



# Annual Report 2022

Alcoa Norway ANS

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# Letter from the Country Manager

As with the rest of the world, 2022 was an exceptionally eventful year for Alcoa's Norwegian operations, in both a good and bad sense.

Our smelter in Mosjøen finally got going with its planned effort to raise pot room amperage. Once complete in 2025/26, this will increase annual production capacity by 15 000 metric tonnes and improve the smelters ability to compete in the fiercely competitive international aluminium market.

It was also the first year with Mosjøen's new induction furnace in full operation. The furnace, which uses renewable-based electricity instead of natural gas, is an example of industrial decarbonization. Combined, the total investment value of the induction furnace and the amperage increase exceeds 1 billion NOK, signaling international owners' willingness to boost operations in a small city in the north of Norway.

Things were different for our smelter at Lista. There, 2022 was a year of uncertainty. Russia's unlawful and unprovoked invasion of Ukraine, and the impact this had on European energy market, made Lista's energy costs soar and forced us to curtail one third of operations in September. We're proud to have been one of the first companies worldwide to sever all ties with Russia. And the European energy crisis did not materialize in the north of Norway, where power prices remained low. Low power prices and power agreements with wind-power upheld Mosjøen's competitiveness throughout the year.

There were good news at Lista, too. Persistent efforts from operations through to management to curb flare frequency finally paid off, cutting emissions. Construction work

started on a pre-heating furnace that, once in use, will curb emissions further and improve Lista's casthouse already formidable position. Responding to a challenging year with further investments is an encouraging gesture, and a timely one, since Lista celebrated it's 50th anniversary in 2022.

Adding to the list of 2022 unprecedented events, this year also saw Norwegian aluminium workers go on strike for the first time in well over 50 years. It is, in a way, encouraging that strikes are a rare thing. And a workable solution was found relatively quickly. The impact for Alcoa lasted three days.

We remain convinced that aluminium will be highly sought in the future as it is a key building-block of the low-carbon society. We are also certain that the numerous investments we make today will give us a better footing going forward. Ours is an industry with a legacy, but it is also an industry for the future.

Alcoa Norway is true to the company's set of values. We act with integrity, we operate with excellence, we care for people and we lead with courage. Alcoa took part in and contributed to Lister Pride, and helped established Mosjøen's first ever Pride Parade. The female workforce in Mosjøen, at 12,9%, is modest but keeps growing. At Lista, we helped reverse a decision to decommissioning the local Accidents and Emergency unit. These, and several more examples, demonstrate that Alcoa wants to contribute to the communities in which we operate.

Alcoa's two Norwegian smelters are valued strongly in our communities. They are also considered key components in the global Alcoa Company, which has clear ambitions to fully decarbonize in the future. We turn raw potential into real progress.

Grethe Hindersland  
Country Manager

Alcoa Norway



## We are Alcoa Norway

### Alcoa Corporation

Alcoa (NYSE: AA) is a global industry leader in bauxite, alumina, and aluminum products with a vision to reinvent the aluminum industry for a sustainable future. With a values-based approach that encompasses integrity, operating excellence, care for people and courageous leadership, our purpose is to Turn Raw Potential into Real Progress. Since developing the process that made aluminum an affordable and vital part of modern life, our talented Alcoans have developed breakthrough innovations and best practices that have led to greater efficiency, safety, sustainability, and stronger communities wherever we operate.

ELYSIS™ is the world's first carbon-free smelting technology. Described as the greatest breakthrough in the

aluminum industry since the late 1800s, this Alcoa-invented technology has the potential to completely revolutionize the global aluminum industry. The ELYSIS process emits pure oxygen as a byproduct and eliminates all of the greenhouse gas emissions associated with traditional smelting.

ASTRAEA™ is Alcoa's process to convert post-consumer scrap into high purity aluminum. It's a proprietary technology that can purify any aluminum scrap to such high levels that it has the potential to create an entirely new value chain by converting to quality levels far exceeding the purity levels at commercial smelters, potentially tapping vast supplies of unused aluminum scrap.

Refinery of the Future includes a variety of processes and practices such as Mechanical Vapor Recompression

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***Alcoa Mosjøen is the heart of Mosjøen with the town built around it. I know that Alcoa is actively engaged in the prosperity of our region and seeks to maximize its positive impression while minimizing the negative impacts of its business. Alcoa has an open approach and their concern for the wellbeing of Mosjøen is a genuine one as they seek dialogue with stakeholders. Alcoa has been especially important in the establishment of new, green industry in Mosjøen. Building new industry on the backbone of the old and starting a new and exciting age for Mosjøen as a center of industry in Northern Norway.***

Berit Hundåla, Mayor of Vefsn municipality

and Electric Calcination. Refinery of the Future builds on existing sustainability improvements at our refineries and a comprehensive portfolio of products that helps our customers lower the carbon footprint of their supply chain.

### Alcoa Norway

Alcoa has two plants in Norway. One at Lista, Farsund Municipality, Agder County. The other in Mosjøen, Vefsn Municipality, Nordland County. Both plants being part of the long and proud tradition of industry in Norway. Alcoa traces its first activity in Norway back to 1920s and established itself in 1962 through a co-ownership with Elkem. In 2009 Alcoa took full ownership which it holds to this day. Alcoa Norway produces high-quality aluminum with 100% renewable power. It's turnover in 2022 grossed 12 billion NOK.

### Alcoa Mosjøen

Alcoa Mosjøen consists of an anode factory, smelter, cast house and induction furnace, and produces slabs and ingots. Mosjøen has about 550 full-time employees. 200,000 tons of primary aluminum (230,000 tons of aluminum alloys) and 300,000 tons of anodes are produced here annually. The aluminum is exported to the EU while the anodes are used in own production (100 'tons) and as export to Alcoa's aluminum plant in Iceland, Fjardaál (200' tons). Alcoa Mosjøen is Northern Norway's largest land-based company in terms of number of employees and turnover. Alcoa Mosjøen is Norway's northernmost aluminum plant.

### Alcoa Lista

Alcoa Lista consists of smelter and cast house and produces billets for extrusion. Lista has approximately 280 full-time employees. Approximately 94,000 tons of primary aluminum is produced here annually, some of which is alloyed and sent molten to the adjacent car part manufacturer, Aludyne, and the rest exported as billets to the EU. The total cast house production is about 135,000 tons by introducing purchased metal. Alcoa Lista is Norway's southernmost aluminum plant.

### Safety first

Safety first – ahead of production, ahead of profitability, ahead of everything. Safety is the most important thing we do at Alcoa. Every day we work tirelessly to ensure that our employees leave the workplace as healthy, both physically and mentally, as when they came to work. EHS is front and center to everything we do.

### We're reinventing the aluminum industry for a sustainable future

Aluminum is a critically important material in the green transition. It is used in electric cars, solar panels, bicycles, and recyclable cans, to name a few of the many applications aluminum serves. More than 75% of all aluminum ever produced is still in use as aluminum is strong, light, and indefinitely renewable. Through own technology development and technology implementation, Alcoa Norway works to remove emissions both big and small. Alcoa Norway has committed to being CO<sub>2</sub>-neutral in scope 1 and scope 2 emissions by 2050.

### Shape your world

In Alcoa, all employees can develop themselves both vertically and horizontally. You can apply internally for new roles if you want to try something new at your location, you can be internally promoted into new positions, or you can develop your career abroad within the Alcoa system. We also have great focus on developing our employees professionally. Courses, education, and various certificates are all sponsored by Alcoa at all levels. We also have a strong focus on well-being and diversity. The AWN (Alcoa Women's Network), EAGLE (Alcoa for LGBT+ equality) and Aware (Alcoa's Working Actively for Racial-Ethnic Equality) programs work actively to ensure that all individuals feel represented and welcome at Alcoa as we wholeheartedly believe that diversity is a strength.

### Active in our communities

Both smelters are central both as an employer and community builder in their respective local communities. We regularly communicate with our surroundings to build a bridge between our industry and all our stakeholders - on whom we are depended on for our success. Through Alcoa Foundation Grants, ACTION Grants (Alcoans Coming Together In Our Neighborhoods) and direct sponsorship, we give money to projects that contribute positively to our community.

The backbone for everything we do, is our values. We are unwavering in Acting with Integrity, Operating with Excellence, Care for People and we Lead with Courage.

### We are Alcoa

We Turn Raw Potential into Real Progress



*In our efforts the recruit and retain young people in our region, Alcoa is a great supporter by offering relevant and future centric carrier-opportunities. They pass on knowledge through school excursions, they are actively involved in charitable work, and they finance initiatives that is beneficiary to the community. Even the sports hall is called the Alcoa-hall where the outfield is free of snow year around due to waste heat being utilized from the pot rooms. 2022 marked the 50th anniversary for Alcoa Lista and I hope we have them for at least 50 more.*

Arnt Abrahamsen, Mayor of Farsund municipality

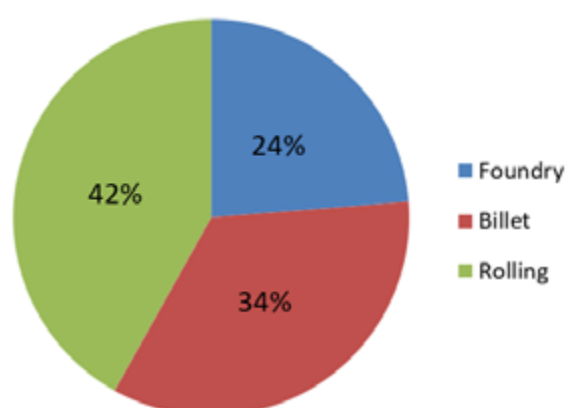
# Key points 2022

- Alcoa Mosjøen announced its new grand growth investment project which will see the smelter increase its production of primary aluminum – The investment decision represents 1 billion NOK in growth investments since 2021.
- A challenging energy market forces a temporary curtailment of one third of Alcoa Lista’s primary aluminum production. No layoffs.
- Alcoa Lista celebrates its 50th anniversary.
- Alcoa Foundation celebrates its 70th anniversary.
- Alcoa is one of the first global companies to make an active decision to stop all trade with Russia in a response to the aggression – Large donation to humanitarian efforts.
- Lista sees a record low anode effect minutes and notes 2022 as its first full year within self-assed goal threshold. A result due to its long-term improvement work.
- Alcoa Mosjøen receives recognition as the Company of the Month from the influential NGO, The Confederation of Norwegian Enterprise (NHO) Nordland chapter.
- Mosjøen notes a record high proportion of female employees.

## Key Figures

	2022	2021
Net operating revenues NOK million	12,651	9,779
Income from operations NOK million	2,507	2,586
Net operating margin (%)	20%	26%
Net profit NOK million	2,571	2,595
Cash Flow from operations NOK million	4,008	118
Equity ratio (%)	83	52
Dividend paid NOK million	460	465
Average LME-3 month quotation USD/T	2,718	2,488
Numer of employees	839	824

## Sales 2022



## Our story began with the thought of possibility

Through innovation and hard work, we launched an industry and changed the way we live, build, move, and fly. Now, there are new paths to forge and processes to perfect. But what drives us still holds true. We stand firm with the integrity, care, excellence, and courage that has always defined our character. Our determination overcomes doubt. When we tap the ingenuity in each of us, we unleash brilliance that can change the world. Because we turn ideas into innovation. Impossibility into impact. What if, into what is.

## OUR PURPOSE

We Turn Raw Potential into Real Progress

## OUR VISION

Reinvent the aluminum industry for a sustainable future

## OUR PRIORITIES

- Reduce Complexity
- Drive Returns
- Advance Sustainably

## OUR VALUES:

### Act with Integrity

- Be open, honest, and accountable
- Do the right thing the right way
- Promote high ethical standards at all times

### Operate with Excellence

- Continually improve standards of operation
- Analyze every angle to overcome difficulty
- Empower everyone with the right resources to do their best work

### Care for People

- Put safety and health first
- Seek solutions with diverse, inclusive teams
- Make every decision with the community in mind

### Lead with Courage

- Embrace opportunities to reinvent
- Innovate for long-term impact
- Challenge the status quo

# Annual report

*(All numbers in brackets are corresponding 2021 figures.)*

Alcoa Norway's net revenues totalled 12,651 mill. NOK in 2022 (9,779). Income from operations amounted to 2,507 mill. NOK (2,586) while net profit was 2,571 mill. NOK (2,595). Cash flow before financing and cash distribution was 4,008 mill. NOK (118).

## Market development

Throughout its entirety, 2022 was a year characterised by considerable uncertainty and volatility. Strong fundamental market characteristics during first weeks were amplified by the Russian invasion of Ukraine in February. The innovation, Russia's curtailment of gas supply and the impact of numerous sanctions drove energy costs to unprecedented levels, inflation to peaks not seen in many years and growth to a slow-burn. Growth in aluminium demand in many sectors suffered correspondingly.

Higher energy costs were a key reason for numerous curtailments of European production capacity. The resulting shortfall was matched with increased production in other parts of the world, notably China, even though Chinese economic growth was lower than it has been for many years.

Global demand for primary aluminium rose by 0,4% to 69,2 million tons in 2022, according to CRU. Primary aluminium consumption in China grew by 1,2% year-on-year. Global demand outside China declined 0,8% due to lower economic growth and Chinese covid restrictions. China's share of overall global aluminium demand therefore increased to 59%, one percentage point higher than in 2021.

European demand was hit by Russia's invasion of Ukraine. Russian hostilities prompted macroeconomic impacts, most notably in Europe. Inflation and energy costs soared, triggering a downturn in important downstream aluminium sectors such as construction and household appliances. CRU reports a 3,3% reduction in total European demand for primary aluminium compared to 2021.

Global aluminium supply increased to 69 million metric tons, 2,5% higher than in 2021. Higher output was recorded in China, the Middle East and Brazil. According to data from CRU, western European smelter production fell by 2,8% compared to the year before.

The average 3-month delivery LME price was USD 2,718 per ton, 230 dollars per ton higher than the corresponding average in 2021. Regional European premiums (P1020 ingot from Rotterdam warehouses) increased from 268

dollars per ton in 2021 to 461 dollars per ton in 2022, an increase driven by general market developments across the Continent.

Alcoa Norway's business concept is to supply customised products to meet customer specifications. The prices obtained by Alcoa Norway are based on the LME quotation for primary aluminium with an additional product premium, dependent on the specific product to be delivered to the customer. This product premium varies with alloy and shape. All exports from Alcoa Norway to the end customers are managed by Alcoa Nederland Holding B.V., a Dutch company.

Shipments of metal processed in Alcoa Norway's casthouses totalled 345,297 tons in 2022 (373,958).

The slight downturn in shipments were a result of weaker demand for billets and cast-alloys and reduced production capacity in casthouses.

## Operations

Total production from Alcoa's potrooms at Lista and Mosjøen was 282,571 tons, 10,613 tons less than in 2021.

On Augst 30 2022 Alcoa announced the curtailment of a third of potroom capacity at Lista, an effort to curb excessive energy costs for the smelter. The curtailed pots on the smelter's Line 2 remained out of operation throughout 2022. Lista's potroom production totalled 81,937 tons in 2022, considerably lower than 92,757 tons the year before.

