



**CREATING
THE FUTURE
TOGETHER**



GREEN FINANCE FRAMEWORK

February 2023



Important notice

This document (the “Green Finance Framework” or “Framework”) contains information on Assan Alüminyum’s alignment to the Green Loan Principles and Green Bond Principles. Depending on the language of the financial documentation, this Framework may be translated into other languages, as required in the local jurisdiction.



Table of Contents

Message from CEO	4
Introduction	5
Eligible Use of Proceeds	6
Process for Project Evaluation and Selection	8
Management of Proceeds	8
Reporting	9



Message from CEO

At Assan Alüminyum, we adopt a participatory, innovative, reliable, environmentally sensitive, and people-oriented management approach. Sustainability is our fourth brand value after “Reliability”, “Flexibility” and “Innovation”. We strive to integrate economic, social and environmental factors into decision-making mechanisms in all strategic and operational processes. We consider sustainability as a crucial component of our management approach, and we act with the awareness of our responsibility to make the value we create sustainable for future generations.

We take necessary measures to minimize our environmental impacts our operations, and implement projects that will improve our performance, combat climate change and contribute to the circular economy. In 2021, we completed 18 major projects and we saved 3.3 million kWh of energy. Thus, the amount of savings we have achieved with nearly 100 projects we have implemented in the last 6 years has reached 22.2 million kWh. We produced 88,299 MWh of electricity from renewable energy sources at our Manavgat renewable energy plant, for which we obtained I-REC certificates. Together with additional purchased I-RECs, these account for all of our electrical energy consumption, balancing our Scope 2 emissions. In order to reduce the environmental impact of our products, we completed LCA (Product Life Cycle Analysis) and EPD (Environmental Product Declaration) studies. As part of our efforts to reduce our carbon footprint, we developed an alloy that can be produced using almost entirely non-primary aluminum and has a low carbon footprint, while meeting the quality criteria.

With the water saving projects we implemented, we achieved a 21.6% reduction in water consumption per ton in 2021 compared to 2020, and our water density was 1.31 m³/ton. We recovered all of the waste generated as a result of our operations through our integrated recycling facility and received the Zero Waste Certificate for our facilities from the Ministry of Environment, Urbanization and Climate Change based on our compliance with the relevant regulations.

As the first and only flat-rolled aluminum company in Türkiye to receive the Aluminium Stewardship Initiative (ASI) Performance Standard Certificate, which sets the global sustainability standards in the aluminum industry, for our Tuzla and Dilovası production facilities and recycling facility, we work to produce better, more environmentally friendly, innovative, solid and reliable products. We will continue to evaluate our impact at every stage of our activities and develop products with environmentally friendly technologies while using natural resources efficiently. We plan to raise funding through green finance instruments to finance production process improvements that will create tangible environmental benefits, contribute positively to sustainable development, and enhance Assan Alüminyum’s performance on international markets.



Introduction

Climate change and environmental degradation are the threats facing the modern world. The necessary reduction of greenhouse gas emissions and adaptation to climate change will require significant investment across markets. Assan Alüminyum recognizes its role and responsibility towards stakeholders, the local communities and countries where it operates, while striving to reduce and manage its impact on people and the environment. Assan Alüminyum sees in green finance an opportunity to align its funding and sustainability strategy.

Assan Alüminyum commits to the best ESG practices as follows:

- We have obtained and intend to maintain ASI performance standard certification, which sets the global sustainability standards in the aluminum industry. Assan Alüminyum is first and only aluminum company in Türkiye to receive ASI Performance Standard Certificate, which is a certification of the sustainability of both our Tuzla and Dilovası production facilities and our recycling facility.
- We have in place an ethical code of conduct. As part of Kibar Group, we adhere to the code of conduct which sets out business ethics rules and ethical conduct principles which are implemented with consistency and responsibility by everyone relevant in all sectors and locations of the Group.
- We have established a corporate sustainability strategy (Vision 2025), which is based on the three performance areas: more satisfied stakeholders through Research and Development, Innovation and Digitalization, Customer Satisfaction, Product Quality and Safety; better people through enhancing Occupational Health and Safety, Supply Chain Management, Employee Development and Talent Management; and achieving a better world through Efficient Use of Resources, Renewable Energy, Environmentally Friendly Products, Circular Economy, with 2025 targets and an annual sustainability report prepared in accordance with the GRI Standards.
- Compliance with local laws and regulations where we operate.
- We undertake to proactively implement, continually improve and sustain the energy management system throughout manufacturing and services activities with energy management activities outlined in our energy policy.
- Gaining a better understanding our environmental impact by analyzing the LCA of our products.

