

Second-Party Opinion

Companhia Brasileira de Alumínio

Sustainability-Linked Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Companhia Brasileira de Alumínio Sustainability-Linked Financing Framework aligns with the Sustainability-Linked Loan Principles (SLLP) 2022. This assessment is based on the following:

- Selection of Key Performance Indicators (KPIs)** The Companhia Brasileira de Alumínio Sustainability-Linked Financing Framework defines one KPI, GHG emissions intensity of casting aluminium products per tonne of casting products produced (tCO₂e/t) (see table 1). Sustainalytics considers the KPI chosen to be strong based on its materiality and relevance, the use of a clear and consistent methodology which is externally defined and its ability to be compared with external decarbonization trajectories.
- Calibration of Sustainability Performance Targets (SPTs)** Sustainalytics considers the SPT to be aligned with Companhia Brasileira de Alumínio's sustainability strategy and considers it to be highly ambitious based on a comparison with past performance, peer performance and alignment with science-based trajectories.
- Loan Characteristics** Companhia Brasileira de Alumínio will link the Sustainability-Linked Export Facility's financial characteristics to the achievement of the SPT, namely a step-up or step-down in the interest rate.
- Reporting** Companhia Brasileira de Alumínio commits to report on an annual basis on its progress on the KPI which will be publicly available on its website. Companhia Brasileira de Alumínio also commits to disclose, on an annual basis, relevant information that enables lenders to monitor the progress of the SPT. The reporting commitments are aligned with the SLLP.
- Verification** Companhia Brasileira de Alumínio commits to having an external verifier provide limited assurance annually on the progress on the SPT, which will be made publicly available. This is aligned with market expectations.

Evaluation Date August 12, 2022¹
Borrower Location São Paulo, Brazil

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
GHG emissions intensity of casting aluminium products per tonne of casting products produced (tCO ₂ e/t)	2020	Strong	Reduce GHG emissions intensity by 12.9% by 2026 compared with a 2020 baseline	Highly Ambitious

¹ This document is an update of a Second-Party Opinion dated September 2021

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Scope of Work and Limitations

Companhia Brasileira de Alumínio (“CBA”, the “Company”, or “Borrower”) has engaged Sustainalytics to review the CBA Sustainability-Linked Financing Framework (the “Framework”) and provide an opinion on the alignment of the sustainability-linked loan(s) with the Sustainability-Linked Loan Principles (SLLP).²

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the Sustainability-Linked Loan Principles 2022.

As part of this engagement, Sustainalytics exchanges information with various members of CBA’s management team to understand the sustainability impact of their business processes and SPTs, as well as reporting and verification processes of aspects of the SLL Framework. CBA’s representatives have confirmed that:

- (1) They understand it is the sole responsibility of borrower to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CBA. Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated SPTs of KPIs but does not measure the KPIs performance. The measurement and reporting of the KPIs is the responsibility of the borrower. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favor or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Companhia Brasileira de Alumínio has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written and aligned with the methodology to calculate the KPI performance outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks⁴ against which targets were set;
- (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs.

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² The Sustainability-Linked Loan Principles (SLLP) were launched by LSTA in March 2022. They are administered by the LSTA and are available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

⁴ Benchmarks refers to science based benchmarks

Introduction

CBA is a vertically integrated aluminium company headquartered in Sao Paulo, Brazil. The Company's operations include bauxite mining, refining, alumina smelting and the production of primary (ingots, plate sheets, billets and rods) and semi-fabricated (caster rolls, sheets, foil, extruded profiles, and other parts and components) aluminium products. The Company primarily serves the packaging, automotive and transportation industries, with additional strategic customers in the building and construction, and consumer products industries, among other segments.

CBA intends to obtain Sustainability-Linked Loans (SLL) such as Sustainability-Linked Export Facilities whose financial characteristics, such as an interest rate step-up or step-down, is tied to the achievement of the Sustainability Performance Target (SPT) for one KPI, namely GHG emissions intensity of casting aluminium products per tonne of casting products produced (tCO₂e/t).

CBA has engaged Sustainalytics to review the CBA Sustainability-Linked Financing Framework and provide an opinion on its alignment with the Sustainability-Linked Loan Principles (SLLP).

The KPI and SPT used by CBA are defined in Tables 1 and 2 below.

