

Algorithm of sustainability

SUSTAINABILITY
REPORT

2009–2010



ALgorithm of sustainability

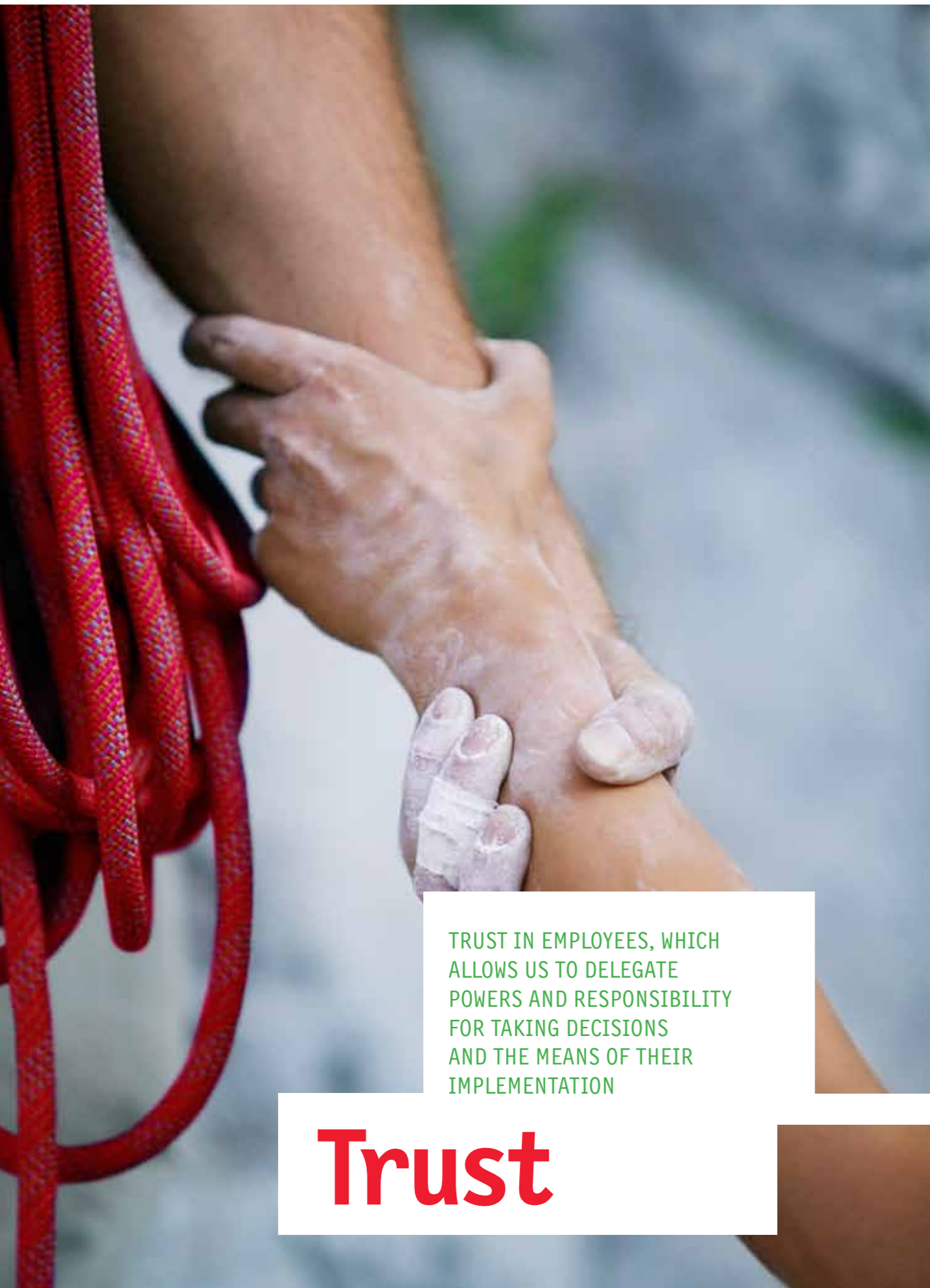
SUSTAINABILITY
REPORT
2009–2010

UC RUSAL

SUSTAINABILITY REPORT / 2009–2010

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TRUST IN EMPLOYEES, WHICH
ALLOWS US TO DELEGATE
POWERS AND RESPONSIBILITY
FOR TAKING DECISIONS
AND THE MEANS OF THEIR
IMPLEMENTATION

Trust

Algorithm of trust

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DEAR FRIENDS, It is with great pleasure that I present to you UC RUSAL's fourth Sustainability Report, prepared in accordance with GRI requirements and the principles of the United Nations Global Compact.

The past few years represent a time of major change for our Company. This has been a difficult period for the global economy, commodity markets in general and for the aluminium sector in particular. The global economic crisis demonstrated a need to change our management approach and establish a foundation for long-term sustainable development. We promptly implemented a cost reduction and efficiency improvement programme, which enabled the Company to retain its leading position in the sector.

Our most significant achievement in the reporting period was UC RUSAL's successful IPO on the Hong Kong Stock Exchange in January 2010. We realise that the status of public company necessitates particular attention to the implementation of best global standards and practices in the area of information transparency and corporate governance and we will continue to maintain both in future.

The trust of our customers and an understanding of their requirements and expectations are important to us. The Customer Support Centre of UC RUSAL, opened in 2011, will enable us to take into account the opinion of our clients when establishing products on the market.

Our key priorities are building long-term relations with partners and local communities and adopting a responsible attitude to the environment and climate change. As a global company we understand the importance and need to pool resources to resolve these challenges not only at a national, but also at a global level.

The Company continues to invest in the sustainable development of the countries and regions where UC RUSAL's enterprises have a presence. The programme Territory of UC RUSAL aims to raise living standards in the regions where the Company has a presence. The programme stipulates the development of social infrastructure objects and support for public initiatives. The Company is currently supporting primary education in Russia jointly with the Charitable Foundation Volnoe Delo, equipping schools with state-of-the-art computers.

In Africa and Central America the Company has prioritised socio-economic development programmes for a number of years: the Company helps local populations to gain access to sources of clean drinking water, builds roads, improves occupational health and safety, supplies medicines to the population and gives people a chance to receive professional medical assistance. The economic crisis had no bearing on the quality of the social programmes that are being implemented by the Company.

Over the past five years UC RUSAL has invested over USD 1 billion in the development of environmentally sound technologies, as well as in the implementation of a modernisation programme at existing enterprises, enabling the Company to cut harmful emissions. A project to reduce greenhouse gas emissions at Krasnoyarsk Aluminium Smelter, one of the largest in the world, was adopted as a Joint Implementation Project under the Kyoto Protocol. A joint project of UC RUSAL and the Hong Kong University of Science & Technology (HKUST) has also been submitted for the development of solutions aimed at protecting the environment and implementing progressive ideas, including a search for new applications of aluminium.

It goes without saying that it would be impossible to achieve such impressive results if we did not have a dedicated team of hard workers. Notwithstanding the difficulties of the period, we maintained our trust, a team spirit and the desire to develop the Company as a team. I would like to take this opportunity to express my thanks to UC RUSAL's global team of professionals for their contribution to our collective success.

The Company's strategic objectives will be to consolidate its status as industry leader and to establish cutting-edge standards in the area of sustainable development. We have already managed to significantly improve performance which will make it far easier for us to tackle any difficulties that may lie ahead. Today we look to the future with confidence.

CHIEF EXECUTIVE OFFICE, UC RUSAL
OLEG DERIPASKA



COURAGE TO RESIST WHAT IS UNACCEPTABLE AND ASSUME PERSONAL RESPONSIBILITY FOR THE RESULTS OF OUR OWN DECISIONS

Courage

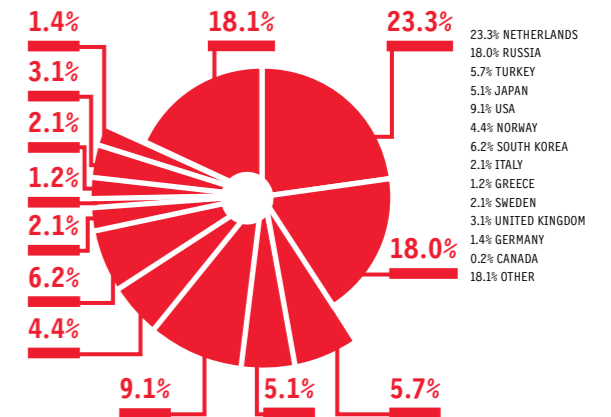
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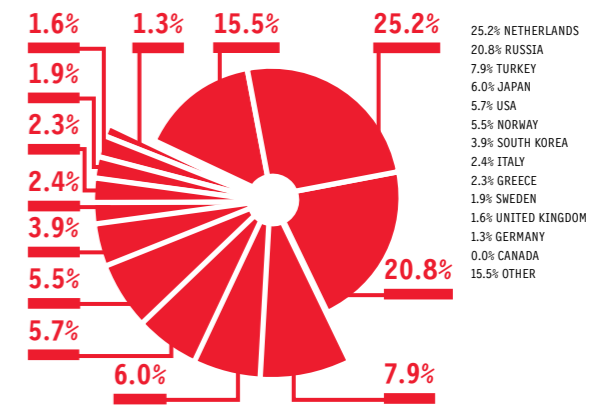
OVERVIEW OF OPERATIONS

UNITED COMPANY RUSAL (UC RUSAL) is a global company with assets in 19 countries on five continents. UC RUSAL comprises 16 aluminium smelters, 12 alumina refineries, 8 bauxite mines, 4 aluminium foil mills, and 2 cathode plants. UC RUSAL has representative offices operating in Australia, Armenia, China, Guinea, Guyana, Ireland, Italy, Jamaica, Kazakhstan, Nigeria, Sweden, and Ukraine. It is headquartered in Moscow, Russia. The Company sells its products in Europe, North America, South-East Asia, Japan, China and Korea – a total of 50 countries on five continents. In 2009, the European region accounted for the largest amount of sales. In 2010, the share of the Russia and CIS market more than doubled, while the European and American markets contracted slightly. UC RUSAL forecasts that its sales on the Asian markets will increase in the years to come, particularly in China. Companies in various industries and economic sectors – construction, transport, packaging, machinery and equipment, electrical and the consumer goods – are consumers of UC RUSAL products. In future, the Company intends to increase its sales to end users, gradually reducing the share of global traders while reinforcing the role of regional distributors. A global scale of operations, an orientation on manufacturing products with a high added value, and a favourable position on the cost curve ensure UC RUSAL's leadership in the global aluminium industry. UC RUSAL is a vertically integrated company that combines bauxite mines, alumina refineries, aluminium smelters, and companies that produce aluminium foil and packaging, as well as power plants.

Sales by country, 2009



Sales by country, 2010



* According to the data of the audited consolidated IFRS financial statements for the year ended 31 December 2010.

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UC RUSAL's main line of business is the manufacturing of primary aluminium, which is widely used in modern industry, including by companies that manufacture rolled aluminium and aluminium foil, pressed aluminium and cables, and cast parts.

Primary wrought alloys are used for the production of rolled aluminium and pressed products. Products are then processed for their final use in packaging, construction, transportation, electronics, machine-building, and consumer goods. Primary casting alloys are widely used to manufacture various parts used in the automobile industry and other machine-building industries.

The Company's enterprises manufacture aluminium foil as well as a wide range of flexible foil-based packaging and consumer goods.

Powder metallurgy is a separate highly processed goods area. The Company is the leader in Russia in terms of the quality of its fine and coarse aluminium powders. The equipment and technologies used by the Company make it possible to output a wide range

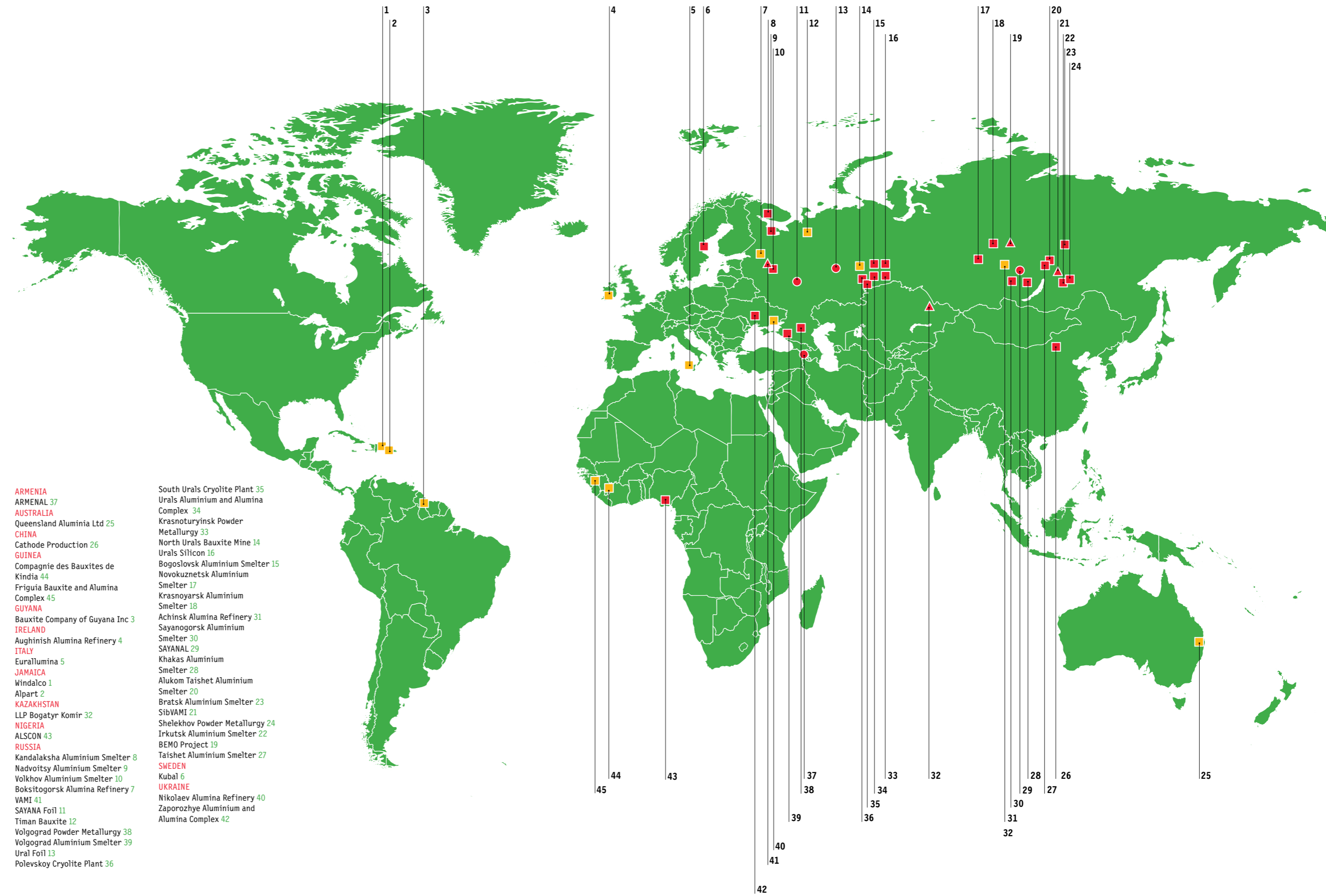
of aluminium powders, differing in granule size, chemical composition, and particle form.

Aluminium wire rod is widely used in the cable industry to produce wires and cables, in ferrous metallurgy as a reduction agent, and in the manufacture of other metal goods.

Silicon production is fully balanced from the viewpoint of supplying refineries with the necessary raw materials – quartzite, supplied from the Cheremshansk mine. The companies Silicon Ltd. and Urals Silicon produce various kinds of products. Silicon Ltd. is the largest producer of metallurgical silicon and the only producer of refined silicon in Russia.

High-quality non-aluminium products include chemical products. The Company accounts for 22% of Russia's sodium carbonate production.

The Company's high-quality products with a broad range of applications include corundum products and gallium, which is used in the production of mobile telephones, computer equipment, solar power cells, LEDs and other high-technology goods.



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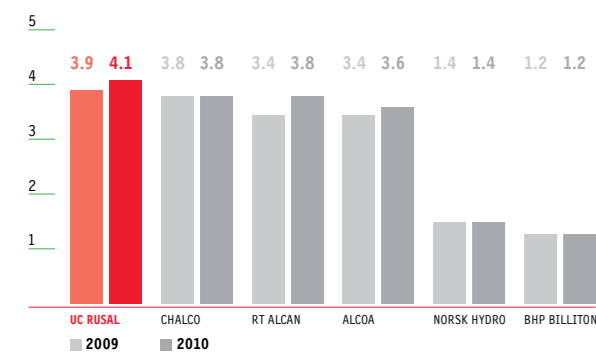
UC RUSAL

UNITED COMPANY RUSAL IS A GLOBAL COMPANY WITH ASSETS IN 19 COUNTRIES ON FIVE CONTINENTS.

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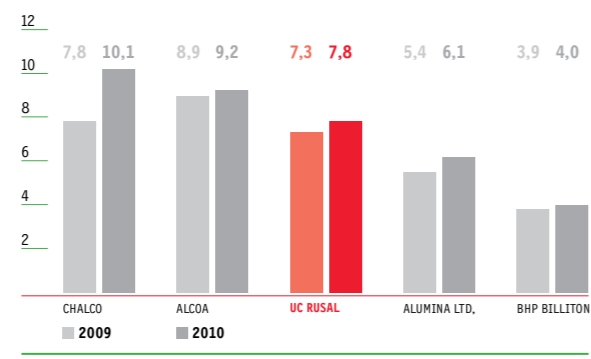
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Primary aluminium production, 2009–2010 MILLION TONNES



SOURCE: UC RUSAL INTERNAL COMPANY REPORT

Alumina production, 2009–2010 MILLION TONNES



SOURCE: UC RUSAL INTERNAL COMPANY REPORT

Key financial indicators*, 2008–2010

Indicator, million USD	2008	2009	2010
DIRECT ECONOMIC VALUE GENERATED			
Revenue	15,685	8,165	10,979
Finance income	106	1,321	99
DIRECT ECONOMIC VALUE DISTRIBUTED			
OPERATING COSTS			
Cost of sales	11,073	6,710	7,495
Distribution expenses	798	566	553
Administrative expenses	1,103	713	762
SALARIES AND OTHER EMPLOYEE PAYMENTS AND BENEFITS			
Wages and salaries	1,206	902	990
Contributions to defined contribution retirement plans	180	120	116
Contributions to defined benefit retirement plans	21	(4)	10
PAYMENTS TO PROVIDERS OF CAPITAL			
Interest expense on operating income	839	1,258	1,250
Interest paid under financing activities	599	965	623
Repayment of borrowings	10,943	1,850	7,116
Repayment of bonds	238	-	-
Dividends paid	2,099	-	-
PAYMENTS TO GOVERNMENT			
Income tax	(69)	18	144
COMMUNITY INVESTMENTS			
Charitable donations	31	4	9
ASSETS, LIABILITIES AND EQUITY			
Total assets	24,005	23,886	26,525
Net debt	13,170	13,633	11,472
Total equity	4,488	6,332	11,456

* As per the audited consolidated IFRS financial statements for the year ended 31 December 2009 and the year ended 31 December 2010.

Key performance indicators*, 2008–2010

Production, mln. tonnes	2008	2009	2010
Primary aluminium	4,424	3,946	4,083
Alumina	11,317	7,278	7,841
Bauxite	19,100	11,300	11,700

* As per the Company's management accounting.

FIGURES

IN 2009–2010 UC RUSAL retained its position as the world's largest producer of aluminium and its position as one of the largest producers of alumina. Over the reporting period, the Company accounted for 10% of the global aluminium market and 10% of global alumina production.

Average headcount at the Company fell in 2010 against 2009, from 80,489 to 72,383 persons. However, the Company's wages expenses increased by 9.8%, to USD 990 million.

Demand for aluminium fell by 8.2% in 2009 year-on-year, as a result of the global recession. In 2009 the average price of this metal fell by 35% compared to 2008. As a result, production of aluminium and alumina, extraction of bauxite, and accordingly, sales fell compared to 2008. In the face of the growing Chinese economy, in 2010 production of aluminium and alumina, the extraction of bauxite, and their sales increased.

Revenues fell in 2009 by 48% compared to 2008, or to USD 8.165 million, as a result of lower aluminium prices and decreased sales. In 2010 higher aluminium prices, an expanded product range and higher margins reduced in increased revenues: USD 10.979.

In January 2010 UC RUSAL became a public company, successfully carrying out an initial public offering (IPO) in Hong Kong and on the Euronext exchange in Paris. Russian depositary receipts issued for Company shares are traded on the MICEX and RTS stock exchanges.

MILESTONES

2009

March

The ARMENAL aluminium foil mill in Armenia reached its designed capacity of 25 thousand tonnes.

May

Artyom Volynets, UC RUSAL Director of Strategy and Corporate Development, was named chairman of the International Aluminium Institute (IAI).

July

The modernisation program of the Krasnoyarsk Aluminium Smelter (KrAZ) was completed, with a total investment of USD 300 million.

September

The first start-up complex of a new foundry section was put into operation at the Irkutsk Aluminium Smelter.

2010

May

UC RUSAL was listed in the first rating of business partners of post-secondary educational institutions compiled by the Russian Union of University Rectors and won awards in the categories "Major contribution to science and innovation" and "Major contribution to support of talented students and young teachers".

June

UC RUSAL and the Hong Kong University of Science and Technology (HKUST) signed a five-year agreement on research cooperation and increased cooperation between young academics.

December

The innovation project of UC RUSAL won a tender of the Russian Ministry of Education and Science on carrying out integrated projects to create high-technology manufacturing facilities.

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to retain competent, professional, ambitious employees who share its corporate values is a high-priority strategic goal for the Company.

UC RUSAL's core values include:

- > Respect for the individual rights and interests of Company employees, requirements of clients and conditions of cooperation proposed by lenders, vendors and business partners as well as respect for the public.
- > Impartiality, which implies remuneration of work in good balance with achieved results and the granting of equal rights for further career development.
- > Honesty in all relations, be they within or outside the Company and in the common sharing of information required for our work.
- > Efficiency as a means for sustainable achievement of the best possible results in everything Company does.
- > Courage to resist what is unacceptable and assume personal responsibility for the results of Company own decisions.
- > Care demonstrated by Company efforts to protect people from any harm or threat to their health and wellbeing and by our intention to do our utmost to safeguard the environment.
- > Trust in employees, which allows us to delegate powers and responsibility for taking decisions and the means of their implementation.

By integrating these corporate values into the Company's day-to-day operations, UC RUSAL plans to maintain the corporate culture necessary to achieve the best possible results in all our business endeavours. Values are reflected in the Company's successes, are binding on all employees, and are offered to all who work together with UC RUSAL. The Company will not compromise its values in pursuit of profit, and considers its values to be the unifying thread tying together all

MISSION, STRATEGY, VALUES

UC RUSAL believes its success to be a means of promoting social prosperity.

UC RUSAL's strategy is aimed at using its competitive advantages to secure its sustainable activity and long-term development. The Company is a leader in the aluminium industry, and intends to maintain its position on the global markets using its own technological innovations, the global scale of its business and the professionalism of its employees. Stability of production will be promoted by ensuring the Company is able to supply all kinds of raw materials to the greatest extent possible. The development of internal energy resources and their diversification will help to guarantee uninterrupted electricity supplies to the Company's factories. The efficiency programs being implemented at the Company's enterprises support one of the industry's most competitive costs of production.

