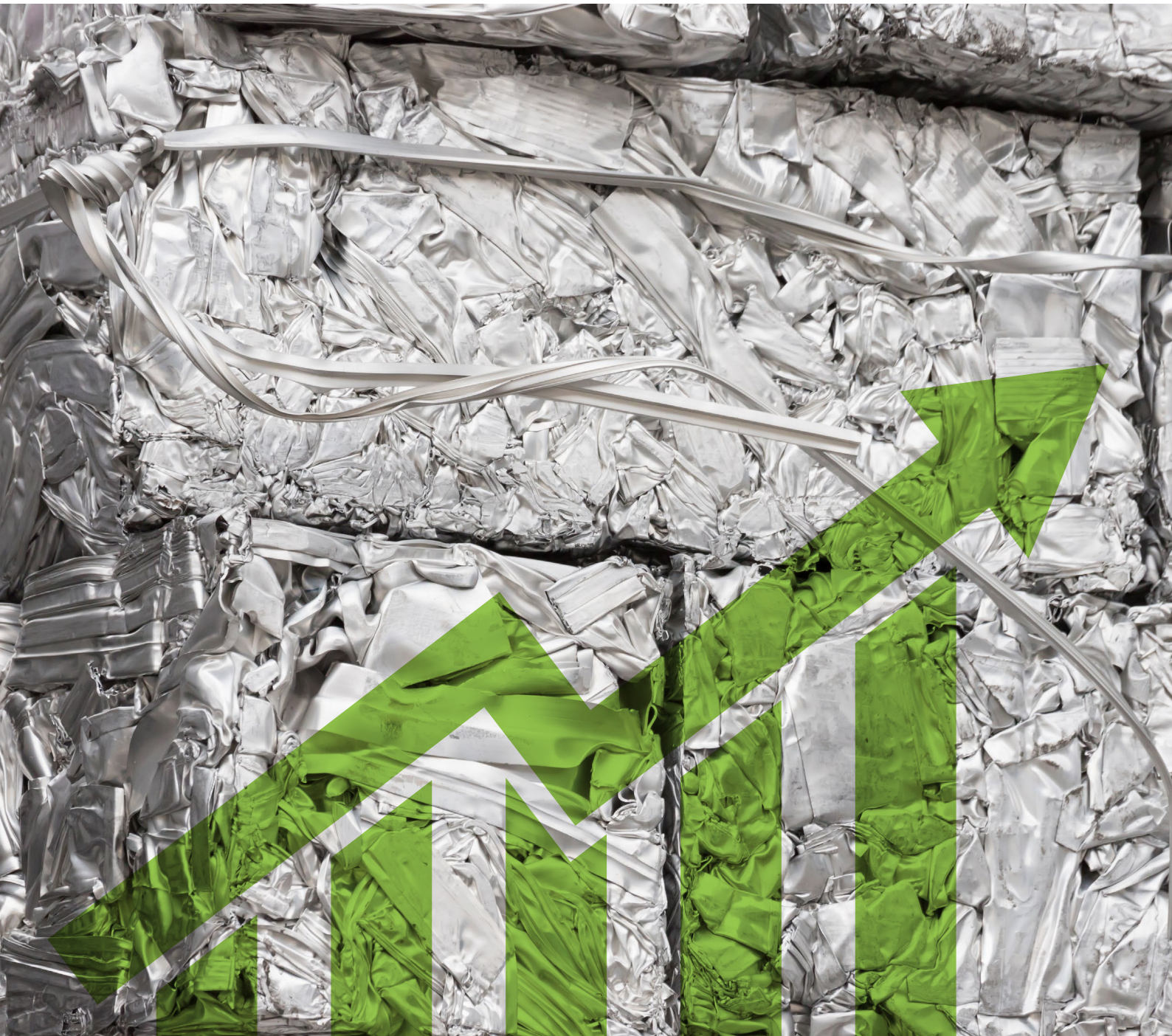




# EGA Green Finance Framework

Issue: June 2024





# Table of contents

## **1. Introduction**

---

1.1 About EGA

---

1.2 Embedding sustainability in everything we do

---

1.3 EGA's governance for sustainability

---

1.4 EGA's rationale for green finance

---

## **2. EGA Green Finance Framework**

---

2.1 EGA Green Finance Framework

---

2.2 Use of proceeds

---

2.3 Process for project evaluation and selection

---

2.4 Management of proceeds

---

2.5 Reporting

---

2.6 External review

---



# Introduction

## 1.1 About EGA

Emirates Global Aluminium is the world's largest 'premium aluminium' producer and the biggest industrial company in the United Arab Emirates outside oil and gas.

