</sup>	3,823 <sup>(3)</sup>	338,176
	3,298 <sup>(4)</sup>	1,099 <sup>(5)</sup>	97,236
	3,298 <sup>(6)</sup>	1,649	145,854
	6,580 <sup>(9)</sup>	6,580	582,001
Greg Harwell	6,894 <sup>(2)</sup>	4,596 <sup>(3)</sup>	406,518
	3,684 <sup>(4)</sup>	1,228 <sup>(5)</sup>	108,616
	3,684 <sup>(6)</sup>	1,842	162,925
	3,010 <sup>(8)</sup>	1,505	133,117
Joseph Gaug	2,512 <sup>(2)</sup>	1,675 <sup>(3)</sup>	148,125
	1,727 <sup>(4)</sup>	576 <sup>(5)</sup>	50,918
	1,727 <sup>(6)</sup>	863	76,377
	4,438 <sup>(10)</sup>	2,219	196,271

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- (1) Based on the closing market price on December 31, 2021 of \$88.45.
  - (2) Represents the number of shares established as the target share opportunity in the NEO's MPP Performance Award granted in 2020 under the 2017 Incentive Plan. This target share award is earned based on performance during 2020, 2021 and 2022, and paid in 2023. None of the balance reported was earned as of December 31, 2021.
  - (3) Represents two-thirds of the target share award in the NEO's MPP Performance Award granted in 2020 under the 2017 Incentive Plan. Although not earned as of December 31, 2021, the award vests pro rata on a daily basis during the three-year performance period. Thus, in the event of termination for any reason other than for cause, this award would not be canceled. Instead, the NEO would be entitled to a payout in 2023 of the shares vested through the date of termination, adjusted to reflect the level of achievement of the performance goals. For the purpose of this disclosure, the Company has assumed 100% achievement of the three-year performance goal and termination as of December 31, 2021.
  - (4) Represents the number of shares established as the target share opportunity in the NEO's MPP Performance Award granted in 2021 under the 2017 Incentive Plan. This target share award is earned based on performance during 2021, 2022 and 2023, and paid in 2024. None of the balance reported was earned as of December 31, 2021.
  - (5) Represents one-third of the target share award in the NEO's MPP Performance Award granted in 2021 under the 2017 Incentive Plan. Although not earned as of December 31, 2021, the award vests pro rata on a daily basis during the three-year performance period. Thus, in the event of termination for any reason other than for cause, this award would not be canceled. Instead, the NEO would be entitled to a payout in 2024 of the shares vested through the date of termination, adjusted to reflect the level of achievement of the performance goals. For the purpose of this disclosure, the Company has assumed 100% achievement of the three-year performance goal and termination as of December 31, 2021.
  - (6) Restricted Stock shares granted to the NEO in 2021 under the 2017 Incentive Plan. For these grants, the number of shares shown as vesting upon termination would be payable at such time.
  - (7) Represents the number of shares established as a target opportunity in an Incentive Award granted to the NEO in 2019 under the 2017 Incentive Plan. The award is not performance based, and only requires the NEO's continued employment through March 31, 2022. If employment terminates for any reason before then, the award never vests and is forfeited.
  - (8) RSUs granted under the RSU Plan in connection with a special executive retention incentive. For these grants, amounts shown as vesting upon termination are payable at such time, in cash.
  - (9) Represents the number of shares actually earned pursuant to the MPP Performance Award granted to the NEO in 2019 under the 2017 Incentive Plan based on performance during 2019, 2020, and 2021. The award vested pro rata on a daily basis during the three-year performance period. Thus, in the event the NEO had been terminated for any reason other than for cause on December 31, 2021, the NEO would nevertheless have been entitled to a payout in 2022 of the shares set forth.
  - (10) Performance Phantom Stock granted under the Performance Phantom Stock Plan prior to 2021. For these grants, amounts shown as vesting upon termination are payable at such time, in cash.

## Potential Payments upon Termination or Change in Control

### Termination/Severance

#### *Mr. Higgins*

The Committee believes that under certain circumstances, severance agreements are appropriate for the attraction and retention of executive talent, consistent with the practices of peer companies. This was particularly true in the case of Mr. Higgins. The Committee felt a severance provision was warranted in order to induce Mr. Higgins to leave his position as Chairman of the Board of Directors to become the Company's CEO. His employment agreement (see page 33) provides that in the event his employment is terminated for any reason, he would be entitled to: (a) any unpaid base salary accrued to the effective date of termination; (b) any unpaid but earned and accrued annual cash bonus for the portion of the year in which the termination of employment occurred, and for any completed prior year for which the annual cash bonus has not been paid; (c) benefits or compensation required to be provided after termination pursuant to, and in accordance with the terms of, any employee benefit plans, policies, or arrangements applicable to him; (d) any unreimbursed business expenses incurred prior to termination and required to be reimbursed pursuant to the Company's policy; and (e) any rights to indemnification to which he may be entitled under the Company's Articles of Incorporation or By Laws. In addition, in the case of termination by the Company without Cause, or if the Mr. Higgins' employment is terminated by himself for Good Cause, he would be entitled to receive an amount equal to twice his annual base salary at the time of termination plus twice his APP Performance Award target amount, payable in