The Company recognises the need to take active measures to strike a balance between supply and demand, and will act as necessary to reduce pressure on the alumina and aluminium markets and restore metal prices. To this end, UC RUSAL is optimising and reducing the production of less profitable aluminium and alumina facilities. However, while cutting costs the Company has maintained production levels at its most efficient and environmentally friendly factories. Here, priority activities include working with end users to find new ways of using aluminium, creating new products, maintaining flexibility in meeting orders and improving product quality.

Implementation of strategic plans depends on UC RUSAL personnel. Ensuring that the Company is able

UC RUSAL'S STRATEGY
IS AIMED AT USING ITS
COMPETITIVE ADVANTAGES
TO SECURE ITS SUSTAINABLE
ACTIVITY AND LONG-TERM
DEVELOPMENT.

EFFICIENCY AS A MEANS
FOR SUSTAINABLE
ACHIEVEMENT
OF THE BEST POSSIBLE
RESULTS IN EVERYTHING
WE DO

Efficiency

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of its operations, and expects the same from its business partners.

UC RUSAL's mission and values are enshrined in the Company's Code of Corporate Ethics adopted in 2007.

CORPORATE GOVERNANCE

UC RUSAL believes that an effective system of corporate governance is one of the key factors promoting the Company's successful development and increasing its investment appeal. A well-built system provides additional guarantees to shareholders, partners, and clients and helps to strengthen internal control mechanisms.

The Company structured its corporate governance system in accordance with leading international standards and best practices of public companies.

The Company's corporate governance system is governed by the Charter and the Shareholders' Agreement of UC RUSAL, and as well as by internal regulatory documents regulating the activity of the Board of Directors, the Executive Board, and Committees of the Board of Directors and Executive Board. The Company's main ethical principles and standards are set out in the Company's Code of Corporate Ethics, while approaches to corporate governance and the determination of the roles and responsibilities of the Board of Directors are set out in the Code of Corporate Governance which was approved by the Company in 2010.

Shareholders

UC RUSAL was created in 2007 through the merger of the companies RUSAL, SUAL, and the alumina assets of Glencore. In 2008 the ONEXIM Group joined the shareholders of the Company. As a result of the successful IPO on the Hong Kong stock exchange, 10.75% of the share capital of UC RUSAL now consists of freely traded shares.

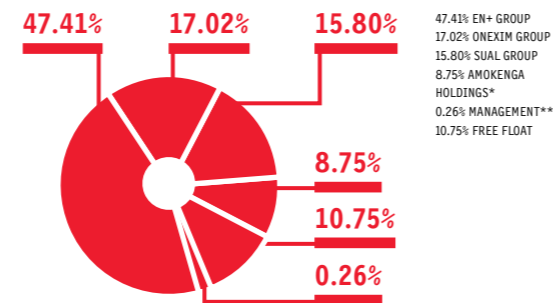
Board of Directors

UC RUSAL is managed by the Board of Directors, which bears collective liability. The duties of directors include strategic management of the Company, control over compliance with corporate governance standards, transparency of operations, and the interests of shareholders. Members of the Board of Directors include executive, non-executive and independent directors.

As at 31 December 2010 the Board of Directors of UC RUSAL comprised 18 directors, of which four are independent.

The Board of Directors has the following committees: the Audit Committee, the Corporate Governance

Shareholders of UC RUSAL, as at 31 December 2010



* controlled by Glencore International AG

** including 0.22% of shares owned by the general director of UC RUSAL

and Nominations Committee, and the Remuneration Committee. The committees have the following functions:

- > The Audit Committee provides the Board of Directors with an independent assessment of the Company's financial statements and the effectiveness of its internal controls and risk management, considers and recommends approval by the Board of Directors of related-party transactions; oversees the audit process; and performs other duties at the request of the Board of Directors.
- > The Corporate Governance and Nominations Committee makes and revises recommendations on corporate governance for the Company, mechanisms of monitoring compliance with corporate governance principles, recommendations to the Board on appointments of members of the Board of Directors and Board committees, and the Executive Board.
- > The Remuneration Committee makes recommendations to the Board on the remuneration of Board members, members of the Executive Board, and the CEO.

A number of other functional Committees have also been created by the Board of Directors, such as the Marketing Committee and the Health, Safety and the Environment Committee, whose main functions are to draft recommendations to the Board on matters within their competence.

In 2009–2010 the Board of Directors and the Board committees participated in the resolution of issues concerning sustainable development and corporate social responsibility. For example, in summer 2010 a meeting of the Corporate Governance Committee of the Board of Directors approved the budget of the New Village project, a detailed

description of which can be found in section Development of Regions.

More details on the members and activities of the Board of Directors and its committees in 2009 and 2010 can be found in the 2009 and 2010 annual reports of UC RUSAL (which are available at www.rusal.com/investors.aspx).

Executive bodies
The operational management of UC RUSAL, implementation of the Company's development strategy and execution of the decisions of the Board of Directors are the responsibility of the Executive Board and Chief Executive Officer Oleg Deripaska. The key authorities of the Executive Board are enshrined in the Company Charter and the Shareholders' Agreement.

Executive bodies

As of 31 December 2010, the Executive Board had 18 members, including the Chief Executive Officer. The UC RUSAL Executive Board has a number of Committees, including the Corporate Governance Committee and Capital Markets, the HR Committee, and Management Committees for each of the Company's lines of business. Their activities are governed by the corresponding Regulations.

In 2009–2010 the Executive Board and its Committees participated in the resolution of issues concerning sustainable development and corporate social responsibility. An example of such work is the consideration of the environmental action plan by Corporate Governance and Capital Markets Committee of the Executive Board in 2010.

More details on the members and activities of the Executive Board and its Committees in 2009 and 2010 can be found in the 2009 and 2010 annual reports of UC RUSAL (which are available at www.rusal.com/investors.aspx).

Organisational structure
The following changes were made to the organisational structure of UC RUSAL in summer 2010: two new directorates were created, and the alumina and aluminium divisions were divided into eastern and western divisions. The chief purpose of these changes was to increase Company management efficiency, including making the decision-making process faster and improving the quality of business processes.

At the end of 2010 the structure of UC RUSAL included eight divisions: the Eastern aluminium division, the Western aluminium division, the Eastern alumina division, the Western alumina division, the International alumina division, the Packaging division, the Engineering and construction division, the Commercial directorate and the Energy division.



INTERNAL CONTROLS AND RISK MANAGEMENT

The Company's system of internal controls has been developed and implemented for the purpose of protecting assets, ensuring proper accounting, and complying with regulatory requirements.

The Board of Directors is responsible for maintaining the effectiveness of the Company's internal control system. The Board of Directors creates and controls the Company's risk management system, for which a working group on risk management has been created within the Department of Internal Control, which develops documents on risk management and monitors their execution. The Internal Control Department reports on its activities to the Board of Directors on a regular basis.

The risk management policy is aimed at analysing the risks that the Company encounters, establishing the relevant controls and approving limits, and monitoring compliance with limits. Documents that govern the work of the risk management system and the system itself are regularly reviewed to reflect changes in the Company's external and control environment. Through personnel training and the development of internal standards and procedures, UC RUSAL strives to create a control environment in which all Company employees recognise their duties in this area.

The UC RUSAL Audit Committee assesses the efficiency of the internal control system and risk management system, and monitors the compliance of these systems with the relevant procedures. The Audit Committee is assisted in these functions by the Internal Audit Service, which performs both regular and special

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Chief Executive Officer
Oleg Deripaska

Management Board:

O. Deripaska, K. Alexandrov, A. Arnautov, S. Belsky, A. Volvenkin, V. Geraskin, Ya. Itskov, V. Matvienko, O. Mukhamedshin, P. Ovchinnikov, V. Polin, P. Sinshinov, T. Soina, M. Sokov, V. Freis, S. Hodgson



* AS – aluminium smelter, AP – alumina plant, AR – alumina refinery.

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reviews, the results of which are communicated to the Audit Committee.

For 2010 the Board of Directors of UC RUSAL assessed the Company's internal control system as being in compliance with the Code of Corporate Governance.

RUSAL PRODUCTION SYSTEM

With the aim of increasing competitiveness, reducing costs and improving the efficiency of business processes, in 2009 the Company began the development of a production system (PS) based on the principles of the Toyota production system (TPS).

The Production System is understood as an approach to organising production relations that, by developing personnel, makes it possible to create a culture of continuous improvement of business processes.

With the aim of creating a single systemic approach to the understanding of TPS, the implementation and dissemination of the RUSAL PS, and the development of personnel and a culture aimed at continuous improvement, in 2009 the philosophy of the RUSAL PS was formulated based on five principles:

1. GIVE PRIORITY TO LONG-TERM GOALS
2. THINK ABOUT THE CLIENT
3. PEOPLE ARE THE MOST PRECIOUS ASSET
4. KAIZEN IS A CULTURE OF CONTINUOUS IMPROVEMENT
5. GIVE FULL ATTENTION TO THE PRODUCTION FLOOR

The main goals that the Company strives to achieve by developing its production system are:

- > An increase in productivity without increasing labour costs
- > Achievement of 100% quality of finished product
- > An increase in the overall efficiency of the operation of equipment
- > The high-quality development of human resources is the key to creating a culture of continuous improvement.

Development of the production system in 2009-2010

The UC RUSAL continued to develop the production system in 2010; the year was marked by a new level of un-

derstanding of the production system and assessment of its role in realising the Company's development strategy. At this stage of development of the production system, a key aspect is the transition from pinpoint improvements and experiments to the stabilisation and standardisation of all processes, from the purchasing of materials to the sale of finished products and consumer relations. A system of benchmark areas has been created, and a continuous flow has been arranged from finished products to key operations. Experience gained by the Company's factories during experiments was analyzed; key kaizens were identified for implementation; problems in all branches of production were analysed; common problems were identified and goals were determined – improve quality and reduce costs.

To reach these goals, in 2010 the Directorate of Production Development was created and a system was developed based on the following internal documents:

> A company-wide program document that determines the areas of development of the production system for the next several years. It identifies the main plants where all know-how will be processed and the specialists will be trained, who will then disseminate their experience to other UC RUSAL enterprises. The first enterprises selected for this purpose were the production facilities in Krasnoyarsk, Sayanogorsk, Volgograd and Achinsk.

> The "Regulations on the organisation and stimulation of the submission, consideration and implementation of kaizens at Company enterprises", which establishes the basis for involving employees in developing kaizens. From the time the Regulations were adopted to the end of 2010, more than 3500 kaizens were submitted, of which more than 1500 have been implemented, with the majority yielding an economic benefit.

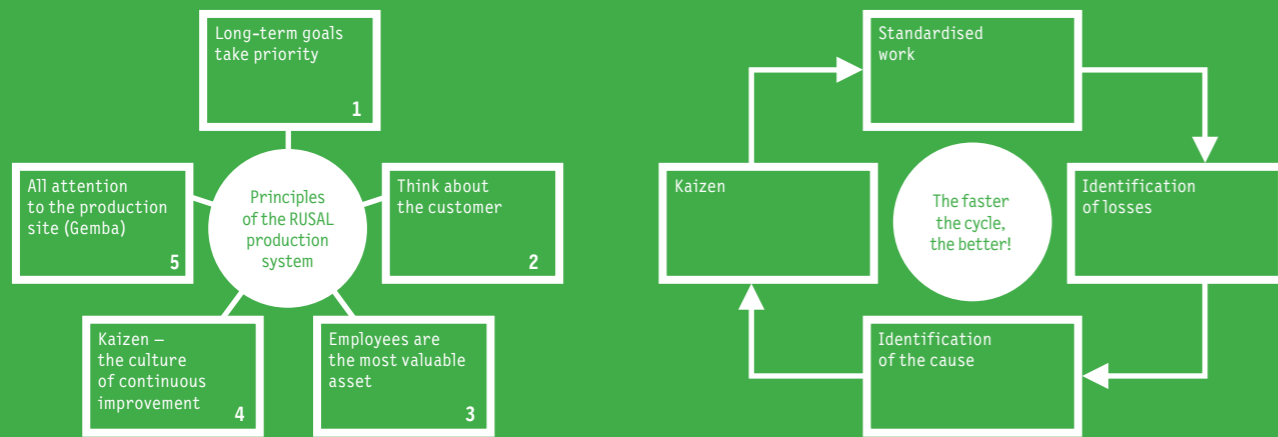
A KEY ASPECT OF DEVELOPMENT OF THE PRODUCTION SYSTEM IS THE TRANSITION FROM PINPOINT IMPROVEMENTS AND EXPERIMENTS TO THE STABILISATION AND STANDARDISATION OF ALL PROCESSES

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IDEALS OF UC RUSAL

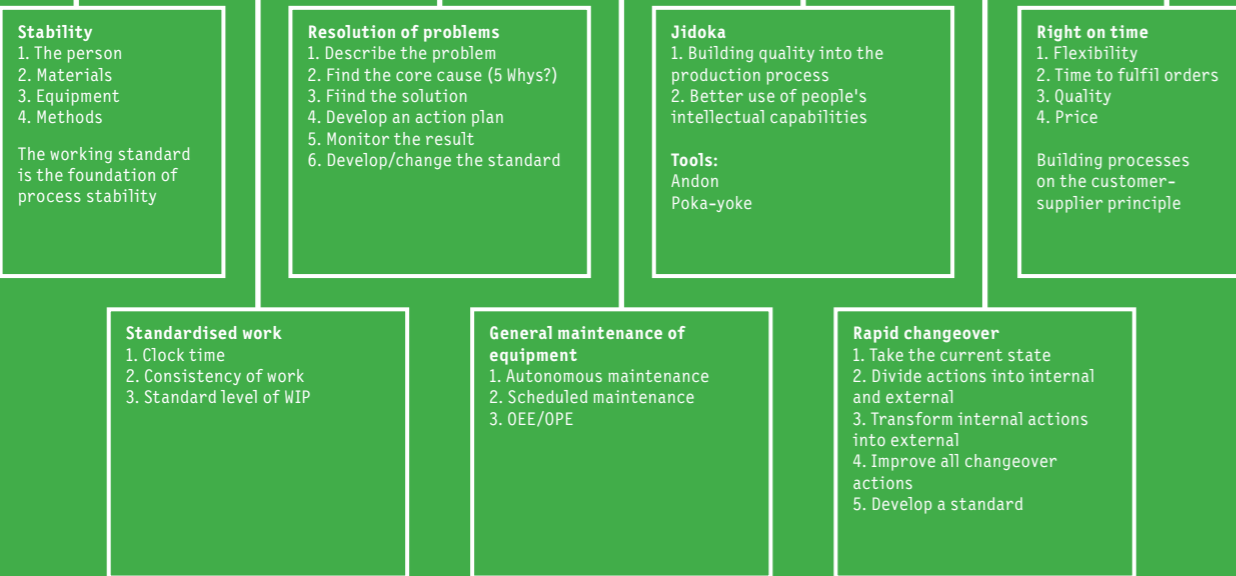
- 1. Safety
- 2. Quality
- 3. At the client's first request
- 4. Equalisation
- 5. Instant reaction of suppliers
- 6. Minimal costs



How can the ideals of UC RUSAL be achieved? Losses have to be identified and eliminated (muda):

- 1. Overproduction.
- 2. Unnecessary movements of people.
- 3. Unnecessary transport.

- 4. Waiting.
 - 5. Surplus processing steps.
 - 6. Excessive inventory.
 - 7. Repeat work and defective products
- Losses are an opportunity for improvement



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- > The "Standardised Work" methodology, which establishes uniform requirements and approaches to organising production and to the work of the repair and functional services.
- > The method of assessing the implementation and dissemination of the production system at Company enterprises, which determines that experience is completely and correctly applied.

The Company has also approved regulations on the Managing Committees for the Production System. In November 2010 the Managing Committee for KrAZ held its first meeting, during which presentations were given on the work accomplished at the enterprise on developing the production system and achieving goals in 2010, and the highest-priority areas of work for the coming year were set. Meetings of such committees in 2011 are planned for KrAZ and a number of other of the Company's production sites.

A priority area in 2010 was the reduction of labour costs on manual operations by applying mechanisation (breaker machines, floor-sweeping machines, alumina distribution machines, etc.). Rather than buying standardised equipment, the Company plans to design equipment to take into account the specifics of the production process. A contract was concluded with the GAZ Group in 2010 to design and manufacture new equipment for UC RUSAL.

Another significant event in the development of the Company's production system in 2010 was the opening of the corporate web portal for the development of the production system, which offers training materials, presentations, regulatory documents, videos and information on projects. The portal has been consistently popular: every month it is visited by more than 3000 UC RUSAL employees. An electronic ledger for registering kaizen is currently being developed for the portal; this will simplify the procedure of searching for the necessary solution and for reports generating.

Training of employees in the field of PS

In 2010 training in the production system was organised and conducted for key employees at the plants. Training was organised in several stages. The first stage was basic training in standardised work of employees at OAO GAZ; the second stage was deeper training at Krasnoyarsk Aluminium Smelter; the third stage was the opening of projects and the application of new knowledge obtained at their enterprises. More than 25 people have undergone training in this program over the past year.

To train specialists in the Production System, in 2010 the PS Development Department also conducted training sessions at SAZ, BrAZ, IrkAZ, KUBAL and

powder metallurgy enterprises. In addition, more than 50 UC RUSAL employees received the opportunity to undergo instruction in the MBA program at Lomonosov Moscow State University.

According to UC RUSAL's plans, 2011 will be devoted to developing employees' familiarity with the production system. Three stages of personnel training are planned:

- > Training in the basic approaches of the production system, for which three training sites are created; the selection criteria for these sites are the cyclical nature and frequent repetition of operations. The key sites selected were the packaging manufacturing site at SUAL-PM-Volgograd, the clamshell shelter facility at SAZ, and the PFS repair unit at KrAZ.
- > Training in the operations of typical existing manufacturing facilities – casting, reduction and anode.
- > Opening of projects in which personnel will be required to demonstrate and realise their potential, using the knowledge received.

QUALITY

Quality management system

UC RUSAL is traditionally very attentive to quality issues: both in respect of the products it manufactures and the raw materials and consumables it purchases.

To date the Company has not had a unified policy on quality: the main document in this area was the Quality Policy of the Aluminium Division. However, in 2010 work was conducted on revising this document with the aim of expanding the scope of its application. This work resulted in the UC RUSAL Quality Policy, which is to be approved in March 2011.

This policy establishes the following quality principles for all enterprises and divisions:

- > Orientation on the consumer: to become the standard of trust for consumers; to understand client

A PRIORITY AREA IN 2010 WAS THE REDUCTION OF LABOUR COSTS ON MANUAL OPERATIONS BY APPLYING MECHANISATION.

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needs and expectations; to guarantee the delivery of products; and to increase the level of consumer satisfaction with the quality of products and services.

- > Executive leadership: to ensure a positive image for the Company as a supplier, to establish goals of continuous improvement and create the conditions for achieving them.
- > Personnel: to ensure the growth of professionalism among employees, improve the personnel incentive program, and develop a culture of quality at the Company.
- > Systems-oriented and process-oriented approaches: to ensure that related business processes are managed as a system, and to assess their performance and efficiency with the aim of improving them.
- > Continuous improvement: to strive for improvement in everything that the Company does, to optimise and standardise all processes, to cut costs and to motivate personnel.
- > Fact-based decision-making: to make decisions and act on the basis of an analysis of factual data on the characteristics of products, processes, and the state of the Company's Management System.

IMPLEMENTATION OF THE LEAN PRODUCTION MODEL



**KRASNOYARSK ALUMINIUM SMELTER,
POTROOM #12**

Krasnoyarsk Aluminium Smelter was chosen as a pilot plant for the implementation of the production system. The first step in building an ideal production system was the creation of benchmark areas, where best practices would be implemented and developed, all losses would be eliminated, and work would be performed on standardising processes and personnel training.

The benchmark areas selected at KrAZ were potroom No. 12, foundry section No. 2 and the Schlick anode stud cleaning unit. These areas were not selected at random: personnel here were prepared for innovative work and, most importantly, there were kaizen teams and buy-in from factory management to work in this area.

For potroom No. 12 the goal was set to achieve 100% quality of metal produced. The ideal reduction cell was identified, and areas to improve it were identified. A multifunctional group of Company specialists worked in each area. Each group prepared key kaizens and technological solutions, which made it possible to achieve serious results. Instead of the traditional tapping (once per day), aluminium was tapped every eight hours; in this respect, the key proposed kaizen was that the tap-hole would not freeze between tappings, which eased the burden on the tap-hole preparation operators and freed them to perform other work on maintenance of the reduction cell.

In 2010 an ideal production model was developed, which brought together all of the best innovations and practices tested in the potroom. In November a decision was taken on disseminating best practices to other potrooms, and targets were set for quality and productivity.

Consideration was also given to work with personnel, improving working conditions and improving the quality of training. After capital repairs in potroom No. 12, a lounge was opened for cell operators. A training room was also opened in potroom No. 12, containing everything necessary for the training in the RUSAL production system. Here employees of OAO RUSAL Krasnoyarsk can share their knowledge not only with employees of their enterprise but with those of other Company plants.

As a result, the following goals were reached in potroom No. 12: the percentage of metal of the highest grades in December 2010 was 100% and at the end of December all 92 of the potroom's cells were yielding A7E grade metal.

Also in December 2010, the first issue of an almanac on the production system was released, which reflected the most important aspects of the Company's PS development activities.

- > Mutually beneficial relations with suppliers: to create strategic unions that engage suppliers in the work of improving quality, and to reinforce mutual trust, respect and responsibility. As at 31 December 2010, 26 Company enterprises have ISO 9001 certificates for their quality management system, which were issued by the company DNV. Under the approved quality management system, control procedures affect the following stages of a product's life cycle:
 - > development of the product concept
 - > processes related to consumers (identification and analysis of product requirements)
 - > research and development (of the new product)
 - > production
 - > storage and use
 - > purchasing of raw materials and other consumables.
 Three enterprises of the Aluminium Division – KrAZ, NkAZ and SAZ – also hold ISO/TS 16949 certificates on the quality management system for manufacturers of components and spare parts for the automobile industry.
- Plans for 2011 also include expansion of the scope of application of the international standard ISO/TS 16949 since more and more enterprises of UC RUSAL are becoming suppliers of products for the automobile industry.

Customers

UC RUSAL is engaged in an active, ongoing dialogue with consumers of its products regarding quality issues. In order to make activity in this area more systematic, in summer 2010 the company created the Department of Quality Management.

THE COMPANY ANNUALLY PERFORMS AN ANALYSIS OF CONSUMER SATISFACTION, IN ORDER TO CLARIFY THEIR EXPECTATIONS REGARDING THE QUALITY AND PACKAGING OF PRODUCTS AND ENSURING COMPLETE CUSTOMER SATISFACTION.

A UNIFIED POLICY ON QUALITY OF THE COMPANY ESTABLISHES THE FOLLOWING QUALITY PRINCIPLES: ORIENTATION ON THE CONSUMER, EXECUTIVE LEADERSHIP, SYSTEMS-ORIENTED AND PROCESS-ORIENTED APPROACHES, CONTINUOUS IMPROVEMENT, FACT-BASED DECISION-MAKING, MUTUALLY BENEFICIAL RELATIONS WITH SUPPLIERS, ETC.

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In 2010 the Company opened the Consumer Support Centre project, the goal of which was to improve product quality and ensure consumer satisfaction. Under this project, joint meetings were organised between specialists of the processing enterprises of UC RUSAL and consumers. Representatives of Mechem S.A. (Turkey), Hydro Aluminium, Novelis German, Apollo-RTA (a combination of the rolling mills of Alcan), Elval and others visited the aluminium plants of UC RUSAL with the aim of studying the production quality system, discussing opportunities and prospects, and developing joint measures for the improvement of quality. These meetings resulted in an increase in the volume and range of orders, including for value-added products.

