

ALCAN SUSTAINABILITY REPORT 2006—SUMMARY



A SUSTAINABLE APPROACH TO BUSINESS

ENERGY
CLIMATE CHANGE
NATURAL RESOURCE STEWARDSHIP
COMMUNITY DEVELOPMENT
WELL-BEING
ENVIRONMENTAL RELEASES
INNOVATION AND INDUSTRY SHIFTS
PRODUCT STEWARDSHIP



COMPANY PROFILE

Dynamic, multicultural and value-driven, Alcan is a leading global materials company, delivering high-quality products, engineered solutions and services worldwide. With world-class technology and operations in bauxite mining, alumina processing, primary metal smelting, power generation, aluminum fabrication, engineered solutions as well as flexible and specialty packaging, today's Alcan is well positioned to meet and exceed its customers' needs.

Each of Alcan's four business groups – Bauxite and Alumina, Primary Metal, Engineered Products and Packaging – continues to build an exciting future around the world, with leading market positions in the Americas, Europe and Asia.

AIMS, the Alcan Integrated Management System, guides our efforts to generate maximum value and long-term growth, while our commitment to sustainability ensures we take into account the needs of all stakeholders. A focus on developing strong leaders and on empowering employees fuels innovation, drives performance improvements and reinforces our competitive advantage.

Selected as a Super-Sector Leader on the Dow Jones Sustainability World Index in 2005, Alcan seeks to balance its economic, environmental and social responsibilities wherever it operates. Alcan has some 65,000 employees and approximately 430* facilities, offices and R&D centres in 61 countries and regions worldwide. With its head office in Montreal, Canada, Alcan is a public company traded on the Toronto, New York, London, Paris and Swiss stock exchanges with revenues of \$20.3 billion in 2005.

For more information, please visit www.alcan.com.

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* As at March 1, 2006.
Includes joint ventures.

ABOUT THIS REPORT

The Alcan Sustainability Report 2006 includes performance data from calendar years 2003, 2004 and 2005, and references to certain key initiatives in early 2006. It includes discussions and examples from Alcan's current business groups: Bauxite and Alumina, Primary Metal, Engineered Products and Packaging. Alcan's rolled products business was spun off into a new company called Novelis on January 6, 2005.

Pechiney's balance sheet is included in the consolidated financial statements as at December 31, 2003, and Pechiney's results of operations are included in the consolidated financial statements beginning January 1, 2004. Data for 2005 does not include the former Rolled Products Americas and Asia and Rolled Products Europe business groups that were included in the Novelis spin-off. The performance data reflects Alcan's operations worldwide, except when otherwise noted. For a detailed overview of Alcan's geographic and market presence, please refer to *Alcan Facts 2006* available at www.alcan.com.

Where required, notations on various charts and graphs have been added to explain trend shifts as a result of the Pechiney acquisition and the Novelis spin-off. In the case of joint ventures, the performance data – excluding financial data – is adjusted to reflect Alcan's level of participation in the venture. The manner in which it is adjusted is noted in the data, as there is variation in the methods that are used. All financial data is reported in U.S. dollars unless otherwise indicated. All references to tonnes are in measurements of metric tonnes.

This report draws on the guidelines set out by the Global Reporting Initiative (GRI), to the extent that we have felt it possible to do so. All information in this report has been reviewed at senior levels and by the relevant functional specialists. Alcan undertakes a variety of audit and assurance activities on data and information that is used in this report, including financial, environmental, health and safety (EHS) performance, management system and compliance audits. Both internal and external parties conduct and/or participate in these activities. When using internal personnel, independence is achieved by including participants from other businesses in the Company, providing a degree of separation of interest.

The print version of the Alcan Sustainability Report 2006 is a summary of the Web-based version released in September 2006 at www.alcan.com/SR06. This is the fifth annual Sustainability Report produced by Alcan.

OUR INTERPRETATION OF SUSTAINABILITY CONSISTS OF A THREE-PRONGED, SIMULTANEOUS APPROACH

Think broadly about issues and impacts

By analyzing our social, economic, and environmental impacts and the wide range of issues that are important to our stakeholders, we can open our Company to new opportunities and make choices that optimize the value created for Alcan and society.

Engage and partner

Engaging an increasingly diverse range of stakeholders in traditional and innovative ways will provide valuable insight into business opportunities and risks. Developing partnerships with a variety of stakeholders will provide more effective approaches to addressing issues of mutual importance.

Make connections across our business, and integrate sustainability into our business

Examining the points of leverage in our business processes and incorporating a sustainability perspective help to ensure that our decisions and actions are consistent with our sustainability-driven concept of value.

Data Consolidation Notes:

All figures included in this report represent real holdings over time. Hence, reported totals are the sum of events, emissions, production, etc. for each year based on Alcan Inc. holdings for the given year. All environmental, health and safety data excludes joint ventures where Alcan holdings are less than 50%. As an exception, greenhouse gas and energy figures include contributions from all joint ventures based on percentage of ownership, regardless of management control over the facility. Any exceptions to the above are explicitly referenced with the relevant data.

Through the continuous improvement of EHS data reporting, including improved consistency to definitions, corrections of anomalies or errors encountered, some of the EHS data from 2003 and 2004 in this report have been restated from earlier reporting. Explanations for any significant restatements are included with the respective data.

MESSAGE FROM DICK EVANS



SINCE THE RELEASE OF ALCAN'S FIRST SUSTAINABILITY REPORT IN 2002, OUR WORLD HAS CONTINUED TO CHANGE DRAMATICALLY. ONGOING **GLOBALIZATION** HAS BEEN A CATALYST FOR US TO RE-SHAPE AND GROW OUR BUSINESS PORTFOLIO IN ORDER TO ENHANCE ECONOMIC RETURN AND BETTER SERVE OUR CUSTOMERS, AND TO PARTNER WITH OUR MANY STAKEHOLDERS.

Worldwide, sustainability as an approach to business continues to evolve as more companies identify and express the link to long-term value creation. But building the case for sustainability is not always easy. Diverse points of view range from embracing sustainability as the key to truly maximizing value to questioning its tangible worth.

Sustainability at Alcan is evolving as we refine our goals and establish metrics to effectively measure the impacts of our actions. Developing standardized and meaningful performance metrics remains a challenge, but we are making steady progress in concert with both industry partners and non-governmental organizations (NGOs). Part of the evolution is the growing recognition by employees of the tangible and broader value-creation that results from implementing a sustainable approach in all our businesses. Our efforts in this regard are laying the groundwork for further progress by embedding sustainability criteria directly into our decision-making processes. This has allowed sustainability to be increasingly seen as an integral part of value creation, whether in operational efficiency, customer satisfaction, employee well-being, ongoing community support or investor confidence.

While our diverse operating environments around the world present many challenges, our success is built upon the consistency of our business practices regardless of location or local regulations. Alcan's corporate values, *Worldwide Code of Employee and Business Conduct* and the Alcan Integrated Management System (AIMS) all combine to support this consistency. AIMS consists of Value-Based Management, *EHS FIRST*, Continuous Improvement and a new fourth "People Advantage" pillar we launched at the beginning of 2006, recognizing that Alcan's ability to maximize value depends, in large part, on the quality, skills and dedication of its employees. From our Executive Committee to employee work teams, this management framework is supporting the establishment of sustainability in the decision-making process at Alcan.

Addressing Key Sustainability Focus Areas

Within the "Alcan 8" focus areas identified in this report, we outline important opportunities and significant challenges across the Company: energy and greenhouse gas emissions, natural resource stewardship, managing economic change and employee well-being, among others.

Energy is a good example of the need to manage opportunities alongside challenges. An effective response to volatile energy markets is of vital importance to the Company's long-term

sustainability. While having an impact on our operations, global energy issues are also creating market opportunities. These include an increased demand for Alcan's expertise in proprietary, efficient smelter technology, as well as for lightweight aluminum and composite solutions and product innovations that help our customers and society respond to the need for greater energy efficiency and reduced greenhouse gas emissions.

Broad stakeholder engagement continues to be directly linked to Alcan's business strength and long-term success. We believe our ongoing community support is most effective when tied to working with our communities to promote regional industrial diversification, particularly where shifts in technology and the global industry impact employment levels. Stakeholder engagement is equally important in planning greenfield and brownfield projects, and managing existing operations.

This is true for our Bauxite and Alumina projects in Australia, Guinea, Ghana, and India, where ensuring broad local support before proceeding is paramount. It is also true for our joint venture in China, where engaging stakeholders through our *EHS FIRST* management system resulted in a major improvement in environmental, health and safety behaviours within the plant and surrounding community. Similarly, engaging employees at our packaging plant in Dublin, Ireland, resulted in significant waste reduction and a positive bottom line impact of over \$760,000, in addition to mobilizing community youth in the "race against waste".

Our sustainability commitment and engagement efforts have strengthened our relationships with governments, a range of NGOs, local communities and indigenous peoples, as well as academic and research institutions.

Alcan was pleased to present its second annual Alcan Prize for Sustainability in 2005 to Aga Khan Planning and Building Services Pakistan for its efforts to improve Pakistan's urban infrastructure and its innovative work to improve living conditions and the environment. This \$1-million prize recognizes the outstanding work that NGOs are contributing to the cause of sustainability and encourages stronger linkages among business, government and NGOs. The 2004 recipient was the Forest Stewardship Council based in Bonn, Germany.

Embedding Sustainability in Alcan's Business Groups

The past five years have seen intense change at Alcan. We have acquired or launched new businesses, divested or closed down others, developed our financial business systems, and implemented company-wide Value-Based Management, *EHS FIRST* and Continuous Improvement tools.

Alcan's world-class *EHS FIRST* management system has been embraced by employees and produced dramatic improvements in 2005, including zero employee fatalities. Three contractor fatalities, however, tragically reinforced the need for ongoing diligence, in addition to the corrective actions that were taken. We also reduced our recordable case rate for injuries by 16% in 2005, with more than 67% of Alcan sites exceeding the corporate-wide goal. With respect to our environmental performance, we reduced Alcan's total (direct and indirect) greenhouse gas emissions intensity by 25% between 1990 and 2005. As well, we have committed to further reduce our direct emissions intensity by 10% over the next five years (2006-2010).