24 equal monthly installments. His right to receive these additional severance payments would be contingent upon his continuing compliance with confidentiality and non-disparagement provisions in the agreement, and upon his having executed and delivered to the Company a release of any and all claims relating to his termination. For purposes of the agreement, “cause” would be deemed to exist upon any of the following, if determined by a majority of the members of the Company’s Board of Directors in their sole discretion: (i) the indictment of Mr. Higgins for, or the entry of a plea of guilty or nolo contendere by him to, a felony charge or any crime involving moral turpitude; (ii) unlawful conduct on his part that could reasonably be considered to reflect negatively on the Company or compromise the effective performance of his duties as determined by the Board in its sole discretion; (iii) willful misconduct on his part in connection with his duties or willful failure to use reasonable effort to perform substantially his responsibilities in the best interest of the Company (including, without limitation, breach by his employment agreement), except in cases involving mental or physical incapacity or disability; (iv) his willful violation of the Company’s Business Ethics Policy, Code of Ethics or any other Company policy that could reasonably be considered to reflect negatively on the Company or compromise the effective performance of his duties as determined by the Board in its sole discretion; (v) fraud, material dishonesty, or gross misconduct in connection with the Company perpetrated by him; (vi) his undertaking of a position or any activity in or in furtherance of competition with Company during his employment with the Company Term; (vii) his having caused substantial harm to the Company with intent to do so or as a result of gross negligence in the performance of his duties; or (viii) his having wrongfully and substantially enriched himself at the expense of the Company. And, also for the purposes of the Agreement, “Good Cause” for termination would exist as a consequence of , and following: (i) a material adverse change in his authority and responsibilities without his consent, (ii) a material reduction in his compensation, not proportionally and similarly affecting other senior executives, without his consent, (iii) the failure of the Company or any successor to fully honor the terms of any contractual agreements with him, or (iv) a Change in Control (as defined in the agreement); provided, that, in the case (i), (ii) or (iii), Mr. Higgins would first be required to deliver written notice to the Company of his intention to terminate his employment for Good Cause within 90 days of the event or events constituting Good Cause, which said notice specifying in reasonable detail the circumstances claimed to give rise to the his right to terminate employment for Good Cause, and the Company having not have cured such circumstances within 30 days following receipt of such notice. There was no sunset included in the severance provision of Mr. Higgins’s contract when it was negotiated, drafted and executed. The Committee is aware of this fact but no action was contemplated to incorporate such a provision. The industries in which the Company competes continue to undergo significant changes to which the Company must be responsive. The Company believes that it is important to shareholder value that its CEO leads the Company’s response to those changes without concern for the impact on his or her specific position.

#### *Other Executive Officers*

As of January 1, 2016, the Company entered into Severance Agreements with each of the Company’s executive officers, other than the CEO, and several other senior managers. These agreements were meant to replace similar agreements expiring December 31, 2015 and were revised and updated to conform to then-current best practices. Executive Officers who joined the Company after January 1, 2016 entered into similar Severance Agreements upon commencement of their employment. The material terms of the Severance Agreements provide that in the event an officer’s employment is terminated by the Company at any time before the expiration of the applicable Severance Agreement for any reason other than Cause, or if the officer’s employment is terminated by the officer for Good Cause (as those terms are defined in the Severance Agreement, and in either case, a “Qualifying Termination”), the officer would be entitled to receive his or her gross monthly base salary in effect at the time of the Qualifying Termination, less applicable withholdings and deductions, for a period of 24 months. In the event the Qualifying Termination occurs within 12 months of a Change in Control (as defined in the Severance Agreement) the officer would be entitled to receive his or her gross monthly base salary in effect at the time of the Qualifying Termination, less applicable withholdings and deductions, for a period of 36 months, although in that case some of the monthly payments would be accelerated and paid as a lump sum to comply with applicable tax laws. The officer would also remain eligible for a prorated payment of any bonus earned, if any, during the year in which the Qualifying Termination occurs, and 12 months of executive outplacement services. In addition, if elected, the Company would pay the required premium to continue healthcare coverage under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”). In order to receive the severance benefits, the officer would be obligated to execute a release in favor of the Company at the time of termination which would also bind the officer to a restrictive covenant for the period during which the severance benefits are being paid. The initial term of each Severance Agreement is three years, but each will thereafter automatically renew for one-year periods unless the Company timely notifies the executive of its intent not to renew. For the purposes of such agreements, cause is deemed to exist upon (i) the conviction of the executive for, or the entry of a plea of guilty or nolo contendere by the executive to, a felony charge or any crime involving moral turpitude; (ii) unlawful conduct on the part of the executive that may reasonably be considered to reflect negatively on the Company or compromise the effective performance of the executive’s duties as determined by the Company in its sole discretion; (iii) the executive’s willful misconduct in connection with his or her duties or willful failure to use reasonable effort to perform substantially his or her responsibilities in the best interest of the Company; (iv) the executive’s willful violation of the Company’s Business Ethics Policy or any other Company policy that may reasonably be considered to reflect negatively on the Company or compromise the effective performance of the executive’s duties as determined by the Company in its sole discretion; (v) fraud, material dishonesty, or gross misconduct in connection with the Company perpetrated by the executive; (vi) the executive undertaking a position in competition with the Company; (vii) the executive having caused substantial harm to the Company with intent to do so or as a result of gross negligence in the performance of his or her duties; or (viii) the executive having wrongfully and substantially enriched himself or herself at the expense of the Company. The Severance Agreements also contain a clawback provision which provides that an executive would forfeit any unpaid severance due pursuant to the agreement and would be required, upon demand, to repay any severance already paid if, after the executive’s termination: (i) there is a significant restatement of the Company’s financial results, caused or substantially caused by the fraud or intentional misconduct of the executive; (ii) the executive breaches any provision of the agreement, including, without limitation, the restrictive covenants, confidentiality and non-disparagement provisions; or (iii) the Company discovers conduct by the executive that would have permitted termination for cause, provided that such conduct occurred prior to the executive’s termination.

Mr. Nolan entered into a similar severance agreements when he joined the Company. Due to an oversight, Mr. Harwell did not enter into a similar agreement until February 2021.