Mosjøen's pre-bake smelter achieved a record annual output level of 200,634 tons in 2022 on the back of higher pot lineage, better energy yields and good production stability throughout the year. Potroom production at Mosjøen has been consistently good for several years. Total production from the anode plant was 297,000 tons.

Casthouse production totalled 346,349 tons in 2022, 27,306 tons lower than in 2021. Lista's casthouse output has been stable for a number of years, but 2022 billett production fell by around 14,000 year-on-year due to weaker product markets and lower potroom output because of the curtailment. Mosjøen's 2022 casthouse production fell by 13,000 tons year-on-year from softer cast-ally markets and reduced casthouse capacity for ingot production.

Alcoa Norway's two casthouses are flexible units capable of efficiently delivering high-value products. Total casthouse production capacity is approximately 380,000 tons of

<sup>1</sup> LME = London Metal Exchange, where a considerable share of global aluminium is traded. The LME price is the commonly used reference price for the global aluminium market.



aluminum products, mainly billets and ingots. This exceeds potroom capacity. Lista's and Mosjøen's casthouses supplement potroom metal with melting and re-casting cold (recycled) metal. In 2022 Alcoa Mosjøen completed the installation of a new induction furnace that uses renewable electricity, instead of natural gas, to recycle scrap metal, saving energy and increasing metal circularity.

Total full-time equivalents at end-2022 was 839, 15 more than previous year-end.

### Financial results

Higher LME prices and premiums boosted income in 2022. On the other hand, higher costs of both energy and raw materials offset the gains.

The operating profit fell by 79 mill. NOK, from 2,586 mill NOK in 2021 to 2,507 mill. NOK in 2022. The operating margin was 20%, compared to 26% in 2021. Return on capital employed was 56% (65%).

Energy costs, and in particular costs for purchasing electricity, were considerably higher in 2022 than in 2021. The average spot price for bidding area NO2, where Lista is located, was 210 EUR/MWh compared to 75 EUR/MWh in 2021.

On August 30 2022 Alcoa announced the curtailment of a third of pot room capacity at Lista (31,000 tons per year), an effort to curb excessive energy costs for the smelter. Daily average spot prices in NO2 peaked above 600 EUR/MWh in August-September.

In the fourth quarter of 2022 the Norwegian Parliament approved a Government state budget proposal to introduce a carbon price floor in the Norwegian CO<sup>2</sup> compensation scheme from 2023. As a result, Alcoa reversed 250 mill. NOK of revenue accrual based on original expectations for how the CO<sup>2</sup> compensation regulation would look.

The company raised its conversion costs per ton aluminium produced due to higher general operation and maintenance costs. Alcoa Mosjøen remains in a good position on global aluminium cost curves while Alcoa Lista's position is weakened due to reduced pot room production.

The Norwegian krone depreciated against the US dollar from 8,60 in 2021 to 9,62 in 2022.

Net financial items amounted to 64 mill. NOK in 2022 (9). Net interest income was 63 mill. NOK (9). Ordinary depreciation totalled 417 mill. NOK (414).

Fixed asset investments in 2022 totalled 552 mill. NOK (374). In May the company approved a transfer of assets equal to 500 mill. NOK in direct investments and approximately 300 mill. NOK in required assets to Mosjøen, allowing for an expansion of production capacity by 14,000 tons. The expansion is expected to be completed by 2026.

A total of 460 mill. NOK were paid out in dividends to owners in 2022.

Taxes are not expensed in the income statement, since the tax obligation sits with the partners, Norsk Alcoa AS and Norsk Alcoa Smelting AS.

### Financial risk

Through several periods in 2022, Alcoa's most significant cost component was energy. This is not the norm. Raw materials, alumina, usually incur the largest share of annual costs for Alcoa. The price of alumina, which, like energy, was higher than normal in 2022, is tightly linked to the API (Alumina Price Index), an internal pricing mechanism based on a weighted average of last month's daily spot prices from three different indexes.



***2022 was an eventful year both in terms of organization and production. We've had good discussions surrounding challenges and opportunities in a market affected by the war in Ukraine and increasing energy costs in Norway. The strike in August was a test of Alcoa and the unions ability to handle conflict in a sensible way built on a foundation of many years of cooperation. The strike was handled respectfully by both parties.***

Stian Nordal Jensen, Union leader at Alcoa Mosjøen



***2022 has been a demanding year given Russias war on Ukraine and the following challenging energy situation. This has forced a temporary curtailment of hall 3 at Lista. In spite of this, Alcoa together with the union has been able to avoid layoffs. The right to unionize is ensured and we are proud of an approximately 92% coverage. We continue to have a constructive dialog so that we together with Alcoa can make Lista a better workplace for everyone.***

Steinar Syvertsen, Union leader at Alcoa Lista

Over the last five years Alcoa Norway has signed multiple long term power purchase agreements (PPAs), fixing the power price for approximately 50% of the smelters' expected consumption from 2020 to 2035. The remaining 50% are currently purchased on shorter-term bilateral agreements, forward contracts or the spot market. In July 2022 the company signed a fixed-price PPA for Lista starting fourth quarter 2022 and ending December 31 2023. This agreement was later modified by changing the price and lowering the supplied volume.

Alcoa's eligibility for indirect carbon cost exposure mitigation entitles the company to a partial financial reimbursement of the CO<sup>2</sup> price impact on power prices, in line with EU regulations and Norwegian CO<sup>2</sup> compensation framework conditions.

Alcoa Norway has secured access to physical deliveries of coke and pitch through contracts with the Alcoa Corporation.

Aluminium is quoted in USD in all markets. Changes in the USD exchange rates affect prices denoted in local currency. Most of Alcoa Norway's exports are invoiced in Euro while major raw materials are invoiced in USD. The currency risk is managed at group level.

Alcoa Norway does not insure its credit risk. Most sales are intercompany transactions.

As of June 2022, Alcoa Norway assets are no longer held as collateral for a 1,250 mill USD credit facility to which Alcoa Nederland Holding B.V. is the creditor. Alcoa Norway

remains guarantee responsible for this credit facility and for bond credits issued by the company.

Alcoa Norway's long term debt of 2,300 mill NOK was transferred to Norsk Alcoa Holding AS in the fourth quarter of 2022 as part of a reorganisation of the Norwegian company structure.

### Directors' liability insurance








The company has signed a directors' liability insurance for its managing director and other management team members. The insurance is provided for by an financially solid insurer with satisfactory financial viability/credit rating.

### Alcoa's social and environmental efforts and targets

Alcoa's operations are both resource- and energy-intensive and affect local communities as well as national climate indicators and targets. The company therefore has a social responsibility compelling it to conduct business and make products in the least impactful way possible. Alcoa follows strict rules and regulations set by the Norwegian Environmental Authority, certifies its products according to best achievable criteria and actively engages in local community activities. The company's social target is to generate as much value for local communities as possible with the lowest possible impact.

Alcoa Corporation's, and Alcoa Norway's, environmental achievement ambitions are categorized to the UNs Sustainability Goals. In sum, Alcoa Corporation's ambitions and achievements are summarised in Table 1 below:

**Table 1: Alcoa Corporation's long term environmental ambitions represented through UN Sustainability Goals**

Environmental goal		Achievement so far
1: From a 2015 baseline, reduce emissions in tCO <sub>2</sub> /ton by 25% in 2024 and 50% in 2030		23,9% reduction compared to 2015
2: From a 2015 baseline, reduce water consumption by 5% in 2025 and 10% in 2030		Consumption reduced by 1% compared to 2015
3: From a 2015 baseline, reduce waste by 15% in 2025 and 25% in 2030		36% reduction compared to 2015
4: From a 2015 baseline, curb bauxite residue land requirements per metric ton of alumina produced by 15% in 2030		14,8% reduction compared to 2015
5: Maintain a corporate-wide running five-year average ratio of 1:1 or better for active mining disturbance (excluding long-term mining infrastructure) to mine rehabilitation		0,82:1 ratio for active mining disturbance to mine rehabilitation for the 2017-21 period
6: Zero fatalities and serious injuries (life threatening or life-altering injuries and illnesses)		Zero fatalities and three serious injuries in 2021
7: Attain an inclusive everyone culture that reflects the diversity of the communities in which we operate		Increased percentage of women in our global employee population from 15,6% to 17,2% The percentage of new hires from underrepresented populations was 38% in 2021

Environmental goal	Achievement so far
<p>8: By end-2022, implement a social performance management system at all locations, including the definition of performance metrics and long-term goals to be accomplished by 2025/2030</p> 	<p>Launched SP360 in 2021 – Alcoa Social Management System implemented through 2022</p>

Source: Alcoa Corporation, 2021 Sustainability Report

The remainder of this section presents an up-to-date assessment of sustainability work and targets for both Alcoa Corporation and Alcoa Norway.

## Diversity and EHS

### Environment, health and safety

#### Safety

Alcoa's safety culture is expressed as follows: "safety first – above operation, above profitability, above all". Each briefing from management starts off with a safety review.

Early 2022 Alcoa set clear improvement targets intended to reduce the number of injury-causing incidents. This initiative was spurred on the back of a highly unwanted increase in first aid injuries in 2021.

One example of efforts put in place was for each department at Alcoa Lista to be tasked with identifying any silent exceptions<sup>2</sup> possibly taking place in their place of work. This effort included putting efforts and commitments in place to end silent exception cases. The number of first aid injuries have declined substantially as a result.

Alcoa Mosjøen's efforts and targets include working closely with management to raise health and safety know-how and awareness and raise the number of critical controls. Efforts began in autumn 2022, later than anticipated due to prolonged impacts from the covid pandemic. Whether the work has been successful or not is too soon to say. The number of serious incidents is stable while first aid injuries have increased somewhat. According to numbers from the Federation of Norwegian Industries (Norsk Industri), rising numbers of first aid injuries is an unfortunate trend in the industrial sector.

An overview of health and safety incidents in 2022 is presented in the table below:

**Table 2: Injuries at Alcoa's Norwegian smelters 2022, 2021 in brackets**

	Alcoa Norge	Alcoa Lista	Alcoa Mosjøen
H1-incidents <sup>3</sup>	4 (3)	1 (1)	3 (2)
H2-incidents	10 (12)	3 (4)	7 (8)
H3-incidents	49 (67)	17 (38)	32 (29)

Sources: Alcoa Lista and Alcoa Mosjøen

Alcoa developed and introduced a new observation tool to improve critical controls in 2022. The tool is designed to make the company better able to verify to what degree different work-tasks involve risks to health and safety. The verification procedure involves replying to questions posed in Alcoa's safety standards. Users include all management and service chains and there needs to be at least one verification per week, ensuring that all work-tasks in Alcoa are regularly scrutinised. As all employees are encouraged to report all events, the access to better and more complete data makes problem-solving easier. Alcoa also has guidelines to ensure that no employees feel concern or hesitate to report unwanted incidents that could lead to potential risk.

Alcoa's list of efforts include continuous work to improve training of safety representatives. In 2022 Alcoa Lista initiated a process to better understanding of how both national and internal rules are to be understood and applied. The company held several sessions intended to improve understanding of the Working Environment Act, EHS expectations and common practice. Despite the material being well-known, Alcoa wants employees' familiarity to be constantly refreshed. Employee training will continue throughout 2023 to ensure continued familiarity with all standards and rules.

#### Health

Alcoa Lista's 2022 sick leave was 5,61 %, a small increase compared to the previous year (5,44%). Sick leave at Alcoa Mosjøen in 2022 was 6,87%, a one percentage point increase. Most of employees' absence at the start of year was due to covid. In the second half of the year the impact of covid waned, making flu and other seasonal illnesses the main reason for employees' sick leave.

Throughout 2022, Alcoa continued to make multiple improvements to the working environment. One such improvement is to ensure employees' awareness of health impacts. All undertaken work-tasks are continuously monitored and employees continuously trained in how to carry them out safely and with minimum impact to their health. The company's Good Work Design programme (GWD) triggered 17 actions at Alcoa Lista and 13 at Alcoa Mosjøen, most intended to reduce physically challenging work and making numerous workplaces more ergonomically efficient.

<sup>2</sup> «Silent exceptions» (in Norwegian: «stille avvik») describes a situation where breach of procedure are so engrained they have become standard practice.

<sup>3</sup> H1 is injuries which cause temporary absence from work, while H2 injuries require medical treatment and/or reassignments to other worktasks. H3 injuries require first aid.

Alcoa routinely undertakes EHS audits. The audits are performed by a group consisting of local HSE experts, consultants, occupational health services, and employee representatives.

### Environment

Alcoa wants to avoid any environmental impact employees may become exposed to in their day-to-day operations. One example is exposure to welding smoke. Among the several working environment improvement efforts undertaken in 2022, employees were educated in health hazards from exposure to welding fumes. In addition, Alcoa has started purchasing welding equipment with direct suction, and has enforced strict requirements to wear facial protection equipment with purpose-designed filters.

Another example is working with chemicals. Alcoa has set up programmes to educate employees on the chemicals used by the company, and how these chemicals should be handled. Moreover, Alcoa consistently uses chemicals with the lowest possible impact on the working environment.

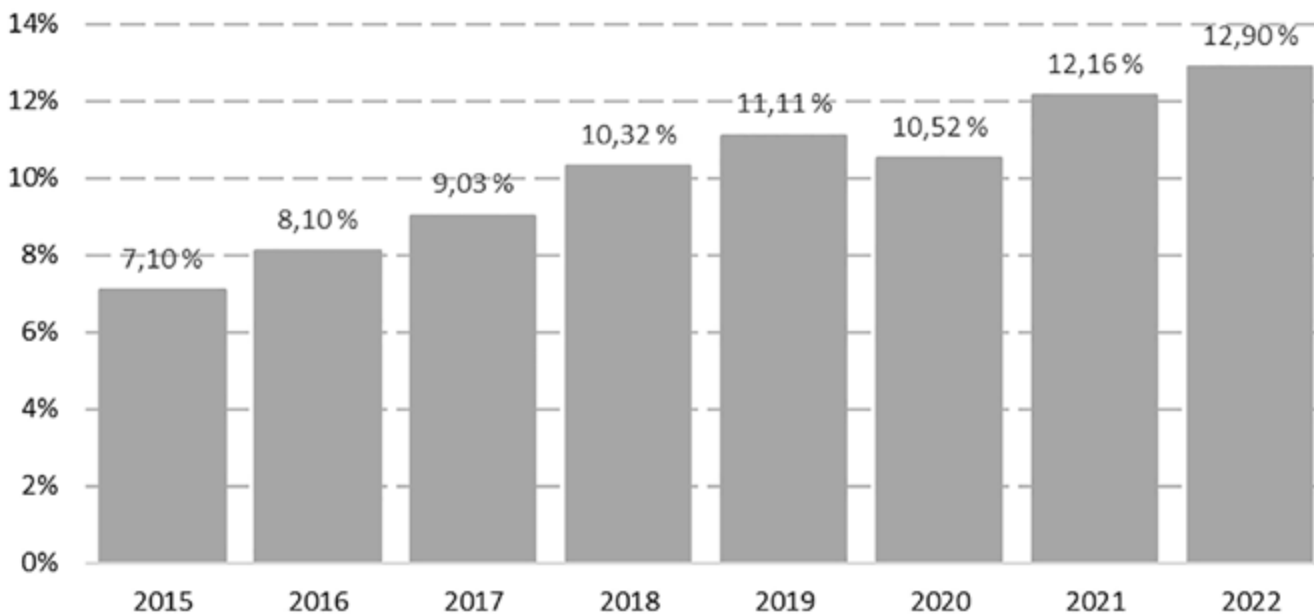
Alcoa is attentive to working conditions becoming physically challenging and has routines in place to prevent workers' fatigue. All employees are handed information on fatigue symptoms and taught how to avoid them.