We will continue to address a number of challenges independently and with our partners, including managing spent potlining, enhancing biodiversity, and reducing or eliminating environmental releases of concern, such as volatile organic compounds and greenhouse gases. Although such challenges are ongoing for Alcan and the aluminum industry as a whole, we have made great strides in specific areas, as illustrated in this report.

As we move forward, we will continue to embed sustainability by leveraging and capitalizing on the "Alcan People Advantage" – the new fourth pillar in AIMS – enhancing our business systems, accelerating employee engagement efforts and enhancing our ability to track progress and measure Company and stakeholder value related to our efforts.

With 2005 sales and operating revenues of \$20.3 billion – a 4% increase after adjusting for the Novelis spin-off – we witnessed solid performance across all business groups. Alcan is now poised to deliver even greater value for our shareholders and stakeholders. I am proud of our progress and also recognize that we are on a path of continual learning. Past lessons have helped Alcan raise the standards on sustainability performance within our industry, and our ongoing evolution will enable us to continue to do so into the future.



Richard B. Evans
President and Chief Executive Officer

HOW WE MANAGE ALCAN – AIMS

Building a successful, global and sustainable company involves maximizing value for all our stakeholders, especially by making a significant contribution – through the way we do business and the products we make – to the economic, social and environmental well-being of the communities in which we operate.

Alcan has a vital role to play in reducing environmental releases, conserving natural resources and ensuring healthy and safe communities and workplaces.

Together with concerned stakeholders, governments, employees, shareholders and customers, we are pursuing business opportunities that strengthen Alcan's position in all aspects of its business to provide a prosperous and sustainable environment for future generations.

ALCAN INTEGRATED MANAGEMENT SYSTEM (AIMS)

RAPID IMPLEMENTATION OF AIMS IS DRIVING DISCIPLINED DECISION-MAKING AT ALCAN. ITS PILLARS ARE VALUE-BASED MANAGEMENT, *EHS FIRST*, CONTINUOUS IMPROVEMENT, AND A NEW FOURTH PILLAR UNDER DEVELOPMENT THAT FOCUSES ON THE "ALCAN PEOPLE ADVANTAGE" AND INCLUDES THE COMPANY'S TALENT MANAGEMENT INITIATIVES. INTRODUCED IN 2004, AIMS CONTINUED TO SUPPORT ONGOING EFFORTS TO EMBED **SUSTAINABILITY** AT ALCAN IN 2005.

AIMS provides the necessary rigour, discipline and tools to achieve performance excellence. Given Alcan's size and geographic scope, it is important to have consistent and integrated management practices, standards and business language across all business groups. AIMS has enabled Alcan to bring greater

clarity to the decision-making process and to share best practices with greater ease. The system is helping Alcan to create economic, environmental and social value. Many examples in this report illustrate how this is taking place.

Value-Based Management

First introduced in 2001, Value-Based Management (VBM) remains instrumental in guiding decisions related to acquisitions and divestments, expansions, new ventures, procurement, and process improvements. VBM provides the management framework to evaluate portfolio decisions, analyze alternatives without bias, and allocate financial resources. Key capital allocation decisions include the Bauxite and Alumina group's development of low-cost operations in Australia and Brazil, the Primary Metal group's joint venture project in Oman, Engineered Products' expanded role in automotive and aerospace applications, and Alcan Packaging's opportunities in emerging economies like Russia, Poland, China and Malaysia. Sustainability considerations are being introduced into decision-making criteria and analytical methods applied in VBM. This leads to more complete fact bases, enhanced assessments of value and a wider set of options to consider.

EHS FIRST

EHS FIRST was introduced in 2003 as a company-wide environment, health and safety management mindset to establish excellence in environment, health and safety everywhere Alcan operates by ensuring a consistent and standardized approach in this area towards people, the environment and the community. By establishing indicators in all business units, sectors and groups, performance can be tracked and benchmarked, and improvements can be implemented based on best practices.

Key actions in 2005 included:

- Implementation of a comprehensive system to identify the root causes of serious EHS events.
 - Introduction of a pedestrian safety initiative related to working around mobile equipment in a plant environment.
 - Preparation of a company-wide Avian Flu Medical Preparedness and Crisis Plan.
 - Continued emphasis on reducing the Company's environmental footprint.
-

In particular, *EHS FIRST* is addressing sustainability by leading efforts in company-wide safety initiatives, health issues, life cycle assessments, climate change management, biodiversity and water initiatives, resource conservation and stewardship, and environmental impact assessment.

Continuous Improvement

A formal approach to Continuous Improvement (CI) was introduced in 2003 as the third pillar of AIMS. CI has proven to be a strong complement to Value-Based Management and *EHS FIRST*. The roll-out of the Continuous Improvement Program was completed in the first quarter of 2006, with some 2,500 CI experts trained in Lean Six Sigma principles. At the end of the second quarter of 2006, completed CI projects were generating benefits equivalent to some \$200 million per year in Business Group Profit, with another \$150 million in execution.

For example, the Bauxite and Alumina group's Gardanne alumina facility in France improved the recovery rate of high-margin specialty aluminas from 27% to 35%. Alcan Primary Metal smelters in Quebec generated potential annual savings of approximately \$1.5 million through optimized recycling strategies. In Engineered Products, improved processes in the balsa lumber operations in Ecuador may realize up to \$1.8 million in annual cost savings. Improved cycle times and reduced waste at Alcan Packaging's plant in Baie D'Urfe, Quebec, generated more than \$700,000 in annual savings, in addition to improving customer satisfaction. As well, a corporate project reduced security guard service costs at one site by 40%, while improving quality of service.

Through the CI culture and mindset and Lean Six Sigma tools, this Company-wide approach is being used to execute many sustainability-related issues across Alcan. Areas of successful application include waste reduction and avoidance, health and safety, work-life balance, emission reduction, GHG improvements and energy efficiency.

Alcan People Advantage – Adding a Fourth Pillar

In 2005, a team of Alcan senior managers was assigned the task of evaluating the state of AIMS deployment and identifying ways to maximize value even further. The team concluded that all three original components of AIMS are clearly supported by the collective skill, knowledge and motivation of Alcan employees. Therefore, in early 2006, a new fourth pillar focusing on the

Company's People Advantage was added to AIMS. It is seen as a crucial supporting system and a clear recognition that Alcan's employees ultimately determine the Company's level of performance and competitive edge.

Attracting and motivating people by offering a strong employee value proposition has long been an Alcan strength. This includes providing rewarding career opportunities, secure and comfortable work environments, competitive compensation and recognition packages, and effective and progressive skills training.

An internal report, *Measuring Human Resource Sustainability at Alcan*, was completed in 2005 and highlights the critical role that Human Resources plays in management strategy. The formalized Alcan People Advantage pillar will support this strategy. As it is rolled out in 2006, it will enhance the employee value proposition and promote alignment, capabilities and engagement of all employees. Leveraging the diverse talents at all levels of the organization will continue to generate considerable additional value and competitive advantage.

The goal for the year ahead is to define the principles, standard practices, additional performance indicators, activities and tools that will be part of the Alcan People Advantage. To fully assess the fourth pillar, the Human Resources team draws on the Global Employee Survey and other performance indicators as valuable sources of information.

Longer-term challenges for Alcan's Human Resources function include ways to accommodate increasing societal support for flexible hours, job sharing and a new approach to the various phases of employees' careers. In the year ahead, Alcan plans to improve elements of the fourth pillar to expand the talent pool mix through enhanced gender and multicultural diversity in Alcan locations around the globe.

GLOBAL EMPLOYEE SURVEY

2005 marked the fourth consecutive year that Alcan has conducted its Global Employee Survey. The 55% participation rate of the 67,425 employees surveyed was considered very satisfactory, especially with the many changes that took place related to the continuing integration of Pechiney throughout 2005. Complementing the survey data were voluntary personal comments and suggestions from over 14,000 of the respondents – comments that are especially helpful in providing a better understanding of issues that need to be addressed or improved.

Satisfaction concerning the value of the total reward package was in the top quartile. Alcan also ranked above average for employee coaching, although responses indicated that managers need to provide more regular and individualized feedback to effectively recognize and motivate employees.

Alcan ranked above average in terms of employee commitment and as “a good place to work”. Individual accountability was also rated in the top quartile. These are encouraging results since the Company’s values and principles are at the foundation of its sustainability platform. As in previous years, action plans are now being implemented at all levels of the organization in response to survey findings.

PROCUREMENT

Alcan’s launch of the *Drive for Procurement Excellence* in late 2004 became a major factor in Value-Based Management throughout 2005. By ramping up its internal competencies, Alcan has achieved significant results in managing its \$7.5-billion global procurement portfolio. Initial cross-business synergy initiatives yielded some \$119 million in savings in 2005, significantly exceeding targets.

Given that the nature of the procurement function requires engagement with both internal and external stakeholders, Alcan’s procurement teams were among the first to integrate sustainability into their day-to-day business decisions. They pioneered a concept known as Total Value Opportunity or TVO™, capturing value and addressing economic, social, environmental and other business issues in the supply chain, from the time of purchase to the end of product life.

Alcan continues to encourage its suppliers to share its values, ethical standards and commitment to sustainability. In 2005, Alcan developed and released its *Guidelines for Sustainable Supplier Relationships*. It reinforces the high standards of conduct expected from Alcan’s procurement community and business partners, based on the guiding principles found in Alcan’s *Worldwide Code of Employee and Business Conduct*.

ALCAN CORPORATE SECURITY

Alcan recognizes the importance of integrating human rights considerations into its efforts to ensure the safety and security of its employees and operations. To build upon Alcan’s values, such as support for the Universal Declaration of Human Rights,

Alcan’s Corporate Security group began a proactive and forward-looking initiative in 2005 that includes developing an action plan for integrating human rights considerations into Alcan’s safety and security measures. Alcan supports the Voluntary Principles on Security and Human Rights and intends to apply for inclusion as a participating company once the action plan is ready.

