

# Novelis Sustainability Report 2017

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# Novelis

# Message from Our Chief Executive Officer

“We see tremendous opportunity in continuing to expand the use of lightweight, infinitely recyclable aluminum to meet today’s most demanding applications while reducing energy use and preserving natural resources.”

## To Our Partners:

We are living in a time of unprecedented change. From the way we communicate with one another, to the way we work across geographies and cultures, to the way we engage with our environment and communities. At Novelis, we are embracing these changes across all of our business segments – beverage can, automotive and high-end specialties – while remaining focused on our customers and driving the fundamentals of our business toward a more sustainable future.

Novelis’ commitment to operational efficiency and strategic product shift in fiscal year 2017 (FY17) resulted in record financial performance that included year-over-year increases in Adjusted EBITDA, net income, free cash flow and automotive aluminum shipments. Those results were achieved by our talented 11,500+ employees worldwide who are driving the forward-thinking innovation that sets us apart as a twenty-first century, sustainable manufacturer. And sustainability is core to our business – from how we operate within our company to how we partner with our stakeholders across the aluminum value chain. Together, we see tremendous opportunity in continuing to expand the use of lightweight, infinitely recyclable aluminum to meet today’s most demanding applications while reducing energy use and preserving natural resources.

As the leading producer of flat-rolled aluminum products and the world’s largest recycler of aluminum, we remain committed to our targets of safety, increasing high-recycled metal inputs, reducing water and energy intensity, curbing our greenhouse gas (GHG) emissions and limiting the amount of waste we produce. We are doing this by maximizing our internal operational efficiencies, not only helping us meet our sustainability targets, but also helping our customers achieve their respective goals and ultimately provide consumers with the environmentally friendly products they enjoy.

Over the past year, we have been encouraged by our progress, but acknowledge we still have some challenges to overcome. Safety remains our top priority and despite another record low recordable rate in which 11 of our 24 facilities around the world had zero recordable injuries, we did have three serious injuries, including one fatality. More is being done to ensure that each and every one of us are focused on maintaining a safe work environment and we continue to invest in training and increase communication to achieve this critical goal.

Operationally as a company, we increased our use of recycled-content inputs in FY17 from 53 percent to 55 percent year-over-year – two years ahead of target – while also achieving reductions in our water usage and greenhouse gas emissions. However, our waste to landfill rate and energy intensity increased in FY17, presenting us with an opportunity to use our technical and operational expertise to solve these challenges at our recycling and manufacturing facilities worldwide.

And we are very proud of the volunteer work being done by our colleagues in the communities in which we live and operate. From building homes with Habitat for Humanity International to bringing Science, Technology, Engineering and Math (STEM) education to students across the globe, our employees are contributing to the sustainability of their communities and inspiring the next generation of innovators and dreamers.

Overall, Novelis is well positioned to continue leading our industry and we are optimistic that even greater success is within reach. Thank you to our colleagues, customers, communities and partners for remaining committed to a more sustainable future and collaborating with us to bring innovative aluminum solutions to the world.



**Steve Fisher**  
President and Chief Executive Officer



# FY17 Business Review

At Novelis, we work alongside our customers to provide innovative, sustainable solutions to the beverage can, automotive and high-end specialty markets. By operating an integrated network of technically advanced rolling and recycling facilities across North America, South America, Europe and Asia, Novelis leverages its global manufacturing and recycling footprint to deliver consistent, high-quality and sustainable products to the world.



## Beverage Can

Novelis is the largest producer of aluminum beverage can sheet. In North America, aluminum cans are gaining market share as the beer industry continues to grow its craft beer offerings. More and more brewers are turning to aluminum cans as their packaging of choice due to the profitability and superior taste protection, as well as being the sustainable choice given aluminum's ability to be infinitely recycled. According to the U.S. Aluminum Association, in 2002 only one craft brewer in North America was using aluminum cans, whereas today more than 500 breweries are producing 2,000 varieties of beer in cans.