Table 1: KPI Definitions

KPI	Definition
GHG emissions intensity of casting aluminium products per tonne of casting products produced (tCO ₂ e/t)	<p>The KPI measures CBA's GHG emissions intensity for casting aluminium products produced at its Alumínio, Metalex and Alux do Brasil units. It is calculated by dividing the GHG emissions associated with casting aluminium production from all the stages of the process (mining, refining, smelting and casting) in tonnes of CO₂e by the quantity, in tonnes, of casting products produced (tCO₂e/t).</p> <p>The KPI covers all scope 1 and 2 GHG emissions associated with the Company's production of casting aluminium products at its Alumínio and Metalex units. It will include the GHG emissions from its Alux do Brasil unit⁵ from 2022 onwards. The KPI includes scope 3's category 1 (purchased goods and services) GHG emissions for the Metalex and Alux do Brasil units, which are not involved in mining, refining and smelting activities but purchase aluminium ingots and scraps as input for casting. The GHG emissions are calculated in accordance with the Brazil GHG Protocol Program.⁶</p>

Table 2: SPTs and Past Performance

KPI	2019	2020 (Baseline)	2021	SPT 2026
GHG emissions intensity of casting aluminium products per tonne of casting products produced (tCO ₂ e/t)	4.02	3.33	3.00	Reduce GHG emissions intensity by 12.9% by 2026 compared with a 2020 baseline

⁵ CBA acquired 80% of Alux do Brasil in 2022 and will include 100% of its GHG emissions in the KPI from 2022 onwards

⁶ Greenhouse Gas Protocol, "Brazil GHG Protocol Program", at: <https://ghgprotocol.org/programs-and-registries/brazil-program>

Sustainalytics' Opinion

Sustainalytics' Opinion on the Alignment of CBA Sustainability-Linked Financing Framework with the Sustainability-Linked Loan Principles.

Sustainalytics is of the opinion that the Sustainability-Linked Financing Framework aligns with the five core components of the Sustainability-Linked Loan Principles 2022 (SLLP).



Selection of Key Performance Indicators (KPIs)

Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers i) whether an indicator speaks to a material impact of the borrower's business on environment or social issues, and ii) to what portion of impact the KPI is applicable.

Sustainalytics' Industry Report on the Diversified Metals industry⁷ identifies "Carbon-own operations" as a material ESG issue for the diversified metals sector. Additionally, the Sustainability Accounting Standards Board (SASB) identifies GHG Emissions as a relevant topic to monitor and disclose for the Metal and Mining industry.⁸

With regard to applicability, Sustainalytics notes that the KPI covers all scope 1 and 2 GHG emissions associated with the mining, refining, smelting and casting processes in the Company's production of cast aluminium products at its Alumínio and Metalex units. In 2021, scope 1 and 2 emissions related to these production processes comprise approximately 33% of the Company's total emissions. The KPI also includes scope 3's category 1 (purchased goods and services) GHG emissions for the Metalex and Alux do Brasil units, which are not involved in mining, refinery and smelting activities but purchase aluminium ingots and scrap as inputs for casting, representing approximately 10% of CBA's total emissions in 2021.⁹ In 2022, CBA acquired 80% of Alux do Brasil¹⁰ and will include the GHG emissions from the unit in the calculation of the KPI from 2022 onwards. In all, the total GHG emissions covered by the KPI amounted to 1,438,834 tCO₂e, accounting for approximately 43% of CBA's total GHG emissions. Based on the above, Sustainalytics considers the KPI to be material and applicable.

KPI Characteristics

In its assessment of KPI characteristics, Sustainalytics considers i) whether a clear and consistent methodology is used, ii) whether the borrower follows an externally recognized definition, iii) whether the KPIs are a direct measure of the performance of the borrower on a material environmental or social issue, and v) whether the methodology can be benchmarked to an external, contextual benchmark.¹¹

Sustainalytics considers CBA's methodology to calculate progress on the KPI to be clear and consistent. In addition, the Borrower has communicated to Sustainalytics that the methodology used for calculating the KPI is in accordance with the Brazil GHG protocol program. CBA has been reporting on this KPI since 2019.

Sustainalytics considers the KPI to be a direct measure of the performance of the Company on a material environmental issue given that it measures the Group's GHG emissions intensity for cast aluminium products.

