

BEGINNING
the
DIALOGUE...

RUSAL's Social Report.
Made in line
with the principles
of the United Nations
Global Compact

2004



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ADDRESS BY RUSAL'S CEO

Dear Colleagues!

We are glad to present you the first social report by RUSAL. This is not a report on our successes and achievements. It contains the basic principles of RUSAL's business ethics, social, and HR policy, as well as an overview of our environmental activity and charity events that took place last year.

We share the social responsibility principles accepted in the majority of developed countries and strive to apply them in every area of our activity. We also place great emphasis on the Company's contribution to the establishment of a steady foundation for economic development both at the national and the global scale.

With this purpose we joined the Global Compact of the United Nations in 2002. This document outlines the ten universal principles of labor relations, environmental protection, and human rights. In our first social report we would also like to demonstrate our adherence to these principles.

One of the key principles we follow in our activity is constantly maintaining a dialogue with the social groups that have an impact on RUSAL's activity or depend on it. These include employees, representatives of state authorities, business partners, local population in the areas where we operate, and employees of state-financed and social organizations. We consider their interests and try to meet their expectations in the development of our business.

We genuinely hope that this social report will provide the appropriate evidence for the progress we have achieved in the economic, environmental, and social areas.

Sincerely,
Alexander S. Boulygin,
CEO, RUSAL

RUSAL AND THE PRINCIPLES OF THE UN GLOBAL COMPACT

The Global Compact is an international volunteer initiative by the United Nations Organization that joined over two thousand major international companies and transnational corporations operating all over the world.

The Global Compact declares the universal principles of responsible business behavior.

The idea of the Global Compact was first suggested by the General Secretary of the United Nations Organization Kofi Annan at the International Economics Forum in January, 1999. On the verge of the new millennium, the General Secretary invited the leaders of business circles to join the international initiative, which would unite companies with the UN and the civil society.

The concept of the Global Compact is based on the necessity for joined volunteer actions that would help raise the responsible civil attitude of companies to a higher level. Thus, the private sector would join with other social forces in a common effort to establish a more stable world economy “with a human face”.

This vision corresponds to RUSAL’s position, therefore we believe that applying the principles of the Global Compact of the United Nations in our business practice is not just a matter of fashion but a serious management task.

We made this report to provide a public evidence of RUSAL’s adherence to the principles of the Global Compact of the United Nations and our eagerness to voluntarily assume the responsibility for promoting better transparency and also to coordinate the Company’s interests with the interests of the society.

Becoming a part of the Global Compact gives the Company an opportunity to establish partner relations with the programs and organizations of the UN.

10 UNIVERSAL PRINCIPLES OF THE UN GLOBAL COMPACT

Human Rights

1. Entrepreneurs should provide support and respect human rights declared by the international community.
2. Never be involved in violation of human rights.

Labor Relations

3. Entrepreneurs should support the freedom of association and in fact acknowledge the right to sign collective agreements.
4. Advocate the elimination of all the types of forced labor.
5. Advocate the total elimination of child labor.
6. Advocate the elimination of discrimination in labor and employment.

Environmental Protection

7. Entrepreneurs should help prevent negative environmental impact.
8. Take initiative to increase environmental responsibility.
9. Help develop and distribute environmentally friendly technology.

Resistance to Corruption

10. Oppose all the types of corruption including extortion and bribery.



Table «Compliance of the RUSAL's Report To the Principles of the UN Global Compact»

Principle	Compliance area	Page
Support and respect human rights declared by the international community	Responsibility in business Corporate HR policy Ethical principles	7, 8, 15, 16, 25, 28, 38, 44, 55, 56, 57
Never be involved in violation of human rights	Responsibility in business Corporate HR policy	7, 8, 15, 16, 25, 55
Support the freedom of association and in fact acknowledge the right to sign collective agreements	Corporate HR policy	28, 30
Advocate the elimination of all the types of forced labor	Corporate HR policy Ethical principles	7, 8, 14, 25, 55,
Advocate the total elimination of child labor	Responsibility in business Corporate HR policy	14, 25
Advocate the elimination of discrimination in labor and employment	Corporate HR policy Ethical principles	14, 22, 23, 25, 55
Help prevent negative environmental impact	Responsibility in business Environmental protection	7, 8, 19, 31, 32, 35, 36, 56, 57, 59, 60
Take initiative to increase environmental responsibility	Responsibility in business Environmental protection	13, 31, 32, 35, 36, 37, 58, 59, 60
Help develop and distribute environmentally friendly technology	Responsibility in business Environmental protection	31, 32, 33, 35, 36, 50, 56, 57, 58
Oppose all the types of corruption including extortion and bribery	Responsibility in business Ethical principles	7, 8, 15, 16, 17, 56, 57

OUR MISSION, VALUES AND PRINCIPLES

Our mission is to become the most efficient aluminum producer in the world, which our children and we could be proud of. Through success of RUSAL to prosperity of each of us and our society.

VALUES OF RUSAL

In our Company, we particularly value:

- respect for personal rights and interests of our employees, customer demands, and conditions put forward by vendors, partners, and the society;
- justice, which implies that the salary should correspond to the achieved outcome and that employees have equal conditions for professional development;
- fairness in relationships and provision of information necessary for our work;
- effectiveness as stable achievement of maximum outcome in everything we do;
- courage to oppose what we cannot accept, as well as personal responsibility for the consequences of our decisions;
- care expressed in our effort to protect people from any harm or hazard for their lives or health and save our environment;
- trust to employees to delegate authority and responsibility in decision-making and implementation.

By following our values, we will be able to create the corporate culture necessary to achieve the highest top in our business aspirations.

**“We” stands for every single employee
of RUSAL.**



PRINCIPLES OF RUSAL

- Internal relations: wherever we work, we are working for the common outcome. We encourage leadership as an ability to make decisions at any level.
- External relations (relations with customers, vendors, and the society): all our relations are based on the principles of partnership and mutual respect.
- Use of resources: the Company demonstrates trust and provides all the resources necessary – we use them rationally to achieve the goals set.
- Health, safety, and environmental protection: we value human life and health over the economic outcome and production achievements.
- Efficiency and profitability: the Company will achieve its goal - to become the most efficient aluminum company in the world – if each single employee from the CEO down to a worker does his or her job efficiently.

RUSAL TOMORROW:

OUR STRATEGY TILL 2013

- Increase aluminum output to 5 mtpa.
- Increase alumina output to 8 mtpa.
- Become one of the top three companies in terms of production costs per 1 ton of aluminum among the 10 largest aluminum companies in the world.
- Increase labor productivity twofold.
- Increase the share of alloys in the total output up to 50%.
- Become the kind of company that people want to work for.

MEET RUSAL!

RUSAL is one of the world leaders in the aluminum industry exporting aluminum to 46 different countries (including the CIS states). The share of RUSAL in the global output of aluminum is 9.1%; in the Russian output, 75%.

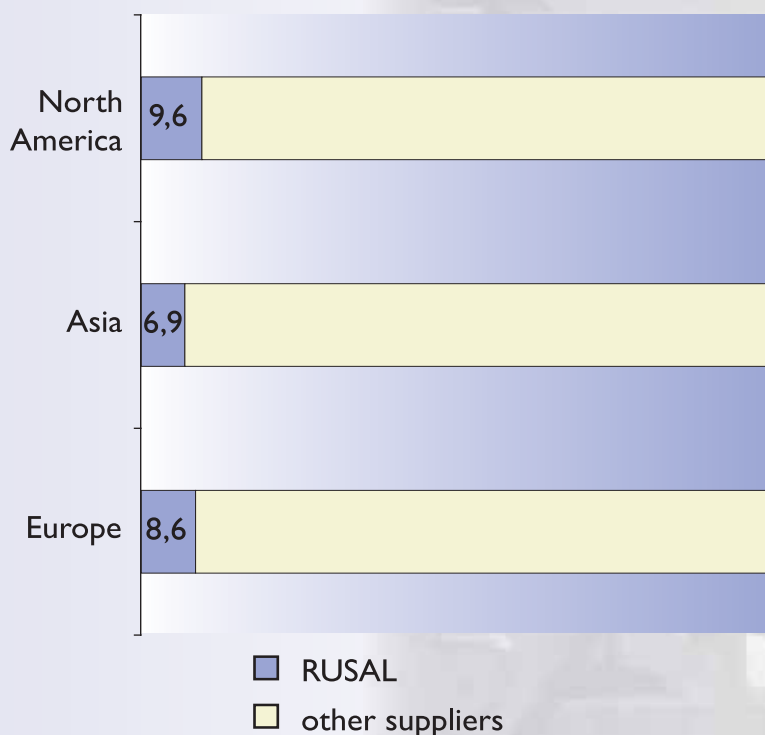
The main products of RUSAL - primary aluminum and alloys – are manufactured by the four smelters: Bratsk Aluminum Smelter (BrAZ) , Krasnoyarsk Aluminum Smelter (KrAZ), Sayanogorsk Aluminum Smelter (SAZ), and Novokuznetsk Aluminum Smelter (NkAZ). Apart from primary aluminum, RUSAL manufactures semis and a wide variety of finished products used by various industries. Over 47 thousand people are employed by the Company's enterprises located in 7 different regions of Russia and in 5 other countries.

The consolidated annual turnover of the Company is over USD 4 bln. In 2004, the revenue of RUSAL grew by 20% compared to the previous year up to USD 5.4 bln. The sales revenues abroad increased by 16% up to USD 4.3 bln.

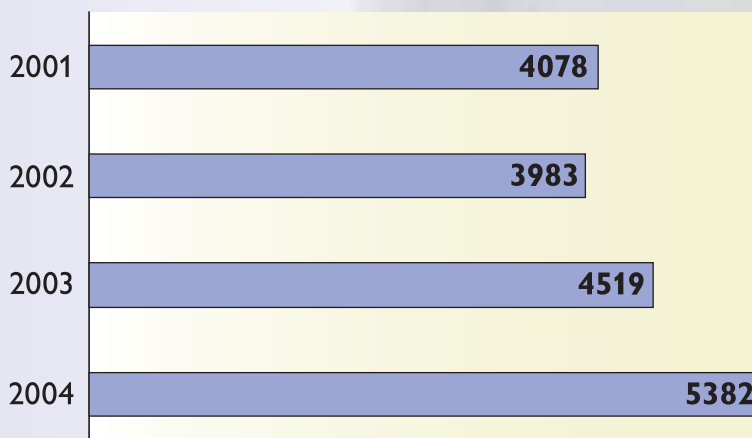
The headquarters of RUSAL are located in Moscow. The structure of the company comprises 7 Divisions with 23 enterprises (including refineries, smelters, service centers, and research organizations).

The Company operates manufacturing facilities in Russia, Ukraine, Tajikistan, Guinea, Armenia, Guyana, and Romania and also has representative offices in Germany, Australia, China, Singapore, the USA, and Japan.

The share of RUSAL in the major markets in 2004 (% primary aluminum products)

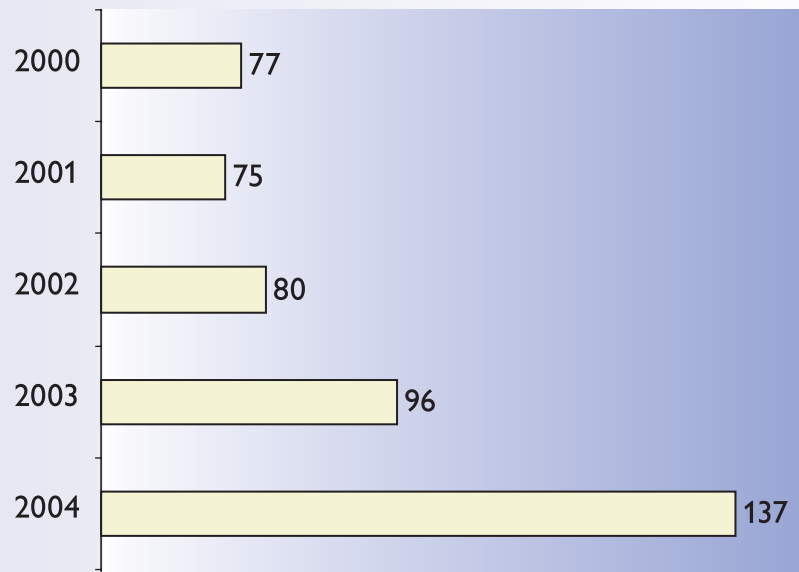


The Company's Revenues (USD, mln.)