The Consumer Support Centre project also included improvements to the system for analysing consumer needs and putting new products into production and the claim management system. The Company plans to launch an interactive web-based client service by 2012. Thus, UC RUSAL will create a system where the divisions of plants, first and foremost casting divisions, will work directly with their customers.

In addition, the Company annually performs an analysis of consumer satisfaction, normally during the period from April to June, in order to clarify their expectations regarding the quality and packaging of products and ensuring complete customer satisfaction. In its 2010 analysis, the Company identified the following areas for improving customer relations:

- > Achievement of more rapid and efficient consideration of customer claims
- > Tracking of the process of the deliveries from factories
- > Achievement of efficient supply chain management
- > Improvement of quality and expansion of technical support provided to consumers.

All of these areas are stipulated in the work of the Consumer Support Centre project.

Suppliers

Another no less important element of the Company's quality management system is work with suppliers when purchasing raw materials and products.

In 2010 UC RUSAL organised accounting of deliveries of poor-quality products to the Company's aluminium smelters to systematise work on claims against suppliers. A methodology was also developed and approved for estimating losses from the launch of products with deviations from the requirements of the technology.

The Company regularly performs audits of suppliers, both domestic and foreign. Technical audits were performed in 2010 for the majority of the enterprises supplying significant amounts of raw materials and consumables to UC RUSAL.

In 2011 the Company will commence a Supplier Development Centre project. Among other things, this project is intended to formulate a unified system for certifying suppliers, improving contractual and claims work, supporting accounting and documentation of all cases of defective products, and also organising work to help suppliers develop in the area of implementing Total Quality Management (TQM).

INNOVATION

Leadership in the field of innovation is one of UC RUSAL's priorities, and is an instrument for realising the Company's mission. To effectively manage innovation, the Engineering and Technology Centre (ETC) was founded in 2002 in Krasnoyarsk. This Centre brings together the best specialists from the Company's plants and academics working in major universities.

By 2010 the Centre's specialists had successfully achieved two strategic goals: a solution increasing the efficiency of Soderberg technology – Eco friendly Soderberg – and the creation of a proprietary electrolysis technology.

Eco friendly Soderberg was a significant improvement on Soderberg technology, the basis for the operations of the majority of UC RUSAL's plants. This program makes it possible to modernise factories, increasing productivity and reducing environmental impact.

Following implementation of Eco friendly Soderberg technologies, the environmental indicators of plants will become virtually identical to those of enterprises using prebaked anode technology. A similar project was launched at the Krasnoyarsk Aluminium Smelter in 2009, and by the end of 2011 implementation of this



COOPERATION OF UC RUSAL AND HONG KONG
UNIVERSITY OF SCIENCE AND TECHNOLOGY
(HKUST)

technology is planned for Bratsk, Irkutsk, Volgograd, and Novokuznetsk. The RA-300 and RA-400 electrolysis technologies developed by the Centre corresponds to foreign analogues in terms of its key technical and economic indicators.

UC RUSAL's current projects in the field of innovation include: testing of new technology with prebaked anodes and development of new aluminium alloys, which the Company is carrying out in conjunction with major Russian and global research centres and universities.

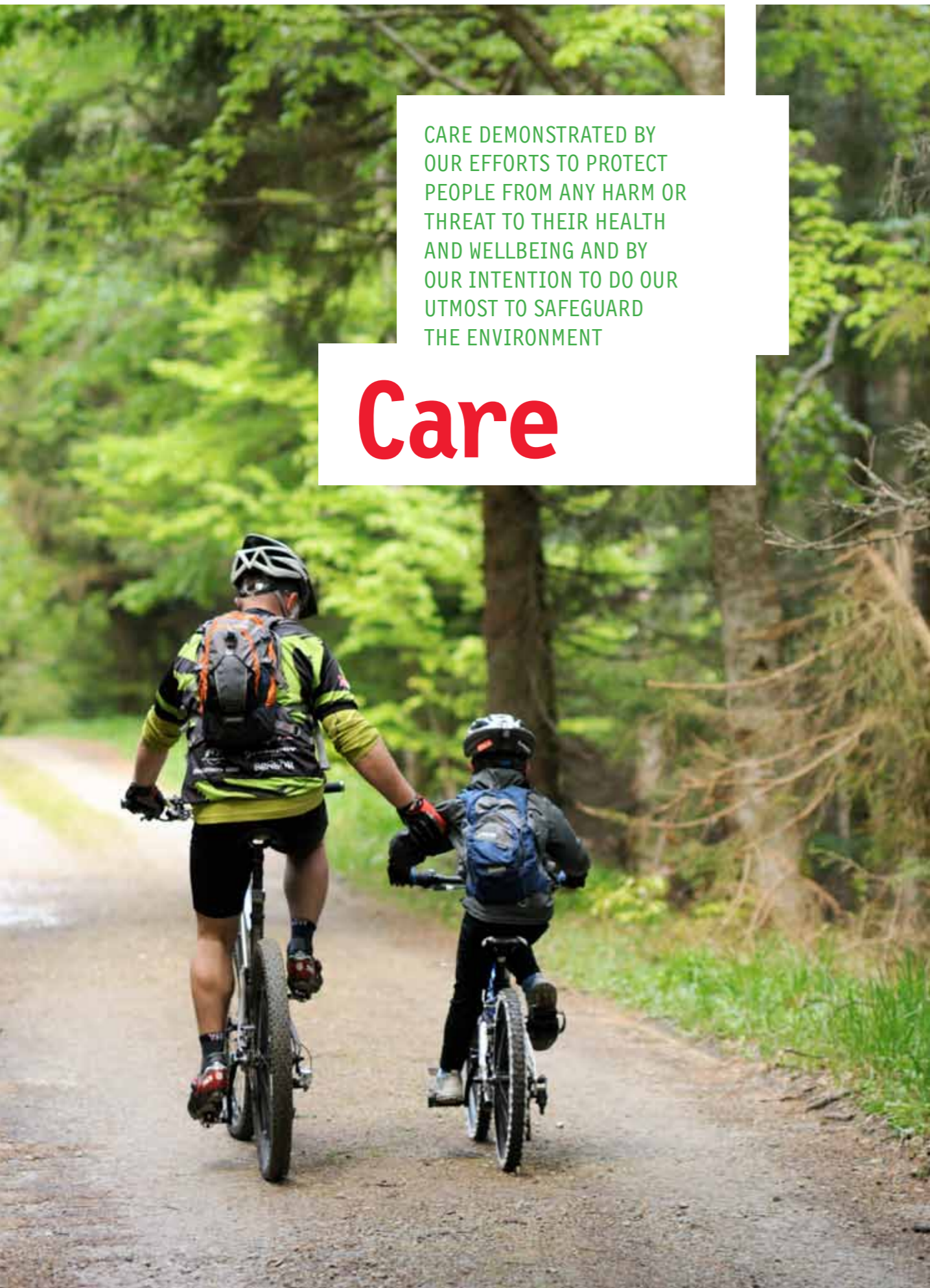
Cooperation with universities and research centres

In June 2010 UC RUSAL and the Hong Kong University of Science and Technology signed a five-year cooperation agreement, which includes joint work on creating fibre-reinforced aluminium roofing systems – the most technological and environmental material.

At the same time, RUSAL is working with leading Russian universities to create the technology of the future. In conjunction with the laboratories of Moscow State University and Siberian Federal University, the company is working on creating a reduction technology using inert anodes. In 2009–2010 work was also performed in conjunction with the Moscow Institute of Steel and Alloys (MISIS) and Irkutsk State Technical University.

UC RUSAL places orders for R&D work with the academic institutions of the Russian Academy of Sciences and research and production enterprises that are actively engaged in the development of science in Russia.

LEADERSHIP IN THE FIELD
OF INNOVATION IS ONE
OF UC RUSAL'S PRIORITIES,
AND IS AN INSTRUMENT FOR
REALISING THE COMPANY'S
MISSION.



CARE DEMONSTRATED BY OUR EFFORTS TO PROTECT PEOPLE FROM ANY HARM OR THREAT TO THEIR HEALTH AND WELLBEING AND BY OUR INTENTION TO DO OUR UTMOST TO SAFEGUARD THE ENVIRONMENT

Care

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assessment of risks and so on) are the responsibility of the divisional services of health, safety and environment.

At the enterprise level, specialised departments on health, safety and the environment perform continuous operating activity, ensuring the achievement of the relevant goals and targets at each enterprise.

Environmental goals

The UC RUSAL environmental strategy sets the following goals:

1. By 2017 compliance by Company enterprises with air emissions standards established by the laws of the countries where they have a presence.
2. Defence of the Company's interests in the field of regulating greenhouse gas emissions and their reduction.
3. By 2017 Creation of closed-loop water-supply systems for the main processes of Company enterprises.
4. An annual increase in the share of waste that is treated and used.
5. By 2020 Complete elimination of equipment and wastes containing polychlorinated biphenyls (PCBs).
6. Annual increase in the proportion of re-cultivated land.
7. Creation of a corporate management system to manage environmental aspects and risks.
8. Assistance in the creation of a modern environmental regulatory framework for the production of aluminium and alumina.

Areas of activity

As part of the realisation of the environmental strategy in the reporting period, large-scale work was performed at all enterprises and levels of Company

APPROACH

The production operations of UC RUSAL – the largest producer of aluminium in the world – have a substantial impact on all aspects of the environment. The company accepts responsibility for the implications of its operations and strives to minimise potential damage.

Management structure

The UC RUSAL Board of Directors has created Health, Safety and the Environment Committee. Among the functions of this committee are the establishment and revision of goals, including strategic goals, related to issues of environmental protection, occupational health and industrial safety on the basis of a qualitative and quantitative assessment of the Company's operations. Committee meetings are held quarterly.

Depending on the topic, relevant issues in the field of health, safety and the environment are discussed at meetings of the Executive Board and the Managing Committees:

- > Corporate Governance and Capital Markets Committee
- > Budget Committee
- > Managing Committees of businesses (aluminium, alumina, packaging).

Coordination of the Company's operations on planning, control and reporting on health, safety and the environment is the responsibility of Health, Safety and Environmental Protection Department, which is part of the Executive Directorate.

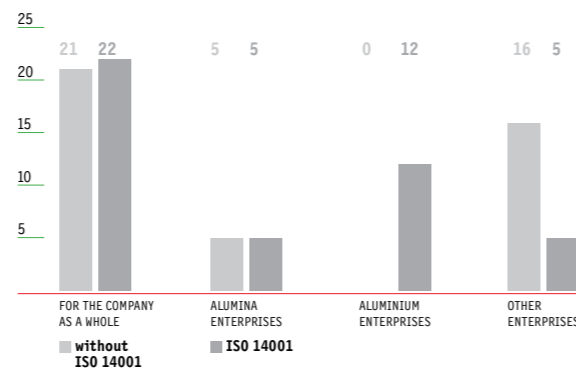
The resolution of these issues (ensuring the necessary financing, monitoring of permit documentation,

THE COMPANY ACCEPTS RESPONSIBILITY FOR THE IMPLICATIONS OF ITS OPERATIONS AND STRIVES TO MINIMISE POTENTIAL DAMAGE.

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ISO 14001 compliance by Company enterprises, as at 31 December 2010



management. The following became the chief programs and initiatives in the field of environmental protection:

- > Creation of the "National Hydrocarbon Agreement" partnership
- > Adoption of voluntary targets for reducing greenhouse gas emissions
- > Minimisation of climate change in accordance with the provisions of the Kyoto Protocol
- > Signing of a Memorandum of Intention with the UN Development Program on implementing joint projects aimed at reducing greenhouse gas emissions
- > Compliance with the 10 principles of the UN Global Compact
- > Adoption of the voluntary targets of the International Aluminium Institute in the field of sustainable development
- > Efforts to comply with the international requirements of the Stockholm Convention on Persistent Organic Pollutants
- > Compliance with the Russian Business Charter of the RUIE.

In their efforts to achieve the goals set, one of the chief tasks of management and the Company as a whole in addressing environmental issues has been continuous improvements to the environmental management system.

In 2010, 22 enterprises out of 43 held a certificate of compliance with ISO 14001.

The Company believes that precise and up-to-date information is a key instrument for making strategic management decisions. With the aim of improving the quality of its environmental management and investing in environmental conservation activity, UC RUSAL is implementing a single unified parameter reporting system for all of its enterprises.

CLIMATE

In 2007, as part of its Secure Future Strategy initiative, UC RUSAL recognised that the risks associated with climate change are a global threat and set out to mitigate these risks by:

- > achieving an overall reduction of 50% in the quantity of direct atmospheric greenhouse gas emissions at existing aluminium smelters by 2015
- > in the long-term perspective, ensuring carbon neutrality throughout the lifecycle of the aluminium produced by the Company and the products made from it (including processing).

The Company is an active participant in the greenhouse gas reporting project of the International Aluminium Institute (IAI). Under this initiative, UC RUSAL provides data on energy consumption by the enterprises of the Aluminium and Alumina Divisions.

As part of the GHG Protocol, in 2010 enterprises of the Aluminium Division submitted reporting based on the methodology of the World Resources Institute (WRI) for calculating greenhouse-gas emissions created during the reduction process.

As a special initiative on reducing greenhouse-gas emissions in the Russian Federation, two Joint Implementation Projects have been prepared within under the Kyoto Protocol.

Both projects secure a reduction in greenhouse-gas emissions by reducing anode effect frequency (AEF) and the duration of anode effect as a result of implementing a number of organisational and technical measures at the 24 potrooms of KrAZ and the 25 of BrAZ.

The quality of implementation of these projects has been confirmed by independent expert review (verification). Pursuant to the expert opinion of Bureau Veritas Certification, "all project measures have been executed in accordance with the project documentation, the installed equipment is operating in normal mode, the monitoring system is functional, and the project as implemented ensures a persistent reduction in greenhouse-gas emissions".

It was also confirmed that during the implementation of the project from 1 January 2008 to 31 December

Reduction in greenhouse-gas emissions created during the reduction process at Aluminium Division enterprises (not including the ALSCON plant in Nigeria).

Year	CO2 (t)	Perfluorocarbons, (tCO2E*)	TOTAL, (tCO2E*)	% reduction in CO ₂ E* compared to 1990
1990	5,883,019	11,880,331	17,763,350	0%
2008	6,918,976	4,171,569	11,090,545	38%
2009	7,021,146	2,452,036	9,473,182	47%
2010	7,269,483	2,919,164	10,188,647	43%

* tonnes of CO2 equivalent

2009, the total reduction in greenhouse-gas emissions was 130.8 thousand tonnes of CO2 equivalent for BrAZ (for 2008) and 749.3 thousand tonnes of CO2 equivalent for KrAZ (2008-2010).

LAND

UC RUSAL is consistent in its efforts to assess the effect of its production activity on land resources and to protect conservation areas, believing this work to be an important element of sustainable development. Acknowledging that the loss of biodiversity and the degradation of ecosystems constitute long-term risks for the Company, UC RUSAL evaluates potential environmental problems at the design and planning stage.

Land resources

Since 2008 the Company has had an internal governing document "Regulations on Decommissioning and Environmental Reclamation: Requirements on Organising Work and Assessing Liabilities", aimed at the reclamation of production sites. This document establishes uniform approaches and requirements on land re-cultivation at UC RUSAL enterprises in accordance with the Environmental Policy and the Goals of the Environmental Strategy, and also uniform rules for assessing decommissioning liabilities for the compilation of the Company's financial statements in accordance with the Accounting Policy.

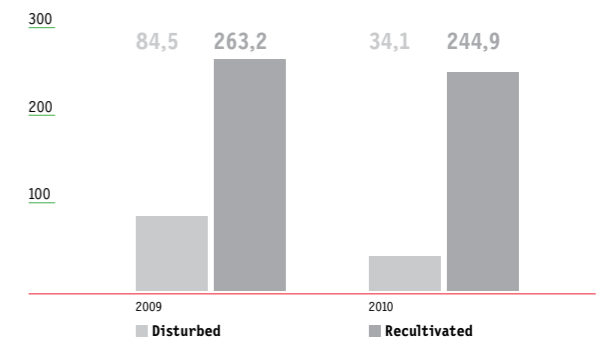
The main areas of the Company's work on land re-cultivation are:

- > Restoration of soil topography and fertility after the exhaustion of quarries and mines
- > Re-cultivation of landfill sites for production and consumption wastes
- > Re-cultivation of disturbed and contaminated land.

The total quantity of disturbed land under the existing facilities of Company enterprises in 2009 and 2010 were 6,765.4 and 6,748.0 thousand hectares, respectively.

Based on the results of the Company's activities related to quarry development, over the reporting

Re-cultivation of disturbed land, 2009-2010* HECTARES



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

ONE OF THE COMPANY'S GOALS IS TO ACHIEVE AN OVERALL REDUCTION OF 50% IN THE QUANTITY OF DIRECT ATMOSPHERIC GREENHOUSE GAS EMISSIONS AT EXISTING ALUMINIUM SMELTERS BY 2015.

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period the area of re-cultivated land decreased in 2010 by 18.3 hectares compared to 2009. At the same time, the area of disturbed land decreased by 50.4 hectares in 2010 compared to 2009.

The disturbed land re-cultivation coefficient, which is calculated as the ratio of re-cultivated lands to lands under development was 3.1 and 7.2 in 2009 and 2010, respectively.

Biodiversity

UC RUSAL enterprises are located in various regions and countries all over the world, with some of them being located near to nature conservation areas. Adhering to the principles of sustainable development, the Company is actively working to preserve biodiversity.

UC RUSAL enterprises are not located in specially protected natural areas (SPNA) and do not border them.

In its social and environmental projects, UC RUSAL cooperates with the National Foundation Strana Zapovednaya which works to preserve the system of SPNA in Russia. In 2009–2010 the Company took part in the following actions and initiatives:

- > "March for Parks" – an annual international environmental action to show public support for SPNA in Russia and the CIS.
- > Activities of children's environmental groups as part of the programs Green Watch and Ecology Camp, which are important for environmental education.
- > "Under Your Wing" – an action aimed at improving the living conditions of animals in the Khakassia Republican Zoo.

> The RUSAL-Eco project, involving environmental protection, ecological education and scientific research. Under this project, Company employees helped to patrol specially protected natural areas in the Altai-Sayansk region.

Together with the Conservation Country National Foundation, the Association of Conservation Areas and National Parks of the Altai-Sayansk Ecoregion, and other state and public organisations and research institutions of Krasnoyarsk krai, the Khakassia Republic and Kemerovo oblast, the Company is carrying out the major project "Environmental monitoring in the impact zone of RUSAL enterprises (including monitoring of biodiversity and SPNAs)".

This project involved monitoring of changes from 2007 to 2010 in the populations of common, rare and endangered species of flora and fauna in the impact zone of the Sayanogorsk and Krasnoyarsk aluminium smelters.

Based on the results of this work, the Siberian Division of the Russian Academy of Sciences issued a compendium of works on biodiversity monitoring at the specially protected natural areas in the Altai-Sayansk eco-region.

On the whole, the Company sees biodiversity monitoring as part of a compensation mechanism aimed at reducing the negative effects on the environment and the health of the population, and considers it a mandatory condition for decision-making in public hearings on the construction and subsequent operation of UC RUSAL plants.

WATER

The technological processes by which aluminium is manufactured requires the use of a large amount of water. Approximately 60% of the total volume of water collected is taken from surface sources.

Despite the growth in water intake and consumption year on year in 2010 due to the resumption of operations at the enterprises temporarily shut down in 2009, on the whole the Company has reduced its water consumption over the past four years. This was achieved through the creation of water cooling and recycling systems and the streamlining of production capacities.

Alumina refineries account for the majority of water use (74%).

In 2010 the enterprises of UC RUSAL discharged 67.4 million m³ of industrial effluents. The amount of industrial effluents discharged fell slightly compared to 2009.

The Company is switching to closed-loop water system technology and the recovery of processing solutions and their return to production to reduce

ENVIRONMENTAL MONITORING AT THE KHAKASSIA ALUMINIUM SMELTER



KHAKAS ALUMINIUM SMELTER

Pursuant to the Environmental and Social Issues Management Plan of the Khakassia Aluminium Smelter, it is mandatory to monitor work over the entire period of operation. The results of this monitoring will serve as the basis for the preparation of reporting for the environmental supervision authorities.

These materials should be included in the projects on planning new production capacity and investment feasibility studies as regards the development of an Environmental Impact Assessment, and may be used to develop social projects and to hold of public hearings.

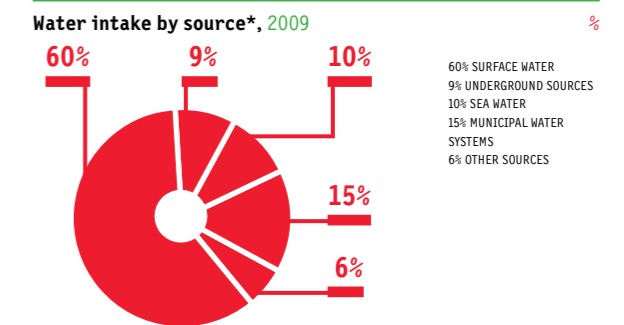
water consumption and water discharge. One of the focal points of the Company's environmental strategy is to create closed-loop water systems for the core processes of UC RUSAL enterprises by 2017.

ELECTRICITY

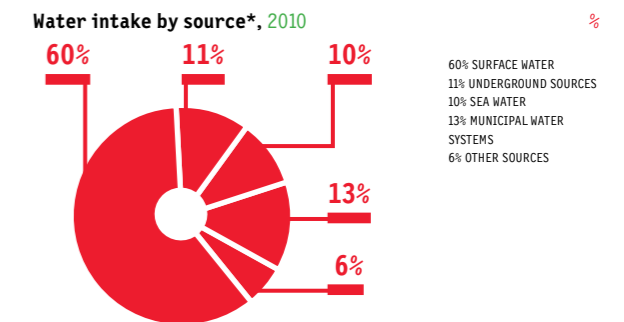
High consumption of electricity is one of the intrinsic technological features of product manufacturing at UC RUSAL.

The Company estimates that nearly 80% of all aluminium production at UC RUSAL is performed using hydro-electricity, the generation of which creates a minimum of emissions.

Recognising its responsibility to combat climate change and greenhouse gas emissions and to promote energy security, UC RUSAL prioritises energy effi-

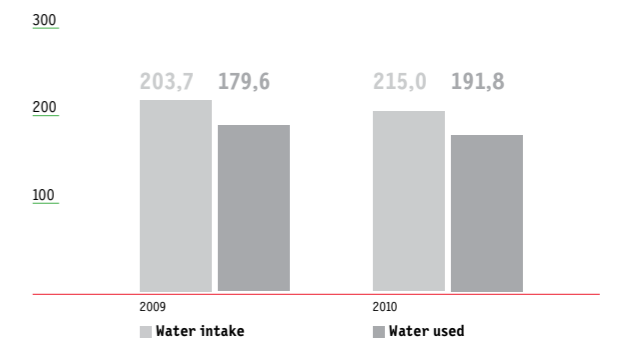


* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana



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Freshwater intake and use for production needs, 2009–2010*



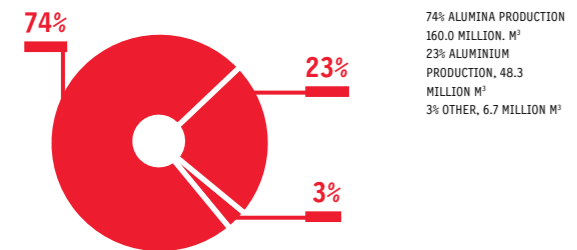
* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana

ONE OF THE FOCAL POINTS OF THE COMPANY'S ENVIRONMENTAL STRATEGY IS TO CREATE CLOSED-LOOP WATER SYSTEMS FOR THE CORE PROCESSES OF UC RUSAL ENTERPRISES BY 2017.