External benchmarks for the aluminium sector, including the Transition Pathway Initiative's (TPI) sectoral decarbonization pathway, measure the GHG emissions from primary aluminium production (refining and smelting

⁷ Sustainalytics, "Industry Report - Diversified Metals October 2021"

⁸ SASB, "Metals & Mining Industry Standard", (2021), at: https://www.sasb.org/wp-content/uploads/2018/11/Metals_Mining_Standard_2021.pdf

⁹ As of 2020, category 1 scope 3 emissions from Alux do Brasil are not attributable to the Company as Alux do Brasil was only acquired by CBA in 2022.

¹⁰ CBA, "CBA completes acquisition of 80% of Alux and expands recycled-aluminum production capacity" at: <https://cba.com.br/en/imprensa/cba-conclui-processo-de-aquisicao-de-80-da-alux-e-amplia-capacidade-produtiva-de-aluminio-reciclado/>

¹¹ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

processes) and recycling.¹² Sustainalytics notes that the KPI also includes the GHG emissions from mining and the purchase of ingots, however, refining and smelting activities represent a large majority of scope 1 and 2 GHG emissions included in the KPI. Therefore, even though the KPI covers GHG emissions from a broader scope of activities, Sustainalytics considers it to be comparable to TPI's decarbonization pathway for the aluminium sector.¹³

Overall Assessment

Sustainalytics considers the KPI, GHG emissions intensity of casting aluminium products per tonne of casting products produced (tCO₂e/t), to be strong given that: (i) it is a direct measure of the Company's performance on a relevant and material ESG issue, (ii) it follows a clear and consistent methodology which is externally defined, and (iii) it lends itself to be compared against an external GHG emissions reduction trajectory.¹⁴

KPI	Strength of KPI			
GHG emissions intensity of casting aluminium products per tonne of casting products produced (tCO ₂ e/t)	Not Aligned	Adequate	Strong	Very Strong



Calibration of Sustainability Performance Targets (SPTs)

Alignment with CBA's Sustainability Strategy

CBA has set the following SPT for its KPI: Reduce GHG emissions intensity by 12.9% by 2026, compared with a 2020 baseline.

The Company aims to reduce its cradle-to-gate CO₂e emissions by 40% by 2030 relative to 2019 levels. CBA has established a goal of increasing the ratio of recycled aluminium from industrial and end-of-life scrap by 80% for its Metalex unit and 50% for its Alumínio unit to achieve a circular aluminium value chain by 2030.¹⁵ Sustainalytics considers the SPT to be aligned with CBA's sustainability strategy (please refer to Section 2 for an analysis of the credibility of CBA's sustainability strategy).

Strategy to Achieve the SPT

CBA intends to achieve the SPT through the following strategies:

The Company has identified three main initiatives to achieve its goals: (i) improving the technology of CBA's pot rooms; (ii) increasing aluminium recycling rates, and (iii) retrofitting its boilers to use biofuels.

- The Company is upgrading its smelter technology to reduce GHG emissions, where the smelter pot feeding process has been shifted to an intermittent feed system. In 2019, 36 of 1,040 pots were upgraded to the new system and, in 2020, the Company worked on improving the process and design. In 2021, CBA converted an additional 34 pots to more efficient technology.
- CBA is reducing the resource intensity of its operations and improving the circularity of its supply chain by expanding aluminium scrap recycling capacity. This will primarily be done via an investment of BRL 100 million (USD 18.47 million)¹⁶ in a new scrap treatment line at CBA's Metalex facility located in Araçariquama and will be executed in two phases. In the first phase, billet production capacity was expanded from 75,000 to 90,000 tonnes per year. The second phase will involve increasing the ratio of scrap in the billet production mix by 20%. In addition, to increase its aluminium recycling capacity, CBA has acquired 80% of Alux do Brasil which has a production capacity of 46,000 tonnes per year.

¹² Carbon Performance Assessment of aluminium producers: note on methodology, (2019), at: <https://www.transitionpathwayinitiative.org/publications/32.pdf?type=Publication>

¹³ Transition Pathway Initiative, "Sectors: Aluminium" at: <https://www.transitionpathwayinitiative.org/sectors/aluminium>

¹⁴ Sustainalytics provided a Second-Party Opinion on CBA's Sustainability-Linked Financing Framework in September 2021 in which it assessed the strength of the same KPI to be Very Strong. The rationale for the change in the assessment of the strength of the KPI to Strong is because of the decreased applicability as a result of CBA reporting more comprehensively on its scope 3 emissions in 2021 compared to the 2020 scope 3 emissions data that was used in the September 2021 assessment.

