

# Green Bond Report

Annual Report 2022

A young girl with dark hair, wearing a red, blue, and green plaid shirt, is smiling and looking upwards. She is holding a small green plant in a pot of soil. The background is a blurred green, suggesting an outdoor setting.

# Novelis

# Letter to Stakeholders



*"We have become the world's largest aluminum recycler and a leading innovator in the development of low-carbon, sustainable aluminum solutions"*

**Steve Fisher**  
President and Chief Executive Officer

At Novelis, we strive to be leaders of positive change. With that ever-present focus, we have become the world's largest aluminum recycler and a leading innovator in the development of low-carbon, sustainable aluminum solutions that advance our business, industry and society toward a circular economy.

Further enhancing our position as the global leader in recycling and sustainability requires us to consistently explore new, strategic opportunities to bring our aspirations to life. One such initiative includes our recent issuance of a Green Bond.

Last year, Novelis issued a 500M EUR bond targeted to finance a lower carbon, more circular economy through investments that align with our environmental goals. I am proud to report the Green Bond is enabling the investment required to bring us closer to achieving our carbon neutrality goal.

This bond enables us to increase our aluminum recycling capacity, reduce primary aluminum usage and invest in renewable energy that will lower emissions. These efforts, complemented by our other projects, are instrumental in ensuring we deliver on our company purpose of Shaping a Sustainable World Together.

As our purpose implies, we cannot do this alone. Our customers, partners, teams and communities play critically important roles in helping reach this objective. We share a vision with our partners that is reflected in our united efforts to improve environmental performance and manufacture sustainable products, but we also feel a strong responsibility to reduce the carbon footprint of the entire aluminum industry. We hope the issuance of the Green Bond will encourage others to do the same and look forward to providing updates about the positive impact we anticipate in the communities in which we live and work.

# Overarching Ambition

Novelis' ambition is to be the world's leading provider of low-carbon, sustainable aluminum solutions that advance our business, industry, and society toward the benefits of a circular economy.

The following goals support this ambition:

# Carbon Neutral

By 2050

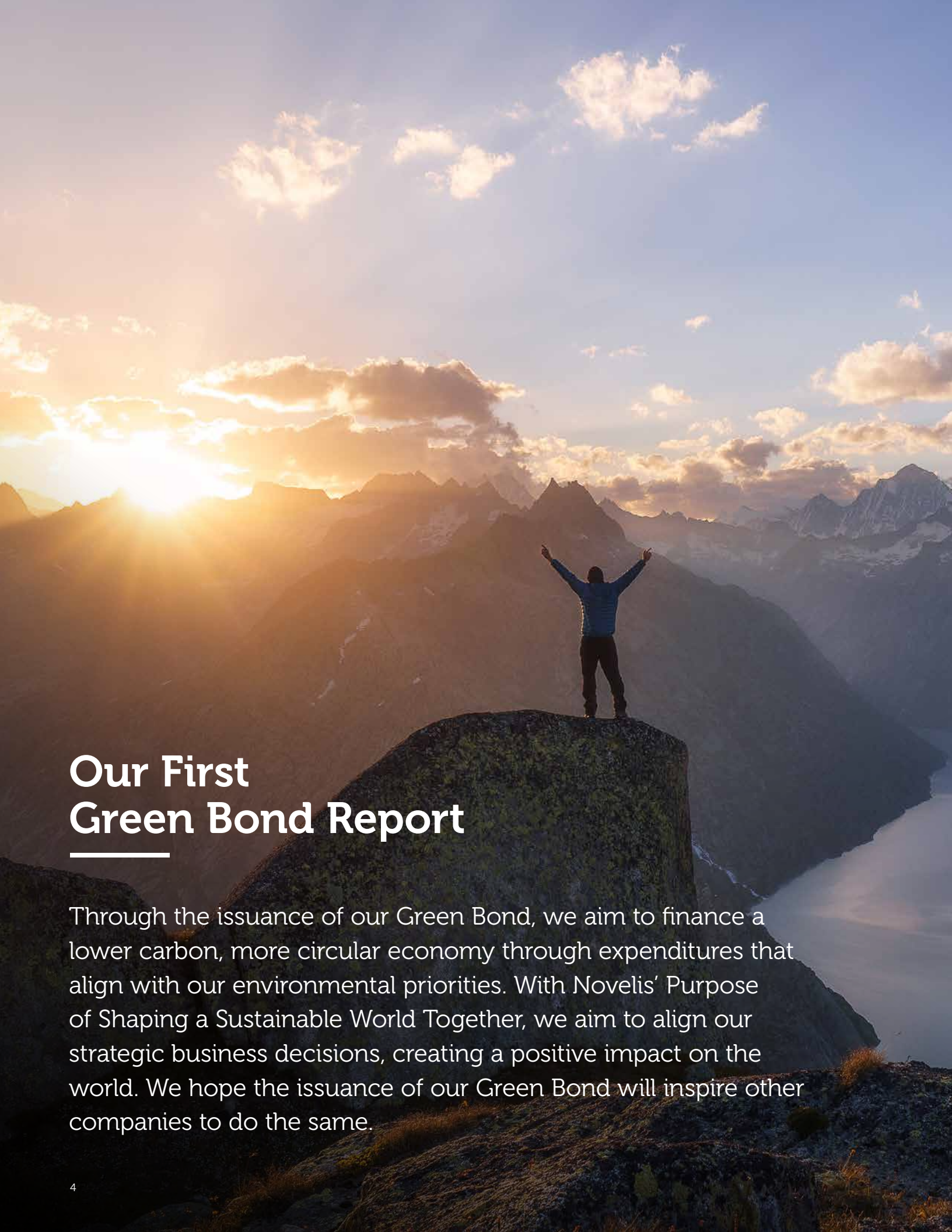
Novelis is addressing the challenges of climate change by developing and implementing innovative circular business practices that significantly lower carbon emissions from aluminum production.