EGA is owned by Mubadala Investment Company of Abu Dhabi and Investment Corporation of Dubai, and is the largest company jointly owned by the two Emirates.

EGA's team of more than 6,700 people around the world shares a drive to fulfil the company's purpose and achieve its mission, while living EGA's values.

EGA's leadership ensures that the company demonstrates a culture of innovation and responsibility as well as a robust corporate governance for EGA's long-term success.

Aluminium is among the world's most versatile metals, and EGA's global customers transform it into products that make modern life possible. EGA's aluminium is the biggest made-in-the-UAE export after oil and gas.

EGA produces one-in-every 25 tonnes of aluminium made worldwide - four per cent of the world's total production and almost half of the aluminium produced in the Gulf.

EGA is an integrated aluminium producer, with operations from bauxite mining to the production of cast metal. EGA's operations include an aluminium smelter and an alumina refinery in Abu Dhabi, an aluminium smelter in Dubai, and a bauxite mine in the Republic of Guinea.

## 1.2 Embedding sustainability in everything we do

Aluminium's use plays an essential role in improving transport efficiencies, reducing energy consumption and global greenhouse gas emissions, improving product longevity and reducing demand on natural resources.

EGA recognises that making products that help meet social and environmental challenges is not enough. It also matters how responsibly those products are made. EGA aims to embed sustainability in everything it





does and aspire to be measured amongst the world's most responsible metals and mining companies.

EGA is committed to reaching net zero greenhouse gas emissions by 2050 and to wider environmental performance, to make positive contributions to the societies in which the company operates, and to strong corporate governance.

EGA is aiming to eliminate the risk of harm from its operations and processes by 2030, focusing on both physical harm and mental wellbeing.

EGA is aligning its corporate sustainability approach with the Aluminium Stewardship Initiative (ASI), which provides an international consensus on best practices in aluminium production and use. The ASI Performance Standard addresses sustainability issues from bauxite mining to consumer products made with aluminium, focusing on environmental, social and governance performance.

By 2023, all EGA's operating assets around the world were certified to the ASI Performance Standard. EGA's goal is to produce only ASI-certified metal by 2030.

EGA publicly discloses its sustainability performance through annual Sustainability

Reports prepared in accordance with the Global Reporting Initiative Standards and disclosure requirements identified by the Aluminium Stewardship Initiative (ASI) Performance Standards. EGA also considers disclosure recommendations of the Task Force on Climate - Related Financial Disclosure

### 1.3 EGA's governance for sustainability

EGA's corporate governance practices have been designed to provide a foundation for value creation for all its stakeholders and to ensure suitable control mechanisms underpin the business's sustainable and responsible long-term growth.

The CEO of EGA has established an ESG Committee as a forum in which to provide oversight and make decisions regarding actions necessary to meet EGA's ESG goals and set necessary policy, procedure and strategic direction across EGA and its subsidiaries. The ESG Committee meets as necessary, but at least once every quarter.

The Chair of the ESG Committee is the CEO. The other members are appointed by the CEO and comprise:

- Chief Digital Officer
- Executive Vice President, Safety & Sustainability<sup>1</sup> (Vice Chair)
- Chief Executive Officer of Guinea Alumina

<sup>1</sup>Executive Vice President for Health, Safety, Sustainability, Environment, and Quality



- Corporation
- Chief Financial Officer
- Chief Marketing Officer
- Chief Supply Chain & Business Development Officer
- Executive Vice President, Human Capital
- Executive Vice President, Midstream
- Executive Vice President, Upstream & Capital Projects
- Senior Vice President, Casthouse & Global Technical Sales and Aftersales Support
- General Counsel, Head of Compliance and Company Secretary
- Senior Vice President, Corporate Affairs
- Senior Manager, Internal Audit (as Observer)

The key responsibilities of the ESG Committee are to:

- Provide oversight for the effective management of ESG issues, monitor compliance, identify risk, assess impact and promote best practices across the EGA Group.
- Set direction for how EGA is to meet existing and projected stakeholder expectations related to ESG performance ensuing necessary cross-departmental collaboration and consistency in approach.
- Set clear ESG required actions and targets, providing clear ownership for each and monitor progress.
- Evaluate ESG related risks and set a mandate for how risks are to be appropriately controlled.