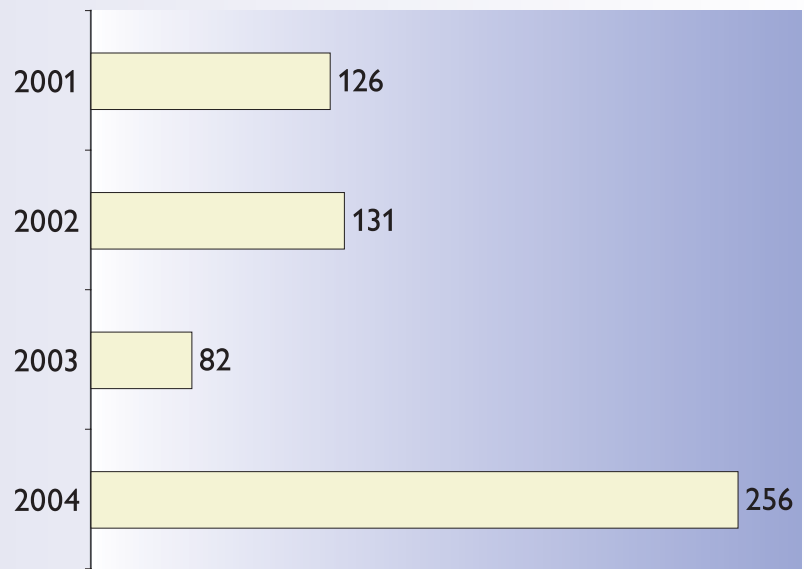




Growth of Productivity (tons per capita)



Investments in New Projects (USD, mln.)



At the end of the 20th century, a fundamentally new development stage of the Russian aluminum industry started, which is directly related to the establishment of large vertically integrated corporations. This very type of business satisfies the requirements of the contemporary market in the best way and forms the basis for the Company's competitiveness.

The Company's Background

2000, March 30th

RUSAL established uniting aluminum smelters and refineries of Siberian Aluminum (Base Element) and Sibneft.

2000
Purchasing the control stock in the ARMENAL foil rolling mill (Armenia) and Belaya Kalitva Metallurgical Plant (BKMPO).

2001
Transferring the mining complex Compagnie des Bauxites de Kindia (CBK, the Republic of Guinea) under RUSAL's control. Purchasing the control stock in NkAZ.

2002
Transferring Fria Alumina Refinery (the Republic of Guinea) under RUSAL's control. RUSAL Engineering and Technological Center established.

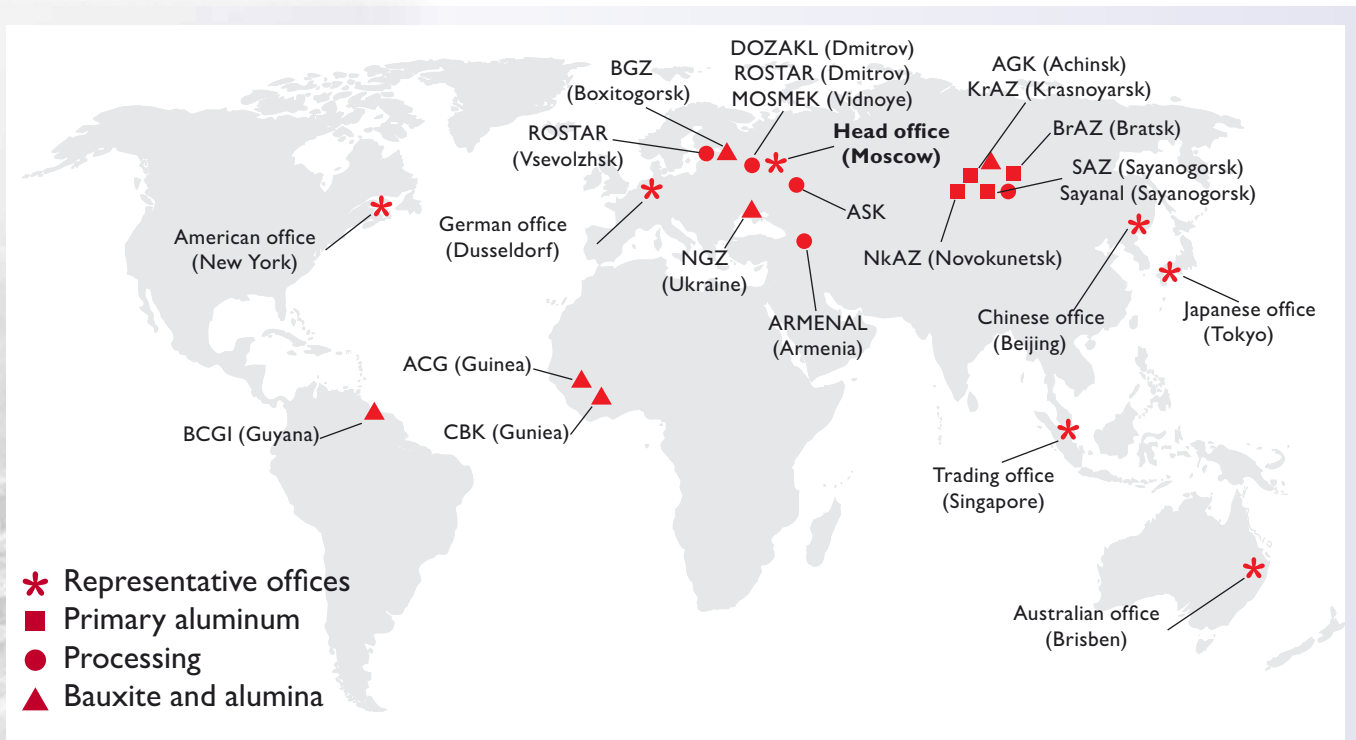
2003
Purchasing the Russian National Aluminum Magnesium Institute (VAMI) providing a scientific and technological base for RUSAL. The share of Base Element in RUSAL increases to 75%.

2004
Launching a new aluminum cans plant ROSTAR (Vsevolzhsk). Purchasing Boxitogorsk Alumina Refinery (BGZ). Starting the construction of the Khakas Aluminum Smelter, the largest project in the Russian metallurgical industry in the last 15 years. The share of Base Element in RUSAL increases to 100%. Preparing a deal to sell two rolling plants, Samara Metallurgical Plant (SMZ) and BKMPO, to Alcoa. RUSAL purchases a 20% stock in the largest alumina refinery in the world, Queensland Alumina Limited (QAL) in Australia, from Kaiser Aluminum.



RUSAL GEOGRAPHY

RUSAL has production facilities and representative offices all around the world but the Headquarters of the Company and its key enterprises are located in Russia.



RUSAL unites individual enterprises forming the full cycle of aluminum production:

- Bauxite and nepheline ore mining;
- Alumina production;
- Primary aluminum production;
- Semis and finished products manufacturing and sale;
- Secondary processing of aluminum.

The production capacity of RUSAL is enough to extract and produce:

- 6.2 mln. tons of bauxite;
- 4.7 mln. tons of nepheline ore;
- 3.3 mln. tons of alumina;
- 2.7 mln. tons of primary aluminum and alloys;
- 0.1 mln. tons of aluminum foil and packaging materials;
- 2.2 bln. aluminum cans for beverages.

Purchasing stock in the largest alumina manufacturer in the world QAL and buying out BGZ will help the Company increase alumina output by over 25%.

From 2005 on, the share of domestic aluminum sales is expected to increase since the rolling business has been sold to Alcoa.

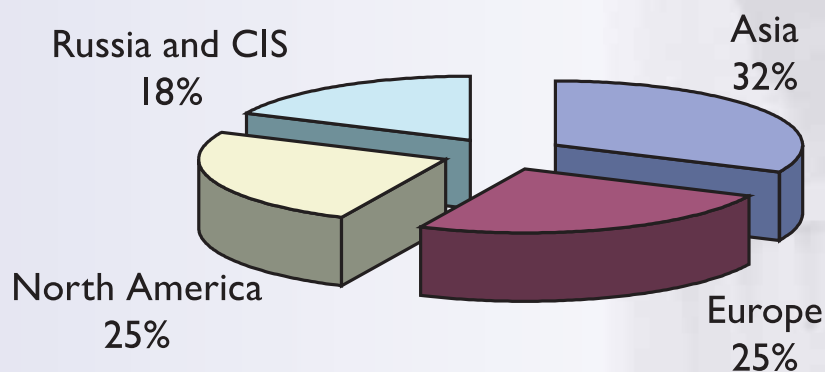
OUR ACHIEVEMENTS

- establishing a management and strategic development system in the Company;
- progressing costs reduction and profitability increase;
- quick and stable growth of labor productivity;
- developing the in-house scientific and technical base;
- stable product shipments to customers;
- enhanced product quality.

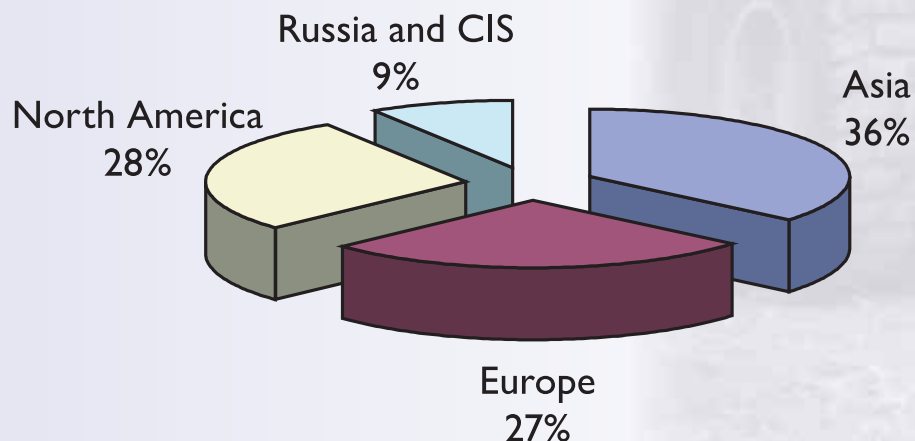
OUR PLANS

- stability in terms of power and raw materials supplies;
- creating a business system that would apply a universal problem-solving approach;
- providing staff potential corresponding to the Company's growth dynamics and targets;
- further improving the environmental situation at the enterprises, modernizing equipment and technological procedures.

**Sales 2004 by Continent
(%, including shipments to Divisions)**



**Sales 2004 by Continent
(%, excluding shipments to Divisions)**



DIALOGUE AS A WAY TO MUTUAL UNDERSTANDING

All Company relations are based on the principles of partnership and mutual respect.

PRINCIPLES OF RUSAL APPLICABLE TO THE RELATIONS INSIDE THE COMPANY

- We always communicate openly and express our thoughts clearly and accurately understanding the importance of feedback in our work.
- We respect personal freedom and human rights, provide equal opportunities and avoid discrimination.

THE SYSTEM OF INTERNAL COMMUNICATIONS

As for the Global Compact principles concerned with adhering to and respecting human rights, the Company applies the following approaches:

- inform the employees about the issues related to their work in the Company objectively and in good time;
- provide them with an opportunity to participate in the decision-making process and in Company management.

PROVIDING ACCESS TO INFORMATION

The communication system of the Company is made up of information (message) channels and feedback channels.

Information channels serve to inform employees about important events in the life of the Company (new appointments, restructuring, strategic targets and programs, economic changes, vacancies, contests, etc.), as well as to communicate news from other regions and viewpoints of directors, managers, and employees on various issues. The corporate media successfully fulfill this task: the RUSAL Herald newspaper, its French translation La voix de RUSAL (published for Guinean enterprises), a radio station, and an intranet site. The RUSAL-radio is one of the most effective communication channels. Five times a week the employees listen to corporate and local news, as well as analytical programs at their workplaces. In 2005 there will be a new periodical published for RUSAL managers.



In order to effectively manage the information channels, the Company conducts sociological surveys among its employees to find out how important and interesting the information is for them and how satisfied they are with the internal communication system. In 2004 2.5 thousand Company employees took part in the survey. According to the results, the most popular media is the RUSAL Herald. The best-read sections of the newspaper are “Question&Answer”, “Central Company news”, and “Information about your enterprise”. Other sections drawing reader attention are “Interviews with Directors”, “Sports news”, and “Aluminum market overview”. As you can tell, the employees’ scope of interests is quite broad and is not limited to the issue concerned with the salary and social guarantees.