ALCAN’S SUSTAINABLE APPROACH TO BUSINESS

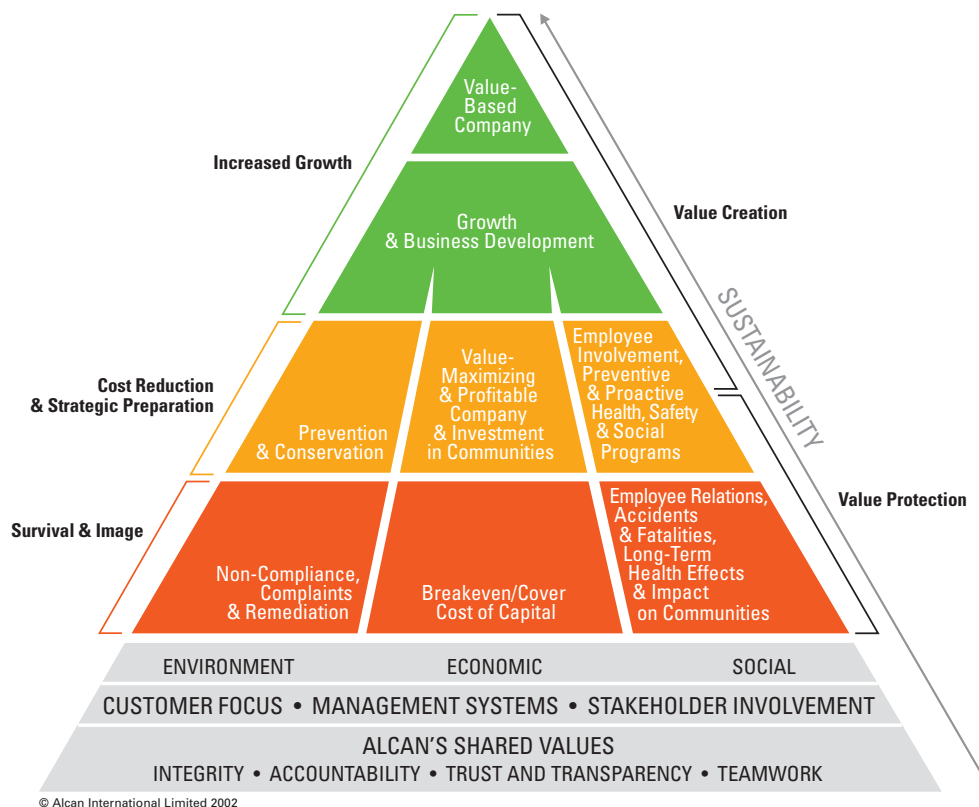
A sustainable approach to business is the key to delivering enduring value in the 21st century. It is the driver that allows us to identify and create sustainable value for our businesses and the communities in which we operate. It is also a commitment that builds on decades of independent, often voluntary initiatives to address specific social or environmental needs while growing Alcan’s business. In essence, Alcan has done many things to support sustainability throughout its history.

As the understanding of sustainability has evolved, so has the need to integrate and embed it as a mindset at Alcan. The move to formally adopt sustainability as a business principle began with discussions of the concept in Alcan’s Annual Reports over several years. Since the publication of Alcan’s first Corporate Sustainability Report in 2002, efforts to address sustainability with internal audiences have steadily increased, supported by operational, functional and executive levels within the Company.

Alcan’s sustainability commitment is supported and encouraged through a variety of internal initiatives, from using the Global Employee Survey as a measure of sustainability awareness and other critical people performance indicators to the implementation of the Alcan Integrated Management System and other corporate programs.

Sustainability Steering Team

Alcan’s Sustainability Steering Team (comprising senior business group representatives and corporate functional leaders) meets regularly, with five meetings throughout 2005, to further integrate the concept into the Company’s mainstream business strategy and culture. This involvement of senior personnel has accelerated the speed with which the sustainability mindset has become embedded in each business group, as illustrated by the case studies in this report.



Working with our Stakeholders

A key aspect of sustainability is dialogue and relationship-building with internal and external stakeholders, with the aim of ensuring the Company's ongoing economic success and future as a respected partner. Stakeholder engagement is a critical part of building trust and credibility, and identifying sustainable solutions that take into account the perspectives of various interested parties.

In many instances, Alcan's relationships with its stakeholders have enabled its businesses to grow by identifying and developing new opportunities. In other cases, these relationships have helped Alcan understand where it needs to improve performance in order to be successful.

The Benefits

The message has been clear – sustainability provides an opportunity to enhance performance and truly maximize value. In the short and long term, embedding sustainability in business activities facilitates better decisions by expanding the set of factors considered in analyzing options, designing products and technologies, enhancing processes and managing production facilities.

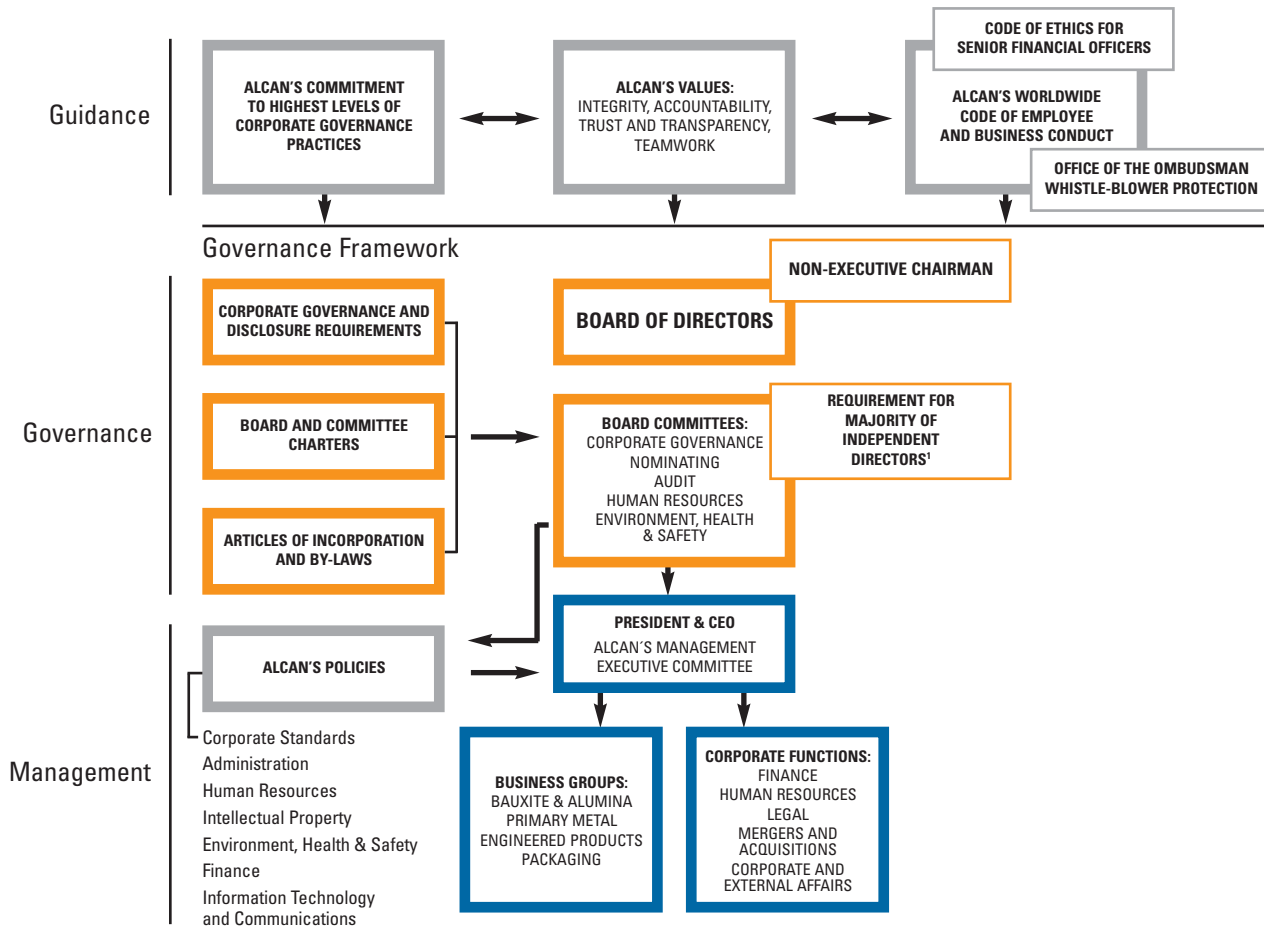
Today, the sustainability mindset is taking hold throughout Alcan's global network, regardless of the nature of operations within specific business groups.

Alcan's sustainability framework (above) illustrates how the Company is enhancing its position as a value-based company by building on its core values and leveraging various internal initiatives such as Value-Based Management, *EHS FIRST*, Continuous Improvement and the Alcan People Advantage.

Corporate goals supporting Alcan's creation of sustainable value include:

- Maximizing value by meeting our externally communicated financial targets.
- Achieving zero accidents, injuries, illnesses and environmental incidents.
- Further reducing direct greenhouse gas emissions intensity by 10% for 2006-2010, following substantial reductions in the early part of the Company's TARGET program.
- Requiring new facilities to attain ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety) certification within two years. All other facilities have already achieved these certifications.

ALCAN GOVERNANCE AND MANAGEMENT FRAMEWORK



¹ All Directors with the exception of the President & CEO are currently independent.

CORPORATE GOVERNANCE AND BUSINESS ETHICS

Alcan's *Worldwide Code of Employee and Business Conduct* helps ensure both ethical business behaviour and comprehensive respect for human rights across the breadth of Alcan's business activities. As well, Alcan supports the Universal Declaration of Human Rights.

An effective ethics policy must be current and specific, in addition to being visible and known. Alcan's *Code of Conduct* was updated in 2002 and is shared with all employees, including those new to Alcan, through specific communication and training efforts. It is also made available to Alcan consultants and suppliers, all of whom are bound by its principles in their dealings with or on behalf of Alcan. Although Alcan may not be able to require compliance in every joint venture in which it participates, the principles in the *Code of Conduct* are universal and are encouraged in partner organizations.

The *Worldwide Code of Employee and Business Conduct* is supplemented by a Policies Manual available to employees on the Company's Intranet site. Existing and new employees are benefiting from an online training tool launched in 2005 to maintain a high level of employee awareness and familiarity with it. The interactive program demonstrates how the principles embodied in Alcan's *Code of Conduct* relate to the everyday work situations of individual employees.

A *Code of Ethics for Senior Financial Officers* (including the CEO, CFO and Controller) is a further indication of Alcan's commitment to sound corporate governance.