### Equality, diversion and discrimination

Alcoa offers an inclusive workspace where employees thrive, are safe, trust each other, and have equal opportunities regardless of race, culture, gender, age, and sexuality. Our employees are treated with openness and respect, they feel accepted and valued. Alcoa has no tolerance for discrimination or sanctions of any kind against individual employees.

An inclusive workplace is a process that is never complete. No matter how many successful efforts Alcoa implements there will always be room for improvement. Alcoa Lista and Mosjøen both have considerable improvement potential when it comes to raising the share of female employees. This share has grown consistently, but as the numbers for Mosjøen show below the share remains too low.

**Figure 1: Share of women in workforce, Alcoa Mosjøen 2015-22**



Source: Alcoa Mosjøen

### Kvinneandel av arbeidsstokken

Lista's share of female employees is also modest. Only 27 of 309 full-time employees, 9%, are women. The total share of women employees at both smelters was 11,5% in 2022, slightly higher than in 2021. Among process operators the share is 10%, among office-workers it is 15%. Approximately 30% of holiday replacement workers are female. Alcoa Norway has few part-time employees. The ones that work part-time do so voluntarily, and 16% of those are women.

Alcoa considers diversity a commercial benefit. A low female representation in the workforce is, as such, a shortcoming

in both inclusion and in commercial matters. While there is no single reason for the low share of female employees, it is presumably at least partly influenced by Alcoa's operations being regarded as a male-dominated environment. Alcoa believes more targeted recruitment efforts are needed, and that females should be actively encouraged to apply for jobs in operations. Alcoa also recognises the need to recruit women for management positions, both in operations and in administration.

When considering whether own targets for an inclusive working environment with high participation from people

with under-represented backgrounds, Alcoa measures diversity in both workforce, applicants and retained workers. In addition, Alcoa measures pay equality. Alcoa has its own Global Inclusion & Diversity Council, consisting of several members of leadership teams. The council has set up the following inclusion groups:

- Alcoa Women's Network (**AWN**)
- Employees at Alcoa for Gay, Lesbian, Bisexual and Transgender Equality (**EAGLE**)
- Alcoaans Working Actively for Racial-Ethnic Equality (**AWARE**)

In 2022, AWARE Mosjøen held a culture day to celebrate the 28 different nationalities we have working at the plant. With bites from a few selected countries, employees were welcomed to immerse in culture exchange through food.

A language café has also opened. A volunteer offer to improve Norwegian language skills.

***The language cafe is an offer to help employees socialize centered around language. It's one hour once a week. We eat lunch and play board games all while we practice language. The feedback is entirely positive.***

Leader for AWARE Mosjøen, Jan-Ivar Myrflott.



AWARE-leader Jan-Ivar Myrflott in front of the quiz-wall. A competition to have employees learn about different cultures in an engaging way.

Photo: Alcoa



Female employees at Alcoa Lista with their new AWN t-shirt

Photo: Alcoa

8th of March, International Woman's Day was celebrated both in Mosjøen and Lista.

***We had a wonderful celebration of International Woman's Day where we were able to communicate how important female colleagues are for the wellbeing and culture of the smelter. We've also had campaigns to raise awareness regarding violence against woman and in general been an active voice to speak up for woman and see the smelter from the perspective of woman. One example is the work that's been done to get new toilet facilities which we unveiled in December.***

Leader AWN Lista, Hilde Rullestad.

Alcoa was the main sponsor of the very first Pride parade in Mosjøen, ever. An event that was a great success.

***When we decided to create the very first Mosjøen Pride parade ever, willpower was about the only thing we had in surplus. We got in touch with Alcoa Mosjøen, who through EAGLE offered both money and resources to our disposal. Without Alcoa as a sponsor and supporter I don't know if Mosjøen Pride had ever manifested. With them on our team it was an outstanding success, and we are now looking for a long and prosperous partnership as Mosjøen Pride is becoming a yearly event.***

Kristin Gabrielsen,  
Leader Mosjøen Pride 2022



Left: Mette Sevaldsen (Mosjøen Pride), Berit Hundåla (Mayor Vefsn Municipality), Kristin Gabrielsen (Leader, Mosjøen Pride) and Peter Duncan (HR-manager Alcoa Mosjøen)

Photo: Alcoa

Alcoa initiated a gender pay-gap analysis in 2021, intended to unveil any possible wage differences between women and men for identical work. Results reveal a clear difference at both administrative and operational levels. Men’s salaries were on average 3,1% higher than women’s at Alcoa Mosjøen. Differences at Alcoa Lista were lower. At Alcoa Mosjøen, the difference was highest in administration, with women earning on average 6,9% less than men, while the differences at operational level were 1,3%. In 2022 differences in base salaries were considerably reduced, even though differences prevail in certain parts of the organisation.

## Reducing the environmental impact

### Emissions to air

Emissions to air are regulated through permits issued by the Norwegian Environment Agency. Alcoa Mosjøen’s permits were renewed in June 2022, Lista’s in September 2022. The Environment Agency’s permits confirm that emissions to air at both Alcoa’s operations do not exceed permissible levels. These emissions include airborne particles from polycyclical aromatic hydrocarbons (PAHs), fluorides, dust and sulphur dioxide. Permits also regulate emission limits for heavy metals such as arsenic, lead and nickel. In addition to specifying emission limits, the permits include instructions for improvement measures where these are considered to be needed, either because of non-compliance or minor deviations.

Alcoa adheres to Environment Agency permits and regulations, and strives to minimise emissions to air to the highest degree possible. In 2022, the company applied,

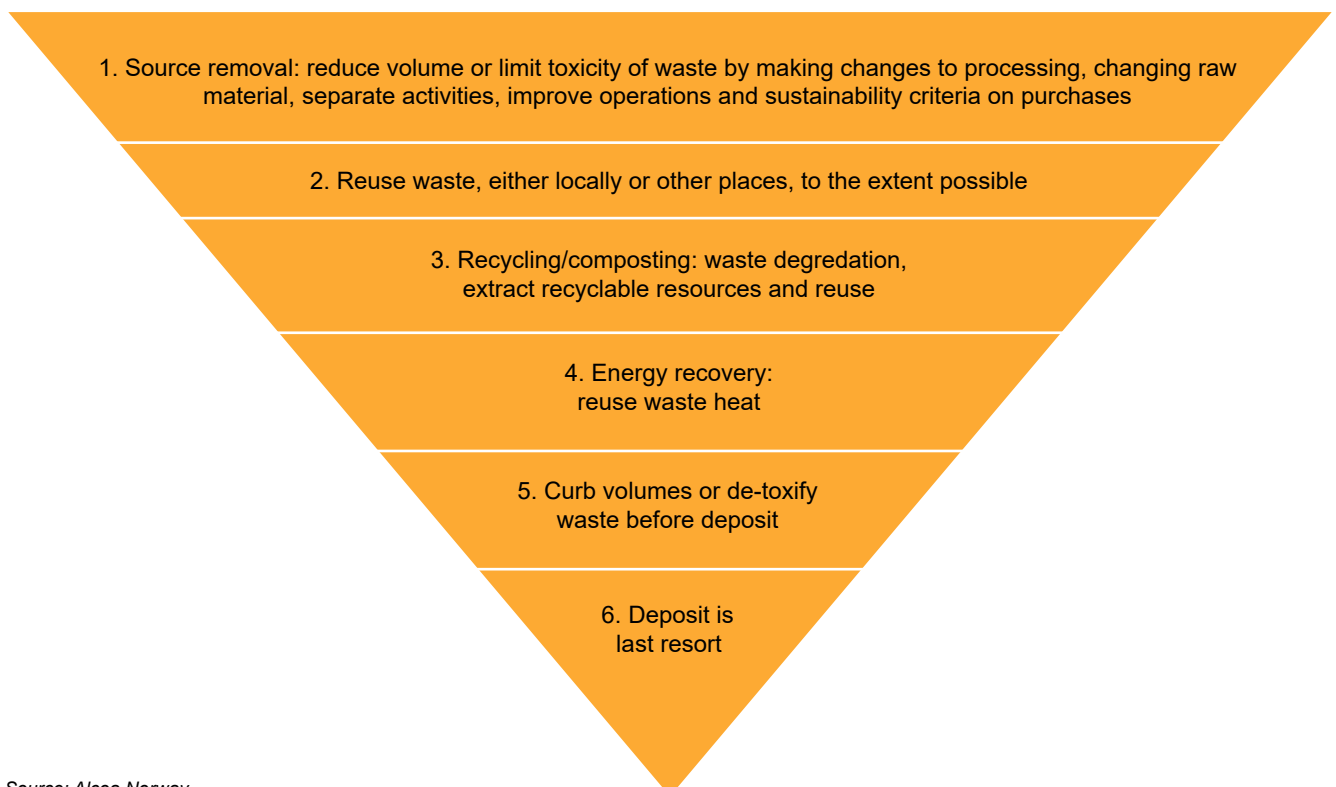
alongside Hydro, for research funds to achieve this and to ensure that Alcoa’s emissions monitoring and improvement could spur further research in the field. Another slightly more tangible undertaking in 2022 was the renewal of anode gas filters.

Noise pollution is considered a proxy to emissions to air. The making of primary aluminium greatly requires mechanical processes, loading and the use of ventilation systems, which all make noise. Being located directly in or very close to dwellings, health services, places of education, nurseries etc, Alcoa has to be very considerate and mindful of the noise the company makes. Environmental permits restrict outdoor noise to 50 dB(A) all hours of the day. Alcoa’s noise is below this limit, but the company still pursues ways to reduce it. One example is construction work taking place inside Alcoa’s fences. Alcoa wants to limit noise from construction work as much as possible despite construction being exempted from the aforementioned noise regulation.

### Waste treatment

Waste is an unwanted byproduct from producing primary aluminium. Alcoa makes concerted efforts to reduce, remove or reuse waste products. All raw materials and resources are to be used for as long as and as many times as possible before being deposited to landfills or recycled. Alcoa uses a step-wise approach for waste handling. The first step is to reduce waste from the source, the second is to use waste in an environmentally sustainable way. A more detailed explanation of the process can be illustrated as follows:

**Figure 2: Alcoa’s approach to waste treatment**



Alcoa participates in a range of projects where the aim is to reduce waste and increase reuse of leftover material from aluminium production. Through these projects, Alcoa cooperates with numerous other industries in areas such as monitoring waste streams eligible for reuse in other industrial processes.

Polluting waste from Alcoa's processes can in a broadbrush sense be grouped into three categories:

- 1) polluting refractory/carbon materials
- 2) polluting dust from filter processes and
- 3) polluted metal.

All categories contain valuable materials, and polluting waste is not necessarily synonymous with hazardous waste. The common features of the forms of waste is that they contain valuable materials, but that separation and extraction of these materials is exceptionally difficult.

The amount of waste and waste processing at Alcoa's Norwegian smelters is presented in Table 2 below. More than half of hazardous waste is recycled at both smelters.

**Table 3: Waste and waste processing at Alcoa's Norwegian smelters in 2022, tons**

	Energy recycling	Material recycling	Deposits
<b>Lista</b>			
<b>Hazardous waste</b>	325	2 184	6 397
<b>Ordinary/non-hazardous waste</b>	134	3 916	347
<b>Total Lista</b>	459	6 100	6 744
<b>Mosjøen</b>			
<b>Hazardous waste</b>	67	8 048	5 946
<b>Ordinary/non-hazardous waste</b>	529	3 375	2 126
<b>Total Mosjøen</b>	606	11 423	8 076
<b>Total Alcoa Norway</b>	1 065	17 523	14 820

Source: Alcoa Norway

### Land use and biodiversity

Neither Alcoa Lista nor Alcoa Mosjøen exceeded any emission limits listed in the Norwegian Environment Agency's permits. The Environment Agency uncovered some minor infringements. Alcoa Lista received three specific violation remarks and requests to impose adequate follow-up measures:

1. Outdoor storage of dross
2. Use of fire extinguishing foam containing PFAS at site used for fire-training
3. Use of a small amount of scrap metal containing chain-oil

The violations above are considered «minor» and not serious enough for emission permits to be withdrawn. But they require rectifying measures. All these violations involved some form of material recycling or storage of certain compounds outdoors, making these a form of land use infringements.

### Landfills

Depositing waste at landfills is strictly regulated. Both Norwegian smelters deposit waste this way, mostly in external landfills or waste facilities. Lista and Mosjøen have their own landfills and are responsible for maintaining closed deposits according to Environment Agency rules. Alcoa's landfills are closely monitored. Both operations are in the process of restoring the landfills to nature, while assessing how the biodiversity can be improved while not being exposed to any landfill effects.

The local high school in Mosjøen is involved in suggesting which species to introduce in the area, mapping what species are already there and surveying the area. Students were tasked to find out how biodiversity could be increased over the closed Store Åsnevdal landfill. The project is ongoing with, so far, encouraging results.

The Environment Agency carried out final assessments of the closed landfill at Lista in 2021. No irregularities were uncovered. Similar assessments were carried out for Alcoa Mosjøen the same year. One irregularity was found; a chemical tank in the casthouse, used to store chloride gas, was found to be insufficiently monitored and treated.

### Energy consumption and efficiency

#### Energy consumption

Production of primary aluminium is a highly energy-intensive process. Electricity is the main energy carrier. The electricity consumption is, in turn, used as an input to electrolysis, and not strictly for energy purposes. The role of the electricity is to separate oxygen from aluminium in alumina, the raw material used to make aluminium. No energy carrier can replace electricity for this purpose. This is why Alcoa, like all other metalurgical industries in Norway, does not pay electricity taxes.

Some electricity is used for energy purposes. Mosjøen put a new induction furnace into operation in 2021. Induction furnaces use electricity rather than gas to remelt scrap

metal. Both smelters also use gas for energy purposes, such as in the casthouse and, in the case of Mosjøen, the anode plant. The gas is transported to Alcoa as Liquefied Natural Gas, LNG. In addition, both Alcoa Lista and Alcoa

Mosjøen use propane for certain purposes, for instance for pre-heating of cathodes. Lista's and Mosjøen's 2022 annual energy consumption is presented in Table 4 below.

**Table 4: Energy consumption Lista and Mosjøen 2022**

	Lista	Mosjøen	Total
Electricity, GWh	1 515	3 044	4 559
Gas - LNG, GWh	57	280	337
Gas - LPG, GWh	1	2	3
Total, GWh	1 573	3326	4 899

Source: Alcoa Norway

The total electricity consumption at more than 4,5 TWh makes Alcoa Norway's second greatest consumer of electricity, after Hydro. With this level of consumption, both on electricity and gas, Alcoa is naturally very attentive to any ways in which energy can be saved and energy use can be made more efficient.