- Promote understanding across all business areas of the rapidly changing international expectations related to ESG performance.
- Review recommendations to the relevant Board Committee or the Board of Directors pertaining to EGA's ESG actions and strategic direction overseeing any required actions.

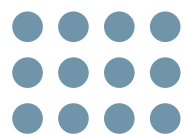
#### 1.4 EGA's rationale for Green Finance

EGA has established this Green Finance Framework under which it expects to issue bonds (including private placements) and loans and potentially over time, other financial instruments (hybrids, convertibles or commercial paper) (together, "Green Finance Instruments"), to finance and/or refinance sustainable assets and expenditures with positive sustainability benefits.

EGA believes that Green Finance Instruments are an effective tool to channel capital to assets that have demonstrated sustainability benefits and thereby contribute to sustainable economic growth. By issuing Green Finance Instruments, EGA intends to align its funding strategy with its purpose, mission and values.

Moreover, Green Finance Instruments will help to diversify EGA's debt investor base and broaden the dialogue with existing debt investors on how we are working to help create a nature-positive economy with re-use, resilience and regeneration at its core.





# EGA Green Finance Framework

## 2.1 EGA Green Finance Framework

Through this Green Finance Framework, EGA is developing a long-term Green Finance platform for current and future financing activities. Debt capital raising is anticipated to encompass the international bond and loan markets, amongst others, and this proposed framework seeks to adopt the key green elements of both the International Capital Markets Association (“ICMA”) Green Bond Principles (“GBP”) 2021 version<sup>2</sup>, and the Loan Market Association (“LMA”) Green Loan Principles (“GLP”) 2023 version<sup>3</sup>. These are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of Green Finance Instruments. The EGA Green Finance Framework follows the GBP and the GLP which provide guidelines in the form of four core components:

- (i) Use of proceeds
- (ii) Process for project evaluation and selection
- (iii) Management of proceeds
- (iv) Reporting

For each Green Finance Instrument issued, EGA asserts that it will adopt (i) use of proceeds (ii) process for project evaluation and selection (iii) management of proceeds and (iv) reporting, as set out in this Framework.

The EGA Green Finance Framework also follows the recommendations of the GBP regarding external review. This Framework will apply to any Green Finance Instruments issued by EGA and will be in force as long as any Green Finance Instrument is outstanding.

This Green Finance Framework may be updated, including to reflect any future changes in the Green Finance Standards<sup>4</sup>. Any updates to the Green Finance Framework will only apply to future Green Finance Instruments and not to issuances already outstanding.

## 2.2 Use of proceeds

EGA will allocate an amount at least equivalent to the net proceeds of the Green Finance Instruments issued under this Framework towards financing and/or refinancing, in whole or in part, a portfolio of assets formed of new and/or existing Eligible Green Projects as described below (“Eligible Green Project Portfolio”). Eligible Green Projects are defined as assets and/or expenditures (including capital and operating expenditures) that meet the Green Eligibility Criteria defined below, which has been prepared in accordance with the ICMA GBP and LMA GLP.

Eligible assets shall qualify for refinancing without a specific look-back period, provided that at the time of issuance of the Green Finance Instruments they follow the relevant eligibility criteria. Eligible green capital and operating expenditures, these shall qualify for refinancing with a three-year look-back period.



On a best effort basis EGA intends to fully allocate any proceeds of the green finance instruments within three years of the date of issuance / agreement of any Green Finance Instrument.

<sup>2</sup> To be found [here](#).

<sup>3</sup> To be found [here](#).

<sup>4</sup> Standards related, but not limited to: Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, EU Green Bond Standards and green, social and sustainability market practices in general.