The Committee considers severance to serve as a bridge in the event employment is involuntarily terminated without cause. Therefore, the foregoing Severance Periods were deemed to be appropriate in light of the perceived length of time it could take for the affected executive to find an equivalent position. At the time the agreements were approved, the Committee determined that individual executive agreements were superior to an all-inclusive policy because they provided more flexibility to address each officer's situation, and his or her individual perceived importance to the Company and its strategies. It was further determined that the provision of a severance agreement would allow each executive to focus on the needs of the business without concern for his or her own position.

Except as set forth above, the Company has not entered into any other agreement, contract, plan, or arrangement, written or unwritten, to provide payment to any NEO in connection with his retirement, severance, termination or separation.

### **Change in Control**

Other than the provisions found in the RSU and Phantom Stock Plan, which are applicable to all employees who receive an award under those plans, and the severance agreements described above, the Company has no contract, agreement, plan, or arrangement, whether written or unwritten, that would provide for payment to an NEO at, following, or in connection with a change in control of the Company. The provisions of the RSU and Phantom Stock Plans provide that in the event of termination following a change of control, 100% of an award recipient's unvested grant shall become immediately payable in full.

## **ITEM 4**

### **ADVISORY VOTE ON EXECUTIVE COMPENSATION**

In accordance with the Dodd-Frank Act, and the related “say-on-pay” rules adopted by the Securities and Exchange Commission, the Company is asking stockholders to vote on the compensation provided to our NEOs, as described in the preceding sections of this proxy statement.

Accordingly, the Board of Directors recommends that stockholders approve such compensation by approving the following advisory resolution:

**RESOLVED**, that the stockholders of the Company approve, on an advisory basis, the compensation of the Company’s Named Executive Officers as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure in this Proxy Statement.

This vote is nonbinding. Although it may not be possible to discern the specific concerns of stockholders that may cause them to cast a negative vote, the Board and the Compensation Committee have in prior years considered the vote, and communications received from holders explaining their voting decisions, as meaningful to the process of determining how Company’s executive officers should be compensated.

As described in detail under “Compensation Discussion and Analysis” above, our compensation programs are designed to motivate our NEOs, and other members of management, to manage the Company so that it achieves superior performance and delivers value to our stockholders. We believe that our compensation program, with its balance of short-term cash incentives and long-term incentives (including equity-based awards that vest over multiple years), rewards sustained performance that is aligned with delivering consistent value to our stockholders. Stockholders are encouraged to read the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure.

**THE BOARD OF DIRECTORS RECOMMENDS**

**A VOTE “FOR”**

**THE ADVISORY RESOLUTION APPROVING EXECUTIVE COMPENSATION**

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#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors and officers, and any persons holding more than 10% of our Class A Common Stock, to file with the Securities and Exchange Commission reports disclosing their initial ownership of the Company’s equity securities, as well as subsequent reports disclosing changes in such ownership. To the Company’s knowledge, based solely on a review of such reports furnished to us and written representations by such persons that no other reports were required, all persons who were subject to the reporting requirements of Section 16(a) complied with such requirements during the year ended December 31, 2021, except, due to an administrative error, Restricted Stock Unit Awards granted to certain officers of the Company were not reported at the time of grant, February 19, 2021. These awards, granted to A. William Higgins, Stephen M. Nolan, Daniel A. Halftermeyer, Gregory N. Harwell, Alice McCarvill, and Joseph M. Gaug, were reported on February 4, 2022.

## Share Ownership

As of the close of business on March 1, 2022, each of the directors, director nominees, and Named Executive Officers, and all current directors and officers as a group, beneficially owned shares of our capital stock as follows:

	Shares of Class A Common Stock Beneficially Owned	Percent of Outstanding Class A Common Stock	Shares of Class B Common Stock Beneficially Owned	Percent of Outstanding Class B Common Stock
Erland E. Kailbourne	44,571	(a)	—	—
John R. Scannell	16,735	(a)	—	—
Katherine L. Plourde	13,177	(a)	—	—
A. William Higgins	10,823	(a)	—	—
Kenneth W. Krueger	7,967	(a)	—	—
Mark J. Murphy	5,674	(a)	—	—
J. Michael McQuade	2,972	(a)	—	—
Christina M. Alvord	—	(a)	—	—
Stephen M. Nolan	7,451	(b)	(a)	—
Daniel A. Haltermeyer	47,262	(a)	—	—
Gregory N. Harwell	617	(a)	—	—
Joseph M. Gaug	1,471	(c)	(a)	—
All officers and directors as a group	173,780	(a)	—	—

Each of the individuals named in the preceding table has sole voting and investment power over shares listed as beneficially owned, except as indicated. Each of the directors and officers whose share ownership is reported above has indicated that no such shares are pledged as security.

- (a) Ownership is less than 1%.
- (b) Includes 1,166 shares owned directly and 6,285 shares issuable on April 1, 2022 subject to continued employment.
- (c) Includes 344 shares owned directly and 1,127 held in the Company's employee stock ownership plan.