Over the past 10 years, we've invested more than

# \$700 million

to expand our aluminum recycling operations, increasing the recycled content of our products to the highest level in the industry.

**And we're not stopping here.**

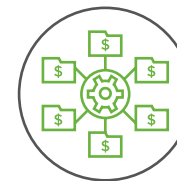


# Our First Green Bond Report

Through the issuance of our Green Bond, we aim to finance a lower carbon, more circular economy through expenditures that align with our environmental priorities. With Novelis' Purpose of Shaping a Sustainable World Together, we aim to align our strategic business decisions, creating a positive impact on the world. We hope the issuance of our Green Bond will inspire other companies to do the same.

## Project Selection Approach

The four core components of the Green Bond Principles (GBP)\* ensure alignment with the Novelis Green Bond Framework.



1. Use of Proceeds



2. Process for Project Evaluation and Selection



3. Management of Proceeds



4. Reporting

## Eligibility Criteria

We intend to allocate an amount equal to the net proceeds from the sale of any Green Bond issuance to finance or refinance, in whole or in part, one or more new or existing Eligible Projects. "Eligible Projects" include expenditures made by us or any of our subsidiaries beginning with the issuance date of any Green Bond, or in the 36 months prior to any such issuance.

GBP Category	Eligible Projects and Examples
Renewable Energy	Investments for new renewable energy generation. Investments may include: Power Purchase Agreements ("PPAs") and the investment in or installation of renewable energy generation such as solar and wind with direct emissions of less than 100g.
Pollution Prevention & Control	Expenditures related to the acquisition, production, construction, maintenance, operation, improvements and R&D of circular economy processes that enable the reduction of primary metal aluminum usage, collection and aluminum scrap closed loop recycling centers

## Governance

A Green Bond Committee comprised of the CEO, CFO, CSO, Regional Presidents, and VP of Sustainability is responsible for the assessment and selection of Eligible Projects, ensuring alignment with this Framework. In addition, projects allocated from the issuance proceeds will undergo an internal process including final review and approval by our CFO.

\* The GBP is administered by the International Capital Market Association (ICMA).

# Management Assertion



Novelis Inc. asserts that an amount equal to \$140 million of the net proceeds of \$588 million from the March 31, 2021 issuance of the €500 million 3.375% Senior Notes due April 15, 2029 were used to finance new or existing Pollution Prevention & Control projects as set forth on page 7 in the 36 months prior to the issuance through March 31, 2022.

Novelis Inc. is responsible for the completeness, accuracy, and validity of this management assertion. The definition of eligible projects used in connection with the offering and contained in Novelis Inc.'s Green Bond Framework as summarized on page 5 of this Green Bond Report specifies an additional eligible project category to which the proceeds may be allocated.