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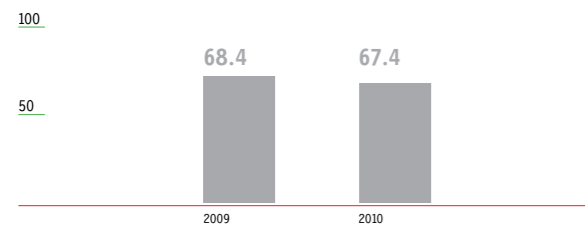
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Water consumption, including sea water, by type of enterprise*, 2010



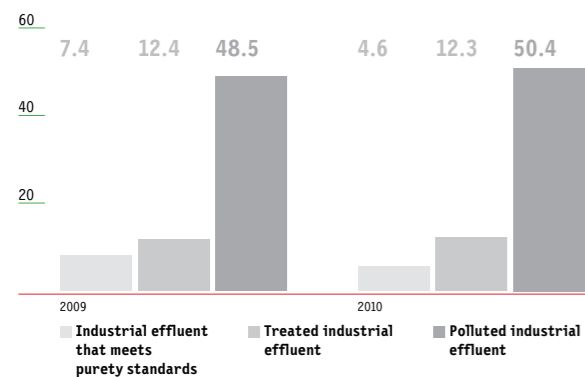
* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

Industrial wastewater discharge, 2009–2010* MILLION M³



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

Wastewater discharge (not including quarry water), 2009–2010* MILLION M³



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

PROJECTS OF THE NOVOKUZNETSK ALUMINIUM SMELTER



NOVOKUZNETSK ALUMINIUM SMELTER, POTROOM

Untreated effluent is currently being discharged from the NkAZ-2 industrial site into a stream that dumps into the Kulyanovka River (a tributary of the Tom River). NkAZ has committed itself to limiting the discharge of harmful substances into the river to standard safe levels for effluent to be discharged, which involved the drafting of design documentation and the construction of treatment facilities to limit the discharge of harmful substances into the water.

The Company prepared design documentation in 2010 as part of the project to limit (exclude) discharges of effluents from the NkAZ industrial site. The state expert review of the design documentation should be completed in May 2011. The project is scheduled for completion in 2012.

PROJECTS OF THE ACHINSK ALUMINA REFINERY



ACHINSK ALUMINA REFINERY, TURBINE AREA

The implementation of a project to convert the power plants to a recirculating water supply system in 2010–2015 commenced during the reporting period. The design documentation is currently being prepared. The project for the reconstruction of the treatment facilities of the fuel oil enterprise was also developed.

The Achinsk Alumina Refinery is developing the construction project for the treatment facilities of the waterworks pumping and filtration station (WWPFS) together with the construction project for the additional slurry pit (relocation of the drinking water supply of the WWPFS to a new site). At the end of 2010 working documents for the WWPFS and the network were 90% complete.

ciency. An energy conservation programme is in place at all Company enterprises, making it possible to reduce the actual consumption of water, heat and electricity. Modern energy saving technology is also being installed.

The Company regularly invests in technological development, which allows it to both increase productivity and reduce the environmental impact by improving energy efficiency and minimising pollution. The transition to Ecofriendly Soderberg cell technology (more detailed information is given in the section "Air") is an example of this type of initiative.

A Programme to reduce electricity use at the Company's aluminium smelters was adopted in May 2010. The measures performed under this Programme are expected to yield energy savings of approximately 1 billion kW/h in 2011.

AIR

The Company takes into account the differences in regulatory requirements in various countries when performing its production activity. A system for measuring and controlling atmospheric emissions in accordance with local legislative requirements has been established at all enterprises.

Despite the global financial crisis, the Company continued to work to reduce its negative impact on the atmosphere, upgrade its enterprises, commission new production facilities, and perform research and development activities.

In 2010 emissions amounted to 389.6 thousand tonnes. The reduction in atmospheric emissions was achieved due to a fall in production during the period 2009–2010 as well as to measures to improve production processes.

Aluminium production accounted for the lion's share of atmospheric emissions in 2010, approximately 76% of the Company's gross emissions. In this regard, alumina production accounted for 9% and heat and electricity generation for 6% of emissions.

In 2009 and 2010 carbon oxides accounted for almost 60% of the Company's main emissions; dust, sulphur dioxide and nitrogen oxides were also prevalent. In 2010 carbon oxide emissions equalled 241.7 thousand tonnes, solids – 67.6 thousand tonnes, sulphur dioxide – 37.2 thousand tonnes, and nitrogen oxides – 20.2 thousand tonnes.

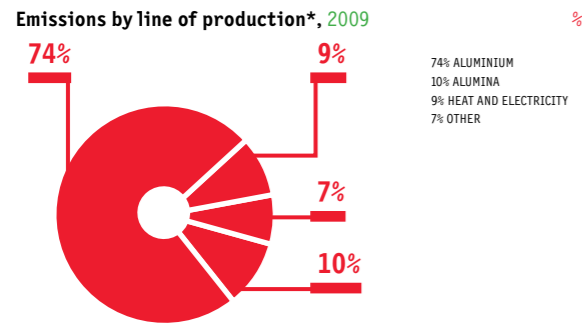
In the reporting year the Company set for itself and successfully completed the following main tasks:

- > Completion of the 1st stage of modernisation at KrAZ
- > Continued implementation of the Eco friendly Soderberg cell technology project
- > Implementation of operational improvement programmes
- > Clarifications and adjustment of standards.

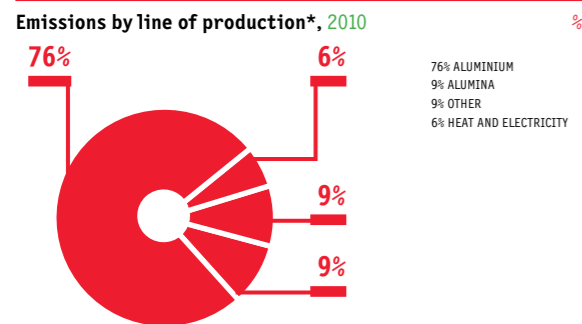
THE COMPANY CONTINUED TO WORK TO REDUCE ITS NEGATIVE IMPACT ON THE ATMOSPHERE, UPGRADE ITS ENTERPRISES, COMMISSION NEW PRODUCTION FACILITIES.

Algorithm of care

pp027-041



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

TRANSITION TO ECO FRIENDLY SODERBERG TECHNOLOGY



KRASNOYARSK ALUMINIUM SMELTER, POTROOM #4

The existing Soderberg technology has a number of significant shortcomings: it does not meet environmental standards, has low energy efficiency, and requires a great deal of manual labour. UC RUSAL is implementing a production modernisation programme through the installation of new technologies.

Eco friendly Soderberg technology makes it possible to modernise plants and increase productivity, while simultaneously reducing their environmental impact and the cost of production of aluminium. In 2006-2009 the RUSAL Engineering and Construction Division developed and tested S-8BME and S-8BE electrolysis technology using colloidal paste. The main difference in the new technology is that it uses a colloidal anode paste instead of the traditional anode paste. The colloidal anode paste has relatively low pitch content, which is the main source of emissions of tars into the atmosphere.

The new technology ensures high performance indicators for the electrolysis process and a reduction in harmful emissions to the standards established by the Russian Federation legislation and recommended by OSPAR for European aluminium smelters.

UC RUSAL is currently implementing this technology at the Krasnoyarsk smelter. Plans for 2011 include the implementation of this technology at the Irkutsk, Bratsk, Volgograd and Novokuznetsk smelters.

DUSTING REMEDIES AT THE BAUXITE AND ALUMINA COMPLEX IN FRIGUIA (GUINEA)

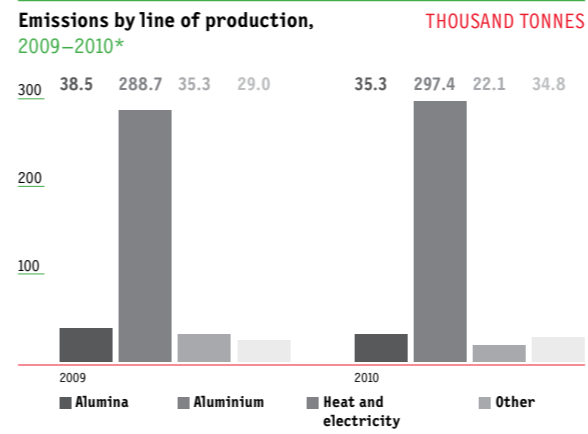


BAUXITE LOADING AT FRIGUIA BAUXITE AND ALUMINA COMPLEX

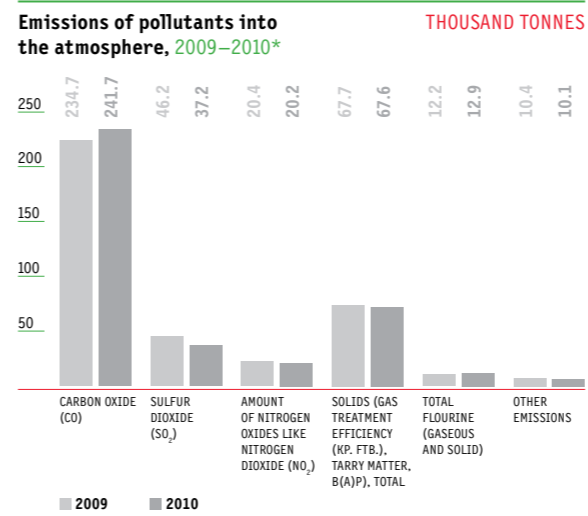
- > The Company in Friguia is implementing a dust control programme. A total of USD 1.49 million has been invested in this programme since 2004. The measures under this programme have included: aspiration and dust collection at the mine and the port.
- > Watering of the territories around the mine, smelter, port, roads and approaches.
- > Watering of streets and roads in residential communities located near the mine and smelter.
- > Upgrading, expansion and technical retrofitting of the dust collection systems and equipment.

The following steps are planned for 2011: acquisition and installation of artificial fog systems, covering the loading areas with concrete, updating of the ship-loader's dust control and sprinkler systems, site landscaping and intensification of measures to clean up the territory.

A SYSTEM FOR MEASURING AND CONTROLLING ATMOSPHERIC EMISSIONS IN ACCORDANCE WITH LOCAL LEGISLATIVE REQUIREMENTS HAS BEEN ESTABLISHED AT ALL ENTERPRISES.



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

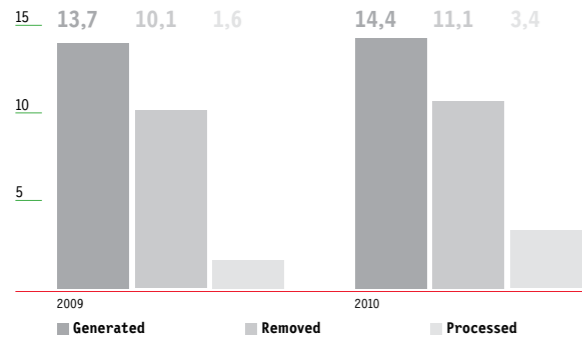


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Algorithm of care

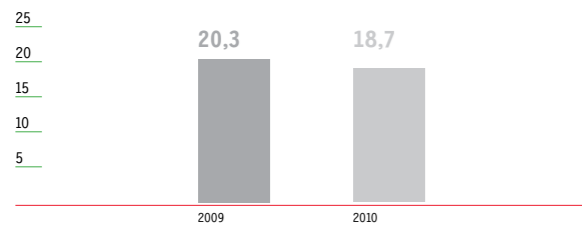
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Generation, removal and processing of waste (not including overburden), 2009–2010* MILLION TONNES



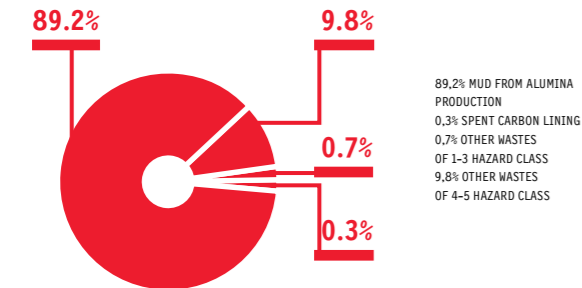
* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

Generation of overburden, 2009–2010* MILLION TONNES



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

Waste generation*, 2010 %



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

WASTE

Considering the scale of the potential negative impact of production waste on the environment, UC RUSAL is putting into practice a wide range of measures to:

- > Minimise the amount of waste produced
- > Increase the share of waste sent for recycling
- > Increase the reliability and safety of the temporary waste storage and disposal facilities.

UC RUSAL companies produced 14.4 million tonnes of waste in 2010 (not including overburden).

Waste from alumina production (red mud and nepheline mud) accounts for 90% of all waste (not including overburden).

One of UC RUSAL's unique types of waste is spent carbon and the brick lining of electrolytic pots.

These types of waste are stored separately from other waste for recycling purposes. The Company's aluminium smelters sold for recycling or reused approximately 40 thousand tonnes of carbon lining in 2009–2010.

The mud produced during alumina production is the largest waste in terms of volume.

The quantity of mud from alumina production utilised during the reporting period equalled 742.1 thousand tonnes and 2,406.0 thousand tonnes in 2009 and 2010, respectively.

In other words, the quantity of mud from alumina production utilised increased more than threefold compared to 2009.

In 2010 mud was used to build dams in the holding ponds at AGK, BAZ and UAZ.

In all 157 capacitors containing PCB were phased-out at SAZ in 2010 as part of the work to phase-out PCB equipment and waste, resulting in a reduction in PCB by 0.78 tonnes. At the same time, another 377 capacitors with a total of 3.8 tonnes of PCB oils were discovered at Silicon Ltd. (Shelekhov).

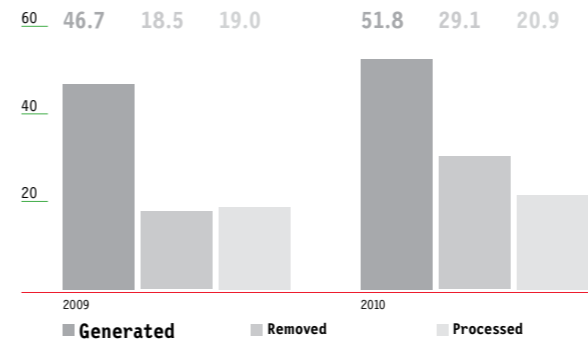
INVESTMENTS IN THE FUTURE

Despite the difficult economic conditions during the reporting period, UC RUSAL continued to develop and implement environmental protection programmes and projects and to invest in technological upgrades.

Programmes involving the modernisation of production, installation of new technologies and equipment, creation of sanitary protection zones, introduction of new cost saving and environmentally friendly production facilities, educational and research and development programmes were implemented.

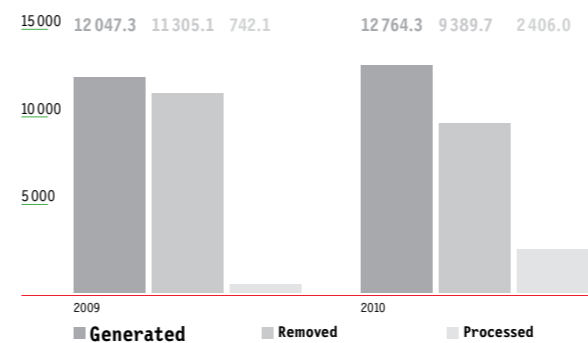
In 2009 total investments in environmental measures amounted to USD 28.4 million, and in 2010 – USD 44.9 million.

Generation, removal and processing of carbon lining, 2009–2010* THOUSAND TONNES



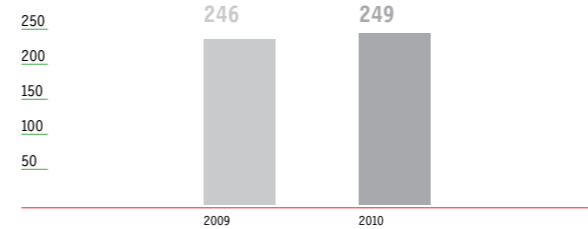
* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

Generation, removal and processing of mud from alumina production, 2009–2010* THOUSAND TONNES



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

Amount of materials containing PCB, 2009–2010* TONNES



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

POLYCHLORINATED BIPHENYLS (PCB)

Are persistent organic pollutants. PCB oils are used as a dielectric in electric transformers and capacitors.

Due to an increase in production, in 2010 environmental levies increased compared to 2009.

Fines for violations of environmental legislation amounted to USD 131.0 thousand in 2009 and USD 49.3 thousand in 2010.

The Company recognises that its responsibility to protect the environment goes deeper than fulfilling its legislative obligation to pay environmental levies, and performs rehabilitation and clean-up works and implements environmental programmes, projects and initiatives.

Investment projects

The Company continues to develop innovative technology using its own research and development facilities.

UC RUSAL has developed proprietary RA-300 and RA-400 aluminium production technology, and is developing new energy efficient and environmentally friendly RA-500 technology.

The Company's priority tasks are technical upgrading, the introduction of modern production practices, and the search for new development possibilities.

The Company's investment projects are aimed at:

- > Consolidating the raw materials base
- > Establishing in-house power generation facilities
- > Streamlining and curtailing production at less profitable aluminium and alumina enterprises
- > Improving environmental performance.

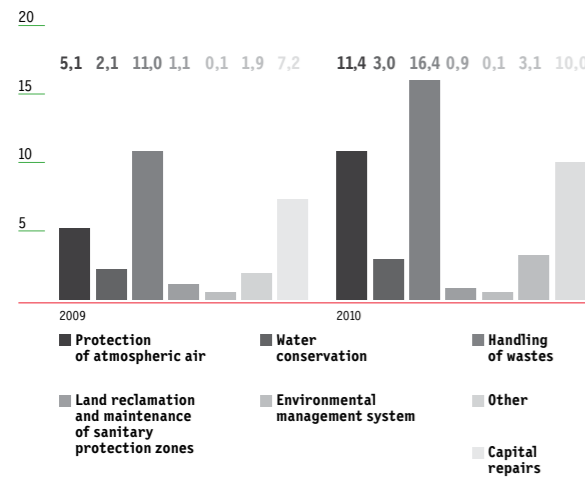
During the reporting period UC RUSAL implemented a large-scale production modernisation programme that included the replacement of obsolete equipment and ineffective, environmentally faulty technology. This programme resulted in a reduction in the amount of air emissions and decreased environmental levies.

Other projects include the development of inert anode technology, reconstruction of the gas treatment facilities at AGK and improvement of the production system at BrAZ.

Algorithm of care

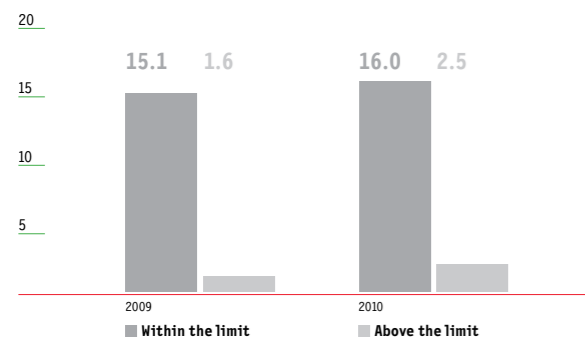
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Expenses on environmental measures, 2009–2010* USD MILLION



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

Environmental levies, 2009–2010* USD MILLION



* Data consolidated for all Company enterprises, except Compagnie des Bauxites de Kindia (Guinea), the bauxite and alumina complex in Friguia (Guinea), ALSCON (Nigeria) and the Bauxite Company of Guyana.

MODERNISATION OF THE KRASNOYARSK ALUMINIUM SMELTER



NEW CASTING LINE AT KRASNOYARSK ALUMINIUM SMELTER

The Company's Engineering and Construction Division developed a project to modernise KrAZ that was implemented in 2004–2009. The modernisation programme at KrAZ stipulated the use of cutting-edge solutions from around the world to improve both aluminium production technology and performance indicators.

The main components of the Programme were: introduction of an automated system for feeding alumina into the electrolysis production facility, installation of new gas treatment equipment, transition to dry anode production technology, increase of the current strength in existing potrooms, and modernisation of foundry operations.

Over four years more than USD 300 million has been invested in the modernisation of the Krasnoyarsk Aluminium Smelter, leading to a reduction in maximum emissions of the following harmful substances per tonne of aluminium produced: hydrofluoric acid – by 33%, tars – by 63%, and benzpyrene – by 60%.

An industrial storm water post-treatment facility was also built at KrAZ. Its construction represented the final achievement of five years of work to modernise the smelter's water cooling and recycling system. A sanitary protection zone for the smelter was also established as part of the modernisation programme.

THE NIKOLAEV ALUMINA REFINERY PROJECT

The Nikolaev Alumina Refinery (NGZ) commenced a joint project with the Ukrainian Academy of Sciences in 2010. The project is an experiment involving the installation of new technology to minimise the negative impact of red mud on the environment. The deliverables will be incorporated into a full-scale environmental engineering project.

HEALTH AND SAFETY

UC RUSAL believes that occupational, industrial and fire safety (hereinafter – health and safety) are of singular importance in its operations.

UC RUSAL's main health and safety management goals are:

- > Zero injuries, no accidents and no fires
- > Health and safety of staff at the workplace
- > Preventing work-related illnesses.

The Company performs regular work based on the approved Policy and procedures to manage health and safety issues and to mitigate risks, including:

- > Monitoring compliance with existing requirements and procedures
- > Collecting and analysing key information on health and safety
- > Developing and introducing new corporate health and safety standards and requirements.

The Company's long-term health and safety goal is to reduce the number of fatal on-the-job accidents to zero. The Company keeps mandatory accounts of fatal accidents, conducts investigations and analyses the reasons for each accident.

Every month at a meeting of a special-purpose committee the Board of Directors performs a qualitative and quantitative assessment of the results for the reporting period. Among other things, it analyses injuries to both Company employees and employees of contractors and third parties.

The analysis demonstrated that the main hazards that led to fatal accidents in 2009 and 2010 were working at heights and cave-ins at mines. These factors accounted for 60% of all fatal injuries during the indicated period. To reduce the risks involved in working at heights, draft instructions on "Preventing falls" are being developed.

To reduce the risks associated with cave-ins, special Mine safety instructions are regularly updated and improved.

For the past few years the generally accepted international indicator in the area of occupational

MODERNISATION OF THE IRKUTSK ALUMINIUM SMELTER



METAL POURING INTO THE MIXER, CASTHOUSE, IRKUTSK ALUMINIUM SMELTER

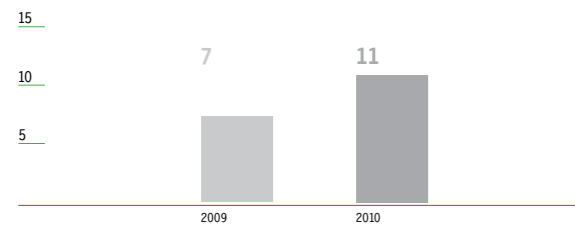
The large-scale modernisation of the Irkutsk Aluminium Smelter, which was commissioned in 1962, was completed in 2010.