The following persons have informed us that they were the beneficial owners of more than five percent of our outstanding shares of Class A Common Stock as of December 31, 2021:

### **5% Beneficial Owners of Class A Common Stock**

Name(s) <sup>(a)</sup>	Reported Shares of Company's Class A Common Stock Beneficially Owned*		Percent of Outstandin g Class A Common Stock
BlackRock, Inc.	4,896,420	(b)	15.10%
The Vanguard Group	3,413,734	(c)	10.54%
EARNEST Partners, LLC	2,738,007	(d)	8.50%
Anderson Rudnick Investment Management LLC	1,978,891	(e)	6.11%

- (a) Addresses of the beneficial owners listed in the above table are as follows: BlackRock, Inc., 55 East 52nd Street, New York, NY 10055; and The Vanguard Group, 100 Vanguard Boulevard, Malvern, PA 19355; and EARNEST Partners, LLC, 1180 Peachtree Street NE, Suite 2300, Atlanta, GA 30309; and Kayne Anderson Rudnick Investment Management LLC, 1800 Avenue of the Stars, 2nd Floor, Los Angeles, CA 90067.
- (b) Represents shares beneficially owned by BlackRock, Inc. and one or more affiliates, including BlackRock Fund Advisors. BlackRock, Inc. and/or one or more of such entities has the sole power to vote or direct the vote of 4,841,220 such shares, and sole power to dispose or direct the disposition of all such shares.
- (c) Represents shares reported as beneficially owned by The Vanguard Group, in its capacity as investment adviser. The Vanguard Group has shared voting power as to 32,736 such shares, shared dispositive power with respect to 61,193 such shares, and sole power to dispose or direct the disposition of 3,352,541 such shares.
- (d) Represents shares beneficially owned by EARNEST Partners, LLC in its capacity as investment adviser. EARNEST Partners, LLC has sole power to vote or direct the vote of 2,092,609 such shares, and sole power to dispose or direct the disposition of all such shares.
- (e) Represents shares beneficially owned by Kayne Anderson Rudnick Investment Management LLC., in its capacity as an investment adviser. Kayne Anderson Rudnick Investment Management LLC has shared power to vote or direct the vote, and to dispose or direct the disposition of 569,267 such shares, sole power to vote or direct the vote of 1,144,280 such shares, and sole power to dispose or direct the disposition of 1,409,624 such shares.

The following persons have informed the Company that they are the beneficial owners of more than five percent of the Company's outstanding shares of Class B Common Stock as of March 1, 2022:

#### **5% Beneficial Owners of Class B Common Stock**

Name(s)	Shares of Company's Class B Common Stock Beneficially Owned	Percent of Outsta nding Class B Commo n Stock
Raymond D. Dufresne TR UA 04/24/20 Ray & Kathy Dufresne Trust	104	100%

#### **SHAREHOLDER COMMUNICATIONS**

It is our policy to forward to each member of the Board of Directors any communications addressed to the Board of Directors as a group, and to forward to each director any communication addressed specifically to such director. Such communications may be sent to: Albany International Corp., 216 Airport Drive, Rochester, New Hampshire 03867.

#### **AVAILABLE INFORMATION**

The Company's Corporate Governance Guidelines, Business Ethics Policy, and Code of Ethics for the Chief Executive Officer, Chief Financial Officer, and Controller, and the charters of the Audit, Compensation, and Governance Committees of the Board of Directors are all available at the Corporate Governance section of the Company's website ([www.albint.com](http://www.albint.com)).

#### **CERTAIN BUSINESS RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

The Company has adopted a written policy requiring review of relationships and transactions in which directors or executive officers, or members of their immediate families, are participants, in order to determine whether such persons have a direct or indirect material interest. The Company's Legal Department is responsible for developing and implementing processes and controls designed to obtain information relating to any such relationship or transaction, and for determining whether disclosure of such relationships or transactions is required. The Audit Committee of the Board of Directors is responsible for reviewing such information, and making recommendations to the disinterested members of the Board regarding the ratification or approval of such relationships or transactions. As set forth in the policy, the Audit Committee considers each transaction in light of relevant factors, including any benefits to the Company, whether the terms are arm's-length and in the ordinary course, the direct or indirect nature of the related person's interest in the transaction, the size and expected term of the transaction, and such other facts and circumstances as may bear on the materiality of the transaction or relationship. No director may participate in the review, ratification, or approval of any transaction in which such director has an interest.

## **STOCKHOLDER PROPOSALS**

The Company's By Laws provide that proposals of stockholders, including nominations of persons for election to the Board of Directors of the Company, shall not be presented, considered, or voted upon at an annual meeting of stockholders, or at any adjournment thereof, unless (i) notice of the proposal has been received by mail directed to the Secretary of the Company at the address set forth in the Notice of Meeting not less than 100 days nor more than 180 days prior to the anniversary date of the last preceding annual meeting of stockholders, and (ii) the stockholder giving such notice is a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such annual meeting. Each such notice shall set forth (i) the proposal desired to be brought before the annual meeting and the reasons for presenting such proposal at the annual meeting, (ii) the name and address, as they appear on the Company's books, of the stockholder making such proposal, (iii) the number and class of shares owned beneficially or of record by such stockholder, (iv) any material interest of such stockholder in the proposal, and (v) such other information with respect to the proposal and such stockholder as is required to be disclosed in solicitation of proxies to vote upon such proposal, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended ("the Proxy Rules"). In the case of proposed nominations of persons for election to the Board of Directors, each such notice shall also (i) set forth such information with respect to such nominees and the stockholder proposing the nominations as is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to the Proxy Rules, and (ii) be accompanied by the written consent of each proposed nominee to being named in the Company's proxy statement as a nominee and to serving as a director if elected, and by written confirmation by each such nominee of the information relating to such nominee contained in the notice.

Proposals of stockholders that are intended to be presented at the Company's 2023 Annual Meeting of Stockholders must be received by the Company at its principal executive offices at 216 Airport Drive, Rochester, New Hampshire 03867, not later than December 1, 2022 in order to be considered for inclusion in the Company's proxy statement and form of proxy. In addition, to be so included, a proposal must otherwise comply with all applicable proxy rules of the Securities and Exchange Commission.

In addition, management proxies for the 2022 Annual Meeting may confer discretionary authority to vote on a stockholder proposal that is not included in the Company's proxy statement and form of proxy if the Company does not receive notice of such proposal by February 14, 2022, or if such proposal has been properly excluded from such proxy statement and form of proxy.