# Green Bond Proceeds Allocated and Associated Carbon Benefits

Following completion of Novelis' identified Green Bond projects, carbon emissions are expected to reduce by more than 3 million tons annually\*

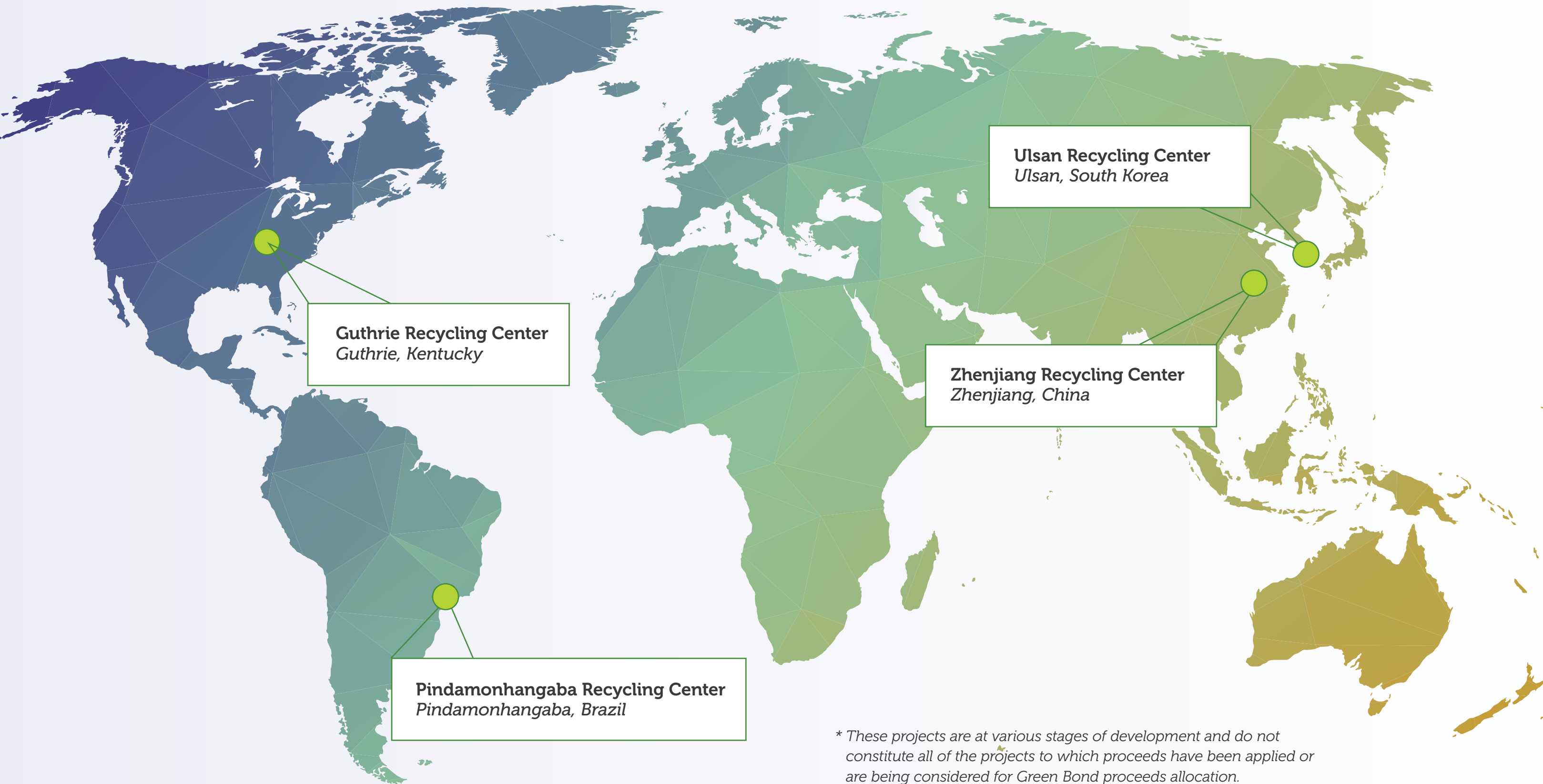
## \$140 million allocated.