Both Alcoa's Norwegian operations are ISO 50001-certified. This certification confirms that Alcoa regularly conducts energy management work as instructed by the certificate. The energy management work includes mapping of energy consumption, documentation of how oversight and planning is carried out and identification and quantification of all forms of energy loss. It also includes requirements for improvement efforts if needed.

### Water use and emissions to water

Industrial facilities such as Alcoa Lista and Alcoa Mosjøen both need cooling water for a big range of processes. Both Alcoa's smelters og through relatively large water volumes each year for cooling and other purposes, such as

purification and scrubbing. Casthouse and rectifier cooling account for the greatest share of water use.

More seawater than freshwater is used. Sea water is released into the, for Lista and Mosjøen respectively, Huseby bay area and Vefsn-fjord, where the sea water came from. Before the water is let back into the fjords it must be processed and purified, so that the used water has the level of purity the Environment Agency requires. Proximity to the sea, where the water is relatively clean at the offset, makes for a very good access to water. Still, Alcoa continuously looks for ways to curb water use. The Alcoa Corporation's goal is a reduction in water use of, respectively, 5% in 2025 and 10% in 2030 compared to 2015 levels in areas where water is scarce. To achieve these goals, Alcoa needs equipment that measures water use as accurately as possible, and monitors water purity at the same time. Alcoa installed several water meters in 2022. Many places had not had such meters before. Lista has installed reduction valves on some processes, an important reason why the smelter has been able to reduce its water use considerably.

**Table 5: water use Alcoa Lista and Alcoa Mosjøen, 2015 and 2022, thousand litres**

LISTA	2015	2022	Change in %
Sanitary water	290 710	78 348	- 73,05 %
Industrial water, ex casthouse	770 902	516 050	- 33,06 %
Industrial water, incl casthouse	2 743 069	2 650 000	- 3,39 %
Total fresh water	3 804 681	3 244 398	- 14,73 %
Sea water	40 821 784	23 859 021	- 41,55 %
MOSJØEN	2015	2022	Endring i %
Total fresh water	12 380 738	15 004 031	26,2%
Sea water	43 677 864	42 202 947	- 3,38%

Source: Alcoa Norway

Industrial water is fresh water sourced from nearby lakes or reservoirs. Lista's industrial water comes from Kråkenesvannet (not drinking water). Sanitary water is water used for drinking and showers.

Alcoa compels all operations to find and use all possible ways to recycle water. At Lista industrial water is used as

many times as possible before being purified and released back to Kråkenesvannet. Consumption of sea water has fallen markedly since 2015. Installation and use of sand filters at hall gas scrubbers has made recycling water easier. At Mosjøen fresh-water consumption has increased over the same period. This trend is expected to be reversed once new meters are installed.





Alcoa has taken numerous measurements of water and biota in Huseby Bay and Vefsnfjorden in 2022, as per Environment Agency instructions. NIVA reports from Huseby Bay in 2022 showed PAH-values in shells exceeding threshold limits (EQS) in the water framework directive. Despite emissions to water being lower than ever, improvement work is still carried out. A successful pilot involving coagulation substances to improve Alcoa's sand filter systems proved successful. This project will now be expanded.

### Greenhouse gas emissions

Production of primary aluminium is essentially separating oxygen from aluminium. As for most other electro-chemical reduction processes, carbon is used to remove the oxygen from the process. In an electrolysis cell, carbon merges with oxygen under heat, producing airborne carbon dioxide (CO<sub>2</sub>). Aluminium production also generates other greenhouse gases in small amounts, such as perfluorocarbons (PFCs).

As a producer of primary aluminium, Alcoa is part of the European Union's Emission Trading Scheme (ETS) directive. ETS is a cap-and-trade scheme where greenhouse gas emitters each year must purchase emission allowances corresponding to actual emissions. Alcoa annually reports both actual emissions and surrendered allowances to the EU Commission via the Norwegian Environment Agency. Since aluminium production is on the list of sectors deemed to be exposed to the risk of carbon leakage, a term which refers to the risk of European industry curtailing because of one-sided climate costs only to be replaced by similar industries in countries with anemic climate policies, Alcoa receives the majority of its allowances free of charge.

The Alcoa Corporation's ambition is to reduce greenhouse gases by 25% CO<sub>2</sub>-equivalents<sup>4</sup> in 2025 compared to emission levels in 2015. The corresponding target for 2030

is 50%. By 2050 the company targets being completely emission-free. The target applies to both direct emissions («Scope 1») and indirect emissions from supply of electricity («Scope 2»). All emission targets are specific, which means they are reported in tons of CO<sub>2</sub> per ton of produced aluminium. Possible curtailments therefore do not count as emission reductions.

Going emission-free requires new technologies for all parts of the value chain. Alcoa's technology roadmap presents a set of strategic procurements and in-house developed technologies to help the company achieve this. Put together, these developments imply a significant change to all our processes, where the end-result is aluminium without any form of Scope 1 or Scope 2 greenhouse gas emissions. Alcoa's technology roadmap includes the following main elements:

- Zero Scope 2 emissions; in the long term, all Alcoa operations will be supplied with electricity generated from renewable sources
- Refinery of the future providing solutions to direct refinery emissions using «Mechanical Vapour Recompression (MVR)»-technology and electric calcination
- Elysis™; use of inert anodes instead of carbon-based anodes, allowing production of primary aluminium without any CO<sub>2</sub> emissions
- Astraera™, innovative remelting technology creating high purity aluminium from post-consumer scrap

Emissions from Alcoa's Norwegian operations will be removed once either Lista or Mosjøen, or both, are retrofitted with Elysis. Alcoa Corporation plans to have its first industrial sized Elysis-cell in operation in 2024 and retrofit its first smelter before 2030. The first retrofitted smelter will most likely be one of Alcoa's Canadian operations. Installing the Norwegian smelters with Elysis would take place at a later stage.

<sup>4</sup>CO<sub>2</sub>-emissions are labelled as CO<sub>2</sub>-equivalents, which besides CO<sub>2</sub> include perfluorocarbons (PFC), methane og nitrous oxides.

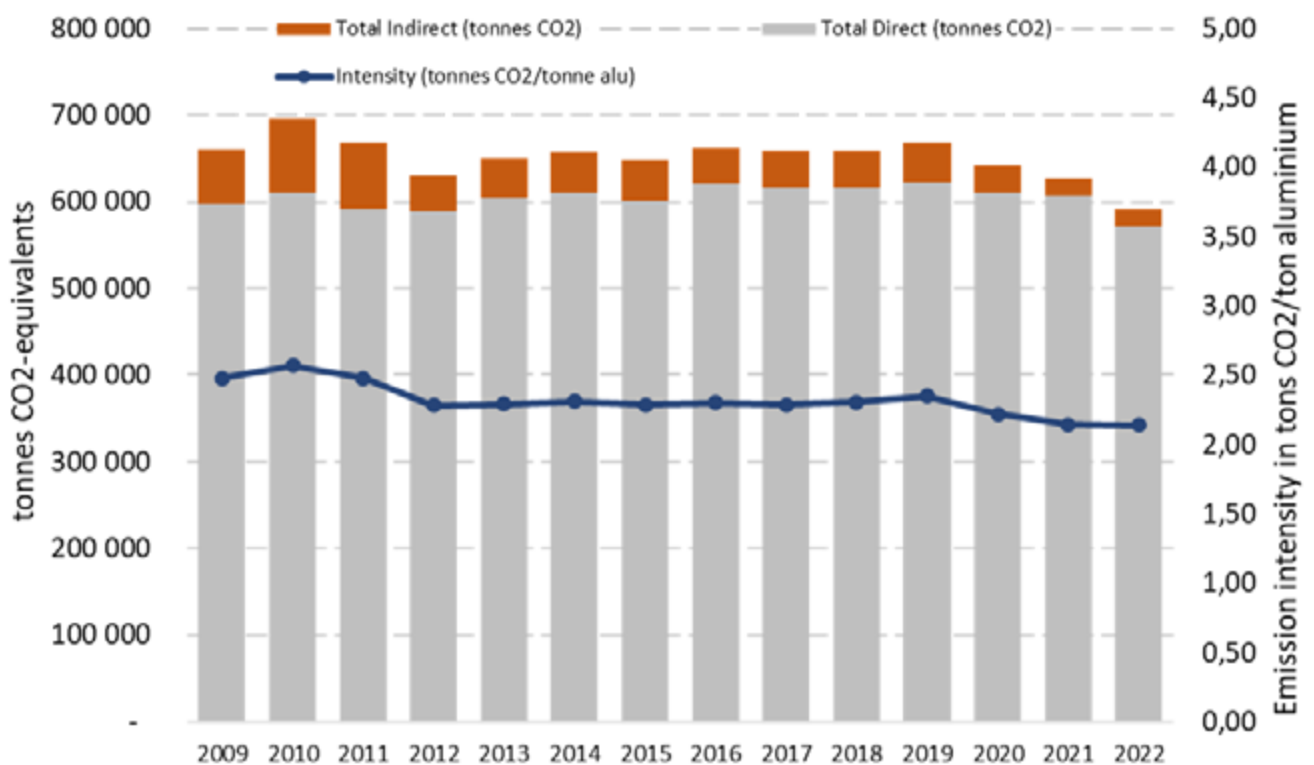
### CO<sub>2</sub>-emissions and PFC-emissions

Direct emissions (Scope 1) in 2022 were, respectively, 149 000 tons CO<sub>2</sub>-equivalents at Lista and 423 209 tons CO<sub>2</sub>-equivalents at Mosjøen. Most emissions stem from the use of carbon, a mix of pitch and petroleum coke, in the electrolysis cells while a lower proportion comes from using natural gas and propane in the casthouses and for manufacturing anodes. Greenhouse gas emission intensity, measured as tons of CO<sub>2</sub>-equivalents per ton of produced aluminium, has steadily fallen over the the last few years. This reduction is the result of multiple improvements, better

use of resources and better raw materials (see Figure 3 below). The curtailment of a third of Lista pot room operations meant that Alcoa's overall emissions in 2022 were markedly lower than the year before.

Emissions per ton are low compared to Alcoa's global peers of similar size. This is mostly due to Alcoa's Norwegian smelters using renewable electricity, making indirect emissions close to zero, but Alcoa also has comparably low direct emissions.

**Figure 3: CO<sub>2</sub>-equivalent emissions in Alcoa, tons og tons CO<sub>2</sub> per ton aluminium, 2009-2022**



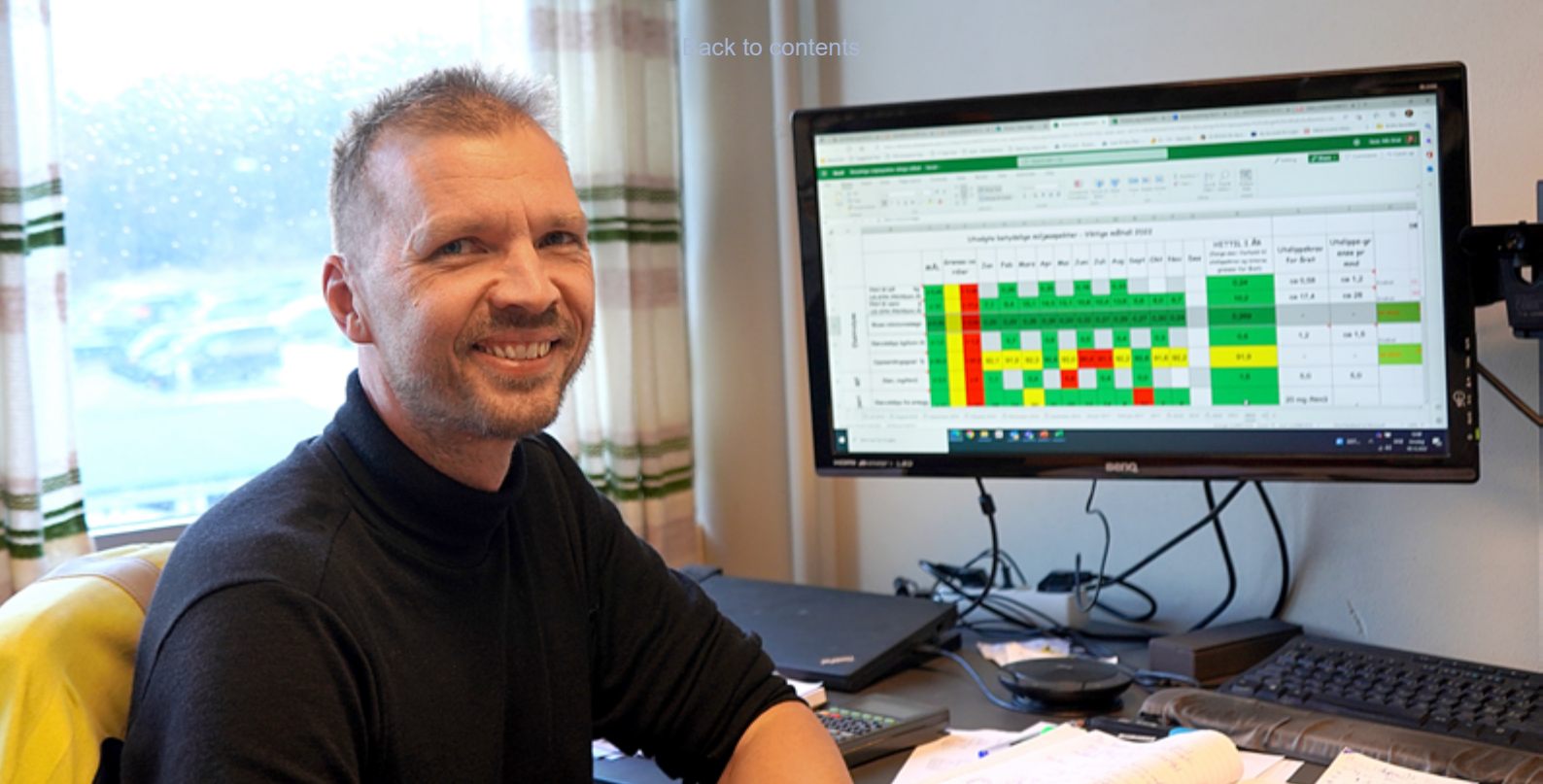
Source: Alcoa Norway

Emissions from Alcoa's operations are grouped in three categories: energy consumption for heat (natural gas and propane), mass balance and perfluorocarbons (PFCs). Mass balance is the calculation of carbon content in materials used in the electrolysis and, for Mosjøen, anode manufacturing. Mosjøen's emissions from anode manufacturing are calibrated in accordance with Mosjøen shipping a large share of produced anodes to Alcoa's smelter in Fjardal, Iceland. Emission numbers in 2022 were as follows:

- Energy consumption = 14%
- Mass balance = 83%
- PFC = 3%

The mass balance is mostly made up of petroleum coke and pitch. Both are relatively carbon-intensive materials. With the installation of Elysis, carbon-intensive materials are replaced with inert anodes, turning emissions from CO<sub>2</sub> to oxygen.





Environmental manager at Alcoa Lista, Nils-Einar Saue is pleased with the results.

Photo: Alcoa

## A great and green start for the new year

### – Lista with green numbers on anode effect minutes

2022 represents more than 12 consecutive months and the first full year with green numbers on their anode effect minutes. That means higher output and lower emissions. A great step towards excellence and turning raw potential into real progress.