## **OTHER MATTERS**

The Board knows of no other matters to be presented for consideration at the Annual Meeting. Should any other matters properly come before the meeting, the persons named in the accompanying proxy will vote such proxy thereon in accordance with their best judgment.

The cost of soliciting proxies in the accompanying form will be borne by the Company. In addition to solicitation of proxies by use of the mails, regular employees of the Company, without additional compensation, may solicit proxies personally or by telephone.

Joseph M. Gaug

*Secretary*

April 6, 2022

## **EXHIBIT A – SUPPLEMENT TO COMPENSATION DISCUSSION AND ANALYSIS**

### **Supplement to Compensation Discussion and Analysis**

*The following information supplements the disclosures in the Compensation Discussion and Analysis section of the Company's Proxy Statement under the heading "Performance Award Metrics and Goals" beginning on*

Definitions relating to the 2021 APP and MPP Performance Awards

**"2021 AIN Adjusted EBITDA"** — the amount reported as "Net Income" in the Company's Consolidated Statement of Income for 2021, less any income, or plus any expense, derived from the revaluation of non-functional currency assets and liabilities, adjusted by adding back, to the extent that such item reduced Net Income, or subtracting, to the extent that such item increased Net Income: (A) depreciation and amortization expense; (B) restructuring costs (including pension curtailment gains and losses related to restructuring actions but not reported as part of restructuring expenses in the financial statements), provided however, that the Committee may, in its sole discretion, choose to omit certain restructuring costs from this provision so long as the failure to add back those restructuring costs does not result in a higher Metric Percentage or reduced target goal; (C) any goodwill and intangible impairment; (D) income tax expenses (including any taxes recorded as operating expenses that were not included in the 2021 Operating Plan approved by the Board of Directors); (E) net interest expense; (in each case, as determined in accordance with GAAP and the Company's accounting policies, consistently applied) **provided** that the amount so determined shall then be further adjusted (1) to exclude the effect of any adjustments to the Company's financial statements required to reflect the effect of (a) discontinued operations, or (b) newly effective accounting pronouncements, the effect of which were not incorporated into the Board approved operating plan (in each case, without duplication, as defined by GAAP and as included in the Company's audited financial statements whether or not reflected as a separate line item in such audited financial statements); (2) to exclude (i) any gain or loss attributable to the sale of any business segment, or any real estate, during the Performance Period, net of any expenses incurred in connection with the transaction, or (ii) reallocated overhead costs which were otherwise attributable to any discontinued operations divested during the Performance Period; (3) to exclude any income (or loss) attributable to any business operation acquired during the Performance Period; (4) to exclude the effect on income of any charges incurred in the connection of the settlement of pension benefit funding obligations, or any other pension settlement or curtailment charges or credits that result from a strategic cost reduction initiative; (5) to exclude the effect on income of any deferred bank fee write-offs or interest rate swap buyouts related to any new financing facility established during the Performance Period or any gain or loss associated with the early retirement of any debt instrument; (6) to exclude the effect on income of any expenses, including consulting or professional fees, incurred in connection with any activities undertaken by management at the direction of the Board of Directors to investigate or pursue any strategic acquisitions, combinations, joint ventures or divestitures, regardless of whether such efforts result in the completion of such acquisition, combination, joint venture or divestiture during the Performance Period as the same may be applied to such business segment; (7) to exclude the cost of any lease expense incurred in connection with the sale and leaseback of any real estate; (8) to exclude the cost of any charges required by Revenue Recognition Standard ASC 606 to recognize future losses relating to any new long term contracts awarded during the performance period; (9) to exclude the effect on income of any fixed asset-write-offs related to continued and discontinued programs within the AEC business segment (including ASC), or any write-offs of previously capitalized costs related to non-recurring engineering and tooling for continued and discontinued programs; (10) by adding back or deducting charges or reductions to the reserve for recognized future losses related to the long term agreement for the supply of parts for the Rolls Royce BR725 engine; and (11) by adding back any expense related to machinery and equipment relocations and plant setup costs, or other capital expenditures associated with anticipated or announced plant closings or consolidation of manufacturing capacity and not otherwise considered restructuring costs.

**"AIN TRIR"** — the Total Recordable Incident Rate applicable to the entire Company for 2021. A recordable incident shall be any incident that is work-related and results in injury, illness or death after applying the Occupation Safety and hazard Administration's (OSHA) guidelines for work-relatedness and recordability. The TRIR shall be the number of recordable incidents per hundred employees per year, calculated as the actual number of recordable incidents in the year times the

quotient of 2000,000 divided by the actual hours worked by all employees in 2021, with 200,000 being the approximated hours worked by 100 employees in a year.

**“AIN Compliance/Control Failures”** - shall refer to the company-wide financial controls report briefed to the Audit Committee each quarter. If, at during any quarter a Material Weakness is identified (for the first time – i.e., not rolled over from a prior quarter), then the Performance Metric Percentage attainment shall be 0%. If no Material Weaknesses are identified for the first time during any quarter, yet two or more Significant Deficiencies are identified for the first time during any quarter, then the Performance Metric Percentage attainment shall be 100%. If no Material Weaknesses are identified for the first time during any quarter, yet only one Significant Deficiency is identified for the first time during any quarter, then the Performance Metric Percentage attainment shall be 150%. If no Material Weaknesses, nor any Significant Deficiencies, are identified for the first time during any quarter, then the Performance Metric Percentage attainment shall be 200%.