In addition to ESG compliance, Assan Alüminyum has committed to contributing proactively to a better environment by putting efforts into the following areas:

- Energy and emission management. We meticulously monitor our energy efficiency and carry on our work by implementing projects and investments that provide efficiency.
- Water management. As Assan Alüminyum, we ensure the sustainable use of water in our operations with our 5-year water consumption targets.
- Waste management and circular economy. Efficient management of the waste generated from our operations is crucial not only for the sustainability of natural resources but also for the circular economy. Thus, we carry out our operations meticulously in compliance with international strategies and standards such as European Aluminium “Circular Economy 2030 Action Plan”, strategy documents such as CEFLEX, “Designing for a Circular Economy” and Aluminium Stewardship Initiative (ASI) standards.



Green Finance proceeds are made available exclusively to finance or refinance, in whole or in part, new and/or existing eligible Green Projects. Assan Alüminyum's Green loans and bonds are aligned to the four core components of the Green Loan Principles (GLP) and Green Bond Principles (GBP):

- i. Use of Proceeds
- ii. Process for Project Evaluation and Selection
- iii. Management of Proceeds
- iv. Reporting

Eligible Use of Proceeds

The eligible categories for the use of proceeds are aligned with those recognized by the Multilateral Development Bank (MDB) climate mitigation framework (the MDB framework) and the IFC Definitions and Metrics for Climate Related Activities that are based on the MDB framework, the Green Bond Principles and Green Loan Principles. The use of proceeds will contribute to advance the following UN Sustainable Development Goals:

- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy
- SDG 12: Ensure sustainable consumption and production patterns
- SDG 13: Take urgent action to combat climate change and its impacts

This Framework will be used for green finance instruments including green loans and green bonds.

Use of proceeds can be allocated to both CAPEX (capital expenditures) as well as OPEX (operational expenditures) of the following eligible activities.



Eligible Project Category	Eligible Criteria and Examples	UN SDG Alignment
Renewable energy	<ul style="list-style-type: none">• Renewable energy electricity generation and energy storage<ul style="list-style-type: none">- Wind- Geothermal- Solar (concentrated solar power, photovoltaic power)- Biomass or biogas- Waste heat recovery	SDG 7: Affordable and clean energy SDG 13: Climate action
Energy and resource efficiency	<ul style="list-style-type: none">• Energy efficiency in industry- Industrial energy efficiency improvements in existing facilities through the installation of more efficient equipment, changes in processes, reduction of heat losses, and waste heat recovery.- Installation in existing facilities of co- or tri-generation equipment- Implementation of greenfield manufacturing facilities that exceed global energy use standards- More efficient facility replacement of older facility (old facility retired)- Efficient Industrial Parks certified by EDGE, or an IFC approved certification that demonstrates at least 20% GHG emission reduction.- Water-saving projects	SDG 7: Affordable and clean energy SDG 13: Climate action
Eco-efficient and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none">• Collection, preparation and recycling of aluminum scrap• Research and development relating to aluminum recycling, increasing the use of secondary aluminum or flat rolled aluminum products for battery and renewable energy applications• Manufacture of aluminum flat rolled products for EV and renewable energy storage battery applications including cathode foil, cooling solutions and case components	SDG 12: Responsible consumption and production SDG 13: Climate action
Sustainable waste and wastewater management	<ul style="list-style-type: none">• Treatment and re-use of wastewater• Waste collection, recycling, and management projects that recover or reuse materials and waste as inputs into new products or as a resource (only if net emission reductions can be demonstrated)• Waste reduction	SDG 12: Responsible consumption and production
Nonenergy GHG reduction	<ul style="list-style-type: none">• Industrial processes- Reduction in GHG emissions resulting from industrial process improvements and cleaner production, excluding carbon capture and storage	SDG 12: Responsible consumption and production



Process for Project Evaluation and Selection

Assan Alüminyum has designed and implemented a process to ensure that only projects aligned with the criteria set out above will be selected as Eligible Projects and Activities for Green Finance eligibility. Assan has established a Green Finance Working Group (GFWG) consisting of the Chief Financial Officer (CFO), the Deputy General Manager responsible for CAPEX projects, the Director responsible for sustainability strategy, to oversee the process with other departments providing information as required.