In 2002, Ombudsmen positions were established for Alcan Inc. and within each business group as a contact point for employees. The Ombudsmen serve as an additional resource for interpreting the *Code of Conduct* and reporting breaches. The Office of the Ombudsman also has an established procedure for reporting violations of securities laws (“whistle-blowing”). The *Code of Conduct* is enforced through regular reviews and visits by senior and executive management to operations around the globe. (Please refer to the accompanying chart for Alcan’s Governance and Management Framework.)

EXTERNAL ENGAGEMENTS

Throughout 2005, Alcan continued to be engaged in various dialogues to explore and address a range of global sustainability issues. In addition to ongoing discussions through the United Nations Global Compact (www.unglobalcompact.org), the World Business Council for Sustainable Development (www.wbcsd.org), and the Prince of Wales International Business Leaders Forum (www.iblf.org), a number of new engagements were undertaken.

These include:

- Joining the Business Leaders Initiative on Human Rights (www.blihr.org) and working with eleven other companies towards the principal objective of finding practical ways of applying the aspirations of the Universal Declaration of Human Rights within a business context and to inspire other businesses to do likewise.
- Involvement in the Tomorrow’s Company initiative (www.tomorrowcompany.com), a not-for-profit research and agenda-setting organization committed to creating a future for business which makes equal sense to employees, shareholders and society.
- Chairing the International Institute for Sustainable Development (www.iisd.org).
- Commitment to a zero-tolerance policy aimed at combating corruption and bribery, as outlined by the World Economic Forum’s *Partnering Against Corruption Initiative* (www.weforum.org/paci), in which Alcan participates in a special taskforce.
- Co-convenor of the G3 Consortium, a group of leading Fortune 1,000 global companies that have invested in the Global Reporting Initiative’s project to deliver the Third Generation (G3) Sustainability Reporting Guidelines, a key component of the GRI’s Third Generation Project (www.globalreporting.org).

Other external engagements at global, national and local levels undertaken by Alcan in 2005 are discussed in various sections of this report.

THE “ALCAN 8”

In last year’s Sustainability Report, Alcan introduced a unique approach by considering sustainability within the context of eight key focus areas. Known as the “Alcan 8,” these focus areas were identified as priorities by a special Sustainability Steering Team committee in August 2004.

The “Alcan 8” are:

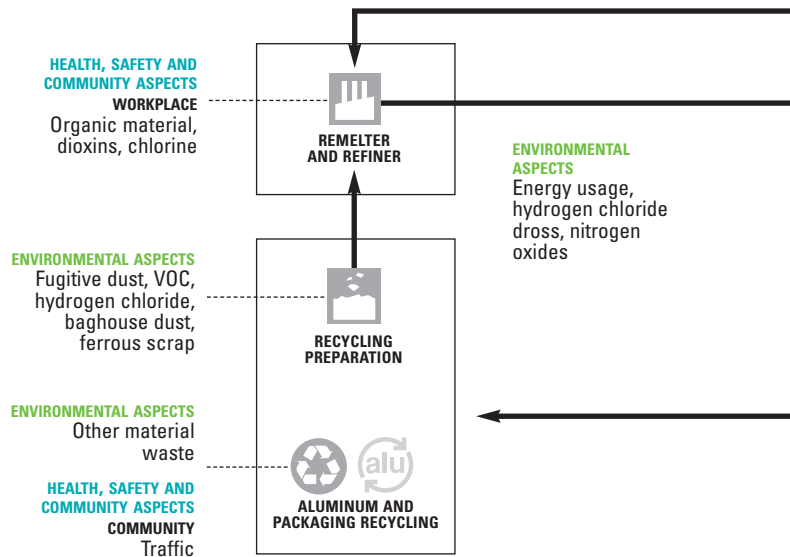
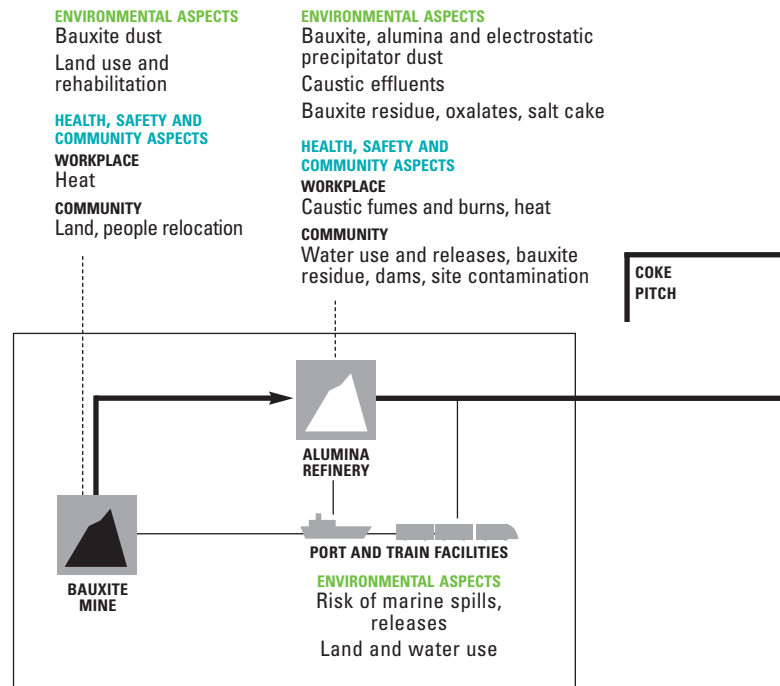
- **Energy** – access, cost, mix.
- **Climate Change** – emissions performance, policies, carbon markets, allocations, cost.
- **Natural Resource Stewardship** – conservation, access, cost.
- **Community Development** – impacts, benefits, stakeholder engagement.
- **Well-Being** – health and safety, work-life balance, community and consumer health.
- **Environmental Releases** – emissions to air/land/water, compliance, remediation.
- **Innovation and Industry Shifts** – consumer preferences, markets, technologies.
- **Product Stewardship** – life cycle analyses, appropriate use, recovery.

The “Alcan 8” categorizes challenges and opportunities that have been increasingly influencing Alcan’s businesses. This effort to identify and highlight these areas contributes to overall awareness and understanding. It also contributes to the development of practical and coordinated actions in all eight areas, aligned with Alcan’s business objectives and strategies across the Company.

The “Alcan 8” categories are broad enough to capture virtually all key issues facing the Company today. The categories and what they encompass will likely evolve as new trends give rise to new opportunities and challenges.

PROCESS FLOW: ENVIRONMENTAL, HEALTH, SAFETY AND COMMUNITY ASPECTS

The process flow diagram shown (right) identifies major environmental, health, safety and community aspects associated with our operations.



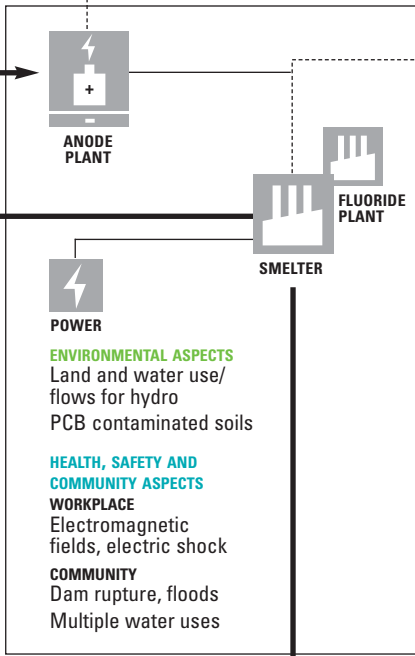
WASTE AND/OR REUSABLE BY-PRODUCTS ARE GENERATED BY OUR FACILITIES.

Common to all health, safety and community aspects:
noise, dust, mobile equipment, cranes and lifting devices

This chart provides an overview of major aspects and is not intended to be a comprehensive list. Although the above issues are representative, not all are addressed in this report.

ENVIRONMENTAL ASPECTS
Coke dust, PAHs, GHGs, fluoride, pitch storage, particulate matter, SO₂

HEALTH, SAFETY AND COMMUNITY ASPECTS
WORKPLACE ASPECTS
PAHs, heat

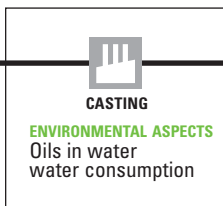


ENVIRONMENTAL ASPECTS
PAHs, GHGs, sulphur dioxide, fluorides, particulate
Cyanide, anode cooling water, landfills
Fluoride dust recycling, scrubber muds, duct scrapings, spent potlining

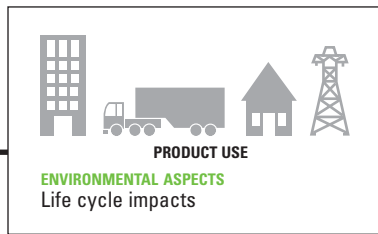
HEALTH, SAFETY AND COMMUNITY ASPECTS
WORKPLACE ASPECTS
PAHs, beryllium, particulates, acid gases, fluorides, carbon monoxide, heat, electromagnetic fields, electric shock, liquid metal contact, explosion
COMMUNITY ASPECTS
Ambient PAH, site contamination

ENVIRONMENTAL ASPECTS
Odours
Phenols, sulphate metal
Discharge waste, contaminated soils, chromium sludge, waste paint
VOCs, air toxics, scrubber oils
Coated scrap, waste emulsions, filter earth

HEALTH, SAFETY AND COMMUNITY ASPECTS
WORKPLACE ASPECTS
Oil mists, heat, high-pressure hydraulics, metal working fluids, explosion, solvents, other chemicals, fire, material handling



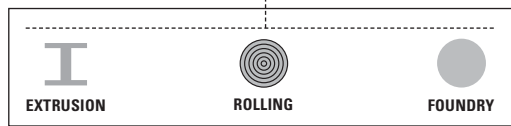
ENVIRONMENTAL ASPECTS
Oils in water
water consumption



ENVIRONMENTAL ASPECTS
Life cycle impacts



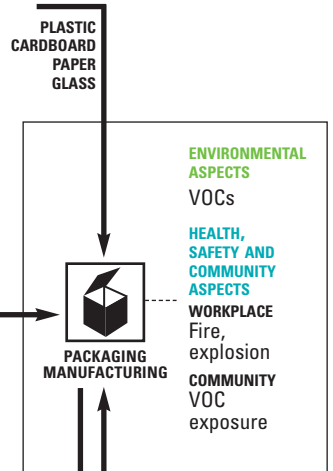
WASTE
ENVIRONMENTAL ASPECTS
Landfill
Incineration
HEALTH, SAFETY AND COMMUNITY ASPECTS
COMMUNITY ASPECTS
Landfill proximity to communities



SEMI-FINISHED PRODUCTION

PROCESSING
Automotive industry, packaging industry, chemical industry, can manufacturing, etc.