The implementation of a construction project for series five electrolysis, equipped with prebaked anode electrolytic pots, began at IrkAZ in 2005. Investments in the project exceeded USD 600 million. The commissioning of series five electrolysis made it possible to increase overall production volume at IrkAZ through the use of new cost efficient and environmentally friendly facilities. Thanks to the launch of new generation electrolysis, 585 additional jobs were created at IrkAZ. Implementation of this project resulted in an increase in tax payments to the consolidated budget of Irkutsk oblast of RUB 143 million per year.

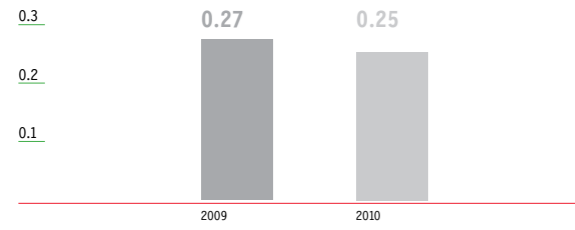
Algorithm of care

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Number of fatal on-the-job accidents, 2009–2010



Lost time accident frequency rate (LTAFR), 2009–2010



MEASURES TO ENSURE HEALTH AND SAFETY AT GUINEAN ENTERPRISES



ALUMINA PRODUCTION PROCESS, FRIGUIA BAUXITE AND ALUMINA COMPLEX

In 2009 the enterprises in Friguia and Compagnie des Bauxites de Kindia (CBK) located in Guinea performed the following measures to ensure health and safety:

- > Implementation of modern health and safety management systems. As part of this work CBK installed signs and marked safe areas in the production zone. Despite their insignificant cost (USD 3,800 in 2009), these measures contributed considerably to the creation of an effective health and safety management system.
- > Provision of personal protective equipment to company employees. In all, USD 374,127 was spent on the purchase of personal protective equipment in 2009.
- > Ensuring safety at railways. To prevent fatal accidents and injuries among the local population, UC RUSAL has taken a number of measures, including through cooperation with the local population, to improve the infrastructure and security of railway crossings. As part of infrastructure improvements, work was performed to restore the coverings of railway crossings, repair pedestrian bridges and fencing, install guardhouses for guards, and much more. Financing for this work came to USD 591,925 in 2009.

safety has been the lost time accident frequency rate (LTAFR*). This indicator is widely used in the industry, and makes a comparative analysis possible.

UC RUSAL employees undergo mandatory occupational and industrial safety training, and their knowledge is regularly tested.

Monitoring of the fulfilment of safety norms and requirements is organised by specialised divisions at enterprises responsible for health and safety issues together with line managers of the departments, both during day-to-day operations and regular audits.

Health and safety requirements are included on a mandatory basis in agreements with contractors. If contractors violate health and safety requirements, they may be subject to fines up to and including the termination of agreements.

The improvement of health and safety management strategies is an integral part of the risk management system. UC RUSAL is bringing its health and safety management system into line with the requirements of international standards. For example, at the end of the reporting period, the following ten companies were certified under the international standard OHSAS 18001: Eurallumina, NGZ, AGK, SUAL-PM-Volgograd, SAZ, KhAZ, NkAZ, BrAZ, KrAZ, and ZaLK.

In the reporting period UC RUSAL continued to implement projects to give employees support and incentives for safe work, in particular:

- > The Chessboard project was implemented. The territory of a smelter is divided into distinct zones, reminiscent of the squares on a chessboard. A specific employee is personally responsible for creating and maintaining safe working conditions in each "square" or zone.
- > The Safe Mine Project is being implemented at one of the most hazardous enterprises, the Alumina Division of SUBR, which uses the highest level of manual labour for the underground mining of bauxite. Both the directors of SUBR, including foremen and team leaders, and rank-and-file employees of the mine are involved in the project.
- > Staff training work has been organised with the help of the Corporate University. Computer-based health and safety training tools have been developed using the latest in training techniques, and the existing system is constantly improved. Training is offered in the following areas:
 - > Study of changes in legislation on health, safety and environmental management
 - > Training in the requirements of international quality management standards ISO 9001 and occupational health and safety assessment system OHSAS 18001
 - > Other areas (fire safety, attestation of work stations, environmental impact assessment, etc.).

> An integrated plan has been developed at BEMO for the prevention of workplace injuries of employees and contractors.

> A programme is in place for the safety of third parties at railways in Guinea.

The Company pays special attention to preventive medicine and the promotion of a healthy lifestyle. UC RUSAL provides a full range of medical services to its employees through a network of medical centres opened in most of the Company's areas of presence.

RUSAL Medical Centre plays a leading role in preventing non-industrial accidents.

Active work was performed in the following areas during the reporting period:

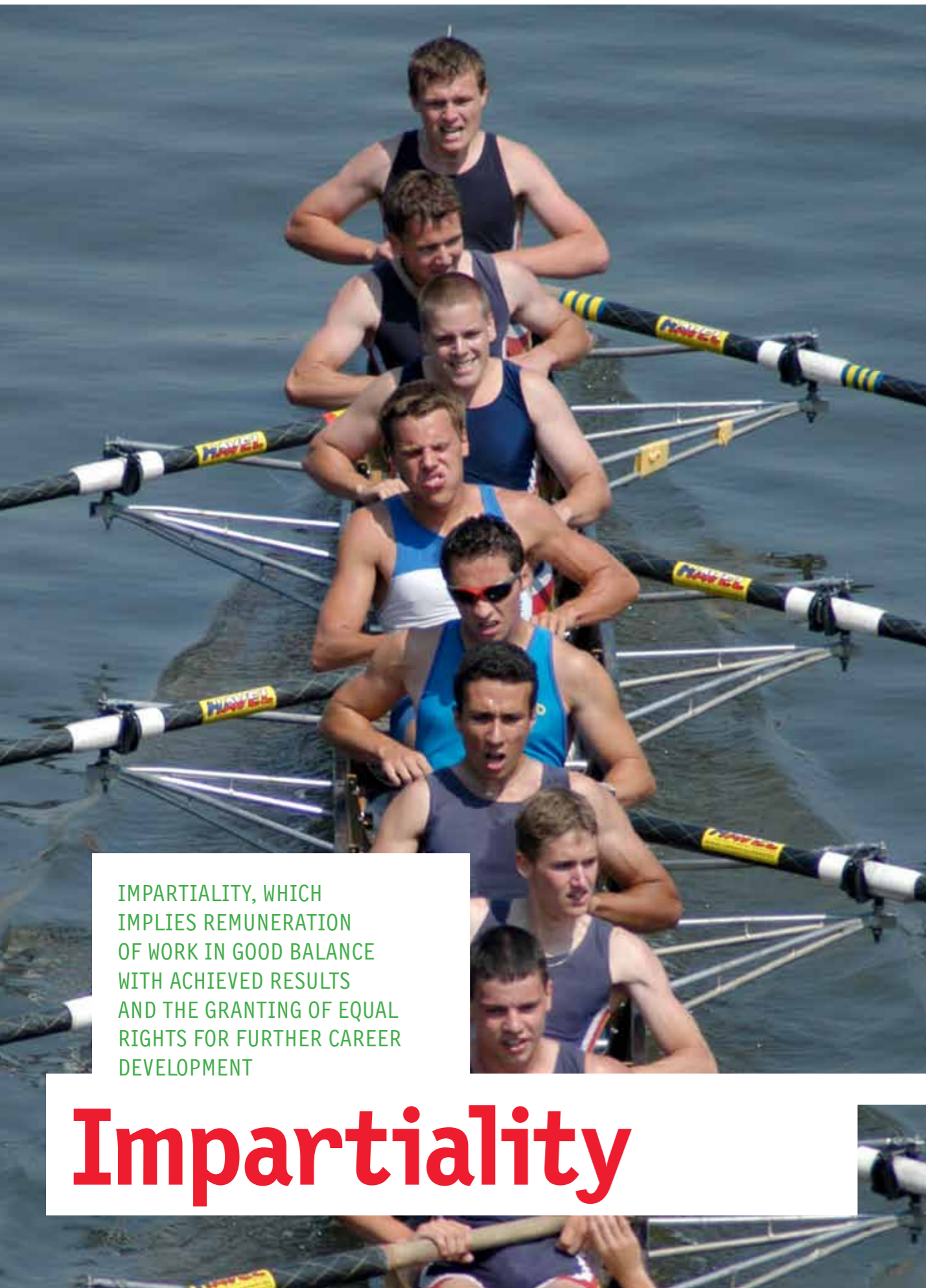
- > Reducing the risk of sudden death at the workplace due to somatic causes
- > Medical checkups for high-risk groups prior to shifts
- > Preventive heat stroke treatment
- > Preventive alcoholism and drug addiction treatment.

* LTAFR is the number of lost-time accidents per 200,000 hours worked.

THE COMPANY'S LONG-TERM HEALTH AND SAFETY GOAL IS TO REDUCE THE NUMBER OF FATAL ON-THE-JOB ACCIDENTS TO ZERO.

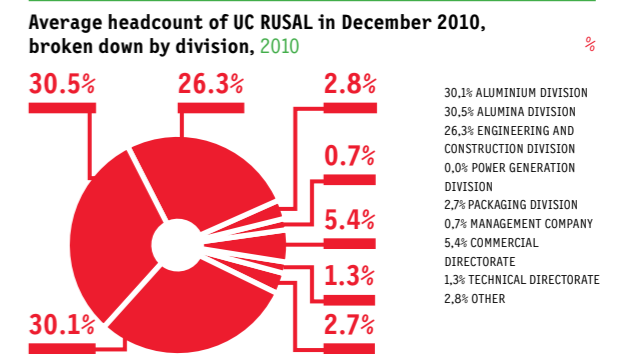
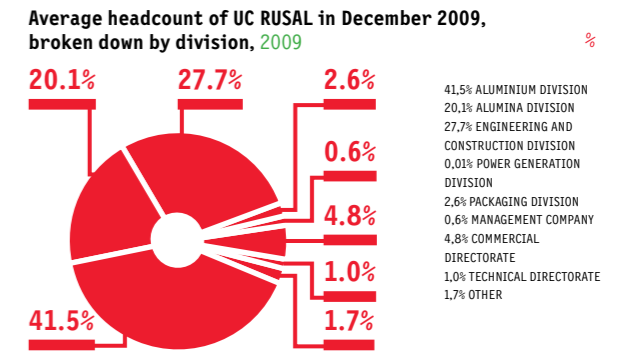
Algorithm of Impartiality

pp043-049



IMPARTIALITY, WHICH IMPLIES REMUNERATION OF WORK IN GOOD BALANCE WITH ACHIEVED RESULTS AND THE GRANTING OF EQUAL RIGHTS FOR FURTHER CAREER DEVELOPMENT

Impartiality



APPROACH

The Company's employees are its main asset, and the success of the entire organisation depends on their professional qualities.

The Company's human resource management system is based on engaging employees in the decision-making process, standardising business processes, and improving all aspects of business at UC RUSAL. The main functional elements of the human resource management system were set forth in the Company's Human Resources Policy developed in 2007.

The 2009-2010 reporting period was a difficult one for the Company from the standpoint of operational and human resources management. The Company's main human resources tasks during the economic crisis were retaining professional staff members and preventing labour conflicts.

A Commercial Directorate and a Technical Directorate were added to UC RUSAL's organisational structure in early 2010. The employees of the Urals Aluminium Smelter, Bogoslovsk Aluminium Smelter and RUSAL Transport Achinsk were transferred to the Alumina Division.

The cost optimisation measures performed throughout the reporting period resulted in a 10.1% staff reduction at the Company. In December 2010 staff numbers equalled 72,383 persons (compared to 80,489 persons in 2009). At the same time, productivity at UC RUSAL's aluminium smelters increased by 9.8%, from 138.8 tonnes per capita in 2009 to 154.4 tonnes per capita in 2010.

Considering the difficult economic situation in the reporting period, UC RUSAL played an active role in

THE COMPANY'S EMPLOYEES ARE ITS MAIN ASSET, AND THE SUCCESS OF THE ENTIRE ORGANISATION DEPENDS ON THEIR PROFESSIONAL QUALITIES.

Algorithm of Impartiality

pp043–049

the implementation of measures under Russian Federation Government Resolutions No. 1089 and No. 1011, which stipulated the provision of federal budget subsidies to reduce tensions on the job market.

As a result of these measures, the Company was able to quickly find jobs for those sent by regional Employment Centres, to perform training and professional re-education of its employees, and to receive partial reimbursement of staff costs (advance training, temporary job placement, internships) in an amount of more than USD 2.8 million in 2010 and more than USD 7.7 million in 2009, respectively.

UC RUSAL was one of the first in Russia to begin re-training employees at its companies and engaging them in community service and internships – to ensure that the effects of the financial crisis touched Company employees as little as possible.

CORPORATE CULTURE

The main document setting forth the standards and principles of the Company's corporate culture is the Code of Corporate Ethics of UC RUSAL. This document was first approved on 7 February 2005, and has been updated repeatedly since then to reflect internal and external changes at the Company.

The version of the Code of Ethics approved in 2007, which sets forth the corporate culture values necessary for the Company to achieve the highest possible performance in all its endeavours, is currently in effect.

UC RUSAL adheres to consistent ethical principles in respect of its employees, such as:

- > Respect for personal freedom and human rights and dignity, and the provision of various opportunities to employees

- > Zero tolerance for any form of discrimination or oppression at the workplace
- > Non-use of child and forced labour
- > The maximum possible delegation of authorities to employees
- > Due consideration of the cultural specifics of the countries and regions where the Company has a presence during the performance of its operations.

UC RUSAL did not record any cases of discrimination by the employer in 2009–2010.

The principle of non-use of child and forced labour is reflected in the Company's activity during the reporting period: no cases were identified.

For the purpose of monitoring compliance with the provisions of the Code of Corporate Ethics, and in order to promptly resolve and prevent complicated ethical situations, the institution of corporate ethics representatives has been created at UC RUSAL and a system for collecting information from employees and for reacting to ethical violations has been developed. If the corporate ethics representative cannot resolve a problem, the employee can appeal to the Human Resources Committee or the Corporate Governance Committee.

In 2009–2010 there were 35 corporate ethics representatives at Company enterprises. Each of them considered on average approximately five appeals a month from the employees of their enterprises.

A coordination centre for UC RUSAL corporate ethics representatives was created at the Sayanogorsk Aluminium Smelter on 17 March 2010. At the centre, corporate ethics representatives can consolidate their experience, seek optimal solutions to the problems that concern the employees of all enterprises, and hold training sessions and seminars.

RECRUITMENT OF EMPLOYEES

One of the priorities of UC RUSAL's human resources policy is the recruitment of qualified personnel. The Company offers its employees opportunities for self-fulfilment in their profession and competitive salaries, but in turn it places fairly high demands on them: professionalism, responsibility and a results-driven approach.

Employees are recruited from both outside sources (the posting of vacancies on the Company's corporate website and employment portals) and from internal resources.

Any UC RUSAL employee can apply for any open vacancy at the Company, information on which is placed on the internal portal, as part of the Internal contest programme. Employees can also recommend an external candidate for employment at the Company by sending



this person's CV to the Personnel Recruitment and Planning Division.

The Company actively employs the practice of personnel rotation, both inside enterprises and throughout the Company as a whole, including the foreign enterprises of UC RUSAL. This makes it possible for Company employees to receive new professional experience, to familiarise themselves with international standards of doing business, and to receive language practice.

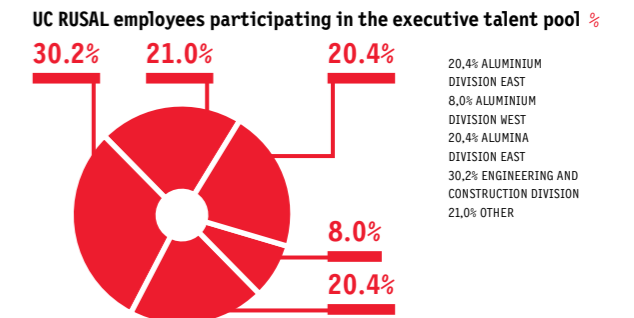
Executive talent pool

For all practical purposes, UC RUSAL has been forming an executive talent pool since the very first days of its existence. The organisation of the program has undergone significant changes since that time, as the Company's strategic goals have changed and the human resources policy has evolved.

The new format of the Executive talent pool programme was launched at UC RUSAL in 2009, and a unified corporate electronic database was created. Whereas previously an employee could only become part of the executive talent pool on recommendation of a director, now any Company employee can enter himself or herself in the unified database and become a candidate for a certain position. The new information system makes the process of forming the Company's executive talent pool transparent. To register, a candidate completes a questionnaire containing personal information and undergoes an assessment of his or her professional and management competence. A rating of candidates is formed based on the assessment results, giving a visualisation of the potential of each candidate for promotion to a post.

To date more than five thousand employees have become participants in the Executive talent pool programme, with another almost one thousand employees included in the employee reserve.

UC RUSAL has created the Personnel Reserve Academy to provide training in the form of lectures, seminars and training sessions. The lecturers include the directors of the Company's key lines of business and instructors from the best Russian higher



education institutions. Candidates take an exam on the completion of the courses, and the most successful receive an opportunity for a foreign internship or MBA training.

TRAINING

UC RUSAL considers highly skilled staff to be one of the Company's key competitive advantages, and corporate education to be the main development tool.

The staff training and development system at UC RUSAL encompasses all categories of production and office personnel at all levels of management – from rank-and-file employees to senior management, and covers all divisions and enterprises regardless of where they are located, their type of production or the products they manufacture.

Since 2006, Corporate University has been functioning at the Company, with the goal of preparing and developing highly-skilled personnel that meet the Company's business and corporate culture requirements.

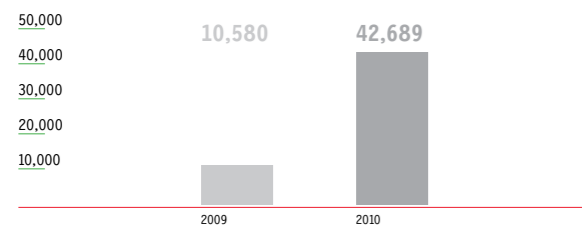
UC RUSAL CONSIDERS HIGHLY SKILLED STAFF TO BE ONE OF THE COMPANY'S KEY COMPETITIVE ADVANTAGES, AND CORPORATE EDUCATION TO BE THE MAIN DEVELOPMENT TOOL.

THE COMPANY OFFERS ITS EMPLOYEES OPPORTUNITIES FOR SELF-FULFILMENT IN THEIR PROFESSION AND COMPETITIVE SALARIES, BUT IN TURN IT PLACES FAIRLY HIGH DEMANDS.

Algorithm of Impartiality

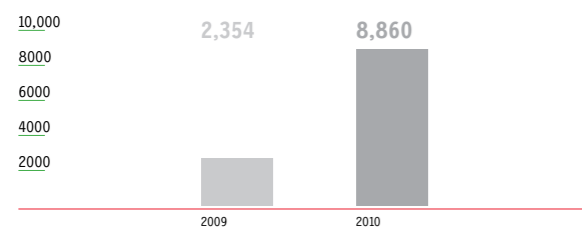
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Total number of employees receiving training,
2009–2010



SOURCE: UC RUSAL MANAGEMENT ACCOUNTING

Number of employees trained through
the E-learning System, 2009–2010



SOURCE: UC RUSAL MANAGEMENT ACCOUNTING

An integrated approach to corporate education includes the use of a wide range of tools: the training centre, distance learning, and functional academies. Various training programmes using different training methods, forms and aids are developed, depending on the goals and the target audience.

US RUSAL's education programmes include:

- > Mandatory employee training and re-education programmes, as well as professional development programmes regulated by legislation
- > Additional professional development programmes aimed at improving professional management competencies
- > Training programmes aimed at developing foreign language skills
- > Programmes to develop the executive talent pool
- > Programmes aimed at educating schoolchildren and students studying at educational institutions in the Company's field
- > Programmes for the exchange of experience: tutoring, internship, conferences, functional academies
- > RUSAL Professionals contest.

The Company also has a training centre and E-learning System.

Almost all of the employee training and professional development programmes include E-learning. This is one of the Company's most effective forms of personnel development, the main advantage of which is the possibility to study both at the workplace and at home, at a time convenient for employees.

A total of 53,269 Company employees received training in 2009–2010. Average training costs per employee in 2010 totalled USD 105.26.

Thanks to the programme administered by the UC RUSAL Corporate University, students from Guinea and Nigeria have the opportunity to study at the People's Friendship University of Russia in Moscow. The Company also plans to involve the enterprises in Jamaica and Guyana in this programme. The Company covers all the students' expenses.

After they finish training, students are placed in a job at the UC RUSAL enterprise in their home countries.

Personnel assessment

A personnel assessment based on set targets is performed twice a year at all UC RUSAL enterprises. This procedure will be performed on a quarterly basis starting from 2011.

In 2009–2010 participants in the assessment included directors, specialists and rank-and-file employees (except certain categories, such as secretaries).

As at 31 December 2010, 14% of all Company employees were undergoing regular assessments.



EMPLOYEES APPRAISAL

MOTIVATION

Material incentives

UC RUSAL has a reputation as an employer of choice and guarantees stable and competitive compensation of employees.

Since 2003 UC RUSAL has used an employee compensation system based on grades. An internal hierarchy consisting of ten pay grades has been created based on a universal system of assessment of positions. The internal hierarchy and market rates for various professions were used to develop pay ranges, i.e. maximum and minimum amounts of compensation that an employee can be paid within each grade. Compensation is established based on the pay ranges. The system of pay grades was successfully implemented at all Company facilities by 2008.

In the reporting period the procedure and terms for paying wages to Company employees were governed by separate regulations approved at the enterprise level. Regulations on the payment of wages that establish uniform rules for paying wages at all UC RUSAL enterprises are to be approved in 2011.

The monthly compensation of UC RUSAL employees consists of a fixed base salary (80–90%) and a variable bonus (10–20%). The amount of compensation paid to each employee is set in accordance with his/her position in the Company's organisational structure, qualifications, the type of work he/she does and the quantity and quality of his/her labour. The variable bonus is calculated based on the monthly assessment of employees and is contingent on the achievement of specific targets.

The monthly compensation UC RUSAL pays to its employees also takes into account the geographical and socio-economic conditions of the region of presence, and may include additional pay or regional coefficients required by the relevant local labour law.

From the third quarter of 2009 the Company introduced a new system of incentives based on the achievement of target indicators. A quarterly enterprise development fund (EDF) is formed based on the over-

fulfilment of targets (such as EBITDA, production cost, working capital, etc.), from which bonuses are paid and employee training, social and charity programmes are financed.

In 2010 the Company developed a system of incentives for senior management, including a short-term incentive plan (STIP) and long-term incentives in the form of restricted shares. This incentive system will be approved and implemented in 2011.

Short-term incentives will be paid based on the results of fulfilment of short-term key performance indicators (KPI) which are tied in with the indicators of the Company's business plan and the individual performance targets of each programme participant. The individual STIP, and the KPI of each director on which the payment of STIP will depend, will reflect the importance of the indicator in the director's system of individual incentives.

The Company's total costs on payroll and other payments and fringe benefits to UC RUSAL employees in 2010 amounted to USD 990 million, which is 9.8% more than in 2009 (USD 902 million).

The average monthly wage of a Company employee in 2010 also increased by 20.1%, and equalled USD 1,051.

The Human Resources Directorate also developed a three-year wage growth programme in 2010.

Work with young employees

The corporate youth programme "Formula for the future" was developed in 2010, and in 2011 UC RUSAL plans to launch the pilot programme at five industrial sites: in Krasnoyarsk, Bratsk, Nikolaev, Achinsk and Sayanogorsk.