Novelis Eligible Green Project Category	Novelis Eligible Green Project Criteria	Project	Spend Status	Spend through March 31, 2022 (in millions)
Pollution Prevention & Control	Expenditures related to the construction, maintenance, operation, improvements and R&D of circular economy processes that enable the (i) reduction of primary metal aluminum usage and (ii) collection and use of aluminum scrap at closed loop recycling centers.	<b>Yeongju Recycling Center</b> – to increase casting capacity by additional 40kt per annum through adding a additional casting pit and further upgrade required ancillary and related equipment	Completed	\$14
		<b>Nachterstedt Germany Recycling Plant</b> – addition of a scrap storage hall, scrap processing equipment and rail extension to safely and efficiently feed the scrap to SIG, Norf Remelt and Sierre Remelt	Completed	\$6
		<b>Pindamonhangaba Recycling Center</b> – investment in South America Pindamonhangaba plant to increase recycling capacity	Completed	\$101
		<b>Greensboro Plant</b> – will enable the increase of sheet ingot capacity	In-progress	\$17
		<b>Guthrie Recycling Center</b> – greenfield project including recycle, remelt, and casting expansion that will enable additional 240kt of sheet ingot capacity, significantly offsetting primary-based 3rd party sheet ingot purchases	In-progress	\$2
Total Use of Net Proceeds for Eligible Green Projects				\$140
Net Proceeds from the Issuance of the Senior Green Notes**				\$588

\*Carbon emissions estimate includes projects that have incurred spend and those included in the Featured Projects. Calculation aligns with the GHG Protocol.

\*\*500M EUR issuance equivalent to \$588M USD at time of offering on March 31, 2021

## Featured Projects\*



\* These projects are at various stages of development and do not constitute all of the projects to which proceeds have been applied or are being considered for Green Bond proceeds allocation. See page 7 for actual allocation of bond proceeds.



## Pindamonhangaba Recycling Center\*

**Expected to reduce the company's carbon emissions by more than 600,000 tons annually.**

In 2021, Novelis completed a \$150 million investment which expanded both rolling and recycling capacity at the Pindamonhangaba by 100 kilotonnes each.

Annual capacity at this rolling and recycling complex, the largest in South America, has increased to approximately 680 kilotonnes for aluminum sheet and 490 kilotonnes for recycling.

\* Figures represented here are the total estimated investment and expected benefits upon project completion. See page 7 for allocation of bond proceeds.

### Industry-leading Processes and Capabilities

- Increased sheet ingot, hot mill and recycling production

### Expected Project Benefits

- 90 new permanent positions have been added at the Pindamonhangaba plant as a result of the expansion.
- The investment included the purchase of 380,000-square-meters of land for potential future expansion.
- The investment includes the establishment of another reliable water source for the plant and a new railway terminal.



## Guthrie Recycling Center\*

**Expected to reduce the company's carbon emissions by more than one million tons annually.**

The \$365 million investment in the Guthrie Recycling Center is expected to reduce the company's carbon emissions by more than one million tons each year with an annual casting capacity of additional 240 kilotonnes of sheet ingot. The company broke ground on the recycling center in May of 2022.

The center will enable Novelis to grow its closed-loop-recycling programs with more automotive customers in North America. Through closed-loop recycling, the company takes back the aluminum remaining after automotive parts are stamped from sheets and remakes it into the same product for new vehicle production.

### Industry-leading Processes and Capabilities

- Advanced shredding and sorting technology
- Capability to process aluminum from vehicles at the end of their lifecycle.

### Expected Project Benefits

- The expansion is expected to add approximately 140 new jobs in Guthrie, Kentucky.

\* Figures represented here are the total estimated investment and expected benefits upon project completion. See page 7 for allocation of bond proceeds.



## Zhenjiang Recycling Center\*

**Expected to reduce carbon emissions by 700,000 tons annually.**

The \$375 million investment into the Zhenjiang facility is expected to fully integrate Novelis automotive business to supply automakers in Asia with Novelis' low-carbon, sustainable aluminum.

The expansion includes a new recycling and casting center, which is expected to allow the company to implement closed-loop recycling partnerships with automotive customers in Asia.

The investment is expected to create a fully integrated supply chain for the automotive market in China between our Zhenjiang rolling and recycling facility and Changzhou automotive finishing plant – from coil production to heat treatment to closed-loop recycling. The expansion had originally been planned to break ground in early 2022, however, it has been delayed due to the COVID-19 pandemic.