To make aluminum, you must have the right equilibrium of the different ingredients and then you apply power to create an electrochemical reaction. However, if the mix is off you end up creating a whole different reaction, referred to as anode effect. Nils Einar, the environmental manager at Lista explains the chemistry.

- If we for any reason don't have enough aluminum oxide in the pot bath mix, something that can happen when the oxide gets stuck in the delivery system, the reaction stops making aluminum and instead we're making  $CF_4$  and  $C_2F_6$ . In layman's terms, those are greenhouse gases more potent than the more familiar everyday  $CO_2$ . And that's why it's so important to have control over this. On the one hand we make aluminum, a strategically important material in the green transition, but when we lose track, we're actually depleting valuable resources on a process that produces GHG.

- The anode effect minutes per pot day is a number that represents the average number of minutes per day each pot has been producing these unfortunate chemical reactions. Of course, we want this number to be as low as possible. The fact that we now have these numbers in the green zone is something that we should be proud of.

It doesn't take much imagination to understand why this came up as a point of focus back in 2018. Kyrre, who works as a Pot Room Production Management Supervisor, had at the time the responsibility to see the improvement program through.

- There wasn't a single "this fixes everything", but several improvement that had to be made. We had to look at and



Left: Kyrre Opsal and Glenn Klingenberg as they are presenting the early warning system. Photo: Alcoa

introduce a whole new way of doing our job. We had to change the anode mass composition with a higher quality of sourced raw materials. We had to apply a system for communicating early warning signs to the operators so they could correct before an anode effect manifested. And we introduced a whole new process for systematically uncovering, reporting, fixing and applying the lessons learnt. An approach that has yielded undeniable results, says Kyrre.

Today, the responsibility has fallen on Glenn, to ensure that the winning streak is maintained.

- Earlier, anode effects were simply the way of things. A new mindset and a focus on excellence has changed that. We have reduced reoccurring errors which means that the operators don't have to do the same job over and over which frees up their time. Even more important is the reduced exposure to heat-stress situations and challenging ergonomics. Simply a win on many levels, adds Glenn.

In 2018, the smelter recorded 0.39 anode effect minutes per pot day. That number declined to 0.27 in 2022, which is a 31 percent reduction. The duration of an anode effect also declined 1 percent over the same period.

## EU's climate policies and the impact on Alcoa

The 2015 Paris agreement kick-started a noticeable shift in EU climate policies, raising climate targets and bringing important milestones closer in time. In parallel with more ambitious targets, the EU introduced in 2022 a new legislation aimed to improve European clean industry competitiveness and simultaneously incentivize non-EU countries to introduce climate policies of their own. The policy is called the Carbon Border Adjustment Mechanism (CBAM), which applies to six industrial sectors, primary aluminium included. It overlaps with the new ETS directive on many elements. Both directives will have an impact on Alcoa

The new emission allowances directive, or the ETS Directive for short, will be introduced in 2023. There are several adjustments compared to the existing version. The most important change is a new collective emission target for all ETS sectors – in 2030, ETS emissions are to be 62% than in 2005. The current target is 43%. Raising the target means that fewer emission allowances are issued to the market. The number of issued allowances from the EU Commission will be reduced by 4,3% per year from 2024 to 2030, a significant change from the 2,2% annual reduction from 2021-2023. Many factors influence ETS prices, but a significantly lower supply is likely to generate substantially higher price levels than was the case before 2021, reducing the competitiveness of European industry.

Primary aluminium production is highly exposed to the risk of carbon leakage. Being exposed to this risk means Alcoa is entitled by the Commission to receive most of its emission allowances free of charge. The company received approximately 87% of its required allowances for free in 2022. This number will most likely decline marginally up to 2025.

As of 2026, Alcoa's share of free allowances will start decreasingly markedly with the introduction of CBAM. Although the legislation is incomplete, it specifies how free allowances will be cut back each year. In 2034, Alcoa will no longer receive free allowances. Alcoa's annual costs of buying emission allowances will increase as a result. On the other hand, importers having to pay CBAM fees when they bring their products to the EU will most likely have a positive impact on premiums.

Both the ETS and CBAM directives confirm that the CO<sup>2</sup> compensation scheme will remain in place for primary aluminium production at least up to 2030. CO<sup>2</sup> compensation is a partial reimbursement Alcoa receives from having to pay for emission allowance costs embedded in power prices. The scheme is essential in upholding the competitiveness of European industries vis-a-vis competitors who face no emission allowance costs indirectly through power prices.

## Innovation and social responsibility Research, innovation and climate projects

The global market for primary aluminium has been extremely competitive for decades. Alcoa's way of dealing with increased competition has been, and remains, keeping resource costs in check, making as much use of all resources as possible and minimizing all forms of emissions and waste. Greenhouse gases are an example of the latter. For that reason, Alcoa has always pursued and devoted resources to technological improvements and research projects, frequently related to waste handling. Many such research projects have been undertaken in Norway, with its access to competent research institutions,

The table below summarises a set of research and innovation projects Alcoa has participated in and is still involved with.

**Table 6: Research and innovation projects at Alcoa's Norwegian operations in 2022**

Project	Description
Norwegian processing of bi-products from the aluminium industry (NoBAI)	Residual metal from aluminium production, also known as «pot pads», is aluminium left over at the bottom of the pots after the pots are closed for maintenance/repairs. NoBAI is a collaborative research project between Alcoa, Hydro, Real Alloy and Sintef intending to improve processing of dross and pot pads from pot room production. The intention is to make dross and pot pads better suited for internal metal recovery.
NodeSPol – reduce deposits of Spent Pot Lining	Spent Pot Lining (SPL) is carbon and refractory materials left over in «exhausted» (spent) pots. This is hazardous waste normally deposited in closed sites. Some SPL can be reused in other processes, e.g. production of cement. Alcoa participates in a research program intended to purify SPL making it suitable for graphite or anode production.
BadEland – prevent deposits of bath materials	Electrolyte bath (cryolite) is a recyclable bi-product from the electrolysis process. In 2020, Alcoa, Hydro and Noralf initiated a research project to turn the cryolite into aluminium fluorides, improving the recyclability.
Recycling refractory materials	Alcoa Mosjøen recycles two thirds of refractory materials to producers of the material. Alcoa participates in research projects intended to improve sorting of these materials. Assembly methods of outer cathode walls was changed in 2022 allowing for use of recycled materials.

Prosjekt	Beskrivelse
Induction furnace Mosjøen	Installed autumn 2021. The furnace, which remelts scrap metal, uses electricity instead of natural gas, reducing GHG emissions by roughly 4 400 tons CO <sup>2</sup> per year.
AGATHE – purification technology enabling energy saving and recycling	Together with Sintef and REEL Norway, Alcoa completed the piloting of a novel compact purification process (PIA TM) in 2022. REEL will construct, test and certify the new technology when it is ready.
HighEFF	HighEFF is a broad collaborative research project striving to develop a research centre for industrial energy efficiency. According the Sintef Energy, the project’s coordinator, HighEFF targets a reduction of industrial energy consumption by 20-30% and a reduction of emissions by 10%. Several workshops took place in 2022.

Source: Alcoa Norway

The list in the table above is not exhaustive. Both Lista and Mosjøen participate in a wide range of projects, big and small, intended to improve EHS, functionality or financials, or various combinations of these. At present, Alcoa is planning to carry out 20 different climate projects, including everything from recycling, to energy efficiency and emission abatement.

A relevant example of a successful climate project is Lista’s work to curb anode effects a minute per pot day. This phrase describes the unwanted reaction when dosage of electrolysis ingrediens is not optimal. When this happens, the electrolysis generates CF<sub>4</sub> og C<sub>2</sub>F<sub>6</sub>, two potent greenhouse gases. Through determined efforts, Lista, a Soderbergh smelter, managed to reduce anode effects from 0,39 minutes per pot day in 2018 to 0,27 in 2022. This is no par with what pre-bake smelters achieve.

### Alcoa’ indigenous peoples policy

Our approach to sustainability obliges Alcoa to bring value to the local communities we belong to. This means Alcoa must have a good and compliant relationship with those around the company’s operations. This applies in particular to indigenous communities. Alcoa’s social performance standard, inspired from the same standard developed by the Aluminum Stewardship Initiative (AS), obliges Alcoa to comply with the requirements contained therein.

Alcoa adopted a new self-developed social performance management system in 2021. This system is designed to find out whether, and to what extent, Alcoa fulfills its social responsibilities. A significant part of the system concerns human rights, cultural heritage and indigenous rights. Alcoa turns this into practice by being accessible, honest and responsible in all dealings with indigenous peoples and indigenous interests. When Alcoa’s activities affect the interests of indigenous peoples, Alcoa must act in accordance with established regulations and legal practice by fulfilling requirements for free and informed consent (FPIC) and other statutes laid down in ILO Convention 169 on indigenous peoples and UN Convention 27 on the civil and political rights of indigenous peoples.

In April 2020, Norske Samers Riksforbund (NSR), an interest association for Norwegian indigenous peoples, contacted Alcoa regarding the development of the Øyfjellet wind power project. The wind power plant is located in along a trekking route for reindeer to one of the Jillen-Njaarke reindeer district’s winter grazing areas. NSR expressed concern that Alcoa, which buys power produced at Øyfjellet, would be in breach of our own indigenous policy. The Jillen-Njaarke reindeer herding district later motioned for a temporary injunction in court. The court ruled in favour of the project developer.

In response to the inquiry from NSR, Alcoa initiated a third-party assessment of whether the company had breached its own policy. The conclusion was that Alcoa had entered into a power agreement with a project with a legally binding licence and was not to be regarded as a breach of international law.

In October 2021, the Norwegian Supreme Court refused to rule in a court appraisal case between the Fovsen-Njaarke reindeer district and Fosen Vind. The reason for the ruling was that the Supreme Court saw Fosen Vind’s establishment as a disproportionately large encroachment on winter grazing areas, and was thus to be considered incompatible with the UN Convention’s Article 27 on the civil and political rights of indigenous peoples. The Supreme Court therefore concluded that the concession to Fosen Vind was invalid. In 2022, Alcoa received an inquiry from a representative of an environmental NGO arguing that the similarities to Fosen Vind were substantial enough to merit that Alcoa should withdraw from its agreement with Øyfjellet. A legal assessment commissioned by Alcoa concluded that the differences between the two projects meant a direct comparison was inaccurate.

### The transparency law

The Transparency Act<sup>5</sup> was made legally binding in Norway in 2022. The purpose of the Act is to "promote businesses’ respect for basic human rights and decent working conditions in the production of goods and the provision of services, and to ensure the public has access to information

<sup>5</sup>«Lov om virksomheters åpenhet og arbeid med grunnleggende menneskerettigheter og anstendige arbeidsforhold», LOV-2021-06-18-99.

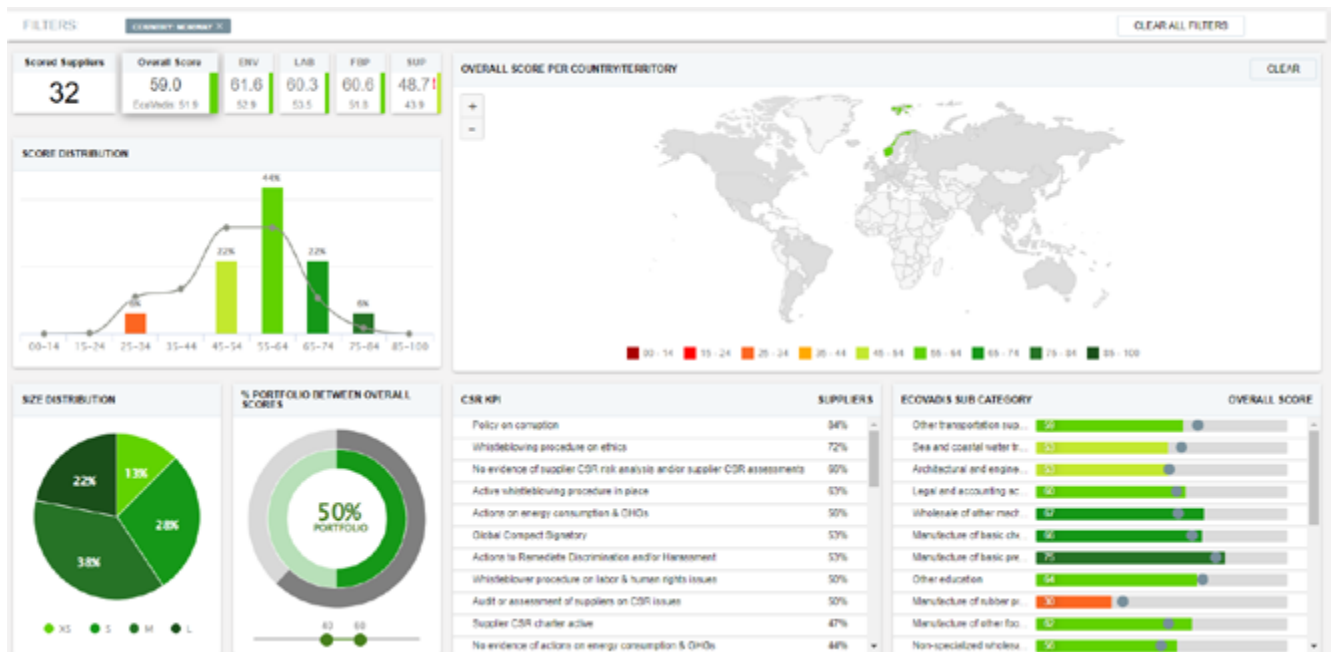
about how businesses deal with and ensure basic human rights and decent working conditions."

The Transparency Act applies to all businesses over a certain size as specified in section 1-5 of Norwegian accounting law. As it applies to Alcoa, the company is required to carry out due diligence assessments and to inform about all activities that could affect basic human rights and decent working conditions. The due diligence assessments must be in line with the OECD's guidelines for multinational companies and imply that the company's responsibility must be embedded in the company. All relevant parts of the company must be aware of the human rights responsibilities the company has, which management systems exist and whether these are followed. Overall responsibility formally sits with the board. Second, Alcoa is required to map the possible damage the business can cause to its own employees, other people and the environment, and how to seize, prevent and reduce damage as well as monitoring whether measures are effective. Finally, Alcoa must be open about what damages the company may cause and how to restore damages and provide compensation.

Alcoa's due diligence practice is defined in the company's guidelines for social responsibility, ethics and compliance, as presented in the company's Sustainability Report<sup>6</sup>. This report describes how Alcoa communicates, educates, reports and examines requirements for social responsibility and whether they are complied with. Requirements for ethics and compliance are anchored in Alcoa's board of directors. In addition, Alcoa has developed its own practice for responsible conduct and ethics ("Code of Conduct and Ethics") as well as a list of requirements our suppliers must follow ("Alcoa's Supplier Standards").

Alcoa surveys and monitors all its suppliers' compliance with Alcoa's social responsibility requirements. The monitoring tool used, Ecovadis, contains an interface that gives a good overview of all Alcoa's suppliers and how well they comply with Alcoa's requirements. The company's own sustainability department assesses all suppliers continuously, for example by using surveys, news items and the suppliers' self-reporting. The valuation of each individual supplier is very traceable, and any matter of concern, such as possible violations of human rights and decent working conditions, becomes easy to discover and follow up.