**“AIN Compliance/Controls Testing”** - shall refer to the status of the identification and remediation of any company-wide High or Medium findings in the Company’s internal audit reports issued during the Performance Period. To achieve a Performance Metric Percentage attainment of 50%, no more than five High/Medium findings shall be behind schedule for remediation (i.e., not overdue) at the end of the year according to the schedule set forth in the audit report. To achieve a Performance Metric Percentage attainment of 100%, no High/Medium findings shall be overdue at the end of the year, irrespective of the number of findings. If there are less than five, but not zero, overdue findings at the end of the year, the Performance Metric Percentage attainment shall be prorated between 50% and 100%. To achieve a Performance Metric Percentage attainment of 200%, no High/Medium findings shall be overdue at the end of the year and there shall have been no High finding identified during the year. If there are less than three, but not zero, High findings during the year and the other requirements for a Performance Metric Percentage attainment of 100% shall have been met, then the Performance Metric Percentage attainment shall be prorated between 100% (three High findings) and 200% (zero High findings).

**“2021 MC Adjusted EBITDA”** — the amount reported as “Net Income” for the Global Machine Clothing business segment in the Company’s Consolidated Statement of Income for 2021, less any income, or plus any expense, derived from the revaluation of non-functional currency assets and liabilities, adjusted by adding back, to the extent that such item reduced Net Income, or subtracting, to the extent that such item increased Net Income: (A) depreciation and amortization expense; (B) restructuring costs (including pension curtailment gains and losses related to restructuring actions but not reported as part of restructuring expenses in the financial statements), provided however, that the Committee may, in its sole discretion, choose to omit certain restructuring costs from this provision so long as the failure to add back those restructuring costs does not result in a higher Metric Percentage or reduced target goal; (C) any goodwill and intangible impairment; (D) income tax expenses (including any taxes recorded as operating expenses that were not included in the 2021 Operating Plan approved by the Board of Directors); (E) net interest expense; (in each case, as determined in accordance with GAAP and the Company’s accounting policies, consistently applied) **provided** that the amount so determined shall then be further adjusted (1) to exclude the effect of any adjustments to the Company’s financial statements required to reflect the effect of (a) discontinued operations, or (b) newly effective accounting pronouncements, the effect of which were not incorporated into the Board approved operating plan (in each case, without duplication, as defined by GAAP and as included in the Company’s audited financial statements whether or not reflected as a separate line item in such audited financial statements); (2) to exclude (i) any gain or loss attributable to the sale of any business segment, or any real estate, during the Performance Period, net of any expenses incurred in connection with the transaction, or (ii) reallocated overhead costs which were otherwise attributable to any discontinued operations divested during the Performance Period; (3) to exclude any income (or loss) attributable to any business operation acquired during the Performance Period; (4) to exclude the effect on income of any charges incurred in the connection of the settlement of pension benefit funding obligations, or any other pension settlement or curtailment charges or credits that result from a strategic cost reduction initiative; (5) to exclude the effect on income of any deferred bank fee write-offs or interest rate swap buyouts related to any new financing facility established during the Performance Period or any gain or loss associated with the early retirement of any debt instrument; (6) to exclude the effect on income of any expenses, including consulting or professional fees, incurred in connection with any activities undertaken by management at the direction of the Board of Directors to investigate or pursue any strategic acquisitions, combinations, joint ventures or divestitures, regardless of whether such efforts result in the completion of such acquisition, combination, joint venture or divestiture during the Performance Period as the same may be applied to such business segment; (7) to exclude the cost of any lease expense incurred in connection with the sale and leaseback of any real estate; (8) to exclude the cost of any charges required by Revenue Recognition Standard ASC 606 to recognize future losses relating

to any new long term contracts awarded during the performance period; (9) by adding back any expense related to machinery and equipment relocations and plant setup costs, or other capital expenditures associated with anticipated or announced plant closings or consolidation of manufacturing capacity and not otherwise considered restructuring costs.

**"MC Compliance/Control Failures"** - shall refer to the any failures with in MC financial controls report briefed to the Audit Committee each quarter. If, at during any quarter a Material Weakness is identified (for the first time – i.e., not rolled over from a prior quarter), then the Performance Metric Percentage attainment shall be 0%. If no Material Weaknesses are identified for the first time during any quarter, yet one or more Significant Deficiencies are identified for the first time during any quarter, then the Performance Metric Percentage attainment shall be 100%. If no Material Weaknesses, nor any Significant Deficiencies, are identified for the first time during any quarter, then the Performance Metric Percentage attainment shall be 200%.

**"MC Compliance/Controls Testing"** - shall refer to the status of the identification and remediation of any High or Medium findings withing MC in the Company's internal audit reports issued during the Performance Period. To achieve a Performance Metric Percentage attainment of 50%, no more than three High/Medium findings shall be behind schedule for remediation (i.e., not overdue) at the end of the year according to the schedule set forth in the audit report. To achieve a Performance Metric Percentage attainment of 100%, no High/Medium findings shall be overdue at the end of the year, irrespective of the number of findings. If there are less than three, but not zero, overdue findings at the end of the year, the Performance Metric Percentage attainment shall be prorated between 50% and 100%. To achieve a Performance Metric Percentage attainment of 200%, no High/Medium findings shall be overdue at the end of the year and there shall have been no High findings identified during the year. If there are less than two, but not zero, High findings during the year and the other requirements for a Performance Metric Percentage attainment of 100% shall have been met, then the Performance Metric Percentage attainment shall be prorated between 100% (two High findings) and 200% (zero High findings).