## Green Eligibility Criteria

ICMA / LMA Green Eligible Category	Green eligibility criteria	Contribution to UN SDGs	Contribution to UAE National Climate Change Plan – the Net Zero 2050 Strategic Initiative
Eco-efficient and/or circular economy adapted products, production technologies and processes	<p><b>Assets and/or expenditures relating to aluminium production that meets the following criteria:</b></p> <ul style="list-style-type: none"> <li>– Primary aluminium with carbon intensity that does not exceed 6.21 tonnes of CO<sub>2</sub>e per tonne of aluminium produced by 2026<sup>5</sup></li> <li>– Secondary aluminium</li> </ul>		<p>1.2 Green Diversification Programme</p> <p>5.2 National Waste-to-Resource Programme</p>
Renewable energy	<p><b>Assets and/or expenditures relating to energy production from renewable sources that meets the following criteria:</b></p> <ul style="list-style-type: none"> <li>– Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology or concentrated solar power technology<sup>6</sup></li> <li>– Power Purchase Agreements</li> <li>– Other low carbon energy sources with lifecycle emissions lower than 100gCO<sub>2</sub>e/kWh</li> </ul>		<p>4.2 National Renewable Energy Programme</p>

## Exclusion criteria

The proceeds from EGA's Green Finance Instruments cannot be directly allocated to projects for which the purpose is fossil energy generation, nuclear energy generation, weapons and defence or potentially environmentally harmful resource extraction (including rare-earth elements and fossil fuels). For the avoidance of doubt, eligible renewable energy projects that power fossil fuel related assets are excluded.

<sup>5</sup> The carbon intensity threshold calculation is in line with Transition Pathway Initiative (TPI) [Carbon Performance assessment of aluminium producers](#); note on methodology dated July 2023. For the aluminium sector, TPI independently developed three decarbonisation pathways (the 1.5 Degrees, Below 2 Degrees, and National Pledges benchmarks) which are aligned with international emissions targets, based on the International Aluminium Institute (IAI) and International Energy Agency (IEA) data. The carbon intensity threshold was set in line with the expected 2026 carbon performance as calculated by TPI assuming a Below 2 Degrees scenario.

<sup>6</sup> Concentrated Solar Power with a minimum 85% of power generation derived from solar energy resources.

## 2.3 Process for project evaluation and selection

EGA has established a Green Finance Committee (hereinafter referred to as the “Committee”) to oversee the process of evaluating and selecting Eligible Green Projects in accordance with the description of the eligibility criteria mentioned in the use of proceeds section of this Framework. The Committee is chaired by Chief Financial Officer and consists of senior members of the following teams: Treasury, Corporate Development & Capital Markets, Sustainability and Legal & Compliance. The Committee will meet at least on an annual basis.

The main responsibilities of the Green Finance Committee include, but are not limited to:

- Reviewing the content of the Framework and potentially updating it to reflect changes in corporate strategy, technology, market, or regulatory developments on a best effort basis
- Initiating the update of non-EGA documents such as Second Party Opinion (SPO) and related documents from external auditors as far as required
- The evaluation and selection of assets in line with the eligibility criteria
- Designating, reviewing and updating the eligible Green Project Portfolio
- Overseeing the allocation of the proceeds from Green Finance Instruments to Eligible Green Projects, to ensure that the amount of Eligible Green Projects equals or exceeds the amount of Green Finance Instruments, replacing those assets that no longer comply with the eligibility criteria or for which the Sustainability Team has otherwise determined should not be funded under this Framework as soon as practicable
- Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with the eligible Green Project Portfolio and appropriate mitigation measures where possible
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements<sup>7</sup>

- Considering the applicability of regulatory and technological change and updating this framework to reflect such developments as required.