The share of employees trusting the corporate media increased to 39.7% in 2004 (versus 30% the year before), the number of people refusing to answer reduced from 17% to 6.8%, which also means a better information flow. At the same time, the survey discovered that in different enterprises and Divisions the employee awareness level varies; employees want to see more “urgent” topics that would relate to everyone. The

Company is going to analyze these data and take appropriate steps.

According to the results of the year 2004, the RUSAL Herald won the grand-prix of the Best Corporate Media contest arranged by the Corporate Media Association.

Feedback channels include both traditional media for communication with employees (corporate events) and modern ones based on intranet. Thanks to the electronic application Dialogue the employees have an opportunity to address Company Directors with questions, complaints, claims or share their ideas and impressions at the corporate website. This channel of communication became especially popular in 2004 when a lot of dynamic changes were taking place in RUSAL.

**У вас есть предложение?
Есть замечание?
Не хватает информации?**



Для вас - проект
ДИАЛОГ

Уважаемые сотрудники РУСАЛа!
Все вы – неотъемлемые участники процесса развития Компании. РУСАЛ хочет знать, что вы думаете, с какими трудностями сталкиваетесь, что нужно сделать для их преодоления. Давайте общаться и обмениваться мнениями. Компании важен ваш голос. Ждем ваших писем. Найдем решение совместными усилиями!

Электронная почта: info@rusal.ru
Почтовый адрес: 109240, Москва, ул. Николаямская, д. 13, стр. 1, «Диалог»

It is possible to directly address Directors and managers at any level in intranet conferences or using hot lines for personal consultations. Within the enterprises, a special form of communication has developed, the so-called “information groups”, whose leaders regularly meet top-managers and then inform employees about the most important events and prepare answers to employee’s questions relying on specialist advice. Moreover, “information containers” are placed at enterprise checkpoints, which could also be used to post questions and proposals.



However, notwithstanding the variety of “feedback” channels the results of the survey imply that the employees cannot yet evaluate the feedback as effective and, in their opinion, addressing direct managers is the only way that works.

We believe that improving the system of internal communication is one of our most important tasks for the future.

INVOLVING EMPLOYEES IN THE DECISION-MAKING PROCESS: WORKING ON THE CORPORATE CODE OF CONDUCT

Many aspects of labor relations are regulated by the legislation. However, there are still some issues not covered by laws or labor agreements. The Company has decided to develop a code of rules based on ethics norms common for all the employees, the Corporate Code of Conduct.

All the employees of the Company contributed to its development. After a profound research, workshops and trainings were arranged for the employees; some of the workshops were theoretical and informal. For instance, one of the tasks was to write a fairy tale about RUSAL: it is a better way to get the employees to express their criticism towards the Company. 3 000 people took part in the workshops and as a result, a lot of proposals and opinions were collected.

Based on them, a draft Code was prepared. In the course of active disputes, some 18 thousand amendments were made to the draft.

The development of the Code took about 2 years altogether. The approved document outlines the goals, values, and principles that the employees follow in their work, their relations with each other, customers, and partners.

To make the Code a “live” mechanism, the Company established a body of ethics representatives. This informal representative body is comprised of elected Company employees who have gained special trust in their respective groups.

Moreover, an Ethics Committee was founded to coordinate the implementation of the Code and help ethics representatives. The Committee solves particularly complex issues, which could not be handled by individual enterprises on their own. Any employee can address the Committee.

PRINCIPLES OF RUSAL APPLICABLE TO THE RELATIONS OUTSIDE THE COMPANY

- We always fulfill our obligations and expect the same from our partners.
- We are interested in the stable development of our business and likewise, our partners' business.
- We aim for mutually beneficial long-term cooperation.
- We are targeted at customer needs and we guarantee high quality products and services, stability and consistency.
- We value our reputation and therefore strictly follow business ethics rules and rights.
- We do not accept any illegal money or use unethical methods to influence our partners.

RELATIONS WITH STATE EXECUTIVE AND LEGISLATIVE AUTHORITIES

“Bribery, subornation, and other illegal payments in order to sign new or prolong the existing business agreements are considered unethical and unlawful and are strictly forbidden”.

(RUSAL Employees Handbook)

RUSAL's relations with state authorities is based on a legal and open dialogue. In building a system of relations, the Company follows the Corporate Code of Conduct.



RUSAL specialists participate in state interdepartmental commissions and boards such as:

- The Competitive Ability and Entrepreneurship Board of the Government of Russia;
- Interdepartmental Committee on the Boguchansk HPS;
- The Federal Antimonopoly Service;
- The State Committee on Energy Issues, etc.

Dialogue with authorities: we choose the construction site for our new Taishet Aluminum Smelter

An example of cooperation with local authorities was discussing issues concerned with the construction of the Taishet Aluminum Smelter with the Government of the Irkutsk region in 2004.

The construction site of the smelter is located in the western part of the Irkutsk region between Taishet and Talaya on an open range. The target capacity of the Taishet Smelter is 600 ths. tons of aluminum per annum. The construction should start in 2006 and finish in 2009. The smelter will use a new electrolysis technology (RA-300) developed by the Engineering and Technological Center of RUSAL.

Prior to discussing the project (including the public discussion: this was the first time in the Irkutsk region that a construction project would get a public hearing), an evaluation of the possible environmental impact of the smelter was performed, the environmental situation in Taishet and Taishet area was examined, and an assessment of health risks resulting from the expected air pollution was conducted.

An assessment of potential social and economic impact of the smelter construction was also performed. The total economic benefit from the project significantly exceeds the losses: there will be approximately 2000 new jobs and additional opportunities for SME development; there will be more prospects for the development of the city infrastructure, goods and services market, etc.

As a result of taking all the necessary measures and discussing the construction project, the Company and the city authorities reached an agreement before starting the public hearing.

The principles underlying the relations between the Company and local governments include keeping the social aspects in sight when making decisions and solving disputable issues primarily through negotiations. The parties together discuss issues related to the rational use of natural resources, conditions for launching new Company projects, RUSAL's impact on labor markets, social protection matters, and charity.

In some regions, the Company has signed a Cooperation Agreement with the local government. The subject of the Agreement is social and economic partnership regarding regional development. The Agreements identify cooperation principles and mutual obligations including the coordination of decisions with a social impact, social orientation of such decisions, solving disputable issues primarily through negotiations, and approval procedures.



Partnership areas usually include:

- increasing the industrial potential of the enterprise;
- increasing the competitive ability of the manufactured products;
- rational use of natural resources including cooperative development and implementation of environmental programs;
- social support issues, etc.

The Agreements also outline social and charity programs financed by RUSAL. The obligations arising from the agreements are revised annually.

PRINCIPLES OF COOPERATION WITH CLIENTS AND PARTNERS

Over 60% of the products manufactured by RUSAL (both primary aluminum and value-added) are supplied directly to end-users including some of the largest industrial companies in the world such as Alcoa, Hydro, and Novelis. Moreover, RUSAL metal could be found in the products made by such companies as Boeing, Toyota Airbus, and General Motors

The geography of consumers is vast: 25% of the products are shipped to Europe, 25% to North America, 32% to Asia, 18% to Russia and the CIS. Moreover, we consider all the various technical requirements and conditions that our customers put forward.

For example, in Europe customers traditionally place a strong emphasis on the environmental aspect of the product life cycle. Lately, the legislation of the European countries related to chemical products sold in the market has become tougher. Recently, a new law has been passed regulating the entrance of such products into Europe. In New Zealand and Australia special attention is paid to carbon dioxide emissions; the legislation concerned with these emissions is becoming tougher in many other countries as well (which is also related to the ratification of the Kiot Protocol).

It is very important for the Company to meet the requirements of the markets, in which RUSAL sells its products. In this respect, RUSAL is taking measures to reduce emissions. The Company is also increasing secondary aluminum processing: since primary aluminum production is extremely power consuming, this approach helps reduce the amount of power consumed. Besides, 80% of the products are manufactured using the power generated by hydropower plants, which is considered more “pure” from the environmental point of view since there are no emissions produced during the generation.





The Company also aims to increase the share of value-added products (alloys). The advantage of this type of products for RUSAL is in establishing strong long-term relations with end-users, differentiating market risks, developing the technological and scientific potential of the Company, increasing the output both in unit and currency value, improving business performance, and eventually increasing the Company's capitalization and drawing investments. For many buyers, this type of products is the only possible kind of raw materials purchased according to the applied technology. For some customers, it is cheaper to buy than to produce such aluminum products in their own foundries.

The success of 2004 was improving the product quality management and claim processing system of the Company. Naturally, as the amount of products is increased and customer service is improved, the expectations tend to grow and more claims start coming in. The Company intends to continue dealing with these issues in future.

RELATIONS WITH THE POPULATION AND NON-PROFIT ORGANIZATIONS

In some regions, RUSAL enterprises are the main business in town and, consequently, the largest employer and taxpayer. In order to understand the expectations of the people living in the regions where RUSAL enterprises are located the Company conducts annual sociological surveys. The results of this research serve as a basis for the charity and sponsorship strategy and the internal social policy.

In response to the population's expectations, the Company develops a wide range of unique charity programs and projects implemented in cooperation with social organizations and local population. In 2004 over 10 thousand people participated in such programs.

A special quarterly insert in the corporate newspaper the RUSAL Herald is dedicated to the charity activity of the Company. The system approach to sponsorship and philanthropic activity that the Company has been practicing ever since the Charity Committee was established assumes that professionals with social programs experience including employees of non-profit organizations should be involved. For instance, the specialists of the Young Generation Support

Center “Perekryostok” (Moscow) were involved in a social training on effective work with children and teenagers from socially disadvantaged families as a part of the “With RUSAL into Tomorrow!” program. A special program called “Children’s Hearts” was implemented in cooperation with the Regional Social Charity Foundation for Aiding Children with Inborn Heart and Nervous System Illnesses.



Children’s Environmental Team

The children’s team in Krasnoyarsk is a part RUSAL’s program targeted at reducing the environmental impact of the principal production activity as well as involving young people and diverse audiences into the improvement of the living conditions in the city by performing landscaping activities and planting trees and gardens. Krasnoyarsk school students being part of the team regularly plant trees and complete other landscaping activities, organize “green” shows. Parents and other inhabitants of the city often join the team.

The team is in charge of a number of large contests and projects: “Green wagon” (collecting waste paper and second-hand materials), “Clean rivers – clean Russia” (cleaning small river banks), “Abandoned garden” (picking up garbage in abandoned parks and planting new trees), “Winter garden” (best winter garden project in schools), “Green backyard” (community work around houses).

Constantly performing small but very well illustrative environmental measures greatly important for the city is an essential part of RUSAL’s everyday work in the area of environmental protection.

Managing Directors of RUSAL enterprises participate in public meetings and conferences with the governors of local authorities. The Company also actively involves local population into discussions of the environmental component of modernization or new production facilities construction projects. For example, in November 2004 a summit was held in Sayanogorsk (the Khakas Republic) to discuss the preliminary Terms of Reference on the evaluation of the environmental impact of the Khakas Aluminum Smelter construction (the second turn of the Sayanogorsk Aluminum Smelter construction project).

HR MANAGEMENT

The Company uses high personnel selection standards. The following qualities are encouraged in employees:

- professionalism;
- initiative;
- striving for personal development and self-perfection;
- striving for leadership;
- teamwork skills, respect for colleagues;
- responsibility and obligation;
- high performance;
- ability to solve conflicts and find compromise.



The main target of the HR management policy is to motivate each employee for professional development, career growth, and fulfillment of targets set for the unit he or she is working for and the Company as a whole. RUSAL offers one of the highest salary levels in the metallurgical industry and a good benefits package to its employees. Human resources motivation is based on the principles of free will, equal opportunities, and encouragement of individual development.

The Company uses a system of grades. The grade system of RUSAL is a mechanism of identifying the role of each position in the organization and the correlation among the positions, defining the compensation rate for each position, organizing business processes, and managing the number of employees.