¹⁵ CBA, "Annual Report 2021", at: https://relatorioanual2021.cba.com.br/wp-content/uploads/CBA_Annual_Report_2021.pdf

¹⁶ Conversion rate of 1 BRL is equal to USD 0.18474 as of July 20, 2022

- To reduce its dependency on conventional boilers that use natural gas and fossil fuels, CBA installed a biomass boiler in its refinery process in 2020. This led to a drop in CO₂e emissions intensity from 0.55 tCO₂e/t of aluminium oxide in 2019 to 0.31 tCO₂e/t in 2020 and further to 0.20 tCO₂e/t in 2021.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers: i) whether the SPTs go beyond business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, iii) and how the SPTs compare with science.¹⁷

CBA has set 2020 as the baseline year for the SPT for consistency with the baseline year of SPTs in the Company's 2021 revolving credit facility.

CBA reduced the GHG emissions intensity of casting products by an annual average rate of 12.7% between 2019 and 2021. To achieve the SPT, the Company would need to reduce its GHG emissions intensity of casting products by approximately 13% overall by 2026 compared to the 2020 baseline. This corresponds to an annual average rate of reduction of 0.7% between 2021, the latest reporting year and 2026. Sustainalytics notes that the SPT is below past performance, but represents a continual material improvement.

In assessing the SPT against peer performance and alignment with science-based scenarios, Sustainalytics considers CBA to be a top performer in its industry. This is primarily because the Company sources most of the energy for its aluminium production from renewable sources, mainly hydroelectric power. Furthermore, CBA's GHG emissions intensity trajectory is aligned with the TPI's GHG decarbonization pathway for the aluminium sector and is significantly below the thresholds of a well-below 2°C scenario. Therefore, Sustainalytics considers the SPT to be best-in-class in its industry.¹⁸

Overall Assessment

Sustainalytics considers the SPT to align with CBA's sustainability strategy. Sustainalytics considers CBA's SPT to be highly ambitious given that it presents a continuous material improvement, is considered the best-in-class in its industry and can be compared with an external reference consistent with a well-below 2°C scenario.

SPT(s)	Ambitiousness of SPT(s)			
Reduce GHG emissions intensity by 12.9% by 2026 compared with a 2020 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Loan Characteristics

CBA has disclosed that the Sustainability-Linked Export Facilities (export credit notes and export prepayments) issued under the Framework will be subject to a step-up or step-down in the interest rate depending on its non-achievement or achievement of the SPT annually.

Sustainalytics notes that the calculation of the KPI and the SPT may exclude the effects of certain material acquisitions and material changes in laws or regulations relating to CBA's production activities, in each case to be set forth, if applicable, in the specific documentation of each Sustainability-Linked Export Facility.



Reporting

CBA commits to report on an annual basis on its progress on the KPI and intends to include relevant information in a report issued by the Company, which will be publicly available on its website. Additionally, CBA commits to publishing a limited verification assurance report which includes, the performance against the SPT, the related impact, timing of such impact and the impact on the characteristics of the Sustainability-Linked Export Facilities. Furthermore, CBA commits to disclose, on an annual basis, relevant information that enables lenders to monitor progress towards the SPT. If feasible, reporting will also include a qualitative or quantitative explanation of the

¹⁷ We refer here to contextual benchmarks, that indicate the alignment of targets with ecosystem boundaries.

¹⁸ Transition Pathway Initiative, "Sectors: Aluminium" at: <https://www.transitionpathwayinitiative.org/sectors/aluminium>

progress on the KPI on an annual basis and any reassessments of the KPI, restatement of the SPT and pro-forma adjustments of baselines or KPI scope.



Verification

CBA commits to having an external verifier provide limited assurance annually on the progress on the SPT, which will be made publicly available. This is aligned with the SLLP on verification.