Other materials



ENVIRONMENTAL ASPECTS
VOCs
HEALTH, SAFETY AND COMMUNITY ASPECTS
WORKPLACE ASPECTS
Fire, explosion
COMMUNITY ASPECTS
VOC exposure

INKS
LACQUER
SOLVENTS
OTHER MATERIALS

BUSINESS GROUP PROFILES



BAUXITE AND ALUMINA

Alcan's Bauxite and Alumina (B&A) group represents a global network of bauxite mines and alumina refineries that produce smelter-grade and specialty aluminas. The Company also manages a global transportation network that includes trucking, rail, marine shipping and port facilities.

KEY SUSTAINABILITY-FOCUSED BUSINESS INITIATIVES

- **Stakeholder engagement**

Management of investment, growth and eventual closure of mining/refining operations, often in remote locations, is a key challenge for the group and its host communities. Leveraging a multi-stakeholder engagement approach, the group builds its business strategy in concert with the development needs of the communities in which it operates. This approach is in full alignment with Alcan's commitment to the United Nations Global Compact, supporting a global effort to reach the Millennium Development Goals. In June 2005, Alcan reached agreement on a 20-year annual supply of 43.5 petajoules of natural gas to its Gove alumina refinery in Australia. Delivering gas to Gove will replace imported oil as the refinery's primary energy source and ensure a secure, economic and long-term source while having a positive impact on the environment.

- **EHS FIRST performance**

Continue with best practice implementation as part of the group's five-year *EHS FIRST* strategic plan. Initiatives are under way related to energy and GHG management, biodiversity, employee health management and fatality prevention. In bauxite mining, land rehabilitation remains a priority; while in alumina production, the group is building on efforts to improve disposal technologies for bauxite residue and to identify alternative solutions that could put the residue to viable commercial use.

- **Improving portfolio of assets**

Maximize value by continually improving its portfolio of assets through expansion, technology and process upgrades, and acquisition of large-scale, cost-advantaged assets. The group's leading opportunity in this regard, and Alcan's largest capital project, is the AUD2-billion expansion of the Gove, Australia, alumina refinery. The group also announced an expansion of the low-cost Alumar refinery in Brazil and joint-venture development of a greenfield alumina refinery in Guinea. In addition, because expected long-term market demand will require several greenfield/brownfield alumina projects over the next ten years, the B&A group is also exploring strategic growth opportunities in Cameroon and India. Beyond this, benefiting from the latest technology, the group is continuing efforts to reduce costs in its higher-cost refineries such as Vaudreuil in Canada and Gardanne in France.



PRIMARY METAL

The Primary Metal group includes all of Alcan's aluminum smelting and related facilities and power generation installations and has particular technological and engineering expertise in these areas. Products include value-added aluminum sheet ingot, extrusion ingot, rod and foundry ingot, as well as the sale of state-of-the-art aluminum technology and equipment across the aluminum industry.

KEY SUSTAINABILITY-FOCUSED BUSINESS INITIATIVES

- **Greenhouse gas (GHG) emissions**

Reducing greenhouse gas emissions requires a focus on R&D and continuous improvement in Alcan's technology and processes. Successes include smelting process innovations such as the ALPSYS® pot control technology and various other solutions that minimize or eliminate GHG emissions. Active external engagement with relevant stakeholders is also critical to promoting the design of effective national and international policies that are economically viable and environmentally effective over the long term.

- **Responsible use of energy**

Improving performance, ensuring resource availability and reducing energy costs are critical to effectively managing energy consumption. Commitments that increase both our productivity with our energy resources and overall business value include: improving hydroelectric generating systems, increasing process efficiency, reducing fossil fuel consumption, and identifying long-term, low-cost energy sources for business expansion. See Energy section for details, page 14.

- **Community development**

Alcan's compelling presence both in terms of the size and number of operations and in our contributions to and influence on community well-being is reinforced through the Community Investment Program, partnerships with suppliers, continuous workforce training, and by encouraging value-added manufacturing. Commitments include supporting regional diversification and assisting with community transition in the case of a closure.

- **EHS FIRST performance**

EHS FIRST continues to drive improvements in operational processes. Current successes include the enhanced management of landfill sites (Saint-Jean-de-Maurienne in France, Alucam in Cameroon), biodiversity projects (Laterriere and Grande-Baie in Quebec, Canada; Hunter Botanic Gardens at Tomago in Australia) and the application of best practices in health and safety across the group.

For a detailed overview of the groups' geographic and market presence, please refer to *Alcan Facts 2006* available online or in publication.



ENGINEERED PRODUCTS

Engineered Products is a world leader in fabricated aluminum and composite products and technologies, providing innovative, customized and cost-effective solutions for the global marketplace including the aerospace, automotive, mass and marine transportation, rigid packaging, building and construction sectors. Being close to the customer and maximizing material effectiveness are key to the group's success.

KEY SUSTAINABILITY-FOCUSED BUSINESS INITIATIVES

- **Product stewardship**

Integrate product stewardship concepts within the business units to advance from a project-based approach to a broader product stewardship management approach. This leads to cost-effective and sustainable solutions by integrating the complete value chain: from R&D, manufacturing and product use by Alcan's customers and their customers, to optimizing recycling activities at the end of a product's life cycle. A database of processes and supplies is available and will be continuously expanded to ensure cost-efficient assessments. Initial training sessions for non-specialists were started in 2005 while targeted training modules are being developed for 2006 and beyond.

- **Advanced solution provider**

Unlike any other material, aluminum and composite materials lend themselves to lightweight designs and innovative solutions in transportation, thereby contributing to substantial savings in energy consumption and reduction of CO₂ emissions. Recent examples include the development of aluminum-lithium alloys for the aerospace sector and lightweight extrusion alloys for automotive applications. Similarly, other specific material properties such as conductivity and corrosion-resistance are exploited for application in energy transformation, the building industry and industrial engineering.

- **Recycling**

Recycle products and materials. Whenever possible and beneficial, closed material flow systems that allow for alloy-specific recycling systems with our customers are promoted to better capture the high value offered by the recycling of new generation alloys. The increased use of such recycled material generated internally and by customers is a major step in this direction. As well, remelting recovered aluminum needs only 5%-10% of the energy required to produce primary aluminum in a smelter.

- **Energy**

Continue reducing energy consumption in all production processes through *EHS FIRST*. On the product side, offer enhanced solutions for the rapidly expanding alternative energy markets, which are being driven by increasing energy costs. For example, the wind energy market is served by the group's balsa wood and plastic foam core materials business units.



PACKAGING

Alcan is a world leader in the end-use markets for food, pharmaceutical, beauty and tobacco packaging. With a multi-material approach, the group designs and develops advanced packaging solutions and innovations that surpass our customers' expectations and help address needs increasingly being recognized in society and with regards to the environment.

KEY SUSTAINABILITY-FOCUSED BUSINESS INITIATIVES

- **Product stewardship**

Assess Alcan's packaging products with a forward-looking perspective using a novel comprehensive approach and an accompanying software tool that evaluates economic, social and environmental impacts and benefits over a product's life cycle. The aim is to continuously identify potential improvement areas and drive innovation and partnerships within the value chain (with suppliers and customers).

- **Technology and products**

Maximize the value of technologies and materials to enable future growth by finding new solutions in both products and processes that accentuate social and environmental benefits and are financially successful. Examples of innovations include renewable raw materials, printing on request to improve lead-times and reduce waste, and thin barrier coatings to reduce emissions and energy consumption.

- **Technical standards**

Implement the highest internal standards, from quality systems to *EHS FIRST*, and continuously reduce the probability and severity of accidents, improve the workplace, and reduce emissions, water consumption, waste and energy consumption. Projects include: explosion prevention at facilities using solvents, machine safety, and VOC (Volatile Organic Compounds) emissions.

- **Expansion**

Explore potential expansion opportunities in fast-growing regions such as China, South East Asia, Brazil, Mexico, India, Russia and Eastern Europe (5%-10% growth per year). The goal is to be close to these new markets while continuing to upgrade existing facilities. In 2005, the group invested \$557 million in OECD (Organisation for Economic Co-operation and Development) countries and \$145 million in new high-growth regions.

- **Procurement**

Search for the right value at the best cost. Challenges, mainly in developing countries, include diverse quality and environment, health and safety standards, as well as the recognition and respect of labour rights and Alcan's *Worldwide Code of Employee and Business Conduct* by suppliers. With respect to social (such as respect for human rights), environmental, as well as financial and quality standards, harmonized criteria and approaches are being developed and used across the group to assess suppliers. This includes social responsibility audits.

For a detailed overview of the groups' geographic and market presence, please refer to *Alcan Facts 2006* available online or in publication.

Energy



Synopsis

Access to secure, long-term, competitively priced energy is a vital aspect of Alcan's long-term strategy and success, especially in its Primary Metal and Bauxite and Alumina business groups. The energy mix, availability and cost all impact the Company's competitiveness, while a range of environmental and social issues associated with energy production and consumption must be closely monitored and addressed as an integral part of effective energy management.

Business groups most affected

Bauxite and Alumina
Primary Metal
Engineered Products

Stakeholders most affected/involved

Investors
Employees
Suppliers
Customers
Governments
Community stakeholders

PRIORITIES AND STRATEGY

As one of Alcan's key resources, energy is a strategic business focus with high management relevance at all levels of the organization. Effective management of Alcan's company-owned power resources yields value, helps shield the Company from volatile external energy markets and reinforces its position as a responsible community partner.