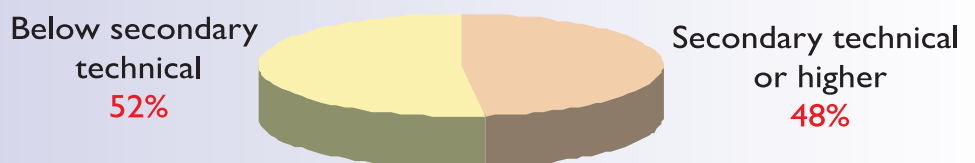
The labor remuneration system applied in RUSAL is based on evaluating all the jobs in accordance with the universal criteria: qualification, task complexity, intensity, performance, and working conditions. There is a personnel performance and competence evaluation system, according to which the employees' salary depends directly on their performance. In 2004 the average salary increased by almost 20% compared to 2003.

We realize that a stable job is one of the important conditions for the welfare of the employees. Therefore one of the most important points in the HR activity in RUSAL is to prevent economically unjustified redundancy. In order to keep jobs, the Company arranges a re-training program for its employees, upon completing which they are offered vacant positions.

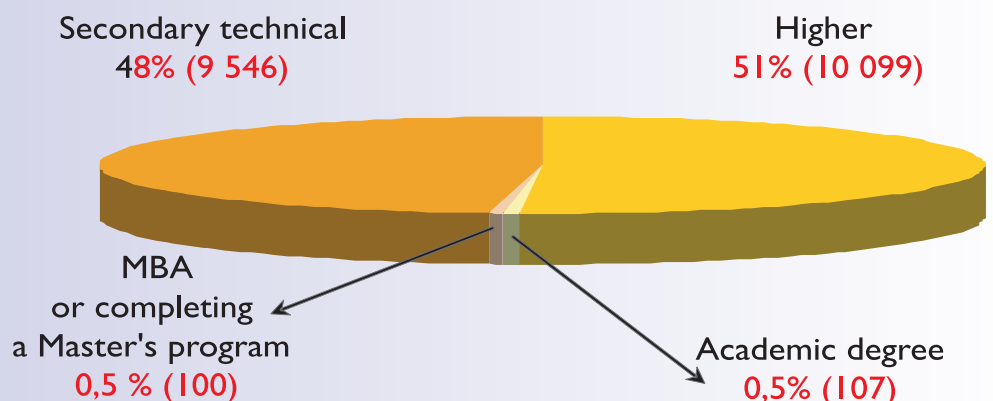
Each RUSAL employee has a right to apply for a higher position in the organization and the Company is eager to help him or her with this. Starting with July 2003, the "Internal competition" program has been in action to ensure that Company employees have the priority right when vacant positions are open in RUSAL. Information on new openings is published regularly in corporate periodicals and the internal information homepage.

The Company provides its employees with every opportunity for professional development, acquirement of skills and knowledge, and career growth. RUSAL has one of the best distant education systems in RUSSIA (DES), which is proved by the actual results of its operation and supported by specialists' opinion. Each Company employee has access to the DES from his or her personal computer or a specially equipped training classroom available at all the enterprises from Siberia to Guinea. It includes over 90 electronic courses with the recommended training time exceeding 4 000 hours and covers all the main personnel training areas including management, logistics, time-planning, presentations, stress management, etc. The most popular distant education subjects are the development of management skills, improvement of technological processes, foreign languages, and corporate culture enhancement.

Education level of RUSAL employees



Out of those who have secondary technical education or higher:



The “Corporate University” program is implemented in the leading metallurgical universities in Russia, which is a system program for training external human resources for the Company. The program is targeted at students with a metallurgical major, who get an opportunity to complete an extra curriculum course of 900 lessons. After graduating from the Corporate University program and successfully completing the final project students get a corporate certificate. The best students get personal scholarships from RUSAL.

Each employee has the right to declare his or her career aspirations – this type of self-expression is encouraged. To stimulate career growth of employees, the Company has initiated the “Golden Reserve of RUSAL” program; its participants are the employees who demonstrated the best performance. The program includes intensive employee training with a special career planning part and if the situation is appropriate, the employee may be eventually offered a manager position.

For employees who are able to make a major contribution into the development of the Company individual training programs are scheduled including special courses and workshops, Executive MBA programs, and a second University degree. The training is organized either in the leading Russian universities or in the best international training centers, universities, and business schools.

The Company pays for the training, which is made available for all the employees according to their part in the Company.

Training programs for various employee categories

Training goal	Workers	Specialists	Middle managers	Top managers
Training to maintain the appropriate competence level.	Mandatory training (new profession, new class).	Professional seminars. Participation in conferences.		Individual short-term programs, international seminars and conferences.
Training to develop competence in order to meet the new business requirements.	Target training for new equipment, new rules or work regulations.	Corporate seminars on professional topics. Involving internal experts and specialists from Russian universities and colleges. Target trainings.		Special short-term briefings involving international experts and business school professors. MBA programs.
Training to develop personal performance and management skills.	“Open workshops” at the enterprise, special training programs for individual units.			Training programs for top managers.
Independent development of all the competence aspects.	Distant education system.			

In 2004 the managers for the first time got a chance to join workers in the traditional “RUSAL Professionals” competition. The participants were assessed according to their professional, communication, and management skills. The winners got to travel to India.

The equal opportunities principle in the area not related directly to aluminum production means that the HR policy of RUSAL does not discriminate against a certain gender or age (except for children: because of the occupational hazard level none of the enterprises, even abroad, signs labor agreements with people under 18).

In its policy, the Company follows the principles of the International Labor Organization, the Human Rights Declaration, and the Global Compact of the United Nations. In 1984 a decree was passed prohibiting women from working in aluminum production due to the great occupational hazard (still in force, Chapter II edition according to the Federal Law dated 30.04.99 “On the labor of women and other employees with children under 18 or taking care of ill family members”, Article 160). This decision deprived women of many high-paid positions, thus decreasing their family income yet saved their health including the reproduction ability.

The majority of RUSAL's alumina refineries and aluminum smelters are located in small towns where the Company is often the only large employer. Understanding our role in the regional labor markets we select our employees thoroughly taking into account their qualification, experience, ability to interact with colleagues, and desire to work hard. Therefore we cannot guarantee jobs for all the citizens of the working age.



**Quantitative indicators, 2004
(mln. standard currency units)**

Payroll	385
Social programs budget (for employees)	20
Other expenses (development, recruitment, internal communication)	6
Total HR costs	411
Offices maintenance	20
Working clothes and PPE	5
Maintenance of non-industrial facilities	15
TOTAL	451

When the inflation exceeds 5%, the salaries and wages are increased accordingly. The increase rate can be different for individual employee categories. The increase rate is based on the quarterly Russian Government regulations on the living wage in Russia.

At RUSAL enterprises, the employees receive welfare and a paid three days leave in case

of difficult facility situations; women on a maternity leave get a monthly welfare payment.

The Company pays special attention to the housing problems of the employees therefore many people taking part in the housing mortgage program get a loan at a zero interest for 30% of the apartment's cost. The Company also offers better mortgage conditions to its employees.

RUSAL is executing a corporate program supporting the people retiring from the enterprises belonging to the Holding. All the retiring employees get a bonus equal one to three average monthly salaries – the amount depends on the provisions of the collective agreement of the enterprise and the length of service at the particular enterprise. In the context of this program, the retired people and veterans of the 9 RUSAL enterprises - KrAZ, BrAZ, SAZ, NkAZ, AGK, NGZ, SAYANAL plant, KraMZ, and DOZAKL get a monthly extra payment to their pension. The people who worked for one of the abovementioned RUSAL enterprises for up to 5 years will get extra 100 rubles per months, 5 to 10 years – 150 rubles, over 10 years – 200 rubles. Moreover, twice a year the retired employees will receive a welfare payment equal 600 rubles. In 2004 USD 2.2 mln. was allocated for this purpose.

LABOR SAFETY AND PROTECTION

The Company is trying to make sure that the working conditions at its enterprises meet the international standards and guarantee safety. We believe that this approach is one of the main ways to respect employee rights. Over one half of RUSAL employees

(52%) are workers. Very often, their job does not require any special education: there have been cases when workers were trying to speed up the process and violated the safety rules. Therefore, the enterprises have developed and introduced a strict system of operational maps; some area marking has also been completed. In 2004-2008, the international management system OHSAS 18001 should be implemented at Company enterprises. This process was initiated at the Sayanogorsk Aluminum Smelter in 2003 when for the first time in RUSAL a document was developed named "SAZ Industrial and Labor Safety Policy" encompassing Company objectives related to industrial safety and achievement methods for those objectives. The document became the principal law of the smelter obligatory for all the employees independent of their position.

The enterprises regularly organize labor safety trainings. In the last four years, the number of occupational injuries decreased by 51%, the number of workdays missed due to occupational injuries reduced by 40%. The main success in 2004 was avoiding group accidents (in 2003 one group accident occurred). The registration of accidents, emergencies, and fires has been fully centralized, which facilitates the monitoring of occupational injuries in production and will help prevent such accidents at Company enterprises in future.

The working conditions at RUSAL have improved greatly thanks to the modernization and replacement of the old equipment. Regular enterprise examinations to see if they meet the accepted safety standards helped reduce the number of occupational injuries.



Number of Accidents

Enterprise	Number of accidents resulting in a loss of working ability		
	2003	2004	Decrease, %
KrAZ	14	6	57,14
BrAZ	9	4	55,56
SAZ	13	12	7,69
NkAZ	6	8	-33,33
KraMZ	1	4	-300
SC	3	13	-333,33
ITC	0	1	–
AGK	12	6	50
NGZ	5	2	60
ACG	5	4	20
BGZ (for reference)	10	8	20
CBK	8	8	0
Glinozemservice	0	2	–
SC Metallurg	0	4	–
ROSTAR	2	0	100
SAYANAL	3	2	33,33
TOTAL	91	84	7,69

The trade unions of the enterprises perform social control over the fulfillment of rights and legal interests of employees related to labor safety via trade union members in the Labor Safety Committee and labor safety representatives. The labor safety representatives have the right to receive information on working conditions and labor safety, as well as occupational accidents and injuries from the officials. The representatives may take part in the investigation of such accidents or conduct their own independent investigations and participate in trials. In case there is a hazard for employee life or health they may claim suspension of work.

Enterprise directors and trade unions conclude collective agreements based on the active legislation and normative documents of the Russian Federation to establish social partnership between the employee and the trade union.

The collective agreements provide for the employees' right to receive information on working conditions, health risks, and protection measures against harmful and (or) hazardous industrial factors. RUSAL must provide employees with personal or group protective equipment in accordance with the labor safety requirements.

Health care and recreation for employees and their families play a special part in the social policy of the Company.



Measures to Prevent Occupational Illnesses

Early detection of occupational illnesses helped increase the identification of professional pathologies at early stages when it is still possible to preserve the health and working ability of the employee. The active dynamic monitoring conducted by industrial doctors also helps improve the situation a lot.

Healthcare System

In 2004 the Company initiated reengineering of the old healthcare system under the slogan

“From supporting healthcare centers to managing employee health”. The succession of the primary, secondary, and tertiary medical aid steps is now organized in accordance with the recommendations of the Global Healthcare Organization. The Company switched from the declarative “sectorial healthcare” to the full-scope primary in-house medical aid provided to employees; instead of curing the illness, the emphasis is now on preventing it (from “healing the ill” to “staying healthy”). The range of obligatory healthcare measures sponsored by the Company has been defined for the enterprises (significantly exceeding the legislation requirements). A standard voluntary health insurance program has been introduced at the enterprises. For the first time, flu vaccination was performed at the corporate level, which minimized illnesses during the fall and winter period. The employees traveling to the regions unsafe from the medical point of view had to take immuno- and chemical prophylaxis measures against endemic illnesses such as malaria, yellow fever, and hepatitis C. A significant amount was allocated to provide healthcare centers with modern diagnostic equipment and arrange additional training for the medical staff.



Working with Employees' Children

In 2004 a decision was made to establish a summer camp on the basis of the traditional pioneer camps. Camp leaders went through a special training program on the methodology for working with children developed in the Orlyonok pioneer camp. The target of the methodology is to develop value standards, leadership skills, and an active attitude.

RUSAL in Guinea

RUSAL manages three enterprises in Guinea (Compagnie des Bauxites de Kindia, Alumina Company of Guinea, and Guinea Construction Company). A representative office of the Company is located in Guinea's capital Conakry.