Figure 4: Snippet of Ecovadis interface



Source: Ecovadis

All requirements for due diligence assessments, social responsibility, ethics and compliance, as documented in the group's sustainability report, also apply in their entirety to Norway. Employees must be familiar with Alcoa's guidelines and the systems used. Alcoa regularly ensures that employees are familiar with the ethics and compliance requirements applying to the company and suppliers.

Employees in the purchasing department attend courses every year to understand and uncover risk elements in our value chain. From 2023, participation in these courses will also be compulsory for plant management and other individual employees outside the purchasing department.

<sup>6</sup><https://www.alcoa.com/sustainability/en>

<sup>7</sup><https://www.alcoa.com/global/en/who-we-are/ethics-compliance/code-conduct>

Guidelines for human rights, indigenous considerations and responsible behavior are prerequisites for being certified by the Aluminum Stewardship Initiative (ASI, discussed in more detail in the next chapter). Both Alcoa Lista and Alcoa Mosjøen are ASI-certified. The certification is twofold; ASI Performance Standard (responsible production) and ASI Chain of Custody Standard (responsible procurement). Obtained certification confirms approved practices for due diligence assessments, socially responsible behaviour, respect for human rights, respect for decent working conditions and environmental management. Alcoa also has its own management system for social responsibility, the Social Performance Management System, discussed in the chapter above.

In addition to due diligence assessments, the Transparency Act requires Alcoa to hand over information about the business, including value and supply chains, guidelines for social responsibility and degree of compliance, description of products and services, etc., upon request. The request must be within reasonable limits, for example in the form that we cannot share information that is considered company secrets or stock exchange sensitive. Contact information for questions covered under the Transparency Act can be found on the company's website. The responsibility sits with Alcoa's communications manager.

### **Aluminium Stewardship Initiative and other certifications**

Both Lista og Mosjøen are certified according to the Aluminium Stewardship Initiative's (ASI) Performance Standard. ASI certification confirms the company meets requirements concerning environmental management and socially responsible conduct are met. It thereby confirms that Alcoa's aluminium production is done in a way environmentally and socially responsible way. This proves that Alcoa manages resources according to strict requirements for consideration for surroundings, and that Alcoa minimizes all types of emissions and takes biological diversity into account.

All aluminum produced at Alcoa's Norwegian smelters is also certified according to ASI's Chain of Custody standard, which complements Alcoa's Sustana™ certification. Alcoa's Sustana™ products include the Ecolum™ standard, which both Norwegian plants achieve with good margin. Ecolum products must have a carbon footprint below 2.5 tons of CO<sup>2</sup> per ton of aluminium, 75% lower than the global average for aluminum production. Alcoa Mosjøen also meets the Ecodura™ standard for cast aluminum products, where the requirement is that at least 50% of the content of the aluminum product must come from recycled content.

In June 2022, Alcoa Mosjøen received a renewed permit under the Pollution Act from the Norwegian Environment Agency, in line with the BREF/BAT regulations. The same

permission was renewed for Lista in September of the same year.

Alcoa Lista and Mosjøen are ISO 50001 certified, which means that both plants meet requirements for energy management. Both works also hold ISO 14001 and ISO 9001 certification, and therefore meet requirements for environmental management and quality management respectively.

Both works are certified according to standards set by the International Automotive Task Force (IATF), a certification for delivery to the automotive industry.

### **Local community support**

Alcoa Norway is keen to return value to its local communities by sponsoring a wide range of activities and projects. All forms of sponsorship are facilitated through three programmes.

### **Alcoa Foundation**

The Alcoa Foundation is a US-registered foundation owned and operated by the Alcoa Corporation. Its original purpose was to provide support for educational initiatives in the United States. In recent years, the Alcoa Foundation has been expanded both geographically and thematically. The Alcoa Foundation had its 70th anniversary in 2022.

The Alcoa Foundation's contributions can be both large and small. Larger contributions are awarded through Alcoa Foundation Grants. These contributions are handed out over a 3-year period and only to organizations involved in humanitarian disaster relief, training/education and/or environment/sustainability. Funding is transferred directly from the foundation to the recipient. Alcoa's local businesses in Lista and Mosjøen act solely as application recipient agencies.

The following organizations were either on-going recipients of previously awarded funds or awarded Alcoa Foundation funds for the first time in 2022:

- Kirkens Bymisjon; work programme for challenged individuals (Mosjøen)
- Barn fra Ukraina; humanitarian aid for Ukraine (Lista)
- Forskerfabrikken; summer lab for youth and children (Mosjøen and Lista)
- Helgeland Friluftsråd (Helgeland Open Air Council); outdoor activities for youth and children (Mosjøen)
- Ungt entreprenørskap; entrepreneurial development programme for youth and children (Mosjøen and Lista)
- FFE (Foundation for Environmental Education); small-scale support to environmental projects (Mosjøen and Lista)

## Alcoa ACTION Grants

ACTION, or Alcoans Coming Together In Our Neighborhoods, is a purpose-development sponsorship scheme directed at making Alcoa employees more actively engaged in their local communities. Such activities may include sports clubs, charitable organisations, volunteer groups or other organised non-professional activities. In order to be eligible for donations, at least 8 current or retired Alcoa employees must offer at least 4 hours of voluntary work. Successful applicants receive a lump-sum payment up to 3,000 USD, or approx. 30,000 NOK.

The following organisations received ACTION Grant funding in 2022:

- Lista; Dugnad Sykkelpark, Motorbåtforeningen, Filatelistforeningen,
- Mosjøen; Halsøy IL, Ner-Drevjo Bygdelag, Andås Velforening, Mosåsens venner, Termik, Hjartåsens venner, Amcar Mosjøen, Vefsn og Mosjøen Skolekorps, Mosjøen Sanitetsforening, NMK Grane, Vefsn Jeger- og Fiskeforening, KorZy, Mosjøen Skytterlag, Mosjøen IL

## Direct sponsorship

Alcoa has the opportunity to award sponsorship on top of the smelter's budgets. Such support is restricted only to charitable projects which, for various reasons, are ineligible for Alcoa Foundation or Alcoa ACTION grant support.

The following organisations and activities received direct sponsorship in 2022:

- Lista; FLIK-avtalen, Pride-paraden, Lista atletklubb, Lista skytterlag,
- Mosjøen; Pride Mosjøen

Alcoa Norway awarded in total 2 130 000 NOK in direct sponsorship in 2022.

## Development and prospects

The average 2023 LME price so far is 2,460 dollars per ton. Product premiums have fallen compared to 2022 levels but remain higher than the historical average. Demand has picked up somewhat after instability in the second half of 2022 and the first quarter of 2023. Market segments like transport, electrical installations and packaging are



## Alcoa Foundation celebrated 70th anniversary in 2022

Alcoa has supported Ungt Entreprenørskap, Forskerfabrikken and FEE (Foundation for Environmental Education). All charitable initiatives which meet requirements on educational and environmental gain.

The Project: Pump Track Lista in Farsund consisted of volunteers through Alcoa's ACTION-program (Alcoa Community Together in Our Neighborhood). Project can apply for money under conditions that a certain number of current or former Alcoa-employees volunteer work for a certain amount of hours. Alcoa then covers the cost of tools and materials. The pump track was built near the Alcoa-hall to be enjoyed by cyclist of all ages.

Alcoa Mosjøen is a sponsor through Alcoa Foundation of Halsøy Tigers, a local football club for people with disabilities. When asked if we wanted to play against them in the 2022 Lions Cup, we just had to say yes.





expected to push aluminium demand upwards. Restarting curtailed pots at Lista has so far been postponed. Revisiting the power procurement strategy is a priority for the smelter. The impact of the Russian invasion of Ukraine remains uncertain.

Alcoa Corporation's main priorities are sustainable growth, improve operations and raise revenue. The company will devote considerable attention to in-house tools such as Alcoa Business System and complete on-going automation efforts- As always, the company will strive to improve operational skills, and improve safety and environment.

### **Restructuring of Alcoa Norway ANS**

On December 30 2022 the general assembly of Alcoa Norway AS voted to increase the company's share capital through property contributions from Alcoa Norway ANS to

Alcoa Norway AS. The transfer includes all Alcoa Norway ANS' assets, rights and obligations.

On the same date, Alcoa Norway AS submitted a fully coordinated register notification to the Norwegian Register of Business Enterprises ("Foretaksregisteret"), as well as notifying the registry of the increased share capital.

The share capital increase was made public by the registry on January 19 2023.

Alcoa Norway ANS will be dissolved in 2 quarter 2023.

### **Distribution of profits**

Alcoa Norway's partners have decided that profits in 2022, at 2,571 mill.NOK, will be transferred to equity.

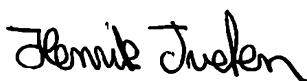
Mosjøen, 26 April 2023

for Alcoa Norway ANS



Grethe Hindersland  
Managing Director

for Norsk Alcoa AS and Norsk Alcoa Smelting AS



Henrik Tveten



Grethe Hindersland

# Comprehensive income

Amounts in NOK million	Note	2022	2021
Sales primary		12,593	9,682
Other sales		58	97
<b>Sales</b>	1,2,3	<b>12,651</b>	<b>9,779</b>
Raw materials and energy	3	(8,156)	(5,636)
Salaries, wages and related costs	4	(759)	(705)
Depreciation and write-downs	5,6	(417)	(414)
Other operating costs	7	(1,174)	(999)
Other gains and losses	8	362	560
<b>Operating costs</b>		<b>(10,144)</b>	<b>(7,193)</b>
<b>Income from operations</b>		<b>2,507</b>	<b>2,586</b>
Intercompany interest income	3	135	72
Intercompany interest expenses	3	(62)	(50)
Foreign exchange gains/ (-) loss		(1)	0
Other financial income/ (-)expenses		(7)	(13)
<b>Net financial items</b>		<b>64</b>	<b>9</b>
<b>Net profit</b>		<b>2,571</b>	<b>2,595</b>
<b>Other comprehensive income</b>			
Cash flow hedges	1	203	0
Remeasurement net pension liabilities		1	0
<b>Total comprehensive income for the year</b>		<b>2,775</b>	<b>2,595</b>

# Balance sheet

Amounts in NOK million	Note	2022	2021
<b>ASSETS</b>			
Tangible assets	5,6	0	2,998
<b>Total fixed assets</b>		<b>0</b>	<b>2,998</b>
Investment in subsidiaries	9	8,726	0
<b>Total financial assets</b>		<b>8,726</b>	<b>0</b>
Long term receivables	10	0	30
<b>Other long-term receivables</b>		<b>0</b>	<b>30</b>
Inventories	11	0	1,241
Accounts receivable	12	0	1,032
Short term receivables	13	0	7,046
Short term financial derivatives	1	0	18
Cash and short term deposits		0	1
<b>Total current assets</b>		<b>0</b>	<b>9,338</b>
<b>Total assets</b>		<b>8,726</b>	<b>12,367</b>
<b>EQUITY AND LIABILITIES</b>			
Company capital	14	8,726	6,455
<b>Owners equity</b>		<b>8,726</b>	<b>6,455</b>
Pension Liabilities	15	0	6
Other long term accruals	16	0	110
<b>Accrued liabilities</b>		<b>0</b>	<b>116</b>
Langsiktig gjeld	17	0	2,300
Finansielle derivater	1	0	249
<b>Annen langsiktig gjeld</b>		<b>0</b>	<b>2,549</b>
Accounts payable	18	0	930
Other current payables	19	0	2,291
Short term financial derivatives	1	0	26
<b>Current liabilities</b>		<b>0</b>	<b>3,247</b>
<b>Total equity and liabilities</b>		<b>8,726</b>	<b>12,367</b>

Mosjøen, 26 April 2023  
for Alcoa Norway ANS

  
Grethe Hindersland  
Managing Director

for Norsk Alcoa AS and Norsk Alcoa Smelting AS

  
Henrik Tveten

  
Grethe Hindersland

# Cash flow Statement

Amounts in NOK million	Note	2022	2021
Net profit		2,571	2,595
(Gain)/Loss on sale of tangible assets		(1)	(16)
Depreciation fixed assets	3	389	385
Write-down retired assets	3	12	8
Change in working capital		(101)	(725)
Change in accruals		(520)	(503)
<b>Net cash flow from operating activities</b>		<b>2,350</b>	<b>1,745</b>
Investments in tangible fixed assets	3	(552)	(374)
Long term receivable	4	(10)	(30)
Other current receivables Alcoa Group	6	2,218	(1,241)
Sale of property		2	18
<b>Net cash flow from investing activities</b>		<b>1,658</b>	<b>(1,627)</b>
<b>Net cash flow before financing activities</b>		<b>4,008</b>	<b>118</b>
Intercompany debt	11	(2,773)	(46)
Distributed cash to owners	8	(460)	(465)
<b>Net cash flow from financing</b>		<b>(3,233)</b>	<b>(511)</b>
<b>Net change in liquid reserves</b>		<b>775</b>	<b>(393)</b>
Liquid reserves 1 January		525	918
<b>Liquid reserves 31 December</b>		<b>1,300</b>	<b>525</b>
Cash and short term deposits		2	1
Group bank account	13,19	1,297	524
Undrawn portion of credit facilities		0	0
<b>Liquid reserve including credit facilities 31 December</b>		<b>1,300</b>	<b>525</b>

On 30 December 2022, the general meeting of Alcoa Norway AS resolved to increase the company's share capital by a contribution in kind of transferring the entire business of Alcoa Norway ANS to Alcoa Norway AS. The transfer of Alcoa Norway ANS' includes all assets, rights and obligations. The cash flow statement in Alcoa Norway ANS is based on end balances 30.12.2022.



# ACCOUNTING PRINCIPLES

The Financial Statements have been prepared in accordance with the Norwegian Accounting Act § 3-9 and regulations relating to IFRS adopted by the Ministry of Finance 21 January 2008. This essentially means that the recognition and measurement follow international accounting standards (IFRS) and the presentation and disclosures are in accordance with Norwegian Accounting Act and generally accepted accounting principles in Norway.

The Company has adopted the following simplifications of recognition and valuation rules in IFRS:

- IFRS 1 D6 on the continuation of the cost of investments in subsidiaries, associated companies and joint ventures.
- IFRS 5 is not applied.
- IAS 10.12-13, IAS18.30 and IFRIC 17.10 are waived so that dividends and group contributions are recognized in the financial statements according to the Norwegian Accounting Act.
- IAS 9 are waived so that the contracts for the purchase of physical power to use in the company's own production is not accounted for as investment contracts in the company accounts.
- Financial assets and liabilities designated at fair value under IFRS 9 have been expanded to include financial instruments in which the criteria are met in overhead accounts.

Corporate accounts are based on the principles of historical cost accounting, with the exception of the following accounting records:

- Financial instruments at fair value, financial instruments available for sale are carried at fair value.

All amounts are in million Norwegian kroner, unless otherwise indicated.

## CONVERSION OF ALCOA NORWAY ANS

On 30 December 2022, the general meeting of Alcoa Norway AS resolved to increase the company's share capital by a contribution in kind of transferring the entire business of Alcoa Norway ANS to Alcoa Norway AS. The transfer of Alcoa Norway ANS' includes all assets, rights and obligations.