Section 2: Sustainability Strategy of CBA

Credibility of CBA's sustainability strategy

CBA established a Sustainability Committee in 2019 to advise its board of directors on the development and implementation of the Company's 2030 ESG Strategy¹⁹, which is focused on providing low-carbon aluminium products and creating a positive impact on the aluminium value chain in collaboration with its stakeholders. The Company's sustainability governance structure also includes independent committees on sustainable procurement, diversity, data protection, conduct, dam management and crisis management.²⁰

In line with its 2030 ESG Strategy, CBA aims to reduce its cradle-to-gate CO₂e emissions by 40% by 2030, and chart a roadmap towards carbon neutrality by 2050.²¹ The Company's long-term GHG emissions reduction targets have been validated by the Science Based Targets initiative (SBTi) in alignment with the 2°C climate scenario. As of 2021, CBA has reduced its emissions by 25.4% compared to a 2019 baseline mainly through initiatives such as biomass boilers, upgrades in pot room technologies and scrap recycling. In terms of energy management, the Company already has the renewable energy capacity to conduct 100% of its operations, mainly sourced from hydroelectric power with plans to diversify these sources into wind and solar power. CBA is a signatory to the UN Global Compact and reports on its sustainability performance in accordance with the Global Reporting Initiative and SASB standards.

Sustainalytics considers CBA to have a credible sustainability strategy and expects the export facilities obtained under the Framework to further support the Company's sustainability strategy.

CBA's Environmental and Social Risk Management

Sustainalytics recognizes that although CBA's defined targets are impactful, the nature of its mining and metallurgy operation bears potential environmental and social risks. Sustainalytics' ESG Risk Ratings identify emissions, effluents and waste, occupational health and safety, and community relations as key material ESG issues for the diversified metals sub-sector.

Sustainalytics is of the opinion that CBA is well placed to manage and mitigate potential risks based on the following:

- **Emissions, effluents and waste** – CBA monitors its air emissions as per applicable local laws and regulations and submits the emissions sources and monitoring plans to the relevant environmental authorities.²² In 2021, CBA undertook a study to benchmark how each of its sites managed their respective emissions to plan and standardize the related controls.²³ At CBA's mines, effluents are treated at a water treatment plant and the recipient water bodies are regularly monitored to confirm that the water discharged is within regulatory limits. At its other facilities, the Company discharges all effluents into municipal sewage systems in accordance with the applicable laws and water quality requirements.²⁴ In accordance with Brazil's National Solid Waste Policy and mitigation hierarchy, CBA conducts waste-related audits on its

¹⁹ CBA, "ESG Strategy 2030", at: <https://ri.cba.com.br/en/esg/esg-strategy/>

²⁰ CBA, "Annual Report 2021", at: <https://relatorioanual2021.cba.com.br/en/>

²¹ Ibid,

²² CBA, "Additional Disclosures: Supplement to the Annual Report 2021", p.34, at: https://relatorioanual2021.cba.com.br/wp-content/uploads/CBA_Additional_Disclosures_2021.pdf

²³ CBA, "Additional Disclosures: Supplement to the Annual Report 2021", at: https://relatorioanual2021.cba.com.br/wp-content/uploads/CBA_Additional_Disclosures_2021.pdf

²⁴ CBA, "Annual Report 2021", p.99, at: <https://relatorioanual2021.cba.com.br/en/>

customers and suppliers to minimize the impact from waste generation and disposal.²⁵ CBA adheres to relevant state governments' Waste Transportation Manifest systems for the management and disposal of waste.²⁶ In case of contamination, CBA implements contaminated site management plans to conduct preliminary contamination assessments, investigate soil and groundwater quality, and takes remediation measures.²⁷ Additionally, CBA's emissions, effluents and waste policies and practices are aligned with the IFC Performance Standards on Environmental and Social Sustainability,²⁸ ISO 14001²⁹ and Aluminium Stewardship Initiative standards.^{30,31}