The social program for the enterprises located in this country includes:

- providing housing and communal services for employees (housing equipped for comfortable dwelling) or reimbursing rent expenses;
- transportation services for employees: providing personal motor vehicles, arranging a ride to work or reimbursing transportation expenses;
- providing a healthcare infrastructure (hospitals and health centers at all the industrial grounds), reimbursing expenses on medicines, inviting qualified specialists for consultations, and arranging for evacuation to provide medical aid abroad when necessary;
- supporting trade unions, women movements and organizations, families of deceased employees; making welfare payments and providing other types of support to retiring employees;
- organizing leisure time for employees: celebrations (national, religious, women's, and corporate holidays), sports and cultural events; providing sports and leisure facilities;
- supporting kindergartens, schools, and secondary education institutions in the areas where employees reside.

In 2004, the total expenses on the social infrastructure and events in Guinea amounted to some USD 5 mln.

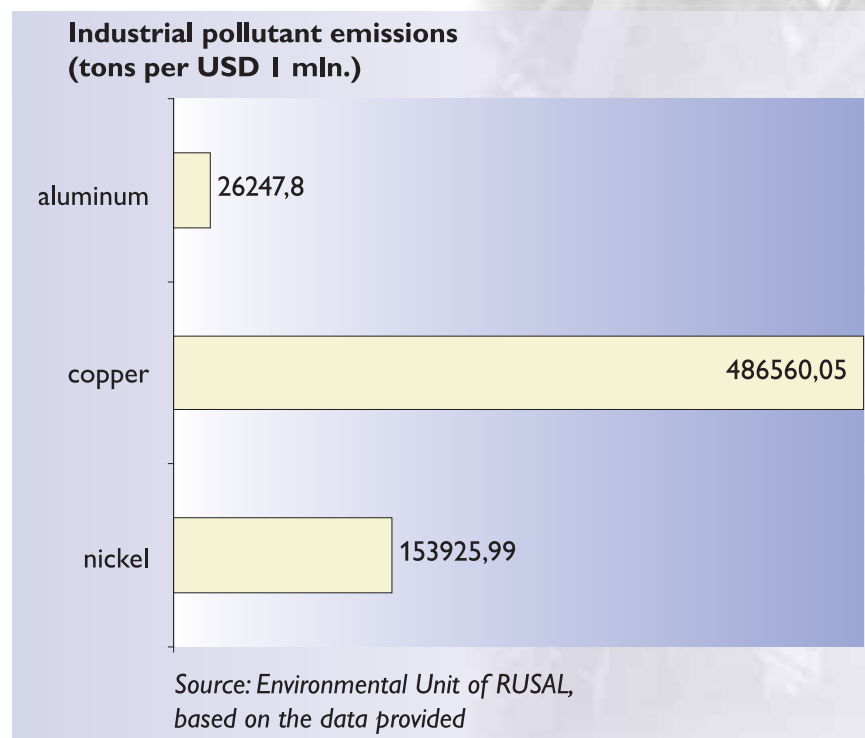


ENVIRONMENTAL PROTECTION AND LEAN TECHNOLOGIES/ PROCESSES

The environmental policy of the Company is targeted at finding optimal solutions for the utilization of industrial waste, reduction of pollutant emissions, decreasing industrial power consumption, spending water resources rationally, and using recycled materials.

Aluminum is one of the most environmentally friendly materials. It is easily processed and can be recycled an unlimited number of times.

According to the principles of the UN Global Compact, the environmental strategy of RUSAL is based on the complex approach to the problem of reducing emissions, effluents, and solid waste. The complex approach covers the entire technological chain, from receiving raw materials to delivering finished products.



KEY ISSUES OF RUSAL'S ENVIRONMENTAL STRATEGY:

- following the requirements of the legislation and active standards of the Russian Federation related to environmental protection;
- practicing approaches that meet the international standards;
- introducing lean technologies and modernizing production facilities;
- using natural resources rationally;
- constantly keeping in touch with local communities with regard to environmental protection issues; taking into account the public opinion.

PRINCIPLES OF RUSAL'S ENVIRONMENTAL STRATEGY:



- consistently increasing the level of the industrial and environmental safety and meeting the standards practiced by the leading aluminum companies in the world;
- reducing the negative impact of the Company's industrial activity on the environment and human health and fully complying with the requirements of the Russian Environmental Legislation, active standards, rules, and norms;
- increasing the economic efficiency by improving the industrial environmental indicators;
- practicing openness and publicity.

One of the main strategic goals of the Company is to increase the output and at the same time, to achieve better environmental performance. The modernization programs developed by

RUSAL for its aluminum smelters are targeted primarily at minimizing the negative impact on the environment and improving the technical and economic performance of the enterprises. Over the last 5 years, USD 173.4 mln. was spent on environmental protection measures.

Modernization of gas treatment centers is one of the most important objectives faced by the aluminum smelters.

Bratsk Aluminum Smelter

BrAZ is the largest raw aluminum manufacturer in the world. Its production facilities are equipped with gas collection and treatment systems using the "dry" anode technology. In the last 5 years, pollutant emissions have dropped by 28% whereas the output of aluminum has grown by 4%.



Krasnoyarsk Aluminum Smelter

Over one half of the potrooms are using the “dry” anode technology. Air protection measures are taken and 3 water circulation systems are in use. As a result, the annual consumption of the Yenisei water has reduced by over 1 mln.3 compared to 1997.

The budget of the KrAZ modernization program (2004-2008) is estimated at USD 270 mln. Particularly, all the potcells shall be equipped with automated alumina feed systems, which alone will reduce dust and fluoride compounds emissions by 15-20%.

The process of converting smelter potrooms to the “dry” anode technology is under way and “dry” gas treatment centers are being established. As a result, pollutant emissions shall reduce 1.36 times (fluoride compounds, 1.7 times), the consumption of anode paste shall decrease by 13 kg/t, and the yield of coal froth shall decrease 2.9 times.

Syanogorsk Aluminum Smelter

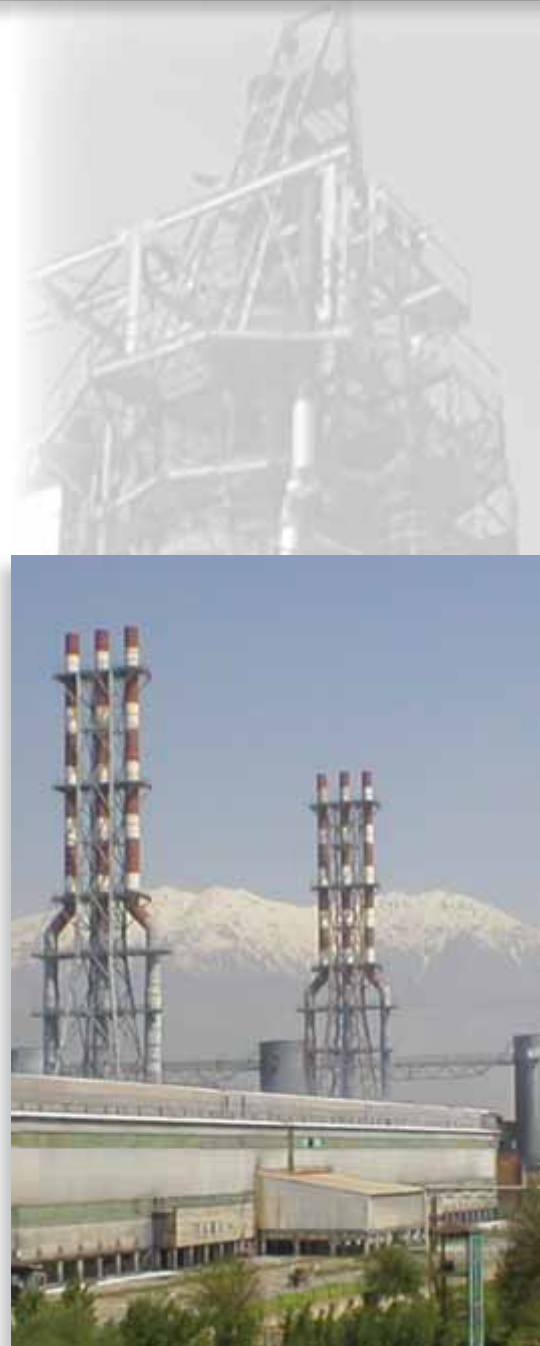
SAZ is the most environmentally clean enterprise of the industry in Russia. It was designed to operate up-to-date equipment and use the most advanced electrolysis technology based on baked anodes. All the potrooms are equipped with modern gas treatment centers using the “dry” sorption method. All the fluoride collected from alumina is recycled in the production. The centers are equipped with gas analyzers, which monitor the treatment performance and the content of pollutants is maintained within the allowed range.

Novokuznetsk Aluminum Smelter

NkAZ is one of oldest aluminum smelters in Russia. It was built in 1943. After RUSAL purchased the smelter, pollutant emissions have reduced by 13%. In the nearest future, 6 more dry gas treatment centers should be installed to replace burner devices.

Achinsk Alumina Refinery

AGK is the largest company in Russia producing alumina from nepheline. Although alumina production is one of the most difficult from the environmental point of view, RUSAL has managed to achieve positive dynamics of the environmental performance indicators. The main activity related to air pollution protection is the reconstruction of fume treatment centers in sintering kilns, upon completing which annual pollutant emissions should



decrease by 1.5 ths. tons per kiln. In the nearest future, a special emphasis should be placed on water protection measures. Mud disposal # 2 with an impervious membrane has been constructed. Construction of new treatment facilities is being discussed. The buffer area of the complex has been reequipped as well.

Nikolaev Alumina Refinery

The refinery is about to complete a conversion from fuel oil to gas fuel. This will enable the enterprise to almost absolutely eliminate emissions of sulfurous anhydride, soot, and vanadium pentoxide.

To reduce pollutant emissions, the refinery had to turn down the so-called “dust” bauxite and use only the “wet” type producing much less dust.

In 2004 the operating mud disposal of the refinery went through a state environmental examination: the environmental impact of the disposal fully complies with the requirements of the environmental legislation.

The same year, the designing of new water treatment facilities was completed and now the refinery uses a closed (no-drainage) water recycling system. A special piezometric well serves to monitor the condition of the underground waters. A continuous monitoring of air, the Dnepr-Bug estuary water, potable and underground waters is performed. NGZ was awarded a certificate of the international fair “Environment 2004” that took place in Kiev for the successful solution of environmental problems.

Bauxite and Alumina Complex in Fria (the Republic of Guinea)

RUSAL started to manage the mine and the refinery in the end of 2002 and already in March 2003 it began testing a non-blasting bauxite production technology that will help significantly reduce air emissions of dust and gases (up to 50%).

At the alumina refinery, a lab was established to monitor the amount and content of air emissions: it analyses the pollution of air, underground waters, and soil. Moreover, worked-out mines are constantly being restored. RUSAL is planning to increase the production capacity of the complex twofold up to 1.4 mtpa. This project required an environmental examination, which was completed in 2004: the possible production expansion consequences were studied and a program for reducing the negative environmental impact was developed.



IMPROVING THE ENVIRONMENTAL MANAGEMENT SYSTEM

Following the environmental principles of the Global Compact requires introducing new approaches to environmental activity management organization. Ever since 2000, voluntary environmental management systems have been introduced at RUSAL enterprises. By 2004 8 RUSAL enterprises (SAZ, KrAZ, BrAZ, ROSTAR, DOZAKL, SAYANAL, AGK, and NGZ). had passed an examination by an independent certification society Det Norske Veritas (DNV) with regard to the international certification in compliance with the requirements of ISO 14001. After receiving the certificate, the company assumes an obligation to continuously improve its environmental management. The achievements of the enterprise in this area must be supported by the results of the subsequent audits performed annually by DNV. At other Company enterprises, the environmental management system implementation is in progress.

The Company provides environmental support for all the projects including assessment of the environmental impact of the supposed production activity, examination of environmental components at the time when the production activity starts off, development of the necessary environmental documentation, state environmental examination of the preliminary and project documentation, relations with state authorities and local governments. In 2004 a state environmental examination of the "Feasibility Study for the 2nd turn of the Sayanogorsk Aluminum Smelter construction" was performed at the federal level.