The goals of the programme are:

- > To involve young employees in the resolution of the Company's strategic goals, the industrial and social life of the enterprises, and to foster adherence to corporate values.

UC RUSAL HAS A REPUTATION
AS AN EMPLOYER OF CHOICE
AND GUARANTEES STABLE
AND COMPETITIVE
COMPENSATION
OF EMPLOYEES.

THE STAFF TRAINING
AND DEVELOPMENT SYSTEM
AT UC RUSAL ENCOMPASSES
ALL CATEGORIES
OF PRODUCTION AND OFFICE
PERSONNEL AT ALL LEVELS
OF MANAGEMENT.

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- > To develop proactive and responsible young employees, and to provide them with an idea of work values, professional development and economic independence
- > To improve the image of UC RUSAL as an employer of choice among youngsters, to attract the best young specialists and to ensure their acclimatisation at Company enterprises
- > To strengthen the Company's image as a socially responsible employer that pays special attention to the development of youngsters
- > To identify, develop and retain young employees with leadership potential to fill the Company's executive talent pool
- > To create a system of Youth Councils to promote the Company's goals and objectives, and to improve the level of awareness and involvement of young employees.

The following areas of work were tentatively singled out: "My choice" (professional orientation, understanding of the Company's mission and values, and the rules and norms of behaviour at the workplace), "My profession" (acclimatisation, active mastering of the profession, the necessary technologies and business skills), "My career" (career planning, identification and development of employees with good leadership and creative potential to form the executive personnel reserve), and "My company" (development of business and social awareness and responsibility among young employees, and their involvement in the work of the youth councils of the enterprises).

Non-material incentives

Non-material incentives play an important role in the system of employee incentives and motivation at UC RUSAL. The moral encouragement of success, the possibility to participate in corporate events and

RUSAL PROFESSIONALS



**FIRST DEPUTY CEO VLADISLAV SOLOVIEV
CONGRATULATES A WORKER FROM KRASNOYARSK
ALUMINIUM SMELTER**

Since 2004 UC RUSAL has organised and held a corporate contest of professional skills called RUSAL Professionals. The main goal of the contest is to create the Company's professional elite. The number of professions involved in the contest has increased over the years, and by 2010 included 56 blue-collar and 12 management professions.

In 2010 the project was distinguished by the fact that UC RUSAL employees in Guinea, China and Ireland were given an opportunity to participate. In all, 225 of UC RUSAL's best employees from 44 Company enterprises in Russia, Ukraine, Armenia, Guinea and China made it to the 2010 final. The contest was brought to a close on 28 October with the awarding of 69 diplomas and souvenirs to those who had demonstrated their right to hold the honorary title of a UC RUSAL professional.

a guaranteed employment benefits package all help employees feel that they are part of the Company's overall success and to look to the future with confidence.

UC RUSAL offers its employees the full package of employment benefits set forth in labour legislation. Each employee is provided with mandatory medical and pension insurance policies, and has the right to paid vacation and medical leave.

Pension benefit obligations

United Company employees are participants in the pension systems of the relevant countries. The Company allocates a set percentage of the wage fund for the future pension coverage of its employees. Targeted funds may be created in different countries to cover the pension plans.

Russia and Ukraine

Based on Russian and Ukrainian legislation UC RUSAL makes pension insurance contributions to the budgets of the state pension funds. The pension systems of Russia and Ukraine stipulate the following types of pension programmes and payments to Company employees:

- > Old-age or disability pension. The amount of pensions under some programmes depends on the wage level, and is either a set amount or depends on the employee's employment history.
- > Pensions for veterans of the Second World War.
- > Long-term and lump-sum employee severance benefits, including payments and benefits for employees in case of death, the reasons for which are attributable to the performance of official job duties.

Special-purpose charities have been created at the Company's enterprises in Russia and Ukraine to support veterans. The amount of annual withholdings to these funds is not fixed, and is calculated as a certain share of the wage fund. Monthly supplemental payments to state pensions and financing of various lifesaving and recreation measures for pensioners are performed using these funds.

Pursuant to legislative requirements, the UC RUSAL enterprises located on the territory of Ukraine are partially responsible for financing expenses on pension coverage of employees working under arduous and harmful working conditions. In Ukraine the Company also voluntarily pays long-term and lump-sum employee severance benefits, including payments and benefits for employees in case of death, the reasons for which are attributable to the performance of official job duties.

All the aforementioned types of pensions and payments to employees are fixed-benefit programmes. The Company finances these programmes using current income.

Other countries

In Jamaica the Company pays pensions and medical benefits to pensioners in accordance with the established pension plan. The pension programmes were terminated due to the temporary suspension of production at the Alpart and Winalco refineries in 2009.

Two types of pension payments are made in Ireland: final pension plan and long-term and post-employment benefits including death-in-service, lump sum upon retirement and death-in pension benefits.

The pension plans in Ireland and Jamaica are funded plans.

In Sweden, pursuant to legislation, the Company makes both lifetime and interim pension payments. A special fund has not been created for these payments.

At several other Company enterprises, lump-sum severance payments formed from current income are made when employees retire.

Net pension liabilities totaled USD 138 and USD 134 million in 2009 and 2010, respectively. An assessment of insurance indemnity shows that 49% of the Company's liabilities were secured with pension assets as at 31 December 2010 (60% as at 31 December 2009).

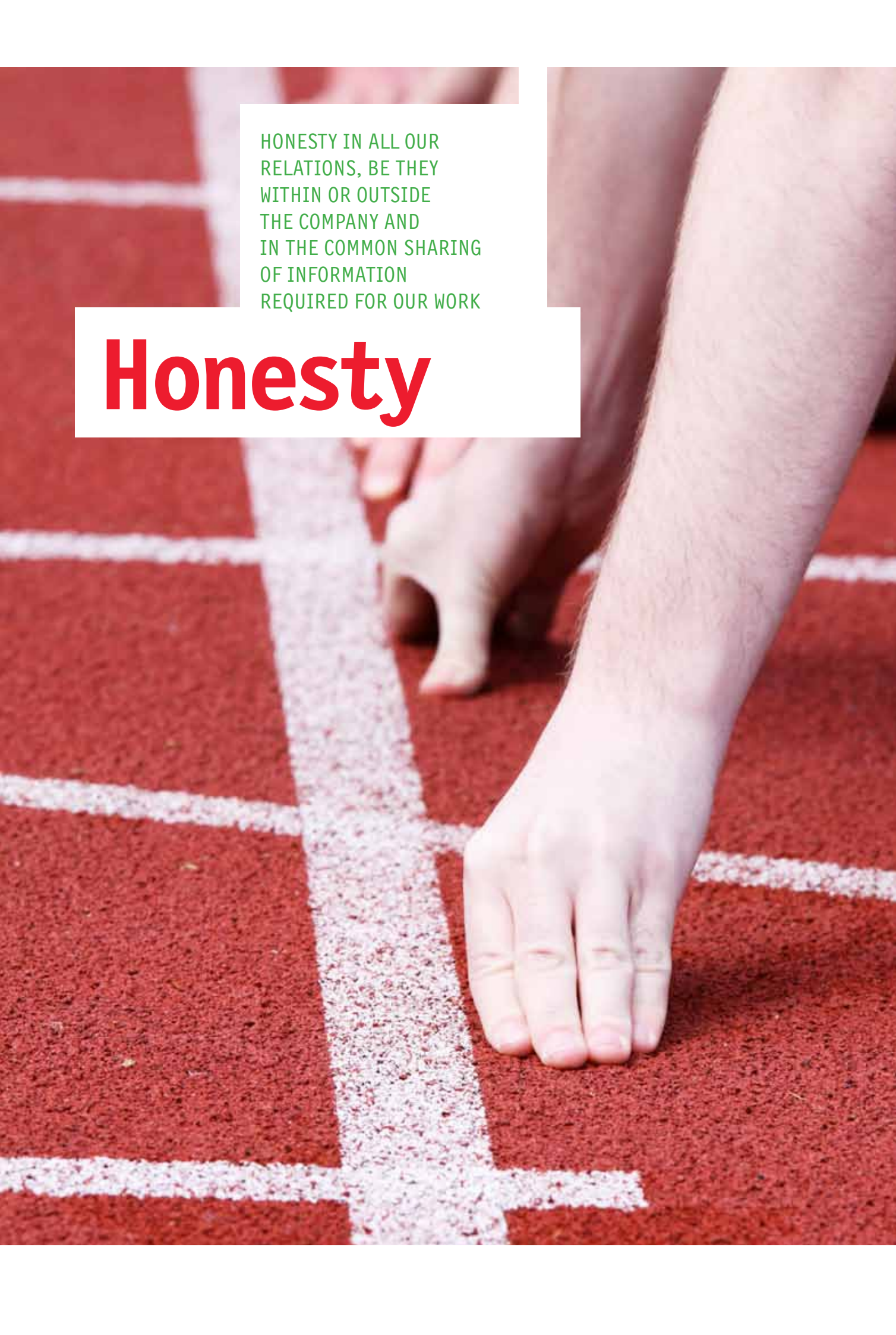
Social package

The difficult economic situation worldwide had an impact on the employment benefits package offered by UC RUSAL to its employees. For example, voluntary medical insurance was cancelled in 2009. However, voluntary medical insurance had been reinstated by 2010 at the Management Company in Moscow, and by 2011 it will have been reinstated at all enterprises.

An assistance programme for employees experiencing difficult life situations has been in place at the Company since 2005. This program guarantees material aid in the case of illness, fire and other situations.

· As per the audited consolidated IFRS financial statements for the year ended 31 December 2010.

THE AVERAGE MONTHLY WAGE OF A COMPANY EMPLOYEE IN 2010 ALSO INCREASED BY 20.1%, AND EQUALLED USD 1,051.



HONESTY IN ALL OUR
RELATIONS, BE THEY
WITHIN OR OUTSIDE
THE COMPANY AND
IN THE COMMON SHARING
OF INFORMATION
REQUIRED FOR OUR WORK

Honesty

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APPROACH

Interaction with key stakeholders is not only an important element of the Company's sustainable development, but an effective mechanism for a proactive response to changing conditions. Such a system makes it possible to pool efforts to overcome the consequences of economic downturns.

The changes that took place at UC RUSAL during the reporting period created a system of operational management at the Company that implies the active participation of stakeholders in the management process.

UC RUSAL understands stakeholders to be those parties that are significantly impacted by the Company's activities. Some of the Company's production facilities are located outside Russia, including in Africa and Central America, which requires a constant search for the most suitable methods of communication, taking into account the specifics and traditions of the local population.

Sustainable development demands a mature system of measures covering all areas of the Company's activity. Its foundation is accountability to partners, clients, employees and the local communities in the countries of presence, heightened attention to environmental protection, serious investments in the development of new technologies, and constant improvements to production processes.

Key groups of stakeholders, and the principles and approaches to interaction with them, are described in the Code of Corporate Ethics of UC RUSAL.

The global nature of operations assumes not only a system of universal values toward stakehold-

ers, but also an individual approach to each group of stakeholders in various countries. The Company will initiate creation of a system for interactions with stakeholders next year.

At present UC RUSAL does not have a strategy for interaction with stakeholders: the Company has not yet developed any documents regulating this process. Over the next few years the Company plans to develop a stakeholder map and a separate document to regulate interactions with stakeholders.

The Company is currently working to identify key groups of stakeholders and the approaches to interaction with them, based on existing practices of interaction and the level of their influence on the Company's performance. The types, forms and frequency of interaction vary depending on the group of stakeholders. For example, the status of social projects is discussed with partners during monthly meetings, decisions on the construction of large facilities are made during public debates, and interaction between employees and management is an integral part of the daily production process.

The aggregate of various feedback received during interaction helps the Company to adjust and improve internal business processes and to respond proactively to queries, complaints and proposals from stakeholders. The reaction of Company stakeholders to initiatives and projects helps to determine the importance of the topics and issues being raised, making it possible to take prompt and informed decisions.

At present the Company does not perform a systematic performance assessment of the selected methods and forms of interaction. This is a long-term objective that UC RUSAL plans to achieve

THE GLOBAL NATURE
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NOT ONLY A SYSTEM
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IN VARIOUS COUNTRIES.

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through the development and implementation of systems to monitor client and partner satisfaction, a continuation of annual evaluations of employee loyalty, and regular monitoring of the key performance indicators of social projects.

UC RUSAL's interaction with stakeholders includes a wide range of issues at the global and local level.

STAKEHOLDER RELATIONS

Local communities

The period of economic instability did not affect UC RUSAL's activity as a socially responsible Company. Together with the authorities, local administrations and non-governmental organisations in the countries where it has a presence, the Company implemented large-scale projects to reduce unemployment, maintain production facilities, stamp out health problems, improve living standards, and combat climate change.

The Company temporarily suspended work at obsolete, unprofitable, energy intensive and environmentally inefficient production facilities. Production of alumina was also shut down at the Urals Aluminium Smelter. These measures resulted in increased production and environmental efficiency.

Most of the Company's smelters are the principal employer in the cities where they are located, and have a significant impact on the employment situation, infrastructure development and environmental conservation in the region. Therefore, the creation

SOCIAL PROJECTS IN GUINEA



Russia and Guinea are linked by 50 years of cooperation in the area of bauxite developments. Projects in Guinea are strategically important for UC RUSAL. The Company is carrying out long-term projects here, and is implementing them in full, despite the current climate on the global aluminium market. The Company's international experience, including in the area of implementation of social programmes, will contribute to the development of the country's economy and lead to an improvement in the welfare of its citizens in future.

With the support of the Guinean authorities, UC RUSAL strives to ensure appropriate living standards not only for the Company's employees, but also for the population in the regions where it has a presence.

One of the main areas of social initiatives of UC RUSAL in Guinea concerns the supply of electricity and water to the population. In 2009 the Compagnie des Bauxites de Kindia built drinking water wells for Simbai village. A power supply project was implemented in Mambia village (Mambia sub-prefecture, Kindia prefecture).

The Company also pays significant attention to the development of education. In 2009 it repaired a school in Debele village at a cost of USD 25,819. Each year CBK provides school supplies in the villages of Debele, Mambia and Pushkin (Kindia prefecture): in 2009 it provided assistance worth USD 3,100.

CBK constantly provides assistance to the population for the construction, repair and reconstruction of mosques. Each year CBK organizes the hajj for enterprise employees. In 2009 it allocated USD 20,500 for a trip to Mecca by a group of five people and USD 1,215 to support the mosque in Mambia village.

The construction of unpaved roads is also a key area of urban redevelopment in Guinea.

SOCIAL PROJECTS IN NIGERIA



**HIS ROYAL MAJESTY EDIDEM U. J. NTUK OBOM,
PARAMOUNT RULER OF IKOT ABASI, COMMISSIONS
THE UKPUM OKON WATER PROJECT**

In Nigeria, where 40% of the employees of the Company's plants are inhabitants of the Ikot Abasi district and 80% are from the state of Akwa-Ibom, the relations between the Company and local communities have a significant impact on the safety of people's lives.

Social projects in Nigeria are implemented in the following areas: electrification of cities, supply of water to the local population, the establishment of terms and conditions for receiving education and the support of sport.

The most significant project within the framework of the Programme for the Social Development and Improvement of the Health of the Local Population conducted by Aluminium Smelter Company of Nigeria (ALSCON) is a project to provide drinking water to the populations of those regions where the enterprises operate. The President of Nigeria recently declared: "No Nigerian child should in the next few years trek long distances to carry water on their heads before going to school. Our target is to ensure that by the year 2015, 75% of Nigerians will have access to safe drinking water and that by 2025 the figure will rise to over 90%".

Aware of the importance of drinking water to people's health, ALSCON has implemented a number of projects to supply drinking water to the local population. In April 2010 the Company successfully completed a project relating to the construction of a water pipeline in Ikpetim village, using the enterprise's water supply system. In addition, the drilling of four drinking water wells had been completed by the end of 2010. There are plans to drill another two in 2011.

These projects were implemented in an area inhabited by five Ikot Abasi clans. According to the Company's estimates, as a result, over 10,000 people received access to clean drinking water.

WHEN ORGANISING
INTERACTION, UC RUSAL TAKES
INTO ACCOUNT THE SPECIFICS
OF THE COUNTRIES AND
REGIONS WHERE IT HAS A
PRESENCE, AND ENGAGES
THE LOCAL AUTHORITIES IN
THE JOINT PERFORMANCE
OF PROJECTS.

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of the conditions necessary for effective interaction with the local population is extremely important from the standpoint of understanding and responding to the interests of this group of stakeholders.

When organising interaction, the Company takes into account the specifics of the countries and regions where it has a presence, and engages the local authorities and representatives of the local communities in the joint performance of projects. Interaction with local communities assumes the following forms:

- > Discussions of socio-economic development projects for the region (partnership projects)
- > Participation in social and charity projects being implemented by the SPC
- > Participation in public discussions and consultations during the performance of projects to upgrade and expand existing production facilities or construction of new assets
- > Communications through the mass media.

One of UC RUSAL's main objectives in Africa and Central America is to improve the quality of life of the local population. With this goal in mind, for many years the Company has been escalating its socio-economic development programmes: ensuring the local population's access to clean drinking water, building roads, improving occupational safety, providing the population with medicines and the possibility to receive professional medical assistance.

Clients and business partners

The convenient location of the Company's assets in Siberia has enabled UC RUSAL to create a customer base on five continents, including customers in construction, packaging and the automobile industry.

UC RUSAL customers are located in 50 countries, and the Company strives to organize interaction with each one of them. Furthermore, the alumina refineries of the Company are the primary customers of the alumina assets of UC RUSAL.

In its activities UC RUSAL seeks long-term and mutually advantageous cooperation and believes that success is contingent first and foremost on client relations based on respect, trust, honesty and fairness. At the same time, UC RUSAL expects its customers to comply with high standards of business and to respect the Company's principles and values.

The development and improvement of business relations with consumers and the increase in the degree of customer satisfaction and loyalty is key a strategic objective of the Company. The partners and customers of UC RUSAL are interested in the high level of transparency of Company operations, timely and stable interaction, and the use of safe technologies

that make it possible to guarantee product quality and appropriate prices.

UC RUSAL interacts with customers and business partners through the following:

- > Implementation of interactive customer services in the form of an Internet portal to arrange for the direct interaction of the plants and customers
- > Establishment of a register of uniform requirements on the characteristics of manufactured products
- > Holding of face-to-face meetings and plant visits
- > Improvements to the accounting system and reaction to appeals and complaints
- > Increase in the quality of output through the implementation of the quality management and certification system ISO 9001 and the establishment of a Customer Support Centre
- > Publication of annual reports and sustainable development reports
- > Holding of annual customer satisfaction surveys.

Since 2004 the Company has performed annual customer satisfaction surveys, which make it possible to learn the opinions of customers, understand their requirements and desires, assess the degree of satisfaction and identify areas for improvement.

For more detailed information about claims work and research into customer loyalty, see section "Quality".

Shareholders

The shareholders of UC RUSAL are interested in increasing the Company's long-term value through an effective risk management system, cost reductions, optimization of internal management processes and the attraction of a foreign partner.

In the reporting period UC RUSAL interacted with its shareholders through:

- > The holding of annual meetings
- > Participation in sector-specific events, conferences, road shows, etc.
- > The posting of information to the "Investors" section of the Company's website.

Employees

For UC RUSAL, employees are the key to success. The Company brings together people in 19 countries: the effectiveness of the Company's reactions to challenges and any emerging issues is contingent on the extent to which interaction with them is open and based on trust.

In times of economic instability the Company believes that it is natural and essential to maintain dialog and notify employees on planned work changes. With this goal in mind, meetings were held on a regular



basis with plant specialists and management, information centres were fully operational, and corporate mass media published promptly relevant information on the situation at the plants and the development prospects for the aluminium industry as a whole.

In 2010 a large-scale two-hour Internet conference was held, during which Company employees were able to address any questions on matters of interest to them to management. Employees were given the opportunity to learn about important Company news through the Internet portal, RUSAL TV and RUSAL radio.

The practice of holding meetings between Company management and employees is a key component for ensuring feedback.

During the economic crisis the Company implemented a number of special measures to ensure social stability in the regions where it has a presence: in part it retained the employment benefits and wages of employees at enterprises that had been temporarily shut down.

Employee trade unions

UC RUSAL respects the freedom of its employees and does not restrict their rights to participate in unions and associations.

Approximately 70% of employees are members of trade unions and associations in the sector. Employee trade unions operate at virtually all of the Company's plants. They have a number of competencies, including among others, approval of the terms and conditions of the collective agreement and participation in the resolution of disputes and conflicts arising from employment agreements.

The labour relations of the Russian enterprises of the Company are also regulated by the industry tariff agreement for Russia's mining and metals sector. A new industry tariff agreement for the mining and metals sector for the period from 2011 to 2013 was signed in February 2010 and entered into force in December 2010.

In 2010 the collective agreement covered 95.3% of the Company's employees. The Company revises the standard Collective Agreement on a regular basis

(once a year); this agreement is approved by the HR Committee under the Management Board of UC RUSAL.

The Collective Agreement formalises the Company's obligation to notify employees promptly of all changes at the Company which may affect them to some extent or other. The provisions of the collective agreements also include occupational health and safety issues, which stipulate that employees are granted compensation and benefits for working in harmful and hazardous work conditions and equipment for the individual and collective protection of employees. Employees also undergo regular medical check-ups. The primary trade unions of enterprises, which are part of the National Union of Miners and Metallurgical Workers of Russia, are responsible for the public monitoring of the compliance of the rights and legal interests of workers with occupational health and safety requirements through representatives on the Occupational Health and Safety Committee.

State and municipal authorities

For UC RUSAL the establishment of open and mutually advantageous interaction with the state authorities, and also the local administrative authorities is an important element in the resolution of socio-economic issues on a global, national and regional level.

UC RUSAL believes that interaction with the executive authorities and municipalities of countries where the company has a presence is a key factor for the successful development of the business. In this area the Company strives to account for the specifics of the mindset and traditions of the communities in whose lives it participates on a daily basis.

The Company is not only an active participant in industry associations, councils and committees, but also implements wide-ranging projects relating to the construction of major production facilities, the creation and development of infrastructure in the regions where it is present. A partnership model based on a combination of resources helps UC RUSAL achieve an important strategic objective – improve the quality of life.

The financing of social projects is based on the principles of joint financing and control of expenditure, which makes it possible to reduce the risk of ineffective and non-core expenditure of funds.

UC RUSAL does not provide financial support for political parties in any countries where it participates and does not take part in such activities.

The following were the main issues of concern in respect of the Company's interaction with the state executive authorities in the reporting period:

- > The development of professional executives (engineers) through the establishment of RUSAL ETC

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- > The development of competency centres (power and metallurgy)
- > Participation in tariff regulation issues in the electricity sector
- > Participation in professional committees, commissions, associations and unions
- > The resolution of issues related to the continued implementation of the BEMO project
- > The development of rail transport
- > The implementation of social programmes.

Non-profit organisations

UC RUSAL cooperates with a large number of non-profit organisations on issues regarding impact on the environment and climate change, tariff regulation in the area of power at a local, regional and national level.

At a global level UC RUSAL is a member of the International Aluminium Institute (IAI). In 2009 Artyom Volynets, UC RUSAL Strategy and Corporate Development director was appointed Chairman of IAI – a global organization that brings together over 80% of all global aluminium producers.

UC RUSAL has also acceded to the United Nations Global Compact and adheres to its principles in its operations.

At a corporate level the Company participates actively in the activities of the Russian Union of Industrialists and Entrepreneurs: UC RUSAL CEO Oleg Deripaska is a member of the bureau of the Board of the Russian Union of Industrialists and Entrepreneurs and Chairman of the Committee on Environmental, Industrial and Process Safety. The Committee considers and submits proposed amendments to regulatory acts in the area of the environment and sub-soil use.