**"2021 AEC ADJUSTED EBITDA"** - the amount reported as "Net Income" in the Company's Consolidated Statement of Income for 2021 attributable to the AEC business segment, less any income, or plus any expense, derived from the revaluation of non-functional currency assets and liabilities, adjusted by adding back, to the extent that such item reduced Net Income, or subtracting, to the extent that such item increased Net Income: (A) depreciation and amortization expense; (B) restructuring costs (including pension curtailment gains and losses related to restructuring actions but not reported as part of restructuring expenses in the financial statements), provided however, that the Committee may, in its sole discretion, choose to omit certain restructuring costs from this provision so long as the failure to add back those restructuring costs does not result in a higher Metric Percentage or reduced target goal; (C) any goodwill and intangible impairment; (D) income tax expenses (including any taxes recorded as operating expenses that were not included in the 2021 Operating Plan approved by the Board of Directors); (E) net interest expense; (in each case, as determined in accordance with GAAP and the Company's accounting policies, consistently applied) provided that the amount so determined shall then be further adjusted (1) to exclude the effect of any adjustments to the Company's financial statements required to reflect the effect of (a) discontinued operations, or (b) newly effective accounting pronouncements, the effect of which were not incorporated into the Board approved operating plan (in each case, without duplication, as defined by GAAP and as included in the Company's audited financial statements whether or not reflected as a separate line item in such audited financial statements); (2) to exclude (i) any gain or loss attributable to the sale of any business segment, or any real estate, during the Performance Period, net of any expenses incurred in connection with the transaction, or (ii) reallocated overhead costs which were otherwise attributable to any discontinued operations divested during the Performance Period; (3) to exclude any income (or loss) attributable to any business operation acquired during the Performance Period; (4) to exclude the effect on income of any charges incurred in the connection of the settlement of pension benefit funding obligations, or any other pension settlement or curtailment charges or credits that result from a strategic cost reduction initiative; (5) to exclude the effect on income of any deferred bank fee write-offs or interest rate swap buyouts related to any new financing facility established during the Performance Period or any gain or loss associated with the early retirement of any debt instrument; (6) to exclude the effect on income of any expenses, including consulting or professional fees, incurred in connection with any activities undertaken by management at the direction of the Board of Directors to investigate or pursue any strategic acquisitions, combinations, joint ventures or divestitures, regardless of whether such efforts result in the completion of such acquisition, combination, joint venture or divestiture during the Performance Period as the same may be applied to such business segment; (7) to exclude the cost of any lease expense incurred in connection with the sale and leaseback of any real estate; (8) to exclude the cost of any charges required by Revenue Recognition Standard ASC 606 to recognize future losses relating to any new long term contracts awarded during the performance period; (9) to exclude the effect on income of any fixed asset-write-offs

related to continued and discontinued programs within the AEC business segment (including ASC), or any write-offs of previously capitalized costs related to non-recurring engineering and tooling for continued and discontinued programs; (10) by adding back or deducting charges or reductions to the reserve for recognized future losses related to the long term agreement for the supply of parts for the Rolls Royce BR725 engine; and (11) by adding back any expense related to machinery and equipment relocations and plant setup costs, or other capital expenditures associated with anticipated or announced plant closings or consolidation of manufacturing capacity and not otherwise considered restructuring costs.

**"AEC Compliance/Control Failures"** - shall refer to the any failures within AEC financial controls report briefed to the Audit Committee each quarter. If, at during any quarter a Material Weakness is identified (for the first time – i.e., not rolled over from a prior quarter), then the Performance Metric Percentage attainment shall be 0%. If no Material Weaknesses are identified for the first time during any quarter, yet one or more Significant Deficiencies are identified for the first time during any quarter, then the Performance Metric Percentage attainment shall be 100%. If no Material Weaknesses, nor any Significant Deficiencies, are identified for the first time during any quarter, then the Performance Metric Percentage attainment shall be 200%.

**"AEC Compliance/Controls Testing"** - shall refer to the status of the identification and remediation of any High or Medium findings withing AEC in the Company's internal audit reports issued during the Performance Period. To achieve a Performance Metric Percentage attainment of 50%, no more than three High/Medium findings shall be behind schedule for remediation (i.e., not overdue) at the end of the year according to the schedule set forth in the audit report. To achieve a Performance Metric Percentage attainment of 100%, no High/Medium findings shall be overdue at the end of the year, irrespective of the number of findings. If there are less than three, but not zero, overdue findings at the end of the year, the Performance Metric Percentage attainment shall be prorated between 50% and 100%. To achieve a Performance Metric Percentage attainment of 200%, no High/Medium findings shall be overdue at the end of the year and there shall have been no High findings identified during the year. If there are less than two, but not zero, High findings during the year and the other requirements for a Performance Metric Percentage attainment of 100% shall have been met, then the Performance Metric Percentage attainment shall be prorated between 100% (two High findings) and 200% (zero High findings).

**"Aggregate AIN Adjusted EBITDA"** — the aggregate of amount of AIN Adjusted EBITDA (as defined above) reported in 2021, 2022, and 2023.

**"Aggregate MC Adjusted Reported EBITDA"** — the aggregate amount of MC Adjusted Reported EBITDA (as defined above) reported in 2021, 2022, and 2023.

**"Aggregate AEC Adjusted EBITDA"** - the aggregate amount of AEC Adjusted Reported EBITDA (as defined above) reported in 2021, 2022, and 2023.

#### Definitions relating to the 2019 MPP Awards

**"Aggregate AIN Adjusted EBITDA"** - shall equal the total of AIN Adjusted EBITDA in 2019, plus AIN Adjusted EBITDA in 2020, plus AIN Adjusted EBITDA in 2021. For the purposes of this metric, AIN Adjusted EBITDA for each year shall be equal to the amount reported as "Net Income" in the Company's Consolidated Statement of Income for the applicable year, less any income, or plus any expense, derived from the revaluation of non-functional currency assets and liabilities, adjusted by adding back, to the extent that such item reduced Net Income, or subtracting, to the extent that such item increased Net Income: (A) depreciation and amortization expense; (B) restructuring costs (including pension curtailment gains and losses related to restructuring actions but not reported as part of restructuring expenses in the financial statements), provided however, that the Committee may, in its sole discretion, choose to omit certain restructuring costs from this provision so long as the failure to add back those restructuring costs does not result in a higher Metric Percentage or reduced target goal; (C) any goodwill and intangible impairment; (D) income tax expenses (including any taxes recorded as operating expenses that were not included in the 2019 Operating Plan approved by the Board of Directors); (E) net interest expense; (in each case, as determined in accordance with GAAP and the Company's accounting policies, consistently applied) **provided** that the amount so determined shall then be further adjusted (1) to exclude the effect of any adjustments to the Company's financial statements required to reflect the effect of (a) discontinued operations, or (b) newly effective accounting pronouncements, the effect of which were not incorporated into the Board approved operating plan (in each case, without duplication, as defined by GAAP and as included in the Company's audited financial statements whether or not reflected as a separate line item in such audited financial