In the recent years, the most complex issues concerned with modernization or construction of new capacities were solved involving the publicity. In 2004 the issues discussed included the construction of the Khakas Aluminum Smelter and modernization of other aluminum smelters. In Samara region, at the meeting of the Novoseymykinskaya volost population the issues discussed included environmental protection of the area where the RESAL plant was supposed to be located.





In accordance with the standard organizational structure of the Company enterprises, each enterprise should have its own HSE Unit with sanitary and industrial labs.

The main objectives of these units are to:

- minimize the environmental impact of the enterprises and make sure that natural resources are used in a rational way;
- control the fulfillment of the environmental protection legislation requirements, standards, and norms;
- improve the environmental management systems;
- control the implementation of environmental programs and plans.

The Company and its enterprises develop and implement environmental safety and protection programs:

- annual targeted environmental programs included into the business plan (the entire Company and each individual enterprise);
- long-term environmental sanitation and protection programs (each individual enterprise);
- investment projects related to environmental protection.

The implementation of such programs depends on the production activity features, environmental problems content and scale, and federal and local environmental legislation requirements valid for each specific enterprise. The Scientific Research Institutes of the Russian Academy of Sciences are involved in the process to encourage the development and distribution of lean technologies and solve the technological problems of the Company more effectively.

In 2005 RUSAL is planning to establish an HSE Directorate whose objective would include analyzing the cumulative experience of the Company and introducing universal implementation practices for HSE and production optimization projects.

The total amount allocated for modernization projects targeted at increasing the production efficiency and decreasing the environmental impact in 2004 exceeds USD 175 mln. In 2005 the Company is planning to spend USD 350 mln. on these activities.

**DNV certification of quality management (ISO 9000)
and environmental management (ISO 14000) systems at RUSAL enterprises
(as of March 2005)**

Division	Enterprise	Quality Management System	Environmental Management System
Aluminum	KrAZ	ISO 9001:2000	ISO 14001:1996
	BrAZ	ISO 9001:2000	ISO 14001:1996
	NkAZ	ISO 9001:2000	None
	SAZ	ISO 9001:2000	ISO 14001:1996
	KraMZ	ISO 9001:2000	ISO 14001:1996
	RESAL	None	None
Alumina	AGK	ISO 9001:2000	ISO 14001:1996
	NGZ	ISO 9001:2000	ISO 14001:1996
	BGZ	ISO 9001:2000	None
	ACG	None	Implementation program initiated
	CBK	None	Implementation program initiated
	Service Center "Metallurg"	Implementation program initiated	None
	Glinozemservice	Implementation program initiated	None
Packaging	SAYANAL	ISO 9001:2000	ISO 14001:1996
	RUSAL ARMENAL	None	None
EPD	ASK	ISO 9001:2000	None
	MOSMEK	ISO 9001:2000	None
Cans	ROSTAR	ISO 9001:2000	ISO 14001:1996
	ROSTAR-2	None	None
	DOZAKL	ISO 9001:2000	ISO 14001:1996



TARGETED CHARITY PROGRAMS AND SPONSORSHIP ACTIVITIES

The aspiration of RUSAL is that all the social programs implemented by the Company would promote the prosperity of the countries and regions where it operates. Developing an active attitude among the population of the regions, RUSAL helps them use their potential and create a stable social environment.

In 2004 the Company started applying the project approach to charity. A number of projects were implemented in cooperation with professional non-profit organizations. For the first time, a competitive approach to funds distribution and aid provision was applied. All this allowed raising charity to a new level, the level of developing and implementing solutions to the existing problems. Over ten thousand people participated in the charity programs of the Company in 2004.

RUSAL'S SOCIAL POLICY AND PUBLIC EXPECTATIONS

Each city and region has its own problems. In order to identify the most serious of them, the Company annually conducts complex sociological surveys and interviews with population and experts. The first research was performed in the fall of 2003. The research revealed the expectation of the population in the regions where the Company operates and its results served as a basis for the charity strategy 2004.

In the end of 2004, the Company conducted another research including a public survey as well as focus groups and expert interviews with representatives of social organizations, education and social support departments. The Company paid special attention to the target group of young people and performed a more detailed study and discussion of the young people's needs in focus groups.

The population points out three priority groups for RUSAL's social programs: orphans, poor people, and school students.

The research also helped determine the population's attitude towards the charity programs implemented in 2004. Up to 45% of the respondents remarked that they are aware of RUSAL's charity programs and gave them a positive evaluation.

According to the results of the sociological survey held in 2004, the majority of the population recognize RUSAL as a socially responsible company (15 to 65% depending on the city). The reason is RUSAL's continuous strive for development in terms of staff, technology, markets, and social programs.

The experts also evaluated the targeted charity programs carried out by RUSAL as positive. In their opinion, targeted programs not merely provide aid for the population but also improve the psychological climate in the area.

The results of the surveys are applied to develop the charity and sponsorship strategy of RUSAL. For instance, according to the latest survey, the Company should adhere to the following strategy: a) implement long-term projects and b) move them closer to the target audiences.

CHARITY PROGRAMS IMPLEMENTATION PRINCIPLES

RUSAL takes an active part in the economic and social life of the regions where its enterprises are located and its employees live and work. The main social responsibility principle of the Company is to support social programs essential for the population in the covered regions. Funds are allocated to implement targeted projects that help a specific person: an elderly, an orphan, etc.

In 2004 RUSAL started to apply the system approach to the implementation of targeted charity programs. Several different programs were developed for various target audiences. For the first time the principles of charity such as publicity, transparency, and cooperation with non-profit organizations were declared. The system approach guarantees that the funds allocated for the region will be spent efficiently and provide the maximum possible benefit for the target groups.

Ever since 2004, RUSAL has been arranging open contests among potential charity programs participants in the regions. For instance, in February 2004 a contest named "One Hundred Class Projects" was initiated and then in November 2004 in the framework of the "RUSAL Children's Program-2005" a competition among projects on working with children and teenagers was announced in Achinsk, Bratsk, Krasnoyarsk, Novokuznetsk, and Sayanogorsk.



COOPERATION WITH NON-PROFIT ORGANIZATIONS

When implementing targeted charity programs, the Company pays special attention to cooperating with non-profit organizations. For instance, RUSAL's "One Hundred Class Projects" program in 2004 was administered by the Russian branch of the Charities Aid Foundation (CAF Russia). "RUSAL Children's Program" was supervised by the Non-profit Organizations Development Foundation "School of Non-profit Organizations".

In cooperation with the "Children's Hearts" foundation, a charity program was implemented dedicated to heart surgery for children from poor families living in the regions covered by the Company. For instance, the specialists of the Young Generation Support Center "Perekryostok" (Moscow) were involved in a social training on effective work with children and teenagers from socially disadvantaged families for the employees of the Youth Rehabilitation Center "Gavrosh" in Bratsk as a part of the "With RUSAL into Tomorrow!" program.

The Company also involves experts from local social organizations with social work experience. For example, when launching the second turn of "One Hundred Class Projects", certain function of federal partners were transferred to local organizations who acted as regional coordinators both in the cities covered by the Company and capital cities of Russian regions. Participating in partner projects, employees of local non-profit organizations go through trainings, receive methodical aid, and consequently expand their scope of competence, increase their professional level, and become more successful in grant competitions held by other donor organizations.

KEY TARGETED PROGRAMS

The program "RUSAL Social Support Centers" is one of the Company's pilot projects targeted at providing support to socially disadvantaged citizens. The first Social Support Center was established in 2004 in Krasnoyarsk. This Center offers various social and domestic servic-



es to poor people such as clothes making, footwear repairing, hairdresser services, and legal consultations. All the specialists of the center went through a tough selection process based on such criteria as professional skills and social experience. The center has all the modern amenities; it is coordinated by a supervisory board consisting of representatives of the local government, federal and local legislative authorities, and social support establishments. 40 to 60 people attend the center each day, primarily retired people and families with many children. The Center offers guaranteed quality at prices 70-80% below the average market rate. In 2004 the Center received almost 5000 appeals; eight charity events were organized.

In the fall of 2004, a Social Programs Center was established in Nikolaev (Ukraine). Unlike the Siberian Social Support Center, the center in Nikolaev not only offers social services but also conducts a number of youth programs, supports a volunteer movement, and implements partner projects with local social organizations. After the first months of work, the Social Programs Center conducted a survey of the population to collect their proposals concerning the activity of the Center. Based on the results of the survey, a "quick reaction" activity was carried out in order to solve the urgent problems of the target audience (up to 600 people). A permanent volunteer group was formed by 25 young people including Company employees.

In 2005 the Company is planning to open similar centers in Sayanogorsk and Novokuznetsk.



A special pride of RUSAL – the “One Hundred Class Projects” Contest



The “One Hundred Class Projects” program was initiated by RUSAL in 2004. The intention of the program is to support and develop initiative among school students of 6-10th grade in secondary schools in the regions covered by the Company (Kemerovo and Irkutsk regions, Krasnoyarsk territory, the Khakas republic). The program unites children to develop and implement social projects financed on a competitive basis, create the right conditions to engage school students and take care of their civil education. The objective of the contest is to turn schools into the social centers of the community or village; the place where children and

adults gather together. The unique feature of the contest is the application assessment procedure, which involves not only a traditional adult experts council (Supervisory Board) but also the children of RUSAL employees (Children’s Boards).

This approach helps combine the adults’ view on the children’s projects and the children’s own opinion. The presentations of the first contest were attended by over 1 800 people. The Expert Board received 423 applications, 100 projects got aid from the Company worth 100 ths. rubles. 75 employee children participated in the Children’s Boards. Over 70% of the winners are projects from rural schools.

One remarkable thing is that almost one half of the winner classes used their award money to develop new projects. The students proved that they can not only present the outcome of their social work but also come up with a new idea, make a schedule, and develop a budget for its implementation.

In November 2004, the second turn of the “One Hundred Class Projects” program was launched with new, more challenging eligibility criteria. In the first contest, the students were allowed to present a project that they had already implemented and get an award for it, whereas this time they must develop a new project especially for the contest to be implemented during the 2005-2006 academic year.

In order to enhance the efficiency of RUSAL’s programs five new contest sections were added, to which contestants can submit applications. “Children’s Emergency Service” includes the projects

Всем детям РУСАЛА!

Если тебе от 10 до 15 лет, если ты живешь в Ачинске, Красноярске, Новокузнецке, Саяногорске или Братске и любишь свой город

Приглашаем тебя принять участие в программе 100 классных проектов,

которую Компания РУСАЛ проводит совместно с британским благотворительным фондом **Charities Aid Foundation**

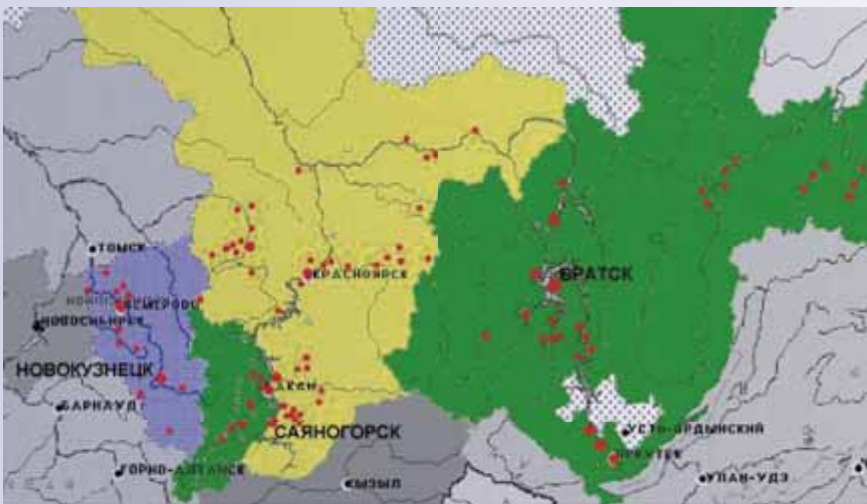
В течение года великие и маленькие города получат отборочный конкурс, который будет проводиться в выходные дни в течение 2004 года, пригласив тебя на выставку с демонстрацией своих проектов. Ты сможешь познакомиться с коллегами и пообщаться со специалистами, чтобы рассказать о том, как будет проходить организационная работа, и как тебе помочь. Будет радость, чтобы принять участие в конкурсе.