The Company has been undertaking joint social projects with the Charitable Foundation Volnoe Delo in the regions where it operates since 2010.

Company enterprises cooperate with non-profit organisations on ecological issues and environmental protection. More detailed information can be found on the purposes and results of this interaction in section "Algorithm of Concern".

Mass media

The organisation of interaction with representatives from the mass media is a prerequisite for the timely and correct submission of information on development plans and the performance of the Company. As a rule, interaction with the mass media is performed within the scope of press releases, awareness-raising articles, presentations and other events, with the participation of UC RUSAL representatives.

PUBLIC PRIVATE PARTNERSHIP PROJECTS



THE PROJECT OF BOGUCHANSK ALUMINIUM SMELTER

A large-scale public-private partnership project relating to the establishment of the Boguchanskoye Energy and Metals Complex (BEMO) is being implemented by RUSAL and the company RusHydro on a parity basis. The BEMO project includes completion of the construction of the Boguchanskaya HPP (BHPP) with a capacity of 3,000 MW on the Angara River and the construction of the Boguchanskiy Aluminium Smelter (BoAZ) with a capacity of 588,000 tonnes per annum, which will become the main consumer of the electricity generated by BHPP. The BEMO public-private partnership project is a key component of the comprehensive development programme of the Lower Angara region, which also includes the construction of a pulp-and-paper mill, the development of gas condensate fields and iron ore deposits, the construction of a railway line and network of roads. The construction of infrastructure facilities is financed with state funds.

As at 31 December 2010 the construction of the first line of the BoAZ with a capacity of 147,000 tonnes of aluminium per annum had been 30% completed. The construction work was suspended temporarily in 2009 and should be renewed at the start of 2011. The commissioning of the first start-up facilities of the smelter is anticipated in 2013.

Construction of the Boguchanskaya hydropower plant continued even during the economic crisis. The commissioning of the first line of the BHPP is scheduled in the fourth quarter of 2011, while BHPP should attain project capacity in 2013.

To date UC RUSAL has fully discharged its obligations for the development and approval of environmental documentation within the framework of its area of responsibility for the project.

The cost of the project (net of costs on the creation of infrastructure and the preparation of the bed of the floodwater zone of the hydropower plant) has been estimated at approximately USD 3.6 billion. The project is being financed with the Company's own funds and by loans taken out by RusHydro and RUSAL. In July 2010 the Supervisory Board of Vnesheconombank approved loans for the implementation of the BEMO project.

Successful implementation of the BEMO project is a key component of RUSAL's strategy to reinforce and develop its own energy base. At the same time, the project plays an extremely important role in ensuring the socio-economic stability of the region through the establishment of over 3,500 jobs. Highly-skilled professionals and managers will be hired for the successful operations of the plant (division directors, sub-division directors, managers, foremen, etc.) from the existing enterprises of RUSAL, while 50% of the plant's specialists will be hired from the local population of Boguchansky district and surrounding areas of Krasnoyarsk krai.

DIAN-DIAN PROJECT IN GUINEA



In 2001 UC RUSAL received an ore mining concession for the Dian-Dian group of deposits in Guinea. The project involves the construction of a bauxite-alumina complex: a bauxite mine with a capacity of 12.2 million tonnes a year and alumina refinery with a capacity of 2.8 million tonnes a year (including a potential expansion in capacity to 5.6 million tonnes).

With the support of the state authorities, the UC RUSAL is ready from 2011 to start the phased implementation of the Dian-Dian project, stipulating the expansion of port infrastructure, an increase in throughput capacity and the productivity of rail transport, the development of residential and social infrastructure, and the development of the power capacities of the district.



RESPECT FOR THE INDIVIDUAL RIGHTS AND INTERESTS OF OUR EMPLOYEES, REQUIREMENTS OF OUR CLIENTS AND CONDITIONS OF COOPERATION PROPOSED BY OUR LENDERS, VENDORS AND BUSINESS PARTNERS AS WELL AS RESPECT FOR THE PUBLIC

Respect

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As a global company, UC RUSAL believes that only a business based on sustainable development principles can contribute to the socio-economic development of the regions and the countries where it operates. At the same time, investments in the development of local communities constitute an integral component of the Company's sustainable development activities.

An on-going dialogue with the population of the regions where it operates and an active role in the development of local communities is one of the core components of the sustainable development of the Company's business.

APPROACH

The management system of social and charitable activities of UC RUSAL is regulated by a number of internal regulations of the Company.

"The Regulations on the Charitable Activities of UC RUSAL", approved on 1 October 2007, determines the areas and principles of charitable activities and describes the process for managing charitable activities.

In 2010 the Company adopted Regulations on the Scholarships of UC RUSAL, intended to formalise the goal and procedure for awarding Company scholarships to students. In 2011 the Company plans to develop and approve a corporate social responsibility Policy, and also adopt a new version of the "Regulations on Charitable Activities".

For effective project management in the area of corporate social responsibility, the Company established the Social Programme Centre (SPC) has been operational in 2004. The SPC and its branches manage

the social investment programmes of the Company in the regions where it has a presence and develop and support local social initiatives aimed at improving people's living conditions. As at 2010 SPC had conducted activities in 13 cities in Russia and Ukraine.

DEVELOPMENT OF REGIONS

Strategy of social and charitable activities

Within the framework of its social and charitable activities, UC RUSAL highlights the following areas:

- > Development of social infrastructure on the local market: water supply, provision of electricity and road construction
- > Health care: construction and repair of medical institutions, medical programmes for employees and the local population, support for national projects combating AIDS
- > Sport: construction of sports stadiums and the organisation of events, the promotion of a healthy lifestyle, development of mass sports in courtyards
- > Education: construction and repair of educational institutions, education and vocational learning for the population.

During the economic crisis, in the reporting period many companies significantly reduced their charitable activities. Levels of sponsorship contracted significantly, giving way to corporate volunteering, the collection of private donations and the provision of free-of-charge services to the population.

AN ON-GOING DIALOGUE WITH THE POPULATION OF THE REGIONS WHERE IT OPERATES AND AN ACTIVE ROLE IN THE DEVELOPMENT OF LOCAL COMMUNITIES IS ONE OF THE CORE COMPONENTS OF THE SUSTAINABLE DEVELOPMENT OF THE COMPANY'S BUSINESS.

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UC RUSAL was also compelled to adjust its policy in the area of charity, while striving at the same time to maintain the effectiveness of the activities of the SPC. At a time when the funding for charitable programmes contracted, the Company served as the ideological inspiration for a charitable movement in the regions where it has a presence, engaging other organisations and local authorities in the establishment of joint social partnership projects.

The Company's total expenses on charitable projects amounted to USD 4 million in 2009 and USD 9 million in 2010*.

Development in regions where the Company has a presence

To further develop the regions where it has a presence, the UC RUSAL has focused since 2010 on implementing the following five social programmes:

- > Territory of RUSAL
- > New Village
- > Partnership projects
- > Volunteer movement
- > UC RUSAL's Private Donations Programme.

Territory of RUSAL

The new social programme Territory of RUSAL, showcased by the Company in its tenth anniversary, is the successor of such successful projects in previous years as "100 best projects", "100 sport projects", "Green Watch" and others. The Territory of RUSAL aims to develop the social infrastructure and support promising social initiatives in the regions where UC RUSAL has a presence. The programme is based on public-

AWARDS IN THE AREA OF CORPORATE SOCIAL RESPONSIBILITY



In 2009–2010 UC RUSAL's performance in the area of social responsibility received a number of awards and prizes, including:

- > 1st prize "For contributions to charity" in the competition "Corporate Charity Leaders" conducted by the Vedomosti newspaper and PricewaterhouseCoopers
- > A diploma of the government of Irkutsk oblast and the legislative assembly of Irkutsk oblast for the best social project "The Path of Kindness"
- > The SPC director in Sayanogorsk became a member of the public chamber of the Republic of Khakassia
- > Diplomas of the head of city were awarded to the coordinators of partnership projects of the city of Krasnoyarsk for the organization of a set of measures within the framework of the Krasnoyarsk City Forum (2008–2010)
- > Within the framework of the Krasnoyarsk District Competition "Young Follower" SPC won in the category "Development of youth voluntary work" (city of Achinsk).

private partnership principles. At the same time, the programme also contains an innovative component, which consists of joint financing by the Company and the constituent subjects of the Russian Federation of the best social infrastructure development projects selected on a competitive basis.

The Territory of RUSAL programme is being implemented in three areas:

- > Development of social infrastructure – the construction, reconstruction, repair and equipment of facilities in the areas of education, culture, physical culture and sport, expansion of the area of social services and improvements in their quality
- > Support and development of public initiatives – grant-based, educational and partnership programmes. Support for projects involving youth initiatives in professional self-realisation, the performance of volunteer campaigns and events. In addition the development of the scientific and technical creativity of youth in computer technologies, robotics and modelling
- > "Computers for School Students" – educating the pupils of primary schools jointly with the Free Act charity in the use of state-of-the-art information technologies

The Company disbursed a large grant for the implementation of a project involved in the construction, reconstruction, repair and equipment of social infrastructure amenities in the amount of USD 160,000. Within the framework of developing youth activities, a large grant was allocated in the amount of USD 3,000.

As part of the project "Computers for School Students", schools in Krasnoyarsk, Achinsk, Kodinsk, Divnogorsk and Nikolaev (Ukraine) were equipped with over 15,000 laptops. The fund invested USD 3.5 million in this project.

Equipping the schools in the regions where the Company has a presence, in addition to the implemented school computerisation programmes, will transform the academic institutions into leaders in computerisation and innovation-based learning methods.

New village

To mitigate the implications of the fires that occurred in July–August 2010, UC RUSAL developed and submitted to the government of Nizhny Novgorod oblast a long-term programme "New Village", which has the goal of maintaining the traditions and practices of Russian villages. Implementation of this programme will help to raise living standards in villages, create the conditions for their stable and harmonious development through the establishment of state-of-the-art socio-economic infrastructure, and also help to provide employment for villagers in order to minimise the number of people relocating from the countryside to cities.



NEW VILLAGE BUILT BY UC RUSAL

Implementation of the programme was planned in two stages:

1. Construction of houses for the resettlement of families affected by the fires and also social amenities and facilities
2. Establishment of new work places through the development of small and medium-sized businesses, and also the construction of new state-of-the-art social and cultural facilities and the organisation of permanent employment on their basis on the performance of cultural and sporting events (in cooperation with the Charitable Foundation Volnoe Delo).

Implementation of the first stage of the programme was completed in November 2010. Here Company costs exceeded USD 3 million. During the first two months of 2010 49 modern houses of enhanced comfort, furnished and equipped with household appliances, telephones and Internet access were built and commissioned in the Borsky district of Nizhny Novgorod oblast. In addition a family-oriented kindergarten was built and there are plans to build a general practice medical facility to provide a broad range of health care services to the population of the new village.

UC RUSAL BELIEVES THAT ONLY A BUSINESS BASED ON SUSTAINABLE DEVELOPMENT PRINCIPLES CAN CONTRIBUTE TO THE SOCIO-ECONOMIC DEVELOPMENT OF THE REGIONS AND THE COUNTRIES WHERE IT OPERATES.

* As per the audited consolidated IFRS financial statements for the year ended 31 December 2010.

THE COMPANY'S TOTAL EXPENSES ON CHARITABLE PROJECTS AMOUNTED TO USD 4 MILLION IN 2009 AND USD 9 MILLION IN 2010.

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The successful implementation of the first stage of the programme enabled the Company, jointly with the administration of Borsky district, to promptly start developing the second stage.

Meetings were held with the fire victims to ascertain their expectations and the issues that UC RUSAL will seek to resolve in 2011.

Partnership projects

The mission of the Partnership Projects programme is to develop a multilateral social partnership. Development of the territory is intensified through the transfer of the social experience accumulated by the Company to the local community and interaction with the executive authorities, business structures, public organisations and charities.

The programme is being implemented in Russia (Republic of Khakassia, cities of Krasnoyarsk, Bratsk and Achinsk) and Ukraine (city of Nikolaev).

During implementation the Company has managed to establish a sustainable partnership community consisting of leaders from the non-profit sector, representatives of business organisations and the local authorities. In 2009–2010 the SPC managed to maintain the programme and leadership positions at the previous level in all regions where the Company has a presence. Employees from the Social Programme Centre were invited to city and regional discussion platforms on the topics of corporate social responsibility, social project planning and charitable issues as experts, presenters and moderators.

The Charitable Season project is one of the key partnership projects. Charitable seasons in the regions where UC RUSAL has a presence, involving regional authorities and non-profit organisations, has become a tradition since the start of the 2000s.

ASSISTANCE TO THE VICTIMS OF THE ACCIDENT AT SAYANO-SHUSHENSKAYA HPP



DAM OF SAYANO-SHUSHENSKAYA HPP

UC RUSAL's enterprises in Sayanogorsk are the town's keystone employers. After the accident on 17 August at the Sayano-Shushenskaya HPP managed by RusHydro, as a major employer of the region the Company could not keep to one side.

Sayanogorsk and the population centres Maina and Cheremushki that are part of the city administratively were offered a range of measures to improve the environmental and social environment. These included: assistance with the restoration of the destroyed facilities on the region's territory, support of the level of employment at these population centres, provision of assistance to the population, in particular psychological assistance to the children of the region's inhabitants who were victims.

In addition, understanding the long-term nature of the implications of the accident, UC RUSAL prepared proposals jointly with the Conservation Country National Environmental Foundation to elaborate a multi-pronged programme to liquidate the environmental damage inflicted on the basin of Yenisei River.

In 2009–2010 UC RUSAL continued its activities as part of this partnership project.

In 2010 over 760 joint events were implemented with the participation of 1,122 partner organisations. In 2010 more than USD 140,000 was raised.

Cooperation with the executive authorities and local government in Nikolaev region has been successful. With the participation of the Company the campaigns "There is hope" and "For the right to live tomorrow" were conducted. During these campaigns, medical equipment was acquired for local hospitals with the funds of volunteers.

Among other campaigns performed in 2010 as part of partnership programmes, the following deserve mention:

- > Campaign "The Path of Kindness" – the provision of targeted support to over a hundred Bratsk families. The SPC of UC RUSAL involved in the campaign 32 organisations, which provided various services for no consideration.
- > Spring and autumn campaign "Weeks of Charity" in Nikolaev, during which students gathered funds to buy medical equipment for the children's city hospital.

During the reporting period cooperation was proposed with youth organisations. The successors of the photocrosses of previous years were the photo quest "City of Youth" conducted in 2009 in Krasnoyarsk and the photo bike cross "City through the eyes of youth" in Bratsk.

Volunteers

UC RUSAL considers the initiatives of the inhabitants of regions where it has a presence in the area of volunteering as one of the priority areas of its social and environmental activities. Developing and supporting the volunteer initiatives of the population, the Company helps to shape a positive public opinion about volunteer activities and elevate the status of volunteers in society.

A shining example of volunteer initiatives is provided by the annual Spring Week of Charity campaign. The goal of the campaign is to attract society's attention to the role of youth volunteering and the contribution of young volunteers to the country's social and economic development. The SPC of UC RUSAL acted as coordinator of the campaign in the cities where the Partnership Projects campaign is being implemented.

In 2009 the Spring Week of Charity covered such cities as Achinsk, Bratsk, Sayanogorsk and Krasnoyarsk and involved over 100,000 volunteers. In Achinsk volunteers performed a wide range of events: from street cleaning and the collection of clothes, books and toys to the organisation of charity concerts and rock festivals. In Bratsk in addition to the collection



TURBINE ROOM OF SAYANO-SHUSHENSKAYA HPP

of items volunteers visited the Baby House and Old People's Home. In the Spring Week of Charity in 2009 over 270,000 people were the beneficiaries of the campaign.

In 2010 the Company again participated in Spring Weeks of Charity in Krasnoyarsk, Sayanogorsk and Bratsk. During the campaign in 2010 over 150,000 people were beneficiaries.

Private Donations Programme

The corporate personal donations programme involves employees in an opportunity to participate directly in charity and offers each individual simple and understandable mechanisms for personal voluntary assistance to children.

The main principles of the Private Donations Programme are its voluntary nature, confidentiality and transparency.

An Intranet facilitates the practical implementation of these principles: employees can simply access the web page of the Private Donations Programme from their computers, choose a charitable project and indicate the amount of money that will be automatically deducted from their salaries.

The automated private donations programme started to become operational at UC RUSAL from 1 September 2005. With its assistance each employee of the Management Company can transfer money to charities without leaving his or her work place.

Under the terms of the programme UC RUSAL doubles each charitable contribution. Over 150 people participated regularly in the personal donations programme, or approximately 14% of all employees of the Management Company. This indicator complies with the practice of developed countries globally, where 10–13% of employees are involved in charitable activities. Up to 40% of Company employees participate in the programme when there are special campaigns to collect funds.

In 2010 Company employees donated over USD 42,000 from their salaries for charitable goals. With these funds UC RUSAL was able to provide support to eight non-profit organisations, which provide support to seriously ill children, disabled children and difficult adolescents.

INVESTMENTS
IN THE DEVELOPMENT
OF LOCAL COMMUNITIES
CONSTITUTE AN INTEGRAL
COMPONENT OF THE COMPANY'S
SUSTAINABLE DEVELOPMENT
ACTIVITIES.

SUSTAINABILITY
EVERYTHING WE DO NOW
AFFECTS WHAT HAPPENS
IN THE FUTURE

Sustainability

Algorithm of sustainability

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RESULTS

UC RUSAL had by the end of the reporting period attained sustainable financial results and upgraded its production and investment activities. For example, the operations of the alumina refinery Ewarton Works (WINDALCO) resumed as did construction of the Boguchansky Aluminium Smelter with the use of project financing from Vnesheconombank. In 2011 the Company plans to resume work at the Kirkvine works plant (WINDALCO) in Jamaica and the construction of the Taisht aluminium smelter.

A solid framework was established during 2009–2010, which will enable UC RUSAL to further consolidate its position as leader of the global aluminium industry in 2011. This framework, together with the favourable situation on the global markets, attributable to an increase in the number of the economically active populations, urbanisation and the rising use of aluminium as a metal, create the prerequisites for adding value to the Company and increasing its sustainability. This will also be favourably reflected in the activities of UC RUSAL as a socially responsible company.

Algorithm of sustainability

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Plans for the future

Plans	Implementation period
PRODUCTION SYSTEM	
Develop an electronic registration log of kaizen	in 2011
Continue training personnel in the area of production systems	in 2011
QUALITY MANAGEMENT	
Approve a uniform UC RUSAL Policy in the area of quality management	by March 2011
Confirm ISO/TS 16949 certificates for Krasnoyarsk Aluminium Smelter, Nikolaev Alumina Refinery and Sayanogorsk Aluminium Smelter	in 2011
Perform internal audits of the compliance of the enterprise quality management system with the requirements of ISO 9001 and TS 16949	in 2011
Launch an interactive client service in the form of an Internet portal	by 2012
Launch the project "Supply Development Centre"	in 2011
ENVIRONMENT	
Start implementing the "Eco friendly Soderberg" technology at Irkutsk Aluminium Smelter, Bratsk Aluminium Smelter, Volgograd Aluminium Smelter and Novokuznetsk Aluminium Smelter	in 2011
Attain the norms of air emissions established by the legislation of the countries where the Company has a presence	by 2017
Establish a closed-cycle water-supply system for the main processes of Company enterprises	by 2017
Increase the share of refined and used waste	annually
Fully dispose of equipment and waste containing PCBs	by 2020
Increase the share of reclaimed lands	annually
Attain target parameters on the collection of waste water at Novokuznetsk Aluminium Smelter	by December 2012
Implement a project involving the transfer of the CHP to recycling water supply at the Achinsk Alumina Refinery	by 2015

OCCUPATIONAL HEALTH AND SAFETY

Develop divisional Target Programmes to prevent work-related injuries for 2011	in April 2011
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PERSONNEL

Revise the HR Policy	in 2011
Include students from Guyana and Jamaica in the training programme at the Peoples' Friendship University of Russia in Moscow	in 2011
Approve and implement the senior management incentive system	in 2011
Implement the corporate youth programme "Formula for the Future" in pilot mode	in 2011
Renew voluntary medical insurance of the employees of Company enterprises	in 2011
Implement a programme for training the operational succession pool at enterprises (with one trained succession candidate for each position)	in 2011

INTERACTION WITH STAKEHOLDERS

Initiate creation of a system of interaction with stakeholders	in 2011
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SOCIAL AND CHARITABLE ACTIVITIES

Develop and approve a Policy on corporate social responsibility	in 2011
Adopt a new version of the Regulations on charitable activities	in 2011
Continue implementing social and charitable programmes, and partnership projects, the volunteer programme and corporate personal donations programme	in 2011

A SOLID FRAMEWORK WAS ESTABLISHED DURING 2009–2010, WHICH WILL ENABLE UC RUSAL TO FURTHER CONSOLIDATE ITS POSITION AS LEADER OF THE GLOBAL ALUMINIUM INDUSTRY IN 2011.

Report overview

pp068–069

The past few years were a serious test of endurance of companies in the aluminium industry and necessitated active steps from each of them. UC RUSAL was able to withstand all the consequences of the global economic recession and became even more competitive owing to the results attained as part of the cost reduction programme, and also thanks to the successful restructuring of debt and the placement of shares on international exchanges – the Hong Kong Stock Exchange and the NYSE Euronext in Paris. The results created a solid basis for the further development and growth of the business. The Company's financial performance in 2010 demonstrated that UC RUSAL had selected a strategically correct approach to management. This Report is dedicated to a description of said approaches and also the attained financial performance.

UC RUSAL has been preparing sustainability reports since 2007; the first report covered the period for 2005–2006. Soft copies of sustainability documents and reports are published on the corporate website: <http://rusal.ru/development.aspx>.

The annual reports of the Company are available in English at http://rusal.ru/en/annual_reports.aspx.

Principles and standards

The fifth sustainability report of UC RUSAL was prepared in accordance with the established practice for non-financial reporting. The system that is being developed for collecting and preparing information facilitates improvements in the quality of the Report, is more informative and is useful for stakeholders. The report was prepared in accordance with GRI and

the requirements of the industrial application GRI G3 for mining and metallurgical enterprises at the self-declared Application level C+.

Application of the GRI reporting system for the preparation of sustainable development reports complies with the goals, objectives and principles of information disclosure of the Company, makes it possible to provide a fuller and a more balanced picture of processes and also contributes to the comparability of the published reports with the reports of UC RUSAL and leading international metallurgical companies.

Since 2002 UC RUSAL has been a member of the UN Global Compact and reports on a regular basis on its compliance with 10 principles. References to information on the disclosure of corresponding principles are presented in the table of GRI indicators included in this Report.

UC RUSAL seeks to present an objective picture of its financial performance for the reporting period. Consequently, the Report contains information on both the attainments and successes of the Company, and also on the problems that the Company faced during this complex period.

Reporting scope

The Report presents UC RUSAL within the system of global economic and social ties and mutual relations, covering the activities all enterprises, which were included in United Company RUSAL in 2009–2010. The Report also presents information on the activities of the Management Company.

In 2009 the enterprises Alpart (Jamaica), Eurallumina (Italy) were temporarily shut down, while aluminium production volumes were cut at Urals Aluminium Smelter, Bogoslovsk Aluminium Smelter, Kandalashka Aluminium Smelter, Nadvoitsy Aluminium Smelter and Volkhovsk Aluminium Smelter. This fact may have an impact on the comparability of the data of this Report with the data of previous reports.