Priorities include:

- Managing Alcan-owned energy sources effectively and responsibly.
- Ongoing adherence to EHS FIRST directives and implementation at all sites, including all new sites upon acquisition.
- Increasing energy efficiency through continued research and development in technology and process improvements.
- Specific Continuous Improvement (CI) projects.
- Reducing GHG emissions related to energy use.
- Pursuing the best energy mix from available energy resources, as well as non-carbon-based energy projects.

- Sharing Alcan's current best practices among business units and engaging in consultation and dialogue with other stakeholders over effective energy management.

Strategic Energy Solutions

Alcan initiated several new projects in 2005 that include, as fundamental criteria, the availability of stable, competitively-priced, and long-term energy supply. For a list of these projects, ranging from a new smelter project in Oman to a new long-term agreement for the supply of natural gas to the Gove alumina refinery in Australia, please refer to www.alcan.com/SR06.

In Canada, where the Company operates hydroelectric power networks in British Columbia (B.C.) and Quebec, Alcan collaborated with the Quebec Parliamentary Commission on Economy and Labour in February 2005. The aim is to maintain Quebec's current leading energy position through an effective energy policy that will serve as an engine of economic strength in the province's quest to achieve sustainable development.

Specific Challenges

Kitimat power sales

Since the 1950s, Alcan has sold excess power generated at its wholly-owned Kemano hydroelectric power plant to third parties. On average, about 70% of Kemano power is used to produce aluminum at its nearby Kitimat smelter with the balance sold to BC Hydro and its subsidiary Powerex (as of January 1, 2007, Alcan will sell excess power directly to BC Hydro). In addition to the 90% of revenues derived from aluminum smelting, Alcan's power sales are an integral part of its business in B.C., providing an important stabilizing element to the business and supporting the province's regional power needs. BC Hydro, the government-owned public utility, recognizes Alcan's Kemano power as an important regional supply source.

In August 2006, Alcan announced its intention to modernize the Kitimat smelter through a \$1.8 billion investment, leveraging clean, self-generated power and Alcan's world leading AP technology. Once complete, the planned modernization

KEY SUSTAINABILITY-RELATED DIMENSIONS

Economic

- A critical input in aluminum smelting and alumina refining; affects price and sustainability of the aluminum industry.
- Need to secure reliable and competitively-priced energy sources for the long term.
- Energy savings associated with aluminum production, use and recycling.

Environmental

- Use of non-renewable energy resources.
- Associated air releases, including GHG emissions depending on energy source and application.
- Upstream impacts of electricity generation, fuel exploration and production.
- Management of large-scale water reservoirs for hydroelectricity generation and their relationship to ecosystems.

Social

- Competing societal demands for energy resources.
- Social considerations associated with management of large-scale water reservoirs, particularly in remote areas including recreation, agriculture, tourism and traditional ways of life.
- Strong community expectations with respect to management and use of water/energy resources.

would increase production from current levels by more than 60% and would secure approximately 1,000 jobs for the long term. As well, the smelter would use virtually all reliable firm Kemano power,

and approximately 85% of average power production, reducing power sales by about 50% on average.

For the past few years, the District of Kitimat has challenged Alcan's right to

sell power for use outside of Kitimat and, in 2004, filed legal proceedings against Alcan. The B.C. Supreme Court and the B.C. Court of Appeal dismissed the first legal proceeding on the basis

the District did not have standing. The District has since begun another legal proceeding, this time against the Province of B.C.

Advanced technology provides smelting edge

Managing energy consumption is a key competitive factor for Alcan and especially important in areas where low-cost, long-term electricity is limited. With certain countries offering low-cost energy, improving energy efficiency at existing smelters in those countries where energy costs are high is fundamental to remaining competitive.

Energy reductions groupwide

The worldwide High Amperage Low Energy (HALE) project is aimed at increasing amperage in the smelting process, resulting in increased aluminum production using the same amount of energy or even lower energy consumption.

Specific challenges associated with HALE projects include reducing process upsets (anode effects), and reducing negative impacts on cell (smelting pots) life spans to minimize the amount of process by-product (spent potlining) that is generated.

Between 1990 and 2005, energy consumption at all Alcan smelters decreased by about 9% per kilogram of aluminum

produced as a result of improvements and new higher-efficiency smelters coming on stream. Today, Alcan's overall smelting capacity is approximately 3.4 Mt/y of aluminum.

R&D efforts to improve the different pot control systems as well as cell design contributed to reducing energy consumption.

The Alcan-developed ALPSYS® pot control system is a key enabler being used to improve energy efficiency at a number of Alcan and client smelters worldwide. Designed for the AP-technology series, it is a turn-key smelting control process that offers additional benefits in terms of reducing the frequency of anode effects and the resulting GHGs.

Read full case study at www.alcan.com/SR06/Energy

CASE STUDY PRIMARY METAL GLOBAL



Representatives of Alucam, Arvida (R&D), LRF Saint-Jean-de-Maurienne (R&D) and technology sales.

Read more Energy-related case studies at www.alcan.com/SR06/CaseStudies



Improving Energy Consumption at Vaudreuil Works

The Aluminum Solar Solution

Co-extruded Composite Rails

OPPORTUNITIES AND CHALLENGES

Opportunities

- Alcan's company-owned power generation and renewable (hydro) energy sources are competitive strengths in an environment of rising energy costs.
- Volatile energy markets create stronger demand for Alcan's expertise in proprietary, efficient smelter technology, both internally and with external customers, and stimulate increased Alcan research and development into ongoing improvements in energy efficiency of smelters.
- Lightweight aluminum applications, particularly with the example of transportation, help society respond to rising energy demand, rising fuel prices, and the need to address energy-related GHG emissions.
- Increased awareness of the energy-saving benefits of aluminum, its various products and uses, and its recyclability.

Challenges

- Rising energy prices and rising demand for energy worldwide.
- Alcan's business demands must be balanced with the needs and expectations of communities where energy resources exist, market pressures and government regulations.
- Many stakeholders believe that long-term energy contracts also encompass a Company responsibility to maintain and create new jobs – a challenge in an environment of reduced workforce requirements due to international competition and technological advancements.

Closure of Steg/Chippis

In Europe, high energy prices continued to be a challenge in 2005, particularly when long-term power supply contracts were nearing their end. Following three years of diligent work to identify a viable solution for the 44-kt/y smelting operation in Steg, Switzerland, the expiry of the smelter's long-term energy contracts and the unprece-

dentented rise in energy costs across Europe made the production of primary aluminum uneconomic at this facility. In-depth discussions with a Valais-based consortium throughout 2005 concluded that selling the facility was also not a viable long-term solution. As a result, an announcement in early 2006 confirmed that

Alcan would close the smelter and cease anode production in nearby Chippis.

Closure of Lannemezan operations

In October 2005, Alcan began discussions with local stakeholders regarding the definitive and progressive closure of its 50-kt/y aluminum smelter in Lannemezan, France. A high-cost facility due to its

age, technology, size and geographic location, the site was also challenged by the expiry of an energy contract in June 2006 that had been negotiated prior to the substantial increase in energy costs. The closure process began in June 2006 and is expected to be completed in 2008 at the latest, depending on economic and operating conditions.

DATA

TOTAL ENERGY CONSUMPTION

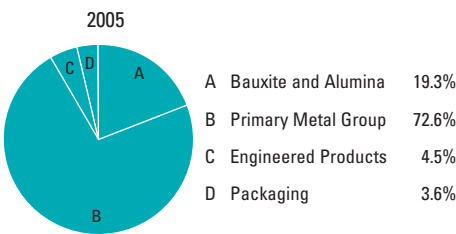
	2003	2004	2005
Electricity, steam and hot water used by Alcan's installations in GWh	41,971	64,927	58,269
Percentage of electricity, steam and hot water generated by Alcan	68%	47%	51%
Direct energy used by Alcan's installations in millions of GJ	85.8	104.8	70.8
Total energy consumed by Alcan's installations (excluding efficiency of energy generation) in millions of GJ	237	339	281

The reduction of energy used from 2004 to 2005 was related to a change in asset mix, including the spin-off of Novelis, and the closure or divestiture of Primary Metal and Bauxite and Alumina sites. In the absence of these impacts, Alcan's overall performance was unchanged from 2004.

The increase in total energy consumption in 2004 was largely due to the Pechiney acquisition.

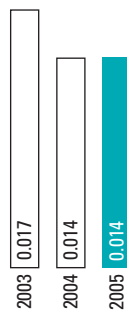
TOTAL ENERGY CONSUMPTION

by business group



TOTAL ENERGY CONSUMPTION RATE

in GJ/US\$ sales

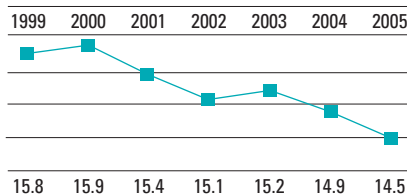


When normalized by sales, Alcan's energy consumption rate remained unchanged between 2004 and 2005 even with significant changes in asset mix.

HISTORICAL ENERGY CONSUMPTION

AT ALCAN SMELTERS

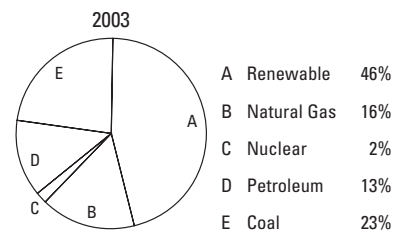
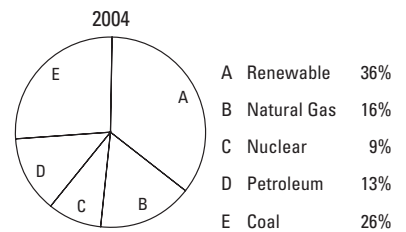
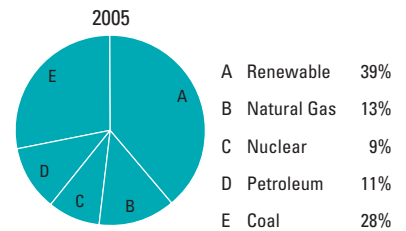
in kWh/kg aluminum



The specific energy consumption decrease is mainly related to asset mix changes as well as improvements at a number of existing sites.