statements); (2) to exclude (i) any gain or loss attributable to the sale of any business segment, or any real estate, during the Performance Period, net of any expenses incurred in connection with the transaction, or (ii) reallocated overhead costs which were otherwise attributable to any discontinued operations divested during the Performance Period; (3) to exclude any income (or loss) attributable to any business operation acquired during the Performance Period; (4) to exclude the effect on income of any charges incurred in the connection of the settlement of pension benefit funding obligations, or any other pension settlement or curtailment charges or credits that result from a strategic cost reduction initiative; (5) to exclude the effect on income of any deferred bank fee write-offs or interest rate swap buyouts related to any new financing facility established during the Performance Period or any gain or loss associated with the early retirement of any debt instrument; (6) to exclude the effect on income of any expenses, including consulting or professional fees, incurred in connection with any activities undertaken by management at the direction of the Board of Directors to investigate or pursue any strategic acquisitions, combinations, joint ventures or divestitures, regardless of whether such efforts result in the completion of such acquisition, combination, joint venture or divestiture during the Performance Period as the same may be applied to such business segment; (7) to exclude the cost of any lease expense incurred in connection with the sale and leaseback of any real estate; (8) to exclude the cost of any charges required by Revenue Recognition Standard ASC 606 to recognize future losses relating to any new long term contracts awarded during the performance period; (9) to exclude the effect on income of any fixed asset-write-offs related to continued and discontinued programs within the AEC business segment (including ASC), or any write-offs of previously capitalized costs related to non-recurring engineering and tooling for continued and discontinued programs; (10) by adding back or deducting charges or reductions to the reserve for recognized future losses related to the long term agreement for the supply of parts for the Rolls Royce BR725 engine; and (11) by adding back any expense related to machinery and equipment relocations and plant setup costs, or other capital expenditures associated with anticipated or announced plant closings or consolidation of manufacturing capacity and not otherwise considered restructuring costs (collectively, the "Adjustments").

**"Aggregate MC Adjusted Reported EBITDA"** - shall equal the total of MC Adjusted Reported EBITDA in 2019, plus MC Adjusted Reported EBITDA in 2020, plus MC Adjusted Reported EBITDA in 2021. For the purposes of this metric, MC Adjusted Reported EBITDA for each year shall be equal to the amount reported as "Net Income" for the Global Machine Clothing business segment for the applicable year in the Company's Consolidated Statement of Income, less any income, or plus any expense, derived from the revaluation of non-functional currency assets and liabilities, adjusted according to the Adjustments stated above, as applicable.

## **EXHIBIT B – DIRECTORS’ ANNUAL RETAINER PLAN**

*As approved by the Board August 25, 2021*

1. This plan shall govern the annual retainer and quarterly meeting fees payable for service as a member of the Board of Directors of Albany International Corp. (“the Company”) during the period from the Annual Meeting of Stockholders of the Company in 2022 until it is amended or terminated by the Board of Directors; provided, that in no event shall any shares be paid under this plan after May 14, 2029. This Plan shall affect only the portion of the annual retainer or meeting fees to be paid in shares of Class A Common Stock (“Shares”) of the Company.

2. A portion of the amounts payable for service as a member of the Board of Directors each year shall be paid in Shares. The total number of shares to be paid to each director each year shall be determined by dividing \$120,000 by the closing price of a share of such stock on the day of the Annual Meeting at which the election of directors for such year occurs (“the Valuation Price”), as such Valuation Price is reported for such day in the *Wall Street Journal*, rounded down to the nearest whole number. Any directors may elect to have any withholding tax obligation arising from the distribution of Shares under this Plan be satisfied by directing the Company to withhold Shares with a value equal to such obligation from the Shares that would otherwise be issuable. Any election pursuant to this paragraph shall be made no later than 10 business days prior to the date of the Company’s Annual Meeting of Stockholders.

3. The portion of the annual retainer not paid in Shares — that is, the aggregate dollar amount of the annual retainer for the year, as determined from time to time by the Board of Directors, less (i) the Valuation Price times (ii) the number of whole Shares payable to a director for the year — shall be paid to the directors in cash at such time or times during the year as the Board of Directors shall from time to time determine. Any director may also elect to receive all or any part of the unpaid cash portion of the annual retainer in Shares. The number of Shares shall be determined by dividing the dollar amount of such election by the closing price of a Share of such stock on the day of election as reported in the *Wall Street Journal*, rounded down to the nearest whole number. Such Shares shall be fully vested and transferable, subject to any applicable share ownership, restriction or retention guidelines or policies of the Company. Any election pursuant to this paragraph shall accompany any election for share withholding under paragraph 2 above.

4. Any Shares payable to a director under this Plan shall be delivered to the director as promptly as practicable after each Annual Meeting. Upon delivery to the director, such Shares shall be fully paid, non-assessable and not subject to forfeiture.

5. This Plan may be terminated or amended by the Board of Directors at any time, subject to any applicable rules or regulations requiring approval by stockholders of the Company.