And more cans means the potential for more recycling. In many regions of the world, the value of recycling is clear and gaining momentum. However, in the United States, we have seen a near ten percent decline in recycling rates over the past two years. As the world's largest recycler of used beverage cans (UBCs), we appreciate that every can counts. And to that end, Novelis recycles roughly 65 billion UBCs each year and purchases a significant amount of UBCs that ultimately make their way back to store shelves in roughly 60 days. But we can't do it alone. Beverage can recycling is dependent on a complex network of stakeholders which is why we work across the recycling value chain to continually improve and invest in our recycling capabilities, as well as support advocacy organizations like The Recycling Partnership, a U.S. nonprofit focused on improving residential recycling. Together, we are addressing the challenges facing the recycling industry and developing new initiatives to improve recycling rates among consumers to promote more sustainable habits.



## Specialties

Novelis' high-end specialties business is a diverse portfolio that ranges from architectural and building materials to consumer electronics and remains a growing segment within our business. Given that there are so many applications, Novelis is continuing to find ways in which to provide customers with high-recycled aluminum content – up to 80-90 percent – and the ability to establish closed-loop recycling systems that create efficiencies and curb costs.



***DENSO***

This year, Novelis received the inaugural **Supplier Sustainability Award** from Denso, a leading supplier of advanced automotive technology, systems and components for major automakers. The award honors Novelis for its strong leadership in all facets of sustainability across its operations, product lines and communities. This recognition is just one example of Novelis' ongoing commitment to sustainability in its high-end specialty products portfolio.



# Automotive

Driven primarily by rapid urbanization, cities around the world are becoming increasingly congested and many lack the infrastructure and resources needed to effectively address this growing global trend. Issues related to public health, such as asthma and respiratory disease are on a meteoric rise. Unprecedented increases in the use of energy are taxing our electric grids like never before, and outdated transportation infrastructure is inadequate to handle the overabundance of daily commuters on our roads and highways.

For cities to successfully compete today in a global marketplace, they need a strong, reliable and connected infrastructure. In response, the automotive industry – led by both traditional and emerging automakers – is bolstering its commitment to undertake a fundamental shift in its research and development and product lines to address these issues.

As the energy market shifts to a more sustainable, cleaner and environmentally friendly manufacturing model, electric vehicles (EV) are emerging as a sustainable solution to help the auto industry meet governments' stricter fuel economy standards, reduce greenhouse gas emissions and conserve resources.

Last year alone, Jaguar Land Rover reclaimed 50,000 tons of aluminum scrap, which is equivalent to 200,000 Jaguar XE body shells that ultimately prevented 500,000 tons of CO<sub>2</sub> from entering the atmosphere. In North America, Novelis and Ford developed the world's largest closed-loop recycling system for the F-Series, their most popular lineup of aluminum intensive trucks. As a result, Ford recycles and reuses more than 90% of the scrap generated during the stamping process – enough to produce 30,000 additional F-150 truck bodies each month. Also in FY17, Novelis reached an agreement to provide innovative aluminum solutions to next-generation car company, NIO, for its fleet of smart, high-performance, premium electric vehicles. The partnership marks Novelis' first major commitment in the premium electric vehicle space. NIO will use Novelis Advanz™ aluminum alloys to create a wide range of structural components and parts for its aluminum-intensive NIO electric SUV models to be launched over the next five years.

As the industry leader, Novelis is uniquely positioned to meet the increasing demand for automakers designing a new generation of lighter, better performing and more fuel-efficient vehicles. Novelis' expertise and 40 years of experience working with world-class automakers will give EV designers more freedom and flexibility to transform the vehicle layout, battery size, shape and placement, while increasing range.

## Ford recycles and reuses



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## Jaguar Land Rover reclaimed