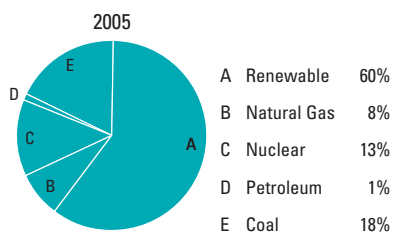
ALCAN'S TOTAL ENERGY MIX

all operations



ENERGY MIX

Alcan smelting operations only



Climate Change



Synopsis

Climate change is one of the great challenges of our era. The aluminum industry is challenged by the large amount of greenhouse gas (GHG) emissions associated with aluminum production. Alcan contributes to solutions through its leadership in the development and marketing of state-of-the-art smelting technology and its expertise in process and emission control. In addition, the Company is a leading advocate of the product life cycle approach, demonstrating and improving aluminum's contribution to the reduction of GHG emissions in various product applications such as transportation, and through recycling.

Alcan is tackling GHG emissions and the related issue of energy consumption as part of its global business management strategy, as well as responding to market opportunities based on the GHG benefits associated with a range of aluminum products. Alcan's success in continued GHG reductions will have significant positive impacts on Alcan's long-term business growth and the broad acceptability of its operations and products.

Business groups most affected

Bauxite and Alumina
Primary Metal
Engineered Products
Packaging

Stakeholders most affected/involved

All

PRIORITIES AND STRATEGY

Alcan has a long history of proactively addressing GHG emissions, particularly perfluorocarbons (PFCs) that are emitted during "anode effects" in the smelting process. R&D efforts in Alcan's various business groups are also addressing sources of GHG emissions, such as electricity generation, fossil fuel consumption, transportation and other process-related emissions. Throughout 2005, Alcan continued to focus on continually improving performance in this area.

In 2005, Alcan underlined the following priorities to effectively deal with the challenge of climate change:

- **Continued reduction in process-related GHG emissions.** The ongoing management of GHG emissions at Alcan is conducted under the TARGET program, a systematic approach based on continuous performance improvement. TARGET is a key component of the Company's overall environmental commitment as reflected in *EHS FIRST*. In the first five years of TARGET from 2001-2005, Alcan far surpassed the original objective of reducing GHG emissions by 800,000 tonnes of CO₂e with a performance that resulted in GHG reductions of 3.5 Mt. GHG reduction objectives for 2006-2010 are to further reduce direct emissions intensity by 10%.
- **Commitment to accountability and transparency.** All major installations are working to achieve the objective of external verification of GHG emission figures. Alcan actively participates in several worldwide GHG monitoring initiatives such as the Carbon

Disclosure Project and the World Economic Forum GHG register. In 2005, Alcan continued its participation in industry and multi-stakeholder initiatives geared at developing consistency and transparency in calculating and reporting GHGs throughout the global aluminum industry.

- **Exploration and promotion of pragmatic and cost-effective reduction opportunities.**

Alcan is contributing in this regard by optimizing real GHG reduction using existing technology and by stimulating the development of new emission abatement solutions, including the development of new technologies. This can be done by giving business the flexibility to adapt its GHG-reduction plans in time and in geographical implementation, and by using global GHG management and reduction market mechanisms, including emissions trading to achieve reductions as effectively as possible.

- **Promoting aluminum's contributions to reduce GHG emissions.**

As a leading aluminum producer, Alcan advocates life cycle thinking and its contributions to increasing energy efficiency. Alcan supports the development of solutions that decrease emissions and increase recycling levels, as well as continued industry leadership in developing and selling state-of-the-art technologies and expertise to the smelting industry.

- **Engagement in the development of a global policy framework.**

Strategies are based on taking leadership in effective dialogue with key stakeholders. This involves working closely with other companies, governments and third parties to formulate effective approaches to climate change. A major focus is to help achieve convergence in the evolution of global partnerships such as Kyoto, AP6 and the G8 under the umbrella

of the United Nations Framework Convention on Climate Change.

An example of Alcan's engagement in global policy discussions is an initiative in November 2005, where Alcan took the lead in formulating a collective Call to Action on climate change and energy in advance of the United Nations Climate Change Conference (UNCCC) in Montreal. The Call to Action urged a sustainable development strategy until 2050, with clear markers along the way. It strives for economic growth, promotes long-term value for carbon emission reductions and addresses the need for adaptation in the face of climate change. The Call to Action recognizes that all governments, corporations and citizens have a responsibility to actively reduce GHG emissions to minimize the global impacts of climate change.

These examples illustrate a key challenge to policy makers in the area of climate change to ensure that measures will result in local actions and real emission reduction, rather than merely transferring emissions to another part of the world.

An example of a local initiative is Alcan's purchase of renewable energy credits in 2005 through the Wind Power program run by the Pembina Institute for Appropriate Development. These credits ensure that the energy needed to run the more than 1,000 personal computers at its Maison Alcan headquarters comes from renewable wind power.

Tackling GHG emissions

CASE STUDY
PRIMARY METAL
GLOBAL

Alcan, and particularly its Primary Metal group, has taken a multi-pronged approach to managing GHG emissions. In addition to promoting the well-documented GHG-reducing benefits of using aluminum – including light-weighting automobiles and trucks, railcars, aircraft and other forms of transportation – Alcan is implementing process-related improvements, installing state-of-the-art equipment, developing innovative products and working with stakeholders such as industry groups, companies, governments and interested third parties such as non-governmental organizations (NGOs). The goal of these efforts is to find pragmatic and cost-effective solutions to reduce GHG emissions.

Alcan had launched voluntary initiatives to reduce GHG emissions before the initiation of its TARGET program and before climate change came to the forefront of the public agenda. Today, GHG management is fully integrated into AIMS.

One of the biggest industry-wide challenges is to reduce the frequency of anode effects – the cause of CF₄ emissions – a large contributor to the CO₂ equivalent emissions produced in the electrolytic smelting process.

A number of initiatives have been taking place at several Alcan smelters worldwide to address this challenge, with significant improvements having been made between 2004 and 2005. Through Continuous Improvement projects and modifications to pot controls and operational practices, anode effects have been reduced significantly at a number of smelters. This has resulted in significant reductions in perfluorocarbon (PFC) emissions at a number of sites. PFCs are a potent source of GHGs with a very high CO₂ equivalency (CO₂e).

The following are specific examples of annual PFC-related reductions in GHG emissions achieved between 2004 and 2005:

- **Alucam** (joint venture in Cameroon, Africa – Alcan equity ownership at 46.7%) 50% reduction, from 2.1 Mt/y to 1.05 Mt/y of CO₂e.
- **Lynemouth** in the United Kingdom: 60% reduction, from 113,500 t/y to 43,500 t/y of CO₂e.
- **Dunkerque** in France: 57% reduction, from 40,100 t/y of CO₂e in 2003 to 17,000 t/y in 2005.
- **Lannemezan** in France: 44% reduction, from 1.2 Mt/y to 0.67 Mt/y of CO₂e.
- **Tomago** (joint venture in Australia – Alcan equity ownership at 51.5%) 33% reduction, from 247,302 t/y to 165,201 t/y of CO₂e.
- **Alouette** (joint venture in Canada – Alcan equity ownership at 40%). In order to transport the increased production capacity of the Alouette smelter (expanded from 245 kt/y to more than 550 kt/y in 2005), Alouette worked with community partners in 2005 to launch *Autoroute Bleue* (“Blue Highway”). *Autoroute Bleue* uses a marine barge to transport new aluminum production to its final destination, thus avoiding the equivalent use of 18,000 truck trips on the already busy regional highway. In addition to avoiding increased truck traffic, this more sustainable solution supports the local economy by providing additional business to the deep-water port. In 2005, Alouette shipped close to 200,000 tonnes of aluminum via the barge *Alouette Spirit*. It is expected that 300,000 tonnes will be shipped on *Autoroute Bleue* in 2006, avoiding approximately 35,000 tonnes of CO₂ emissions that would have occurred through truck transport.



The *Alouette Spirit* transporting aluminum via the *Autoroute Bleue*.

Read full case study at www.alcan.com/SR06/Climate

Read more Climate Change-related case studies at www.alcan.com/SR06/CaseStudies



The Aluminum Solar Solution

Co-extruded Composite Rails

DATA

TONNES OF CO₂ EQUIVALENT

per thousand US\$ sales

	2003	2004	2005
Direct & process	1.09	0.95	1.01
Indirect	0.38	0.64	0.55
Transportation	0.10	0.07	0.07
Total	1.57	1.66	1.63

TOTAL SALES

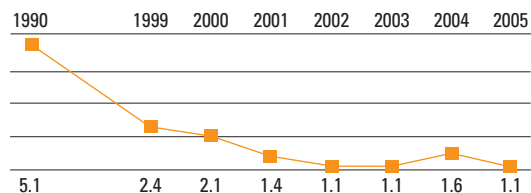
in millions of US\$

2003	2004	2005
13,850	24,948	23,320

Normalized against sales figures, there was a small reduction in Alcan's rate of emissions. As Alcan makes a wide range of products, it is difficult to normalize production at a corporate-wide level. Sales are the best denominator in this situation but are still subject to variability from one year to the next due to differences in type and quantity of products produced each year. The increase in total emissions per dollar sales between 2003 and 2004 was due to the change in the energy mix for indirect sources of energy. Former Pechiney sites use more carbon-based energy sources.

PFC EMISSIONS

in tonnes of CO₂ equivalent per tonne of hot metal produced



Alcan's Zero-Anode Effect Program has been enormously successful in reducing PFC emissions from its smelters. 2005 saw a 30% reduction in PFC emissions, resulting primarily from the optimization of processes at two recently acquired sites. The increase between 2003 and 2004 was largely related to the change in technology mix due to the acquisition of Pechiney.

GHG EMISSIONS FROM ALUMINA HYDRATE PRODUCTION

in tonnes of CO₂ equivalent per tonne of alumina hydrate



The emissions rate showed a slight increase related to changes in asset mix between 2004 and 2005.

ABSOLUTE GHG EMISSIONS

in millions of tonnes of CO₂ equivalent

	2003	2004	2005
Direct & process	15.1	23.7	20.5
Indirect	5.3	15.9	11.2
Transportation	1.4	1.6	1.4
Total	21.8	41.2	33.1

Direct emissions are from fuel consumption and operating processes. Indirect and transportation emissions include emissions estimates related to the production of purchased electricity and transportation of Alcan-owned raw materials and products. A significant proportion of the absolute reduction of GHG emissions from 2004 to 2005 was related to changes in asset mix, including the spin-off of Novelis, and the closure or divestiture of Primary Metal and Bauxite and Alumina sites.