Мы ждем тебя

XXI апреля 2004 года в 17.00

на адрес:

Пожалуйста, не забудь вспомнить билет на обратной стороне и заклеить с тобой эту информацию!



concerned with the most acute community problems and target groups that need urgent help (orphans, the elderly, handicapped people, etc.). Moreover, the suggested solution to the problem should not require profound financing and time resources. The contest section “Rainbow Friends” will support the initiatives related to environmental studies and protection, taking care of backyards, parks, and forest areas. Projects in the “A Step Towards” section should develop cooperation between the class and other local organizations – for example, orphanages, kindergartens, and youth clubs. The “Creativity Zone” section is intended to support creative clubs, historical and local lore work, editorial activity, and culture projects. The “Classnet.ru” nomination implies the use of computer and internet-related technologies or the World Wide Web to implement social initiatives.



Expected Social Outcome of the “One Hundred Class Projects” Program:

- developing an active civil attitude among the young generation;
- providing leisure and after-school activity for students;
- solving the most urgent social problems with the help of children’s social initiatives.

In 2005 the “One Hundred Class Projects” contest will be continued. A similar “Ten Class Projects” program will be started in Nikolaev (Ukraine).





“Healthy Youth as the Basis for Regional Prosperity” is the second regional program of the Company. In the framework of this program, 10 universal mini-stadiums were equipped and 7 more built within school grounds. The Company was aiming for stable project outcome and in the end of 2004 it initiated a contest among regional organizations on endorsing sports activity at sports grounds. Once the school vacation began, the regional non-profit organizations that won the contest started to arrange regular free of charge sports events not only for children but also for adults. Thanks to this approach, the Company succeeded in turning sports grounds into social centers of the community. In 2005 the sports activity will be continued. The Company will select partners on a competitive basis.

Charity Program for Tajikistan

Cooperating with the Tajik Government regarding the development of the power and alumina industry, RUSAL considers this country to be one of the most important coverage regions from the strategic viewpoint. Therefore, apart from business development projects, the Company is also actively implementing charity programs here. RUSAL initiated and sponsored the tour of the Bolshoi Theater in Tajikistan, which turned into an outstanding event in the cultural life of the country. The revenues from ticket sales were allocated to charity: developing the State Academic Opera and Ballet Theater named after S. Aini where the touring troupe made their guest performance and aiding the specialized republican board school for disabled children who suffered from polio and cerebral spastic infantile paralysis, which is currently experiencing a lack of financing just like many other state-sponsored institutions of the republic. Before the New Year’s Eve, RUSAL made a celebration for board school students: two trucks delivered special treats for the children including vegetables, fruit, and sweets. RUSAL’s aid helped solve the problem concerned with the lack of personal hygiene items. A real Christmas tree was put up in the auditorium of the orphanage, which was then decorated by the children and RUSAL employees who came for a visit to Tajikistan. On the New Year’s Eve, RUSAL with the assistance of the Republic’s President put up five 8-meter tall Christmas trees decorated with ornaments in Dushanbe. At present, the Company is developing a long-term complex board school support program: the building needs repairing and there is no food provision system in the school. A possibility of electric power connection and construction of an independent boiler house to provide the orphanage with heat is being examined.



Programs Related to Healthcare and Childhood Protection

Some 280 thousand Russian children with inborn heart disease are waiting in line to be operated; 30 thousand of them need an urgent surgery. But only every third child can be sponsored from government sources and merely 5% of the families are able to pay for their children. In 2004 RUSAL provided aid for the charity foundation "Children's Hearts" by financing heart surgery for children with inborn heart disease from disadvantaged families living in the regions covered by the Company. In 2004 ten children were operated. The donations amounted to 1 mln. rubles.


Another corporate donation was sent to the Russian Children's Hospital. Children from all over the country who are unable to get medical help in their home cities and towns come here. For many of them, staying in the hospital ward for such a long time has become a hard trial. In 2004 RUSAL purchased computers for RCH units and hospital pension for children going through out-patient treatment. The hospital has organized a computer lab for children who are allowed to leave the ward.

With RUSAL into Tomorrow

Over the years, RUSAL has been sponsoring orphanages in the coverage regions. The Company was first providing one-time donations and helping improve the living conditions for the children and eventually came to understand that the scope of orphanage problems is not limited to the lack of financing for basic needs. It also necessary to organize additional training for the staff, implement the up-to-date methods of working with children, develop social adaptation programs for board school graduates, etc.

In 2004 a pilot project was implemented in the Youth Rehabilitation Center "Gavrosh" in Bratsk. The goal of the project was to optimize the social rehabilitation environment for the normal development of the Center's children and prepare them for an independent life. The company involved CAF Russia as consultants. The specialists of the foundation helped the Center to identify the most urgent social and psychological problems and develop a social environment improvement program for the children in the Center. The program included workshops for the Center's staff on "the Rehabilitation Approach in Working with Children" and "the "Gavrosh" Center Staff as a Professional Growth Environment". The center and CAF Russia also cooperated on a project concerned with developing independent living skills among the children in the Center and established a sowing and a carpenter's





workshop, and also a small kitchen where children are learning to cook; the Center hired a special teacher who helps children eliminate the gaps in their education. The Center also cooperated with BrAZ employees in a number of events.

The success of the pilot project proved that the system approach to charity programs in orphanages is more effective and in the long run, yields a more stable outcome. Starting with 2005, the program will cover two more orphanages in Sayanogorsk and Novokuznetsk.

Private Donations from Company Employees

The charity activity of the Company finds active response and understanding among all the employees. In 2004 the Company conducted several activities at its enterprises to collect books, toys, money and other useful things for orphanages.

The survey conducted in November 2004 showed that almost 90% of the employees are willing to personally take part in RUSAL's charity projects. The priority target audiences for the charity activities are children in a difficult situation, victims of natural disasters and terrorist assaults, elderly people and war veterans. The best way for the employees to participate in charity programs is to donate money and other useful items. It is also necessary to ensure targeted distribution of funds and regularly provide reports on program results.

In 2005 the Company is planning to launch a private employee donations program based on the principles of free will, confidentiality, and transparency. Employees will be able to personally determine how much money they wish to donate and which program participant the money should go to. The amount will be automatically subtracted from the salary. The Company is also planning to double the amount donated by the employees by drawing from corporate funds.

Supporting the endeavor of employees and their families to participate in charity programs, RUSAL is thus forming the class of socially responsible citizens with an active attitude, which is so important for the development of our country.

The World is Kind

After the accident in Beslan, RUSAL enterprises collected private donations amounting to 3 488 277 rubles and 53 019 dollars.

In September 2004 right after the school was sieged by the terrorists, the Company allocated 500 thousand dollars to establish an aid foundation to help the victims and people who participated in liberating the hostages. A campaign was organized to collect donations from employees. All the enterprises of the Company collected donations.

The Charity Board appealed to the employees to make proposals regarding the allocation of the money collected. Many people suggested that targeted aid be provided to individual families. For instance, over forty victims of the terrorist assault received aid from RUSAL. In October, nine families went through a physical and psychological treatment in a pension outside Moscow. Another group of people traveled to the United Arab Emirates in December. Some of the victims got sponsored to pay for the expensive treatment in Moscow. The Company also helped the families who couldn't stand the memories of the tragedy relocate from Beslan.

More financial aid is being provided to people who lost their close relatives in the tragedy. The money is transferred to special accounts in Sberbank. 18 families have received targeted financial aid.



INFORMING EMPLOYEES ABOUT CHARITY PROGRAMS

Information on the Company's charity programs is available in each issue of the RUSAL Herald. Since October 2004, there has been a charity page in the intranet and a wall newspaper named the Scarlet Sails dedicated to charity projects has been published since September 2004.

RUSAL's Sponsor Projects

- The General Partner of the Russian Olympic Committee and the Russian Team during the Olympic Games 2002 in Salt Lake City.
- The Partner of the "Kremlin Tennis Cup – 2001" (the Company won the "Partner of the Year" title for this).
- The Sponsor of "Metallurg" (Bratsk) and "Sayany" (Abakan) hockey clubs.
- The General Sponsor of the Bolshoi Theater tour in Paris, London, and Dushanbe.
- The General Sponsor of the Russian staging of the famous French musical "Notre Dame de Paris" at the Moscow Operetta Theater (May 2002).

Programs involving Company employees are widely discussed in surveys and intranet forums. For example, the Company has several times involved employees in the distribution of the money collected for the victims of Beslan, examination of various proposals, development of project implementations plans, and adjustments to them. After the first turn of targeted aid projects has been completed, a finance and events report on the activities performed was published in the RUSAL Herald.

KEY PROGRAMS AND THEIR OUTCOME IN 2004

Two interregional targeted programs

Programs	Outcome
One Hundred Class Projects	100 winner projects, over 2000 participants
Healthy Youth	10 sports grounds equipped, 7 universal mini-stadiums built

Six pilot projects

Programs	Outcome
With RUSAL into Tomorrow!	30 orphans got additional classes with teachers, 40 children are acquiring professional skills in workshops
Children's Environmental Team	17 environmental events
Children's Hearts	10 children saved
Social Support Center (Krasnoyarsk)	4 900 appeals; 8 charity events
Social Programs Center (Nikolaev)	12 charity events, over 5000 participants
The World is Kind!	42 people took part in the rehabilitation program, 18 families received targeted aid

RESULTS AND PLANS for 2005

The year 2004 became a turning point for us. On the one hand, we achieved extremely high industrial performance targets, which made RUSAL one of the top three companies in the metallurgical industry. The Company also kept its leader position in terms of costs reduction and productivity growth. The organizational structure of RUSAL changed dramatically: the management, control, and project work functions were distributed, which greatly increased the manageability of the Company and manager responsibility for the decisions made.

On the other hand, in 2004 we analyzed and evaluated all the experience gained by RUSAL over the last four years in order to determine our vision of the future. As a result, a corporate development strategy for the next 10 years was adopted; the mission, values, and business principles of the Company were formulated.

Summing up the results of the past year, we can confidently say that in 2004 thanks to the efforts of all the departments and enterprises, the Company managed to create a management and interaction system ensuring a universal approach to solving business problems.

This system provides an opportunity to any RUSAL employee to think and work effectively from day one and achieve brilliant results for the sake of the development of the society and the country. The main goal of RUSAL in 2005 is to ensure stable operation of this system. To accomplish this, we are planning to take the following steps.

In the economical area:

- Reduce costs;
- Ensure independence in terms of raw materials supplies including power;
- Maintain the growth rate at the same level.

The business activity of the Company will be concentrated on the following key projects:

- Cooperation with SUAL in fluorosalts production;
- A group of projects concerned with the purchase of cathode plants in China;
- Cooperation with SUAL: "Komi-Aluminum" – a new opportunity to implement the alumina strategy targeted not only at purchasing new assets, but also at establishing new facilities to operate on domestic bauxite;





- Completing the preliminary stage of the project on the construction of an aluminum smelter in Irkutsk region (the construction to be launched in the 1st quarter of 2006);
- Starting the preparation of a Feasibility Study on the construction of an alumina refinery to be supplied with raw materials from the Northern Onega Bauxite Mine;
- Completing the complex modernization program and launching ARMENAL;
- Completing the construction of the new potcell with a 400 kA capacity;
- Starting the construction of the Rogunskaya HPS;
- Starting the expansion of the Nikolaev Alumina Refinery and Achinsk Alumina Refinery (up to 1.6 mln. tons and 1.2 mln. tons of alumina, respectively);
- Completing the Feasibility Study on the capacity expansion and modernization project for the Alumina Refinery in Fria (the Republic of Guinea);
- One more project, TadAZ. Obtaining a license to operate this smelter is one of the main goals of the Company for 2005.

In the environmental area, the Company has developed and adopted a long-term strategy. In 2004–2012, USD 684 mln. should be allocated to various modernization programs. Pollutant emissions are supposed to reduce almost 1.5 times by 2012.

The modernization programs of Company enterprises include measures targeted at decreasing the environmental impact:

- converting the reduction plants to the progressive “dry” anode technology, which will significantly reduce specific pollutant emissions;
- introducing automated alumina feed systems to reduce air emissions through aeration lanterns of potrooms;
- installing high-performance dry gas treatment devices to be able to catch more than 99% of fluoride compounds and dust, 97-98% of resins and benzapilene. Four devices of this kind successfully operate at the Krasnoyarsk smelter and one more, at Bratsk Aluminum Smelter;
- reconstructing fume treatment centers of sintering kilns at AGK;
- replacing the old equipment in alumina refineries with new environmentally friendly devices;
- restoring mud disposals.