Eligible Projects will be submitted to the GFWG for review and confirmation that they qualify based on:

- Project scope and the implementation approach setting out the environmental benefits in project-scenario versus without-project scenario
- Preliminary or final certificates received in respect of compliance with relevant standards
- Third-party consultation on expected environmental benefits where appropriate

In addition to meeting Green Finance eligibility criteria, Assan Alüminyum implements responsible sourcing, having an established Procurement Code of Conduct. Commitment on ethical rules and legal obligations, in line with ASI requirements, is also declared. Assan Alüminyum has conducted a risk evaluation of significant parts of its supply chain and conducts Impact Assessments arising from investment projects such as capacity expansion and efficiency improvements. Impact Assessments cover potential impact on employee health and safety, communities and the environment, considering the economic analysis, SWOT analysis and risk analysis. Assan Alüminyum has a sustainability-oriented investment program with projects included in the annual investment plans linked to energy efficiency, energy use and process modernization.

Management of Proceeds

To manage the proceeds of each green finance instrument, Assan Alüminyum will establish, manage and maintain a Green Finance Register. Assan Alüminyum intends to allocate the net proceeds from its green finance instruments to the Eligible Green Portfolio, selected in accordance with the pre-defined eligibility criteria and project evaluation and selection process presented above.

The Register will contain relevant information, including:

- Details of each green finance instrument: key information such as transaction date, principal amount of proceeds, settlement date, ISIN number, etc.
- Details of Use of Proceeds, including:
 - Summary detail of any specific green project(s) to which the proceeds of the green finance have been earmarked
 - Amount of green finance proceeds committed to any specific green project(s)
 - The aggregate amount of green finance proceeds earmarked to any specific green project(s)
 - The remaining balance of green finance proceeds yet to be allocated against eligible projects

Assan Alüminyum will implement internal accounting and financial management and information systems to track and report on eligible green projects and verify whether the net proceeds of the green finance instruments have been fully allocated.



Reporting

Assan Alüminyum publishes a Sustainability Report annually in accordance with GRI guidelines and will report on the allocation of net proceeds and associated environmental benefits/impacts annually until the proceeds of each green finance instruments have been fully allocated, and as necessary in the event of material changes or in case of substitution of eligible green projects. This report will be made available on Assan Alüminyum’s website.

1. Allocation reporting

Assan Alüminyum will provide the following information annually for green finance raised and outstanding during the period:

- Aggregated amount of allocation of the net proceeds to the eligible green projects, at category and sub-category level, with a description or selected case studies if feasible
- Balance of any unallocated proceeds of the green finance funds
- Examples of eligible projects (subject to confidentiality disclosures where required)

2. Impact Reporting

Where possible, Assan Alüminyum will report annually on the anticipated environmental sustainability, climate mitigation and/or biodiversity benefits resulting from eligible projects. Subject to the nature of eligible projects and availability of information, Assan Alüminyum aims to include, but is not limited to, the following “impact indicators.”

Eligible Project Category	Impact Indicators
Renewable energy	<ul style="list-style-type: none"> • Installed capacity (MW) • Annual renewable energy generation (MWh/y) • Tonnes of CO2 avoided (tCO2eq/y)
Energy and resource efficiency	<ul style="list-style-type: none"> • Annual energy savings (MWh/y) • Annual water savings (m³/y) • Amount of material reduced (tonnes/y) • Tonnes of CO2 avoided (tCO2eq/y)
Eco-efficient and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> • Amount of aluminum scrap recycled (tonnes/y) • Amount of secondary aluminum used (tonnes/y) • Tonnes of produced aluminum (tonnes/y)
Sustainable waste and wastewater management	<ul style="list-style-type: none"> • Amount of water treated for re-use (m³/y) • Annual waste recycled (tonnes/y) • Tonnes of CO2 avoided (tCO2eq/y)
Non-energy GHG reduction	<ul style="list-style-type: none"> • Tonnes of CO2 avoided (tCO2eq/y)



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