### Industry-leading Processes and Capabilities

- Adding a new recycling center to process scrap collected back from the stamping lines of automotive customers in China
- Adding a new casting center
- Upgrading an existing hot mill, and
- Adding a new cold mill

### Expected Project Benefits

- The investment is expected to advance our auto business in China toward the circular economy
- This expansion is expected to enable our capability in Asia to supply low-carbon aluminum to automobile customers

\* Figures represented here are the total estimated investment and expected benefits upon project completion. See page 7 for allocation of bond proceeds.



## Ulsan Recycling Center\*

**Expected to reduce the company's carbon emissions by more than 420,000 tons annually.**

The \$50 million investment into the Ulsan Recycling Center in South Korea is expected to expand our capacity and capability to process recycled aluminum, which is the most effective way to reduce our carbon footprint.

Upon completion, the Ulsan Recycling Center is expected to have an annual casting capacity of 100 kilotonnes of low-carbon sheet ingot. Its construction is expected to begin in Fall 2022, and full operation is scheduled to start in early 2024.

### Industry-leading Processes and Capabilities

- Increase sheet ingot capacity by adding a new melter and ancillary equipment

### Expected Project Benefits

- The project is expected to add approximately 34 new jobs in Ulsan, South Korea
- This expansion will mainly use recycled aluminum as input material to meet the growing demand of low-carbon aluminum in the region

\* Figures represented here are the total estimated investment and expected benefits upon project completion. See page 7 for allocation of bond proceeds.

## Disclaimer

The information and opinions contained in this Novelis Green Bond Report (the "Report") are provided as of the date of this Report and are subject to change without notice. None of Novelis, its subsidiaries or any of its affiliates assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Report represents current Novelis policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Report may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Novelis and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Novelis as to the fairness, accuracy, reasonableness or completeness of such information. This Report may contain statements about future events and expectations that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target" and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Report. Actual results and capital and other financial conditions may differ materially from those included in these statements due to a variety of factors, including without limitation the factors and uncertainties summarized under "Forward-Looking Statements" and "Risk Factors" in our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the SEC and available on the SEC's website at [www.sec.gov](http://www.sec.gov) and available on our website at [investors.novelis.com/sec-filings](http://investors.novelis.com/sec-filings). Any such forward looking statements in these materials speak only as of the date of these materials and Novelis does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward looking statements were made. This Report is provided for information purposes only and does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of Novelis or any member of Novelis ("securities"). This Report is not and is not intended to be, and does not form part of or contain an offer to sell or an invitation to buy, or a solicitation of any offer or invitation to buy, any securities issued by Novelis or any member of Novelis. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation in the form of an offering memorandum or other equivalent document and a related pricing term sheet (the "Offering Documents") and any decision to purchase or subscribe for any securities pursuant to such offer or invitation should be made solely on the basis of such Offering Documents and not these materials. In particular, investors should pay special attention to any sections of the Offering Documents describing any risk factors. The merits or suitability of any securities or any transaction described in these materials to a particular person's situation should be independently determined by such person. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit or other related aspects of the securities or such transaction and prospective investors are required to make their own independent investment decisions.

# Report of Independent Accountants

## To the Management of Novelis Inc.

We have examined the accompanying management assertion of Novelis Inc. appearing on Page 6 of this Green Bond Report, that an amount equal to \$140 million of the net proceeds of \$588 million from the March 31, 2021 issuance of the €500 million 3.375% Senior Notes due April 15, 2029 were used to finance new or existing Pollution Prevention & Control projects (as defined in management's assertion) in the 36 months prior to the issuance and through March 31, 2022. Novelis Inc.'s management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

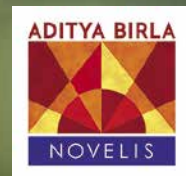
Only the information on page 7 and the management assertion of Novelis Inc. is part of our examination engagement. The other information in this Green Bond Report has not been subjected to the procedures applied in our examination engagement, and accordingly, we make no comment as to its completeness and accuracy and do not express an opinion or provide any assurance on such information.

In our opinion, management's assertion that an amount equal to \$140 million of the net proceeds of \$588 million from the March 31, 2021 issuance of the €500 million 3.375% Senior Notes due April 15, 2029 were used to finance new or existing Pollution Prevention & Control projects in the 36 months prior to the issuance and through March 31, 2022 is fairly stated, in all material respects.



*PricewaterhouseCoopers LLP*

Atlanta, Georgia  
May 11, 2022



Novelis Purpose  
Shaping A Sustainable World Together

# Novelis