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NIO ES8

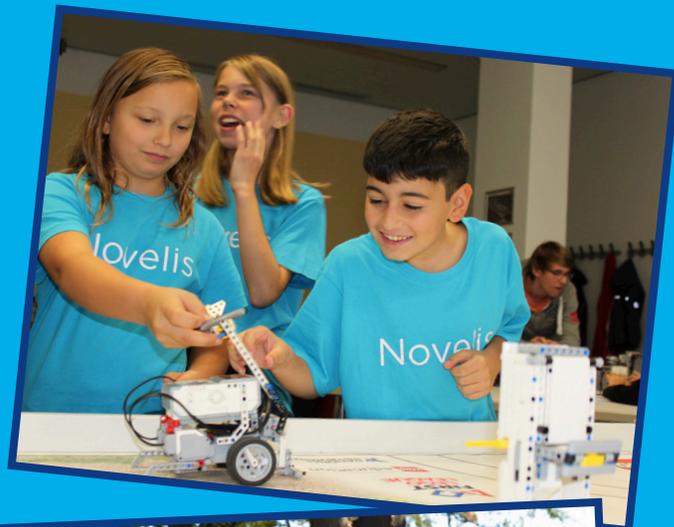
# Corporate Social Responsibility

In FY17, Novelis committed over \$4 million dollars in support of global and local causes aligned with our long-term focus areas of safety, Science, Technology, Engineering and Mathematics (STEM) education and recycling. In addition, we pledged \$1 million to Habitat for Humanity International over the next five years in celebration of Novelis' fifth annual "Novelis Volunteer Month," a time when all of our sites worldwide plan and execute large-scale volunteer efforts. Many of our sites choose to build or refurbish homes in their communities as part of Novelis Volunteer Month. The pledge, which represents a 100 percent increase over Novelis' financial contribution during the previous five years, reinforces our support of its mission to build a world where everyone lives in a decent, safe and affordable home.

In addition, our work with For Inspiration and Recognition in Science and Technology (FIRST)<sup>®</sup> Robotics, is inspiring students to engage in robotics competitions that build technical and communication skills, self-confidence, and leadership. Our investment supports more than 460,000 students and directly funds more than 40 FIRST teams worldwide underscoring our commitment to STEM education.

As the world's largest recycler of aluminum, Novelis recycles more than 65 billion used beverage cans each year. In partnership with Discovery Education, Novelis developed a standards-aligned digital program called *Life of a Can* to educate young people about the value of recycling and inspire lifelong recyclers.

And finally, alongside ensuring the health and safety of our employees, Novelis encourages grassroots-led initiatives to make the workplace and our communities safer. One such employee led effort, in partnership with the American Red Cross, is Novelis Prepared, an initiative with the goal of having 100% of our colleagues trained in CPR, AED and basic First Aid.



## FY17 Community Investments



## FY17 Volunteer Projects by Focus Area



# Sustainability Targets

We remain committed to our targets of safety, increasing high-recycled metal inputs, reducing water and energy intensity, curbing our greenhouse gas (GHG) emissions and limiting the amount of waste we produce. Over the past year, we acknowledge we still have some challenges to overcome, but have been encouraged by our progress.

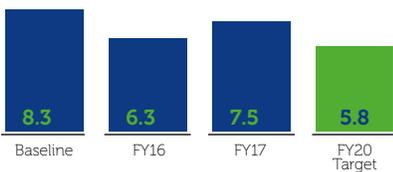
## Safety

Zero Injuries or Fatalities



## Waste to Landfill

kilogram/metric ton



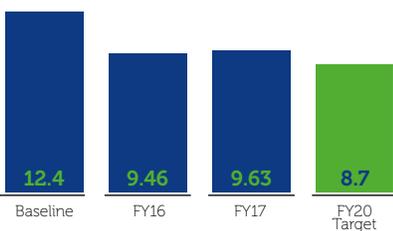
## Water Usage

m<sup>3</sup>/mt FRP Sales



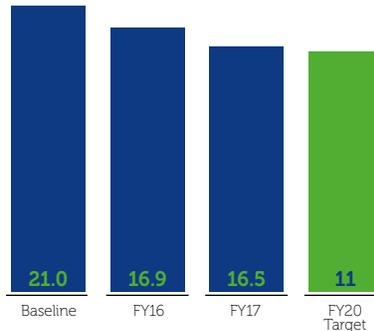
## Energy Intensity

GJ/mt FRP Sales



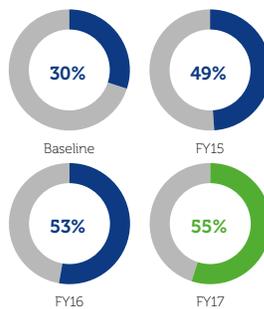
## GHG Emissions

million metric tons CO<sub>2</sub>e



## Recycled Content

percent



## Community

100% of global operations are actively executing local community service initiatives

## Code of Conduct

Employees and suppliers are holding each other accountable to achieve processes for noncompliance

## Employees

By redefining our process for employee feedback we are working toward 100% of eligible employees receiving annual performance feedback.

### Key

- Kg = kilogram
- Mio. = million
- t = metric tons
- m<sup>3</sup> = cubic meters
- GJ = gigajoules
- GHG = greenhouse gas

We welcome your feedback or partnership on sustainability.

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