In the social area, RUSAL has formulated its strategic approach to charity. In 2005 the Company is going to adhere to this policy, particularly:

- establish Social Support Centers in Sayanogorsk and Novokuznetsk;
- expand the geography of the “One Hundred Class Projects” contest and start a similar “Ten Class Projects” program in Nikolaev (Ukraine);
- promote sports grounds in the context of the regional program “Healthy Youth as a Basis for Regional Prosperity”;
- expand the program for orphanages “With RUSAL into Tomorrow!” (two more orphanages in Sayanogorsk and Novokuznetsk to join the program);
- launch a private employee donations program based on the principles of free will, confidentiality, and transparency. Employees will be able to personally determine how much money they wish to donate and which program participant the money should go to. Moreover, the Company is planning to double the amount donated by the employees by drawing from corporate funds.

By the end of 2008, RUSAL is planning to implement the international management system OHSAS 18001 at its enterprises. In 2005, the expenses of RUSAL on the mandatory employee healthcare will amount to USD 2.4 mln: the aid for the retiring employees, USD 3.8 mln.



Appendix I

THE GLOSSARY OF DEFINITIONS AND ABBREVIATIONS

Division	Abbreviation	Full enterprise name
Aluminum	KrAZ	Krasnoyarsk Aluminum Smelter
	BrAZ	Bratsk Aluminum Smelter
	NkAZ	Novokuznetsk Aluminum Smelter
	SAZ	Sayanogorsk Aluminum Smelter
	KraMZ	Krasnoyarsk Metallurgical Plant
	RESAL	Aluminum waste recycling plant
	VAMI	Russian National Aluminium Magnesium Institute
Alumina	AGK	Achinsk Alumina Refinery
	NGZ	Nikolaev Alumina Refinery
	BGZ	Boxitogorsk Alumina Refinery
	ACG	Alumina refinery in Fria (Guinea)
	CBK	Compagnie des Bauxites de Kindia (Guinea)
	Service Center "Metallurg"	Service Center of RUSAL. Provides the full scope of maintenance and repairing services for the aluminum smelters of the Company
	Glinozemservice	A subsidiary of the Service Center. Located at AGK grounds
Packaging	SAYANAL	Foil and Foil Packaging Plant (the Khakas republic)
	RUSAL ARMENAL	Foil Rolling Mill (Yerevan, Armenia)
EPD	ASK	Aluminum Construction Structures Plant
	MOSMEK	Mosmetallokonstruktsia in Vidnoye. Produces aluminum structures for industrial and civil engineering
Cans	ROSTAR ROSTAR-2	The company has two plants producing aluminum drink cans and caps and is the leading Russian manufacturer. The plants are located in Dmitrov and Vsevolzhsk
	DOZAKL	Dmitrov Pilot Aluminum Can Stock Plant

Charity

Voluntary activity of citizens and legal entities concerned with a disinterested (free of charge or on concessionary terms) transfer of property including money to other citizens and legal entities, disinterested performance of works, provision of services, or any other form of support (article 1 of the Federal Law "On charity and charitable organizations").

Global Compact of the United Nations

The international voluntary initiative by the United Nations declaring the key principles of responsible business behavior that was joined by the largest companies and transnational corporation from all over the world.

The idea of the Global Compact was first suggested by the General Secretary of the United Nations Organization Kofi Annan at the International Economics Forum in January, 1999. The General Secretary invited the leaders of business circles to join the international initiative, which would unite companies with the UN, the employees, and the civil society to support the universal principles of human rights, labor safety, and environmental protection. Based on joined efforts, the Global Compact is supposed to raise the responsible civil attitude of companies to a higher level so that business circles could come together to solve the globalization problems. Thus, in partnership with other social forces the companies could help create a more stable global economy.

Dialogue

The interaction between the Company and the stakeholders ensuring that business activity is performed in the most responsible way.

Stakeholders

Individuals and legal entities, which influence the Company's operation or are influenced by it. Stakeholders include shareholders, investors, employees, vendors, contractors, customers, trade unions, mass media, local population, etc.

Collective agreement

A legal act regulating social and labor relations within an enterprise and specifying benefits and guarantees financed from the employer's own funds in addition to those provided for by the active legislation.



Corporate social responsibility

The responsibility of the company as an employer, a business partner, a member of the community (the boundaries of the community depend on the geographical coverage of the enterprise: a district, a city, a country, or the world); a part of the Company' permanent strategy concerned with its public activity and business development; an opportunity to influence the society in which the Company operates in a positive way.

Social partnership

1. Constructive and mutually beneficial cooperation among the three sectors of the society: state authorities, businesses, and non-profit organizations targeted at solving social problems for the benefit of the entire population or its specific groups living in the particular area.

2. A system of relations among employees (employee representatives), employers (employer representatives), state authorities, and local governments targeted at coordinating employee and employer interests with regard to the regulation of labor and other directly concerned relations (the so-called trade union definition of Social partnership).

Social report

A document containing a comprehensive analysis of the company's impact on the economic, environmental, and social environment.

Sustainable development

A concept developed by the United Nations acknowledging the contribution of business to the stable society development. Sustainable enterprises tend to minimize their negative impact on the environment and at the same time contribute significantly to the economic and social development of the society in which they operate.

Appendix 2

RUSAL'S CORPORATE CODE OF CONDUCT

RUSAL VALUES AND PRINCIPLES OF OPERATION

RUSAL Mission

Our mission is to become the most efficient aluminum producer in the world, which our children and we could be proud of. Through success of RUSAL to prosperity of each of us and our society.

RUSAL Values

The beliefs that we rely on in our work

In our Company, we particularly value:

Respect for personal rights and interests of our employees, customer demands, and conditions put forward by vendors, partners, and the society;

Justice, which implies that the salary should correspond to the achieved outcome and that employees have equal conditions for professional development;

Fairness in relationships and provision of information necessary for our work;

Effectiveness as stable achievement of maximum outcome in everything we do;

Courage to oppose what we cannot accept, as well as personal responsibility for the consequences of our decisions;

Care expressed in our effort to protect people from any harm or hazard for their lives or health and save our environment;

Trust to employees to delegate authority and responsibility in decision-making and implementation.

By following our values, we will be able to create the corporate culture necessary to achieve the highest top in our business aspirations. Our values bring us success and are obligatory for all of us and are offered to all our partners.

RUSAL Principles

How we follow our values in our actions

“We” stands for every single employee of RUSAL and the Company on the whole.





Internal Relations

Statement:

Wherever we work, we are working for the common outcome.

How we interpret this:

- We encourage leadership as an ability to make decisions at any level.
- The necessary authority is delegated to every employee who is expected to assume personal responsibility for the accomplishment of the set objectives.
- We value teamwork and we want every voice to be heard. If this doesn't happen, we can address any Company Director - even the CEO of RUSAL - with an improvement proposal.
- We always communicate openly and express our thoughts clearly and accurately understanding the importance of feedback in our work.
- The Company always fulfills its obligations before the employees and the employees fulfill their obligations before the Company and each other.
- We respect personal freedom and human rights, provide equal opportunities and avoid discrimination.
- The Company creates a favorable environment for the professional development of the employees, which is necessary to improve the performance and achieve the goals set.
- We expect initiative and maximum involvement from each of us when we are solving problems that the Company is facing.
- Our work is based on following the legislation norms.

External Relations (with customers, vendors, and the society)

Statement:

All our relations are based on the principles of partnership and mutual respect.

How we interpret this:

- We always fulfill our obligations and expect the same from our partners.
- We are interested in the stable development of our business and likewise, our partners' business.
- We aim for mutually beneficial long-term cooperation.
- We are targeted at customer needs and we guarantee high quality products and services, stability and consistency.
- We value our reputation and therefore strictly follow business ethics rules and rights.

- We do not accept any illegal money or use unethical methods to influence our partners.

Resources

Statement:

The Company demonstrates trust and provides all the resources necessary – we use them rationally to achieve the goals set.

How we interpret this:

We encourage careful treatment of the Company's property and resources.

- We never use our position in the Company or the information and resources of the Company for personal needs.
- We try to use our work time and the time of our colleagues and partners rationally.
- Information is provided to whoever needs it in their work. Along with this, information should not be communicated to those who don't need it.
- We value the reputation of the Company as one of its important assets and continuously enhance it with our work and behavior.

HSE

Statement:

We value human life and health over the economic outcome and production achievements.

How we interpret this:

We are doing whatever we can to eliminate accidents and occupational injuries.

- Improving the labor safety systems is one of the key priorities of the Company.
- The Company fully realizes the necessity to make the production harmless for the environment and it strives to:
 - follow all the official environmental norms and rules;
 - use natural resources effectively;
 - develop and implement lean and waste-free technologies;
 - implement modern environmental management systems such as the ISO standard at all the Company enterprises.

Efficiency and Profitability

Statement:

The Company will achieve its goal - to become the most efficient aluminum company in the world – if each single employee from the CEO down to a worker does his or her job efficiently.





How we interpret this:

- Each employee sets ambitious goals for himself and does his best to surpass them.
- Each employee participates in the definition of his own goals and the goals of his subordinates.
- Each employee must clearly understand his goals and their relation to the goals of his department and the Company on the whole.
- We are always prepared for change and new requirements of the external environment.
- We are constantly improving processes and work methods, fighting against unnecessary bureaucracy, increasing productivity and efficiency.
- We are always consistent in our decisions and actions.
- We analyze risks related to our activity and constantly try to minimize them.
- We make investment decisions based on secure data, payback period calculations, and the anticipated return rate.
- We are constantly looking for and using every opportunity to optimize the utilization of resources.
- Our vendor and contractor choice is always based on a comparison of alternatives.
- The company is constantly increasing its profits and business value by trying to manufacture the products that would satisfy our customers' needs, entering new markets, expanding production capacities, and introducing new technologies.
- Solving the problems of today we are always thinking about their impact on the long-term goals.

Applying the Code of RUSAL

Please send your questions, proposals and remarks concerned with the implementation or possible violation of this Code in any of the Company departments to your direct manager or to the Ethics Committee.

We guarantee that your message will not be used against you in any way.

Appendix 3 HSE POLICIES OF RUSAL

We ensure health and safety of our employees and protect the environment in the areas where we operate.

The HSE policy of the Company sets the following goals for the next 10 years:

- develop and implement new production technologies to reduce the negative impact on the environment and people's health and optimize resources consumption;
- make sure that the emissions by the Company enterprises do not exceed those of the leading aluminum companies in the world;
- follow the standards for maximum allowed emissions, effluents, and solid waste disposal limits;
- introduce the international standards ISO 14001 and OSHAS 18001 at Company enterprises;
- eliminate emergencies and occupational injuries;
- give our employees an idea of how valuable their health is as the factor of endurance, professional longevity, better welfare and well-being of the family.

To achieve the goals set, RUSAL and its employees assume the following obligations:

The Company:

- attempts to establish safe working conditions and an environmentally pure setting at all its enterprises and in the adjacent areas in accordance with the international standards;
- tries to reduce the negative environmental impact of its industrial activity;
- follows all the active laws and rules related to health protection and labor safety;
- sets priorities for the actions and measures to prevent the negative impact on the environment and the staff versus the measures to eliminate the consequences of such impact;
- stimulates active participation of Company employees in HSE enhancement events and application of lean technologies;
- informs the public, executive authorities, and other audiences about the activity of the Company regarding Policy implementation;
- creates the necessary conditions to improve the health of Company employees ;





- promotes a healthy lifestyle among the employees of the Company.

Each employee must:

- be familiar with and follow the active legislation, norms, safety and environmental protection rules using all the necessary Company resources;
- take an active part in educational events dedicated to the protection and preservation of the environment, health, and safety;
- immediately eliminate hazard sources discovered or promptly inform the manager about them and prevent colleagues from actions that would create hazard sources;
- use the personal protective equipment in the appropriate manner;
- be responsible for the environmental situation, health, and safety of colleagues in the course of professional activity;
- immediately report on accidents (emergencies, pollutant emissions, occupational injuries and illnesses, etc.) to the manager in order to take correction measures and conduct an investigation of the accident causes.

FEEDBACK

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