There is only on day of ordinary operation in Alcoa Norway AS in 2022, and all operation- and cash flow transactions are therefore reported in Alcoa Norway ANS. The transfer of Alcoa Norway ANS' assets to Alcoa Norway AS took place 30th December 2022. Balances pr year end 2022 will be 0 in Alcoa Norway ANS and full value reported in the balance of Alcoa Norway AS.

On 30 December 2022, Alcoa Norway AS notified the Norwegian Register of Business Enterprises (the NRBE") of the share capital increase by submitting a coordinated register notification form.

The share capital increase in Alcoa Norway AS was registered and published 19 January 2023.

## ACCRUAL, CLASSIFICATION AND VALUATION PRINCIPLES

Assessments of the individual items in the financial statements are based on the current IFRS standards.

The accounts are primarily based on a historical cost basis except for derivative financial instruments which are carried at fair value. Fixed assets are recorded at the lower of book value and fair value. Fair value is measured as the highest of the assets value in use and sales value less cost to sell.

Provisions are made when there is an actual liability, it is likely that it will be paid and the cost can be estimated reliably. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period the changes occur, if they apply the current or previous periods. If the change applies future periods, the revision affects both current and future periods.

Classification of balance sheet items as current or non-current is based on a 12 months period. Items that have a lifespan of more than 12 months are long term, while other items are current. This applies to both assets and liabilities.

## REVENUES

Revenue is the expected remuneration from sale of goods and is recognized as income after a pattern that reflects the transfer of control over goods or services to the customer, that is, revenue from sale of goods is recognized when title is transferred to the buyer, that is according to the agreed delivery terms. Revenue related to sale of services is accounted in accordance with the degree of completion. Revenues are net of VAT, discounts and bonuses.

## MAINTENANCE COSTS

Ongoing maintenance costs are expensed as incurred. Recurring maintenance jobs (periodic maintenance), replacements and upgrades of assets are classified as investments and recognized in the balance sheet.

## RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred, while expenditure on development is capitalized if the criteria according to IAS 38 are met.

## ENVIRONMENTAL COSTS

Imposed environmental investments that are essential for continued operations is treated as an investment and capitalized. Estimates for the costs of repairing damage to the environment resulting from construction of new facilities are included in the cost price and depreciated with the actual plant. Costs of repairing damage to the environment arising out of production are expenses as incurred.

## PENSION COSTS AND COMMITMENTS

Pensions are accounted for in accordance with IAS 19. Pension costs and pension liabilities for defined benefit plans are calculated according to linear service charges based on assumptions about discount rates, future salary increases, pensions and social security benefits, and actuarial assumptions regarding mortality, voluntary retirement etc. The discount ratio is based on long term covered bonds at the balance date adjusted for expected duration of pension liabilities. Changes in liabilities due to changes in pension plans are recognized in full when determined and publicized. Changes in liabilities due to changes in assumptions (actuarial gains and losses) are recognized directly in OCI with a finite amount.

## CURRENCY

The company's functional and presentation currency is Norwegian Krone (NOK). Transactions in foreign currencies are recorded at the rate on the transaction date, while monetary items in foreign currencies are remeasured to the end of period currency rate on the balance sheet date. Foreign exchange gain/losses, including translation differences are recognized as financial items. For hedge accounting, see derivatives.

## DERIVATIVES

The company uses derivative financial instruments to hedge the exposure of currency and price risk relating to finished goods, raw materials and other major purchases. Derivatives are recognized initially at cost and are valued in

the following periods at fair value and recorded as assets or liabilities. Gains and losses resulting from sale or changes in fair value are recognized in profit and loss if the derivatives are not part of a hedging portfolio that meets the criteria for hedge accounting. Gains and losses on derivatives that are part of a hedging relationship are recorded simultaneously and classified consistently with the transaction that is hedged. This means the effects related to hedging of future transactions (cash flow hedge) is recognized temporarily in equity and recognized in the income only when the hedged transaction is realized. Gains and losses on derivatives treated as fair value hedges are recorded in profit and loss and offset wholly or partly changes in value of the hedged item.

## RECEIVABLES

Accounts receivable and other receivables are recorded at nominal value less provision for doubtful debts. Provisions for losses are based on an individual assessment of each receivable.

## INVENTORIES

Inventories are valued at the lower of average historical cost and net realizable value. Net realizable value is measured as expected selling price minus selling costs. For raw materials and work in progress net realizable value is calculated to net sales value of finished goods reduced for the remaining production costs. The cost of manufactured products includes direct materials and wages, plus a proportionate share of overhead cost based on normal operating capacity.

## FIXED ASSETS AND DEPRECIATION

Fixed assets are valued at historical cost less depreciation. Depreciation is calculated on the basis of cost less any residual value and is distributed linearly over the estimated useful life of each asset. Cost includes direct planning and project costs, and interest incurred during construction. Depreciation starts when the asset is ready for use and is revised annually.

## LEASING

IFRS 16 regulates the recognition, measurement, presentation and disclosure requirements relating to leases and requires that leases be capitalized in the accounts of the lessee in the form of a lease obligation (obligation to pay rent) and an asset that represents the lessee's right to use the underlying asset. This is as accounting of financial leases under IAS 17. The standard allows leases that are short term (up to 12 months) or where underlying assets have a low value (must be made a material valuation) to

be expensed. At initial recognition, the liability is measured as the present value of future lease payments during the lease term. The right to use the asset is measured at cost. In retrospect, the usage right is depreciated and interest expense on the liability is expensed under finance costs. The lease payments ("installments") reduce the carrying amount of the lease.

## CASH FLOW STATEMENT

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

## INCOME TAX

Income tax liability is borne by the owners and is not recognized in the company's income statement or balance sheet. The tax disclosure informs about the company's tax position of which the owners are liable.

## NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS1 Presentations of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the "settlement" of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

## Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produce that are not an output of the entity's ordinary activities.

## Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions. Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date.





# Notes to the accounts

## 1 FINANCIAL MARKET RISK - RISK FACTORS

In addition to the operative risk, Alcoa Norway is exposed to risk in the product and input factor markets, as well in foreign exchange.

### Aluminium and alumina

From 1 March 2021 all exports from Alcoa Norway has been done through the Dutch Alcoa company Alcoa Nederland Holding BV. The sales prices between the two entities reflect the sales prices to the end customers less a selling fee.

The alumina is supplied from Alcoa Corporation based on an internal index price.

### Currency risk

Fluctuations in the value of Norwegian kroner against other currencies are important to Alcoa Norway's net income because the company exports the majority of its product to markets where the price is fixed in a foreign currency. Aluminium is quoted in USD in all markets, and changes in the USD exchange rates have an impact of the price realized in local currency. In addition, fluctuations in NOK also affects the prices of raw materials.

As a result of IFRS 9, all derivative contracts are recognised at fair value. When calculating the fair value, all derivative contracts are measured against the observed forward exchange rate on the balance sheet date day.

For fair value hedges, any changes in the value of derivative contracts are reported in the income statement. The same applies to the currency element of the underlying hedged items.

### Power

Beginning 2017 Alcoa Norway entered into several long-term power purchase agreements, which secured approximately 50% of the necessary power for the Norwegian smelters for the period 2020-2035. The remaining 50% is currently purchased under short-term contracts. Financial compensation of the indirect carbon emission costs passed through in the electricity bill is received in accordance with EU Commission Guidelines and the Norwegian compensation regime. During 2022, the company acted to mitigate spot energy pricing at the Lista smelter. In July 2022 the company entered into a fixed price power agreement for the fourth quarter of 2022 through 31 December 2023. In February 2023 the agreement was amended with improved fixed pricing and lower volume commitments. The company is continuing to review operating levels with changes in market conditions.

In December 2022 Alcoa Norway entered into a financial contract for the purpose of managing the price exposure of the variable spot market price for the reselling of power. The contract has been designated a derivative that qualifies for cash flow hedge accounting and changes in value are reported in equity.

## DERIVATIVES

All derivatives are booked at fair value. The original contract is measured against the relevant market rates at year-end.

Consequently, fair value is unrealised gain/loss on derivatives.

	Change Nominal value cash flow hedges	31.12.2022		31.12.2021	
		Fair value	Nominal value	Fair value	Nominal value
<b>Fair value hedge</b>					
Currency forwards, currency swaps				(78)	913
<b>Other derivatives</b>					
Power contracts				(179)	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(257)</b>	<b>913</b>

## Classification of financial assets and liabilities

31/12/2022	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized Cost	Financial instruments measured at fair value through OCI (derivatives used for hedging)	Total
<b>Assets</b>				
Receivables from customers (note 7)	0	0	0	0
Other current receivables (note 8)	0	0	0	0
Derivatives (note 1)	0	0	0	0
Cash and short term deposits	0	0	0	0
<b>TOTAL FINANCIAL ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>				
Payables to suppliers (note 11)	0	0	0	0
Other current payables (note 12)	0	0	0	0
Other long term liabilities (note 17 and 19)	0	0	0	0
Long term debt (note 18)	0	0	0	0
Derivatives (note 1)	0	0	0	0
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

31/12/2021	Financial instruments measured at fair value through profit or loss	Financial instruments measured at amortized Cost	Financial instruments measured at fair value through OCI (derivatives used for hedging)	Total
<b>Assets</b>				
Receivables from customers (note 7)	0	1,032	0	1,032
Other current receivables (note 8)	0	7,046	0	7,046
Derivatives (note 1)	18	0	0	18
Cash and short term deposits	0	1	0	1
<b>Total financial assets</b>	<b>18</b>	<b>8,079</b>	<b>0</b>	<b>8,098</b>
<b>Liabilities</b>				
Payables to suppliers (note 11)	0	930	0	930
Other current payables (note 12)	0	2,291	0	2,291
Other long term liabilities (note 17 and 19)	0	116	0	116
Long term debt (note 18)	0	2,300	0	2,300
Derivatives (note 1)	275	0	0	275
<b>Total financial liabilities</b>	<b>275</b>	<b>5,636</b>	<b>0</b>	<b>5,911</b>

## 2 NET SALES BY MARKETS (%)

	2022	2021
Netherlands	93	80
Spain	0	13
Norway	4	3
Iceland	3	4
<b>Total:</b>	<b>100</b>	<b>100</b>

### 3 RELATED PARTIES TRANSACTIONS

	<b>2022</b>	<b>2021</b>
Net sales primary	11,932	9,419
Other net sales & cost recharge	52	54
Raw materials	2,818	2,062
Other operating cost	164	159
Interest income	62	50
Interest cost	134	72

### 4 SALARIES, WAGES AND RELATED COSTS

	<b>2022</b>	<b>2021</b>
Salaries	631	588
Social security tax	59	56
Pension costs	32	28
Other	37	32
<b>Total</b>	<b>759</b>	<b>705</b>

Number of full-time equivalents at year-end

	839	824
--	-----	-----

Remuneration Managing Director, 1000 NOK

	<b>2022</b>	<b>2021</b>
Salary and performance pay	2,658	0
Other benefits	119	0
<b>Total remuneration</b>	<b>2,776</b>	<b>1,316</b>
Pension	91	0

Managing Director 2022 has been employed by Alcoa Norway ANS. Managing Director in 2021 had a shared role and remuneration was allocated to Alcoa Norway ANS based on a distribution key.

Stock-based compensation benefits are provided to certain employees through the issue of shares/options in the listed ultimate parent entity Alcoa Corporation. Alcoa Norway ANS recognizes the compensation expenses according to IFRS 2 Share-based payment. Stock options under Alcoa's stock-based compensation plans have been granted at exercise prices that are not less than market prices at the dates of grant. Stock option features are as follows:

<b>Grant date</b>	<b>Vesting</b>	<b>Term</b>	<b>Reload feature</b>	<b>Method of Settlement</b>
2010 and forward	3 years (1/3 each year)	10 years	None	Equity

Alcoa granted restricted share units (stock awards) vest in three years from date of grant.

The following table summarizes the total compensation expenses recognized for all options and restricted share units: Compensation expenses reported in income before social security tax, NOK 1000:

	<b>2022</b>	<b>2021</b>
Stock option grants	2	34
Restricted share unit grants	1,805	889
<b>Total compensation expense:</b>	<b>1,807</b>	<b>922</b>

	<b>Stock options</b>	<b>Restricted share units</b>
Outstanding at December 31.12. 2022 NOK 1000	0	0

## 5 LEASES

This note provides information for leases where the Company is a lessee of objects in categories machine, vehicle, building, structure and land. The Company follow the exception in IFRS16 for short term lease (less 12 months) and low value lease (less USD 5000). Hence such lease is not booked to balance sheet.

The balance sheet shows the following amounts relating to leases:

<b>Right of use assets</b>	<b>2022</b>	<b>2021</b>
Building and fixed structures	0	12
Machine / vehicle	0	49
Property and land	0	40
Other	0	2
		<b>103</b>

<b>Lease liabilities</b>	<b>2022</b>	<b>2021</b>
Current	0	14
Non-current	0	47
	<b>0</b>	<b>61</b>

The statement of profit or loss shows the following amounts relating to leases:

<b>Depreciation charge of right-of-use assets</b>	<b>2022</b>	<b>2021</b>
Building and fixed structures	2	2
Machine / vehicle	10	11
Property and land	4	6
Other	0	1
	<b>15</b>	<b>19</b>

<b>Interest Expense</b>	<b>2022</b>	<b>2021</b>
Building and fixed structures	0	0
Machine / vehicle	1	1
Property and land	2	2
Other	0	0
	<b>3</b>	<b>4</b>

Contracts are transferred to Alcoa Norway AS pr 31.12.2022

## 6 FIXED ASSETS

Cost price and net book value	Machinery	Buildings & structures	Land and depletable asset	Construction work in progress	Software	Total
<b>Cost price:</b>						
Balance 01.01	7,929	2,761	77	229	38	11,033
Additions	261	3	0	285	2	552
Retirements	(118)	(1)	0	0	0	(119)
Conversion to Alcoa Norway AS	(8,072)	(2,764)	(77)	(514)	(40)	(11,466)
Balance 31.12	0	0	0	0	0	0
Of which capitalized interest expences on tangible fixed assets of own production						
	0	0	0	0	0	0
<b>Depreciation and Write-down:</b>						
Balance 01.01	(6,132)	(1,916)	(19)	0	(37)	(8,104)
Retirements	118	1	0	0	0	119
Ordinary depreciation	(335)	(52)	0	0	(1)	(389)
Write-down	(12)	(0)	0	0	0	(13)
Conversion to Alcoa Norway AS	6,361	1,968	19	0	38	8,386
Balance 31.12	0	0	0	0	0	0
<b>Net book value:</b>						
Balance 01.01	1,797	844	58	229	1	2,929
Balance 31.12	0	0	0	0	0	0

Economic life	5-20 år	25-50 år	0-20 år	-	5 år
Depreciation method	Linear	Linear	Linear	-	Linear

Investments in and sales of fixed assets	2021		2020	
	Inv.	Sale	Inv.	Sale
Machinery and equipment	261	1	344	0
Buildings	3	0	39	18
Other fixed property	0	0	0	0
Constr. work in progress	285	0	(11)	0
Software	2	0	1	0
<b>Totalt</b>	<b>552</b>	<b>2</b>	<b>374</b>	<b>18</b>

## 7 OTHER OPERATING COSTS

	2022	2021
Travel- and entertainment costs	4	2
Expensed machinery, inventory and other materials	193	169
Repair and maintenance	154	126
Distribution costs	261	229
Other external services	345	274
Property tax	17	21
Other operating costs	201	179
	<b>1,174</b>	<b>999</b>

### Expenses auditor, NOK 1000

Audit fees	727	661
Audit fees, US	217	270
Other authorization services	42	76
Tax consultancy	0	34
Auditors assistance	92	19
<b>Total remuneration</b>	<b>1,078</b>	<b>1,060</b>

All amounts excl. VAT

## 8 OTHER GAINS AND LOSSES

	2022	2021
Fair Value adjustments power contracts	362	560
	<b>362</b>	<b>560</b>

## 9 INVESTMENT SUBSIDIARIES

	2022	2021
Investment subsidiaries	8,726	0
	<b>8,726</b>	<b>0</b>

## 10 MORTGAGES AND GUARANTEES

	2022	2021
Assets pledged as security:		
Fixed assets	0	2,998
Inventory	0	1,241
Trade debtors	0	8,128
<b>Total</b>	<b>0</b>	<b>12,367</b>

Effective June 2022, Alcoa Norway assets are no longer pledged as security for USD 1.25 billion Revolver Credit Agreement where Alcoa Nederland Holding B.V. is the borrower. Alcoa Norway remains a subsidiary guarantor of the Revolver Credit Agreement in addition to Alcoa bonds.