- Occupational health and safety** – CBA has an Occupational Health and Safety Program and risk management system to identify hazards, monitor risks and plan key control measures at all of its mining sites and production units.³² CBA also has an Integrated Management Policy³³ to address health and safety issues based on the applicable local safety regulations and ISO 45001.³⁴ CBA prepares daily risk analysis reports to identify workplace risks and conducts occupational health and safety audits, inspections, training and campaigns. To prevent workplace accidents, CBA has implemented alarm and video monitoring systems at its Alumínio plant and Zona da Mata. CBA's Internal Accident Prevention Committees (CIPA) are present at all its sites and reported incidents are examined by nominees from the safety team, CIPA committees and heads of the relevant departments. In addition, CBA's Multidisciplinary Working Group meets every month with site leaders, and representatives from the safety and management team, to assess and monitor safety performance indicators.³⁵ In terms of dam safety, as per Brazilian regulations CBA's dams have dedicated Dam Safety Plans and Emergency Response Plans to provide safety to employees and local communities. The Company regularly conducts training, and emergency evacuation drills for nearby communities and employees, and provides guidance on self-rescue zones. CBA is developing a dry disposal project which will be operational in 2024 and has set up an experimental embankment within its facility to simulate dry stacking. The Company is also working on mobile beneficiation and Tecnosolo technology to eliminate the need for dams at its sites and plants.³⁶
- Community relations** – CBA conducts social and economic assessments to ascertain each site's needs, strengths and weaknesses. This assessment is used in the annual planning of CBA's social investment programmes and community initiatives.³⁷ CBA records community requests, claims, suggestions and complaints, and monitors all cases until their resolution. In alignment with its Integrated Management Policy, CBA engages with NGOs, community associations, cooperatives, community leaders and executive and legislative officials to strengthen partnerships and manage communications to monitor and address potential reputational damage.³⁸

In addition to the above, Sustainalytics has found no evidence of any major environmental or social controversies related to CBA. Overall, Sustainalytics considers that CBA has strong management programmes and policies to mitigate risks that could arise in achieving the SPTs.

²⁵ Brazilian NR, "National Policy on Solid Waste", at: <https://www.braziliannr.com/brazilian-environmental-legislation/law-no-12305-brazilian-national-policy-solid-waste/>

²⁶ CBA, "Annual Report 2021", p.92, at: <https://relatorioanual2021.cba.com.br/en/>

²⁷ CBA, "Additional Disclosures: Supplement to the Annual Report 2021", p.38-39, at: https://relatorioanual2021.cba.com.br/wp-content/uploads/CBA_Additional_Disclosures_2021.pdf

²⁸ IFC, "IFC Performance Standards on Environmental and Social Sustainability 2012", at: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_pps

²⁹ ISO 14001 Environmental Management System (EMS) is a systematic framework to manage the immediate and long-term environmental impacts of an organization's products, services, and processes

³⁰ Aluminum Stewardship Initiative, "ASI Performance Standards", at: <https://aluminium-stewardship.org/about-asi>

³¹ CBA, "Additional Disclosures: Supplement to the Annual Report 2021", p.16, at: https://relatorioanual2021.cba.com.br/wp-content/uploads/CBA_Additional_Disclosures_2021.pdf

³² Ibid.

³³ CBA, "Integrated Management Policy 2019", at: https://www.cba.com.br/wp-content/uploads/2019/07/CBA_Integrated-Management-Policy_May-2019.pdf

³⁴ ISO 45001 is an ISO standard for management systems of occupational health and safety (OHS).

³⁵ CBA, "Annual Report 2021", at: <https://relatorioanual2021.cba.com.br/en/>

³⁶ Ibid.

³⁷ Ibid.

³⁸ CBA, "Additional Disclosures: Supplement to the Annual Report 2021", p.38, at: https://relatorioanual2021.cba.com.br/wp-content/uploads/CBA_Additional_Disclosures_2021.pdf

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations and form part of an agenda for achieving sustainable development by the year 2030. The instruments issued under the Framework are expected to help advance the following SDGs and targets:

KPI	SDG	SDG Target
GHG emissions intensity of casting aluminium products per tonne of casting products produced (tCO ₂ e/t)	9. Industrial Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Companhia Brasileira de Alumínio intends to obtain Sustainability-Linked Export Facilities (export credit notes and export prepayments), tying a step-up or step-down in their interest rate to the annual achievement or non-achievement of the SPT: Reduce GHG emissions intensity by 12.9% by 2026 compared with a 2020 baseline.

Sustainalytics considers the KPI chosen to be strong based on its materiality and relevance to CBA's business, the use of a clear and consistent methodology which is externally defined and its ability to be compared with external decarbonization trajectories. Sustainalytics considers the SPT to be aligned with CBA's sustainability strategy and to be highly ambitious given that it presents a continual material improvement over historical performance, is considered the best-in-class in its industry and can be compared with an external reference consistent with a well-below 2°C scenario. Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers Companhia Brasileira de Alumínio's Sustainability-Linked Financing Framework to be in alignment with the five core components of the Sustainability-Linked Loan Principles 2022 and the prospective achievement of the SPT to be impactful.

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