### EGA’s sustainability commitments, guidelines and policies

EGA’s sustainability commitments, guidelines and policies are considered as minimum standards for business conducted by EGA, including any assets and/or expenditures financed with the proceeds of Green Finance Instruments issued under this Framework. They ensure that the environmental and social risks potentially associated with the Eligible Green Projects are properly mitigated via the due-diligence processes conducted by EGA and comply with national and international environmental and social standards, local laws and regulations. Set out below are some examples of relevant public codes and policies:

- [Core Policies](#)
- [Code of Ethics](#)
- [Anti-bribery and Anti-corruption Policy](#)
- [Responsible Sourcing Standard](#)

## 2.4 Management of proceeds

EGA will allocate the proceeds from the Green Finance Instruments to an Eligible Green Project Portfolio, selected in accordance with the use of proceeds criteria and process for project evaluation and selection presented above. This portfolio consists of new and/or existing assets and/or expenditures.

EGA will strive to maintain a level of allocation for the Eligible Green Project Portfolio which matches or exceeds the balance of net proceeds from its outstanding Green Finance Instruments. Additional Eligible Green Projects will be added to EGA’s Eligible Green Portfolio to the extent required. The intention is that any Green Finance Instruments issued are fully allocated within three years.

<sup>7</sup> EGA may rely on external consultants and their data sources, in addition to its own assessment





Pending full allocation, unallocated net proceeds from Green Finance Instruments will be held temporarily in EGA's liquidity portfolio, in cash or other short term liquid instruments, at its own discretion or used for other cash management purposes, following the exclusion criteria of use of proceeds under this Framework.

## 2.5 Reporting

In accordance with the recommendations from the GBP and the GLP, EGA intends to make and keep readily available reporting on Eligible Green Project Portfolio and Green Finance Instruments outstanding. Reporting with respect to each Green Finance Instrument will take place annually, at least until full allocation.

The reporting will be made available on EGA's corporate website<sup>8</sup>.

### Allocation reporting

The allocation report may provide the following information:

- The total amount of proceeds allocated to Eligible Green Projects within all Green Eligible Categories
- The balance of unallocated proceeds (if any)
- The total amount of EGA Green Finance Instrument(s) outstanding
- The amount or the percentage of new financing and refinancing.

<sup>8</sup> To be found [here](#)

## Impact reporting

Impact reporting may, on a best-efforts basis, include:

ICMA / LMA category	Potential impact indicators
Eco-efficient and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"><li>• Tonnes of produced aluminium in line with eligible criteria</li><li>• Tonnes of recycled aluminium, pre- and post-consumer</li><li>• Annual GHG emissions reduced/avoided (tonnes of CO2e emissions)</li><li>• Total emissions intensity of primary aluminium compared to world average</li><li>• Electricity intensity of primary aluminium compared to world average</li><li>• Waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/or in absolute amount (tonnes per year)</li></ul>
Renewable energy	<ul style="list-style-type: none"><li>• Installed renewable energy capacity (GW)</li><li>• Annual renewable energy generation (GWh)</li><li>• Annual GHG emissions avoided (tonnes of CO2e emissions)</li><li>• New capacity installed/financed (if SPVs)</li></ul>

EGA intends to align its impact reporting with the ICMA Handbook for 'Harmonised Framework for Impact Reporting', June 2023 version<sup>9</sup>.

## 2.6 External review

### Second party opinion

Sustainalytics has reviewed the Green Projects Eligibility Criteria, as well as the alignment of EGA's Green Finance Framework with the ICMA's 2021 Green Bond Principles and the LMA's 2023 Green Loan Principles, and has provided a Second Party Opinion (SPO) that will be made available on EGA's website.

### Annual audit / limited assurance on the allocation reporting

EGA intends to request, annually and until full allocation, a third party to review the allocation of Green Finance Instrument proceeds to the Eligible Green Project Portfolio, and provide a limited assurance report, which may also be made available within the EGA website.

<sup>9</sup> To be found [here](#)

**Disclaimer**

This material contains general background information about EGA's Green Finance Framework ("Framework") and is non-exhaustive. It is information given in summary form and does not purport to be complete. It is not to be relied upon as advice or recommendation to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This material should be considered with professional advice when deciding if an investment is appropriate. Emirates Global Aluminium PJSC ("EGA") accepts no liability whatsoever with respect to the use of the material or contents herein. EGA reserves all rights including the right to amend the Framework at any time without notice. All information contained herein shall not be copied or disseminated for whatever purpose.



**Emirates Global Aluminium PJSC**