## 11 INVENTORIES

	2022	2021
Finished goods	0	147
Work in process	0	436
Raw materials	0	574
Operating materials	0	83
	<b>0</b>	<b>1,241</b>

## 12 ACCOUNTS RECEIVABLE

	2022	2021
Receivables from external customers	0	44
Receivables from Alcoa customers	0	988
	<b>0</b>	<b>1,032</b>

## 13 CURRENT RECEIVABLES

	2022	2021
Other current receivables		
Alcoa group - Financial account	0	2,174
Other current receivables		
Alcoa Group	0	4,306
Other current receivables	0	566
	<b>0</b>	<b>7,046</b>

## 14 EQUITY

	Other compre- hensive income	Other equity	Total
Equity 01.01.2022	(6,591)	13,045	6,455
Net profit 2022	0	2,571	2,571
Other comprehensive income 2022:			
Cash Flow hedges 2022	203	0	203
Deferred income tax swap	(45)	0	(45)
Remeasurement pension liabilities	1	0	1
Stock option program	1	0	1
Transactions with owners 2022:			
Dividend 2022	(460)	0	(460)
<b>Equity 31.12. 2022</b>	<b>(6,891)</b>	<b>15,616</b>	<b>8,726</b>

## 15 PENSION PLANS

The pension costs show the future pension entitlement earned by employees in the financial year. This may be in the form of an annual contribution to the employee pension plans (contribution plan) or the entitlement to a specified future pension (defined benefit plan) earned during the year.

### Defined contribution plans

Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employee's pension plans, and where the return on the pension plan assets will determine the amount of the future pension.

### Defined benefit plans

Defined benefit plans comprise of a multi employer plan. The pensioncost is booked similarly as a defined contribution cost. The company have granted additional pensions for some of the pensioners. The defined benefit obligations relating to these pensioners are included in the balance sheet.

The company follows the IAS 19 requirements for pension. Hence the unfunded pension obligation is measured at fair value in the balance sheet and all accumulated gains and losses during year are recognised in Other Comprehensive Income.

The company's pension schemes are in accordance with Norwegian pension law.

Changes in net pension liabilities through the year	2022	2021
Net pension liability ending balance previous year	6	6
Change in accounting principle IAS 19	0	0
Net pension liability opening balance	6	6
Net pension cost for the year	0	0
Contributions	(1)	(1)
Remeasurements loss (gain)	(0)	1
Conversion to Alcoa Norway AS	(5)	0
<b>Net pension liability 31.12</b>	<b>0</b>	<b>6</b>

Components of net periodic pension cost incl payroll tax	2022	2021
Current service cost (incl. social tax)	0	0
Interest cost on pension liability	0	0
<b>Net periodic pension cost</b>	<b>0</b>	<b>0</b>
Defined contribution plan	30	28
Multi-employer plan - New early retirement scheme	12	11
<b>Pension cost, total</b>	<b>42</b>	<b>39</b>

The net total of pension liability	2022	2021
Gross pension liability /funded and unfunded plans (PBO)	5	6
Pension fund (fair value)	0	0
Net pension liability /-fund	5	6
Unrecognised actuarial gains and losses	0	0
Conversion to Alcoa Norway AS	(5)	0
<b>Net pension liability /-fund</b>	<b>0</b>	<b>6</b>

Economic assumptions	2022	2021
Dicount rate	3.20%	1.50%
Assumed salary increase	3.75%	2.50%
Assumed pension increase	2.00%	1.50%
Assumed adjustment in National Insurance base rate (G)	3.50%	2.25%



## 16 LONG TERM ACCRUAL

All long term accruals have been transferred to Alcoa Norway AS.

## 17 LONG TERM DEBT

Intercompany long term debt at NOK 2.300.000.000 with expiration date 14 July 2027 was transferred to Norsk Alcoa Holding AS in November 2022 as part of the reorganisation project of the Norwegian company structure.

## 18 ACCOUNTS PAYABLE

	2022	2021
Payables to suppliers	0	790
Intercompany current payables Alcoa	0	140
	0	930

## 19 CURRENT PAYABLES

	2022	2021
Other current payables Alcoa group - Financial account	0	1650
Other current payables Alcoa group	0	473
Value added tax, vacation pay and employee tax payables	0	136
Other current payables	0	32
	0	2,291

## 20 TAXES

Taxes have not been charged to these accounts since the tax liabilities rest with the owners.

The following figures from Alcoa Norway ANS are included in the calculation basis for the owner companies' tax accounts:

Tax basis	2022	2021
Profit before taxes	2,571	2,595
Permanent differences	1	2
Changes in temporary differences	(451)	(513)
Change temp. differences, no impact on P&L /recorded against equity*	203	0
<b>Tax basis</b>	<b>2,325</b>	<b>2,085</b>

### Temporary differences

Inventory reserve	12	61
Other	304	(261)
<b>Short-term items</b>	<b>316</b>	<b>(201)</b>
Fixed assets reserve	271	338
Environmental accrual	(28)	(26)
Right of Use Assets	10	8
Other	(5)	(6)
<b>Long-term items</b>	<b>248</b>	<b>314</b>
<b>Temporary differences</b>	<b>564</b>	<b>113</b>

## 21 OWNERSHIP STRUCTURE

Company name:	2022	2021
Norsk Alcoa AS	78.53%	78.53%
Norsk Alcoa Smelting AS	21.47%	21.47%
	<b>100.00%</b>	<b>100.00%</b>

## 22 MAJOR OCCURENCES AFTER 31.12.2022

On 30 December 2022, the general meeting of Alcoa Norway AS resolved to increase the company's share capital by a contribution in kind of transferring the entire business of Alcoa Norway ANS to Alcoa Norway AS. The transfer of Alcoa Norway ANS' includes all assets, rights and obligations.

On 30 December 2022, Alcoa Norway AS notified the Norwegian Register of Business Enterprises (the NRBE") of the share capital increase by submitting a coordinated register notification form. The share capital increase in Alcoa Norway AS was registered and published 19 January 2023.

The company will be reported dissolved during 2nd quarter 2023.



To the Partnership Meeting of Alcoa Norway ANS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Alcoa Norway ANS (the Company), which comprise the balance sheet as at 31 December 2022, the comprehensive income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter

We draw attention to Note 22 in the financial statements, which describes that the general meeting of Alcoa Norway AS has decided to increase the share capital with a contribution in kind consisting of the entire business of Alcoa Norway ANS to Alcoa Norway AS. The capital increase includes all assets, rights, and obligations of Alcoa Norway ANS. Alcoa Norway ANS was reported dissolved during the second quarter of 2023. Our opinion is not modified in respect of this matter.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if



there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Mosjøen, 9 May 2023

**PricewaterhouseCoopers AS**

Silja Eriksen  
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

# 10 years summary

## Income Statement

NOK million	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net operating revenues	12,651	9,779	7,070	7,461	7,791	7,430	6,110	6,261	5,967	5,112
Cost of goods sold	(9,727)	(6,779)	(5,856)	(7,259)	(6,244)	(5,761)	(4,669)	(5,549)	(5,072)	(4,800)
Depreciation	(417)	(414)	(398)	(406)	(390)	(382)	(393)	(396)	(418)	(413)
Income from operations	2,507	2,586	817	(204)	1,157	1,287	1,048	316	477	(101)
Net financial items	64	9	8	1	(9)	(47)	(61)	3	11	11
Net income	2,571	2,595	825	(203)	1,147	1,240	987	318	489	(91)

## Balance sheet

Intangible assets	-	-	-	-	4	3	1	1	3	
Fixed assets	3,142	2,998	3,012	3,101	3,202	3,364	3,563	3,767	4,000	4,251
Long-term receivables	291	30	-	-	8	48	34	390	703	1,025
Current assets	7,039	9,338	6,099	5,025	4,747	3,654	2,030	1,861	2,919	1,790
Total assets	10,473	12,367	9,110	8,126	7,949	7,026	5,642	5,662	7,313	6,747
Equity	8,726	6,455	4,325	3,494	3,666	2,948	2,235	2,123	6,198	5,800
Long-term liabilities	260	2,549	3,178	3,041	2,695	2,386	30	107	19	98
Current liabilities	1,487	3,247	1,608	1,591	1,588	1,691	3,377	3,432	1,096	849

## Cash flow/liquidity

Net cash flow from operations	2,350	1,745	1,112	921	986	1,690	1,209	1,347	1,071	584
Capital expenditures	(552)	(374)	(296)	(252)	(235)	(187)	(192)	(144)	(170)	(86)
Other investments/receivables	2,209	(1,253)	(251)	(349)	(675)	(1,346)	(301)	(140)	1,015	
Net cash flow										
before financing	4,008	118	565	320	76	156	715	1,063	901	497
Dividend	(460)	(465)	-	-	(400)	(481)	(850)	(4,400)	-	(800)
Net debt	(2,773)	(46)	4	25	53	431	-	2,300		
Liquid reserves	1,300	525	918	349	5	276	170	305	1,342	440

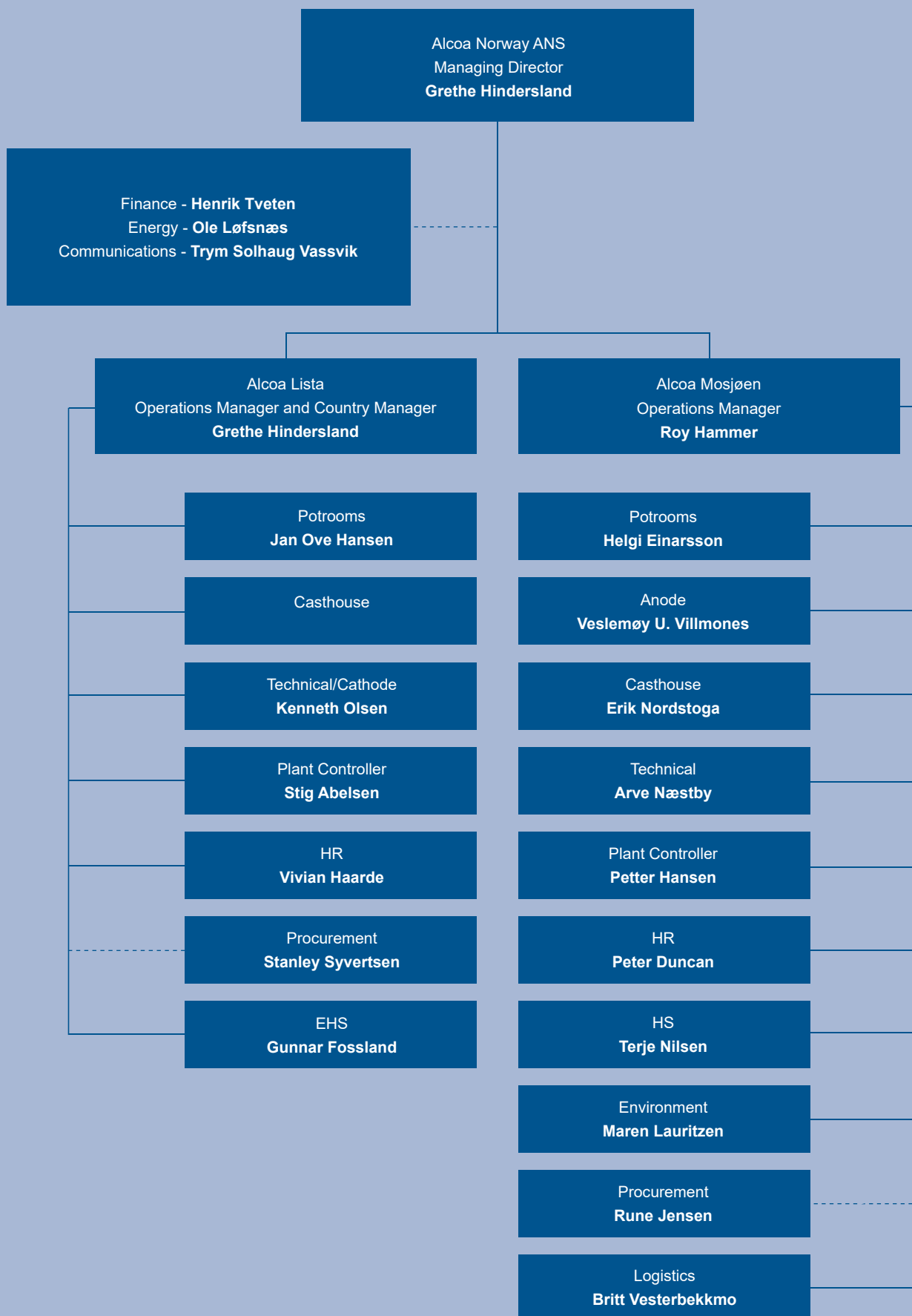
## Profitability

Net operating margin %	20	26	12	(3)	15	17	17	5	8	(2)
Return on assets %	22	24	9	(3)	15	20	19	5	7	(1)

## Other data

Primary aluminium capacity 1000 tons	294	294	294	294	292	292	292	290	290	290
Primary aluminium shipments 1000 tons	345	374	359	374	369	369	360	335	361	345
Sales outside Norway %	96	97	96	97	97	98	98	97	97	97
Average LME 3 USD/ton	2,718	2,488	1,731	1,811	2,116	1,979	1,609	1,682	1,893	1,888
Currency rate NOK/USD	9,62	8.60	9.40	8.80	8.13	8.25	8.40	8.07	6.30	5.88
Employees at year-end Nos.	839	824	763	757	744	731	725	722	726	728
Lost workday injuries Nos./mill. Work hours	2.1	2.1	1.8	1.4	0.7	0.8	0.7	-	-	1.6

# Organization





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