The terms UC RUSAL and the Company used in this Report relate to the activities of the group as a whole.

Materiality

When determining the content of this Report, the Company focused on GRI principles and guidelines. UC RUSAL considered the topics and issues disclosed within the framework of the Report to be material from the perspective of their impact on the activities of the Company, on the interests and expectations of stakeholders and their presentation in publicly available information sources.

The approaches and actions of the Company to overcome the consequences of the global financial crisis and strengthen its competitiveness are key

topics of the Report. Performance in 2010 demonstrated that UC RUSAL selected strategically important management approaches. The Report for 2009–2010 was dedicated to the Description of these approaches as well as to the results.

The Report takes into account the interests of a wide group of stakeholders and covers such strategic areas of activity of UC RUSAL, as environmental protection and industrial safety, investments in the development of new technologies, constant improvements in production processes, improvements in the working conditions and investments in the development of the regions where the Company has a presence.

UC RUSAL is seeking more active shareholders engagement in the process of generating sustainable development reports. This will significantly enhance their relevance and informational content for readers.

Reporting boundaries

Information and statistical data on economic and social performance indicators presented in the Report are consolidated for all the enterprises included in the United Company for the period since 1 January 2009 to 31 December 2010 inclusive.

All the financial performance indicators of UC RUSAL are denominated in US dollars in accordance with the audited IFRS consolidated financial statements, unless otherwise stated.

The environmental performance indicators for 2009 and 2010 are presented in consolidated form for all enterprises of the Company, with the exception of the Compagnie de Bauxites de Kindia (Guinea), Friguia Alumina Refinery (Guinea), ALSCON (Nigeria) and Bauxite Company of Guinea, as the system of financial statements is still being developed at these enterprises. In the next reporting period the Company plans to disclose the environmental performance indicators for all enterprises of UC RUSAL.

Information on greenhouse gas emissions formed directly during electrolysis at enterprises of the Aluminium division was prepared within the framework of the GHG Protocol initiative on the basis of the methodology of the World Resources Institute (WRI).

Information on reductions in greenhouse gas emissions resulting from Joint Implementation Projects was obtained on the basis of methodology approved and checked in accordance with the requirements of the Kyoto Protocol and the United Nations Framework Convention on Climate Change (UN FCCC).

Compared with the Social Report for 2008 there have been no material changes in applicable methods for measuring and presenting data, or to the boundaries of reporting.

Assurance

In 2008 UC RUSAL began the practice of engaging a professional audit firm to provide assurance of sustainability reports. Assurance makes it possible to achieve the high reliability and accuracy of the information presented in the reports, and accordingly raises the value of reports for readers.

KPMG performed independent limited assurance of the sustainability report of UC RUSAL for 2009–2010.

More detailed information on the boundaries and the subject of assurance can be found in section 10 "Independent limited assurance report".

Sustainability reporting plays a key role in raising the information transparency of UC RUSAL, pools the efforts of the Company's sub-divisions, facilitates the development of internal communications and the exchange of experience and identifies problem areas where work still needs to be performed in future.



Independent Limited

Assurance Report to the Management of UC RUSAL

pp070-073

Introduction

We were engaged by the management of UC RUSAL to provide limited assurance on the quantitative indicators of the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative ("GRI") as set out on pages 7 to 63 of UC RUSAL's Sustainability Report for the years ended 31 December 2010 and 2009 ("the Report") and UC RUSAL's self-declared GRI C+ application level as at 31 December 2010.

The following quantitative GRI indicators ("the selected performance information") were reported and subject to our procedures:

- Number of countries where the organization operates (page 7)
- Number of employees (pages 12, 43)
- Economic indicators: Revenue, Finance income, Cost of sales, Distribution expenses, Administrative expenses, Interest expense from operating activities, Interest paid from financing activities, Repayment of borrowings, Repayment of bonds, Dividends paid to shareholders, Income tax, Total assets, Net debt, Total equity (page 11)
- Wages and salaries (pages 11, 47)
- Contributions to defined contribution retirement plans and contributions to defined benefit retirement plans (page 11)
- Percentage of pension liabilities covered by pension assets (page 49)
- Charitable donations (pages 11, 60)
- Quantity of production (page 12)
- Total land disturbed and not yet rehabilitated in hectares, total amount of land newly disturbed and rehabilitated within the reporting period (page 29)
- Total water withdrawal by source, total water withdrawal for production use, amount of water use including sea water by type of production (pages 31-32)
- Total production water discharge and total water discharge (excluding quarry water) by water quality (page 32)
- Total air emissions by source (pages 34-35)
- CO, NOx, SOx, and other significant air emissions by type and weight (page 35)
- Total weight of waste by type and disposal method (pages 36-37)
- Total amount of overburden (page 36)
- Monetary value of significant fines for non-compliance with environmental laws and regulations (page 37)
- Total environmental protection expenditures and investments by type (pages 37-38)
- Lost time accident frequency rate and absolute number of work-related fatalities (page 40)
- Percentage of total employees who received a formal performance appraisal and review during the reporting period (page 46)
- Percentage of employees covered by collective bargaining agreements (page 55)
- Amount of funds provided for infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement (pages 60-63)
- Significant estimated aggregate financial value on an accruals basis for subsidies (page 44)
- Size of land owned, leased, managed, located in, adjacent to, or that contain protected areas and areas of high biodiversity value outside protected areas (page 30)

- Total number of incidents of discrimination during the reporting period (page 44)
- Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country (page 55)
- Emissions of ozone-depleting substances by weight (page 35).

Management's responsibility for the Report and the criteria applied

Management is responsible for the preparation and presentation of the Report in accordance with the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative as described in the "Report Overview" chapter, and the information and assertions contained within it; for determining UC RUSAL's and its subsidiaries' objectives in respect of sustainable development performance and reporting, including the identification of its stakeholders and issues that are material to its stakeholders; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Scope and assurance standard

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That Standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the selected performance information and UC RUSAL's self-declared GRI C+ application level are free from material misstatement.

KPMG Limited, a company incorporated under the Companies (Guernsey) Law, 1994 as amended in 2008, a subsidiary of KPMG Europe LLP, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Limited Independent Limited Assurance Report to the Management of UC RUSAL

pp070–073

Work undertaken

A limited assurance engagement on sustainability information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of UC RUSAL's processes for determining the material issues for UC RUSAL's key stakeholder groups.
 - Interviews with management and relevant staff at corporate and selected operational sites level concerning sustainability strategy and policies for material issues and the implementation of these across the business.
 - Inquires of management and relevant staff at corporate and selected operational sites level about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information presented in the Report.
 - Interviews with management and relevant staff at corporate and operational sites level responsible for providing the information in the Report.
 - A media analysis and an internet search for references to UC RUSAL during the reporting period.
 - Performing substantive analytical procedures consisting of the evaluation of sustainability data through a study of plausible relationships with financial data, other non-financial data and historical information.
 - Visits to sites operating in Bratsk, Russian Federation (JSC Bratsk Aluminium Smelter) and Nikolaev, Ukraine (JSC Nikolaev Alumina Refinery) selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.
 - Comparing the information presented in the Report to corresponding internal and external information in the relevant underlying sources to determine whether all relevant information contained in such underlying sources has been included in the Report.
 - Checking the content of the Report to ensure consistency with the GRI application level requirements of C+.
 - With regard to the financial data included in the Report that are marked with "-", verifying that they were correctly derived from UC RUSAL's audited consolidated IFRS financial statements for years ended 31 December 2010 and 2009.
 - Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of UC RUSAL.
 - Obtaining a representation letter signed by the legal representative of UC RUSAL as to the compliance of the Report with the guidelines indicated in the "Report Overview" chapter and as to the reliability and completeness of the information and data contained therein.
- The extent of evidence gathering procedures performed in a limited assurance engagement is substantially less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

Conclusions

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the selected performance information and UC RUSAL's selfdeclaration of

GRI application level C+ indicated in the "Report Overview" chapter are not properly prepared, in all material respects, in accordance with the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative.

Limitation in use

Our limited assurance report is made solely to UC RUSAL in accordance with the terms of our engagement. Our work has been undertaken so that we might state to UC RUSAL those matters we have been engaged to state in this limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than UC RUSAL for our work, for this assurance report, or for the conclusions we have reached.

KPMG Limited
Moscow, 25 July 2011

Glossary

pp074–075

Term	Definition
DNV	Det Norske Veritas – independent classification and certification company
GHG Protocol	Initiative on the submission of initiatives on greenhouse gas emissions
Glencore	Mining company. Its alumina assets were included in UC RUSAL in 2007
GRI	Global Reporting Initiative – Sustainability reporting guidelines
HKUST	Hong Kong University of Science and Technology
IAI	International Aluminium Institute
IPO	Initial Public Offering – Initial Public Offering of shares implying the offering of company shares for sale to a wide range of people
ISO 9001	International Quality Management Standard
ISO 14001	International Standard for the establishment of an Environmental Management System
ISO/TS 16949	International industry standard developed for the automotive industry
KUBAL	Kubikenborg Aluminium, aluminium enterprise of UC RUSAL (Sweden)
OHSAS 18001	International standard for health and safety management
OSPAR	Convention for the Protection of the Marine Environment of the North-East Atlantic – OSPAR Convention – as part of which recommendations were developed on the level of emissions for aluminium smelters
TPS	Toyota Production System – production system of the Company Toyota aims to optimise product quality through improvements to the production process and reductions in the irrational use of natural, man-made and corporate resources
TQM	Total Quality Management – generally recognised method involving continuous improvements to the quality of all organisational processes
WRI	World Resources Institute
AAR	Achinsk Alumina Refinery, enterprise of UC RUSAL
AS	Aluminium smelter
AW	Aluminium works
AFS	Alumina feeding system
ARMENAL	Aluminium foil mill of UC RUSAL (Armenia)
BAZ	Bogoslovsk Aluminium Smelter, enterprise of UC RUSAL
BoAZ	Boguchanskaya Aluminium Smelter
BHPP	Boguchanskaya Hydropower Plant
BrAZ	Bratsk Aluminium Smelter enterprise of UC RUSAL
BEMO	Boguchanskoye Energy and Metals Complex
VAZ	Volkhovsk Aluminium Smelter
VgAZ	Volgograd Aluminium Smelter, enterprise of UC RUSAL
AR	Alumina Refinery
AM	Alumina Mill
VMI	Voluntary Medical Insurance

Term	Definition
IrkAZ	Irkutsk Aluminium Smelter, enterprise of UC RUSAL
ETC	Engineering Technology Centre of UC RUSAL
KAZ	Kandalaksha Aluminium Smelter
BCG	Bauxite Company of Guyana, enterprise of UC RUSAL
CBK	Compagnie des Bauxites de Kindia, enterprise of UC RUSAL
KrAZ	Krasnoyarsk Aluminium Smelter, enterprise of UC RUSAL
Silicon (Shelekhov Silicon, Urals Silicon)	Silicon production enterprises of UC RUSAL
MICEX	Moscow Interbank Currency Exchange
NAZ	Nadvoitsy Aluminium Smelter
NAR	Nikolaev Alumina Refinery, enterprise of UC RUSAL
NkAZ	Novokuznetsk Aluminium Smelter, enterprise of UC RUSAL
PFP HES	Pump Filtration Plant of Hydraulic Engineering Structures
US RUSAL, RUSAL	United Company RUSAL
SPNA	Specially protected natural areas
PS	Production System of UC RUSAL
PCB	Polychlorinated biphenyls – persistent organic pollutants
RUIE	Russian Union of Industrialists and Entrepreneurs
RTS	Russian Stock Exchange
SAZ	Sayanogorsk Aluminium Smelter, enterprise of UC RUSAL
IPG	Individual protective gear
SUAL	Company that was part of UC RUSAL since in 2007
SUAL-PM-Volgograd	UC RUSAL enterprise for the production of aluminium powders (Volgograd)
NUBM	North Urals Bauxite Mine, enterprise of UC RUSAL
UAZ	Urals Aluminium Smelter, enterprise of UC RUSAL
EDF	Enterprise Development Fund
KhAZ	Khakas Aluminium Smelter, enterprise of UC RUSAL
SPC	Social Programme Centre of UC RUSAL

GRI and UN Global Compact content index

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G3 CONTENT INDEX - MINING & METALS SECTOR SUPPLEMENT STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

1. STRATEGY AND ANALYSIS

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
1.1	Statement from the most senior decision-maker of the organization.	●	Algorithm of trust, p. 5		
1.2	Description of key impacts, risks, and opportunities.	●	Approach, p. 43–44 Approach, p. 27–28 Internal controls and risk management, p. 17		

2. ORGANIZATIONAL PROFILE

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
2.1	Name of the organization.	●	Algorithm of trust, p. 5 Overview of operations, p. 7 Corporate governance, p. 16		
2.2	Primary brands, products, and/or services.	●	Overview of operations, p. 7–8		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	Corporate governance, p. 18 Overview of operations, p. 7–10		
2.4	Location of organization's headquarters.	●	Overview of operations, p. 7		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	Overview of operations, p. 7, 9–10		
2.6	Nature of ownership and legal form.	●	Corporate governance, p. 16		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	Overview of operations, p. 7–8		
2.8	Scale of the reporting organization.	●	Figures, p. 12, Annual report, p. 81		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	Corporate governance, p. 16–17		
2.10	Awards received in the reporting period.	●	Milestones, p. 13		

3. REPORT PARAMETERS

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	About the report, p. 68		
3.2	Date of most recent previous report (if any).	●	About the report, p. 68		
3.3	Reporting cycle (annual, biennial, etc.)	●	About the report, p. 68		
3.4	Contact point for questions regarding the report or its contents.	●	Feedback form		
3.5	Process for defining report content.	●	About the report, p. 68–69		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	About the report, p. 68		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	About the report, p. 68–69		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	About the report, p. 68		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	About the report, p. 69		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	n/a			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	About the report, p. 69		
3.12	Table identifying the location of the Standard Disclosures in the report.	●	GRI and UN Global Compact content index, p. 74		
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	About the report, p. 69		

4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	Corporate governance, p. 16–17		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	Corporate governance, p. 17		
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	Corporate governance, p. 16 Annual report 2010, Profiles of directors and senior management		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	◐	Stakeholder relations, p. 54–55		In the reporting period such mechanisms were not fully formalized. In practice, however, the Company has a number of opportunities to ensure feedback between management and employees.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	Motivation, p. 47		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	Annual report 2010, Corporate governance report, p. 104		
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	●	Annual report 2010, Corporate governance report, p. 105		
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	Mission, strategy, values, p. 15		
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	◐	Internal controls and risk management, p. 17, Annual report 2010, p. 23		

4,10	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●			In the reporting period the Company did not apply the precautionary principle to identify monitor and manage risks at each stage of the product life cycle.
4,11	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	Approach, p. 28		The Company adheres to the principles, charter and initiatives enumerated in this Report.
4,12	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	Milestones, p. 13, Stakeholder relations, p. 56		The Company does not consider membership in organizations or associations as strategic.
4,13	List of stakeholder groups engaged by the organization.	●	Approach, Stakeholder relations, p. 52–57		
4,14	Basis for identification and selection of stakeholders with whom to engage.	●	Approach, Stakeholder relations, p. 51–57		
4,15	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	Approach, Stakeholder relations, p. 51		In the reporting period the Company did not account for the frequency of interaction with stakeholders. Stakeholder representatives did not take part in the preparation of this Report.
4,16	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	Approach, Stakeholder relations, p. 52–57		

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

ECONOMIC

Performance Indicator	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
ECONOMIC PERFORMANCE					
ECl _{COMM}	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	Figures, p. 11–12 Motivation, p. 47 Development of regions, p. 60, Annual report 2010, p. 27		

EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	🌐	Climate, p. 28	Принцип 7	
EC3	Coverage of the organization's defined benefit plan obligations.	●	Annual report, p. 167-177		
EC4	Significant financial assistance received from government.	●	Approach, p. 44		In the reporting period no significant financial assistance was provided by the governments of the countries where UC RUSAL operates, with the exception of funds allocated in accordance with Resolutions No. 1089 and 1011 of the Russian Government.

INDIRECT ECONOMIC IMPACTS

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	Development of regions, p. 59-63		In the reporting period the Company did not assess separately the requirements of communities in respect of the development of infrastructure and/or services. However, a number of the Company's charitable projects stipulate the financing of projects relating to the development and establishment of infrastructure in the regions where it has a presence.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	Development of regions, p. 59-63		

ENVIRONMENTAL

Performance Indicator	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
MATERIALS					
EN1	Materials used by weight or volume.	●		Principle 8	In the reporting period the Company accounted for all materials used in the production process. However, at present, the Company has not developed special procedures for the collection and submission of information based on main and non-renewable materials.

WATER

EN8	Total water withdrawal by source.	●	Water, p. 30-32	Principle 8	In the reporting period the Company accounted for the volume of wastewater. However, the Company did not consolidate information on the volume of the collected storm wastewater and wastewater accepted from other organizations.
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BIODIVERSITY

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	●	Land, p. 30	Principle 8	
EN12 _{COMM}	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	🌐	Land, p. 29-30	Principle 8	
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	●	Land, p. 29-30		

EMISSIONS, EFFLUENTS AND WASTE

EN16	Total direct and indirect greenhouse gas emissions by weight.	🌐	Climate, p. 28-29	Principle 8	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	Climate, p. 28-29	Principle 7 Principle 8 Principle 9	
EN19	Emissions of ozone-depleting substances by weight.	●		Principle 8	The Company does not use in its activities materials and equipment contributing to emissions of ozone-depleting substances.
EN20 _{COMM}	NO _x , SO _x , and other significant air emissions by type and weight.	●	Air, p. 33-35	Principle 8	The Company uses the classification of substances in accordance with the legislation of the countries where it is present, which differs from what is given in the GRI.

EN21	Total water discharge by quality and destination.	●	Water, p. 32	Principle 8	In the reporting period the Company did not have any procedures for collecting and submitting information on the collection of wastewater discharges broken down by form of treatment or the volume of waters recycled by other organizations. In addition, the Company did not develop procedures on the consolidation of information on the volumes of pollutants. The Company plans to submit this information in subsequent reports.
EN22 _{COMM}	Total weight of waste by type and disposal method.	●	Waste, p. 36–37	Principle 8	In the reporting period the Company did not consolidate information on the bulk waste broken down by the following types of treatment: incineration, landfill disposal, deep injection of waste, burial on the sites of the enterprise.
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks.	●	Waste, p. 36–37		
PRODUCTS AND SERVICES					
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	◐	Water, p. 30–32 Air, p. 33–35	Principle 7 Principle 8 Principle 9	
COMPLIANCE					
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	Investments in the future, p. 37–38	Principle 8	The Company did not consolidate information on a number of immaterial sanctions. In the reporting period the Company consolidated the information based on the cases commenced through dispute resolution mechanisms and presented the data in the Report on a sample basis for several enterprises.

OVERALL					
EN30	Total environmental protection expenditures and investments by type.	●	Investments in the future, p. 37–38	Principle 7 Principle 8 Principle 9	The Company accounts for environmental expenditures based on its own classification which differs from GRI. It includes: capital repairs, an environmental management system, land restoration, waste disposal, the protection of water bodies, protection of the air and others.
SOCIAL: LABOR PRACTICES AND DECENT WORK					
Performance Indicator	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
EMPLOYMENT					
LA2	Total number and rate of employee turnover by age group, gender, and region.	◐	Approach, p. 43	Principle 6	
LABOR/MANAGEMENT RELATIONS					
LA4	Percentage of employees covered by collective bargaining agreements.	●	Stakeholder relations, p. 55	Principle 1 Principle 3	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	◐	Stakeholder relations, p. 55	Principle 3	
OCCUPATIONAL HEALTH AND SAFETY					
LA7 _{COMM}	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	◐	Health and safety, p. 40–41	Principle 1	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	◐	Health and safety, p. 41 Development of regions, p. 59–63	Principle 1	
LA9	Health and safety topics covered in formal agreements with trade unions.	●	Stakeholder relations, p. 55	Principle 1	
TRAINING AND EDUCATION					
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	◐	Training, p. 45–46		
LA12	Percentage of employees receiving regular performance and career development reviews.	●	Training, p. 46		

SOCIAL: HUMAN RIGHTS

Performance Indicator	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
NON-DISCRIMINATION					
HR4	Total number of incidents of discrimination and actions taken.	●	Corporate culture, p. 44	Principle 1 Principle 2 Principle 6	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
HR5 _{COMM}	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	●	Corporate culture, p. 44	Principle 1 Principle 2 Principle 3	
CHILD LABOR					
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	●	Corporate culture, p. 44	Principle 1 Principle 2 Principle 5	
FORCED AND COMPULSORY LABOR					
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	●	Corporate culture, p. 44	Principle 1 Principle 2 Principle 4	

SOCIAL: SOCIETY

Performance Indicator	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
PUBLIC POLICY					
S05	Public policy positions and participation in public policy development and lobbying.	●	Stakeholder relations, p. 55	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6 Principle 7 Principle 8 Principle 9 Principle 10	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	Stakeholder relations, p. 55–56	Principle 10	

SOCIAL: PRODUCT RESPONSIBILITY

Performance Indicator	Description	Reported	Cross-reference/Direct answer	UN Global Compact principle	Comments
CUSTOMER HEALTH AND SAFETY					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●	Quality, p. 23	Principle 1	
PRODUCT AND SERVICE LABELLING					
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	Quality, p. 23–24		

Feedback form

pp086-088

DEAR READERS!
 You have just read the fifth UC RUSAL Sustainability Report. Your opinion on this document is extremely important to us and we would be grateful if you could help us to improve the quality of UC RUSAL reporting by answering the questions in this survey.
 Please send the completed form by fax:
+ 7 (495) 720-51-70 or to the address:
13/1, Nikoloyamskaya Str., Moscow, 109240, Russia
with the note: Sustainability Report for 2009-2010.
 You can also email this form to the address
 CSR@rusal.ru

1. WHAT BEST DESCRIBES YOU AS A STAKEHOLDER?

- Inhabitant of the regions where the Company's enterprises operate
- Client
- Shareholder
- Investor
- Business partner
- Employee
- Member of a trade union
- Representative of a state or municipal authority
- Representative of a non-profit organisation
- Mass media representative
- Other group of stakeholders

2. DID THE REPORT COVER TOPICS AND ISSUES OF INTEREST TO YOU?

- Yes, fully
- Partly
- Not at all

3. PLEASE ASSESS THE SUSTAINABLE DEVELOPMENT REPORT OF UC RUSAL FOR 2009-2010 ON THE FOLLOWING CRITERIA:

Criteria/Assessment	Excellent	Good	Satisfactory	Bad
General impression	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provides a full picture of information about the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Degree of relevance of the issues covered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliability and objectivity of the information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity and accessibility of the presentation of information for the reader	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience of navigation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Report design	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



4. DID THE REPORT PROVIDE YOU WITH AN UNDERSTANDING OF UC RUSAL'S SUSTAINABLE DEVELOPMENT ACTIVITIES?

- Yes, fully
- Yes, partly
- No, not really
- Not at all

5. WHAT INFORMATION PRESENTED IN THE SUSTAINABILITY REPORT DID YOU FIND MOST INTERESTING?

6. WHAT INFORMATION PRESENTED IN THE SUSTAINABILITY REPORT DID YOU FIND LEAST INTERESTING?

YOUR CONTACT INFORMATION (OPTIONAL)

Name: _____

Organisation: _____

Position: _____

Address: _____

Telephone/E-mail: _____

THANK YOU!

UC RUSAL