GHG EMISSIONS FROM ALUMINUM PRODUCTION

in tonnes of CO₂ equivalent per tonne of hot metal produced

	2003	2004	2005
Direct & process	3.0	3.3	2.9
Indirect	1.6	2.9	2.7
Total	4.6	6.2	5.7

Reductions in the 2005 rate for primary metal production were largely linked to process control initiatives and reduction in fossil fuel consumption. The increase between 2003 and 2004 was due to an increase in PFC emissions from Pechiney's technology mix, as well as an increase in indirect emissions coming from Pechiney's more carbon-based energy sources.

The increase in absolute emissions in 2004 was due to acquisitions. In 2004, this was mostly due to the integration of Pechiney sites in the overall Alcan operations portfolio. Direct emissions increased by approximately 60%, whereas indirect emissions increased by approximately 300%. This is due to the fact that indirect emissions coming from energy sources of the acquired sites are more largely based on carbon.

86% of Alcan's GHG emissions are related to operations located in Annex B (developed) countries of the Kyoto protocol.

KEY SUSTAINABILITY-RELATED DIMENSIONS

Economic

- Direct costs involved in mitigating GHG emissions associated with operations; cost of carbon emissions is beginning to be included in the price of products from carbon-based energy sources.

Environmental

- Aluminum production processes result in significant GHG emissions.
- Use of non-renewable energy resources (fossil fuels) contributes to GHG emissions.

Social

- Broad societal expectations that companies will effectively manage GHG emissions.

OPPORTUNITIES AND CHALLENGES

Opportunities

- Product market growth from inherent GHG benefits of specific aluminum and composite applications, including energy generation, transportation, construction and product recyclability.
- Enhanced Company and product image due to Alcan's GHG reduction efforts and promotion of aluminum's unique properties.
- Alcan's development, use of, and commercial marketing of efficient smelter technologies.
- Through demonstrated business leadership and active engagement, participation in the elaboration of public policy frameworks in support of pragmatic and effective GHG solutions.

Challenges

- Increasing need to have capability and capacity within the Company to manage the risks and pursue opportunities associated with GHG emissions and address increased expectations for performance, management and reporting related to GHG emissions reduction.
- Societal acceptance of operations and products will be judged, in significant measure, by Alcan's and the industry's ability to reduce process and production-related GHG emissions and demonstrate the GHG benefits of specific product applications and recycling at end of product life.
- An evolving regulatory framework that includes many uncertainties that may impact business decisions.

Natural Resource Stewardship



Synopsis

With operations that are energy- and material-intensive, Alcan relies on water and land resources as key inputs into its operations. Conservation efforts are conducted both independently and with community stakeholders who share in the Company’s success at managing these resources effectively. There are competing uses for land and water, including ecological, agricultural, recreational, and social applications.

In all activities, biodiversity conservation is an essential component of Alcan’s overall approach to natural resource stewardship.

Business groups most affected

Bauxite and Alumina
Primary Metal

Stakeholders most affected/involved

Investors
Communities
Governments
NGOs

PRIORITIES AND STRATEGY

Effective natural resource stewardship is directly related to maintaining and enhancing Alcan’s support and acceptance in the communities where it operates. As a result, Alcan’s management of natural resources is a high priority, whether it is in the use of water for hydroelectric power or the mining of remote lands with unique ecosystems. In the area of watershed management, Alcan employs best practices that include process efficiencies and water conservation. Process improvements are aimed at reducing water consumption (non-hydroelectric usage), and reducing/improving waste water and water system remediation efforts.

In land management, efforts are directed at the responsible stewardship of land currently in use and at protecting and maintaining beneficial uses of land not currently required for operations. In the rehabilitation of exhausted mine sites, the goal is to progressively rehabilitate land to a state equal or better than its former condition – with native species protection as a key component.

Strategic priorities are three-fold. The first is to ensure long-term and cost-effective water supply and land access for both Alcan and the communities where it operates. Maintaining long-term community support demands ongoing stewardship and consideration of community needs. In some of Alcan’s operating areas, other commercial pursuits include agriculture, fishing, hunting, trapping, and eco-tourism. Through fisheries and wildlife preservation and water and land conservation, Alcan contributes to the stability of livelihoods of others who depend on these resources.

The second priority is to minimize any negative impacts associated with large-scale water and land use, including those related to current or future stakeholder access or needs. In support of this priority, Alcan’s company-wide *EHS FIRST* management system takes a systematic approach to managing resources, with a focus on resource efficiency, recycling and reuse. Biodiversity conservation is entrenched as a key element for both water and land use planning and management strategies.

The third company-wide priority is to engage stakeholders in local and global discussions related to land and water management. At the global level, this includes continued participation in international sustainability forums such as the World Business Council for Sustainable Development, the United Nations Environment Programme, and the World Economic Forum Water Initiative.

An example of a local initiative is the “Biodiversity Valley,” where Alcan works with a Quebec wildlife organization, *la Fondation de la faune du Québec*, to enhance biodiversity along the Saguenay shoreline. With Alcan’s continued collaboration and an investment of CAN\$200,000, the project is supporting biodiversity efforts while offering additional eco-tourism and recreational opportunities. Alcan’s support helped broaden the project in 2005 to include steps to gradually integrate the “valley” concept further along both shores of the Saguenay Fjord.

For key data with respect to Alcan’s water and land use, see page 22.

KEY SUSTAINABILITY-RELATED DIMENSIONS

Economic

- Reliance on land as a critical resource, particularly in bauxite mining.
- Reliance on water resources for electricity generation and a variety of industrial processes.

Environmental

- Consideration of biodiversity and natural habitats result from site preparation for mining, water diversion for hydroelectric generation, effluent disposal, shipping traffic, etc.
- Aspects related to recycling and reuse of water and rehabilitation of disturbed lands.

Social

- Water and land resources are viewed as a form of public trust and a fundamental component of Alcan’s ongoing support and acceptance in the communities where it operates. Therefore, there are multiple stakeholder interests in how natural resources are managed.
- Sharing of natural resources with community stakeholders as well as social impacts from industrial activity.

Land remediation gives new life to Burntisland

CASE STUDY
BAUXITE AND ALUMINA
UNITED KINGDOM

When Alcan announced the closure of the Burntisland alumina facility in the U.K. in 2002, it was a dramatic shift for local residents. The plant had been part of the community since 1917.

The Burntisland facility was built on a tidal estuary filled in by bauxite residue during its early years, while other parts of the plant were built on a local council landfill site. Studies showed that remediation of these areas would require extensive removal of soil and the construction of carefully engineered caps.

With transparency and extensive stakeholder engagement guiding the closure and remediation efforts, Alcan adopted a risk management approach to ensure best results.

The goal was to lay the groundwork for a new community future by managing transition of the land from an economically unviable alumina facility to a high quality residential housing development of 350 homes and apartments.

The first task was to consider the community impact of some 400 people losing their jobs. Alcan provided considerable help to the employees, including retraining to assist them in finding jobs in other industries. The Company created the £1-million Burntisland Development Trust, a program currently under way for sustainable economic

and environmental initiatives in affected communities, like Burntisland and Fife.

Some 120,000 tonnes of material were removed, much of which was reused as a stabilization layer for the bauxite residue landfill site. With part of the Burntisland site cleared, and a 25,000 m² engineered cap in place, housing construction is now well under way, and the filled-in estuary will become a children's play area as part of the residential development.

In addition to the value generated through land and asset sales, cost avoidance of more than \$1 million was achieved as a result of the Value Risk Management (VRM) methodology applied to the project. Most importantly, the remediation work was completed without any recordable health, safety or environmental incidents.

Today, Burntisland is exploiting its natural beauty and increasing its value as a quality residential area.

Read full case study at www.alcan.com/SR06/Natural



New residential development, including a children's playground, on the former Burntisland site.

Read more Natural Resource Stewardship-related case studies at www.alcan.com/SR06/CaseStudies



Enhancing Biodiversity and Recreation: *the Rivière du Moulin* Project

OPPORTUNITIES AND CHALLENGES

Opportunities

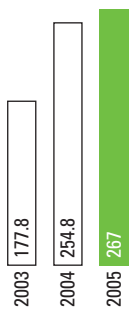
- Process improvements can reduce water consumption and/or eliminate water releases.
- Reduced water consumption and increased water recycling helps to reduce the impact on shared supplies, reducing Alcan's costs and enhancing availability of this resource for public and/or eco-system use.
- Using excess capacity in Alcan facilities to treat waste water generated by homeowners and others in surrounding communities.
- Effective water management that helps prevent flooding and drought and regulates water temperatures to aid fish migration and other temperature-dependent natural processes.
- Effective land rehabilitation that restores biodiversity and/or makes land available for new uses.

Challenges

- Optimizing water and land use and minimizing the operational footprint while maximizing access and value.
- Addressing stakeholder expectations with respect to conservation and rehabilitation efforts.
- Competing demands (both industrial and community) for water and land resources.

DATA

TOTAL WATER USE
in millions of m³



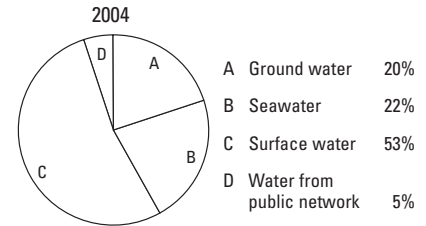
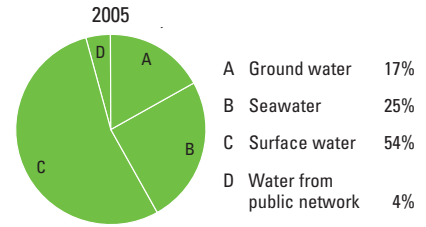
Based on improvements in the quality of internal data reporting for water use, the 2004 figure has been restated from earlier reporting. The 2004 increase in total water use was due to the Pechiney acquisition.

TOTAL WATER USE RATE
in millions of m³ per million of US\$ sales



There was no significant change in the water intake rate.

WATER CONSUMPTION BY SOURCE

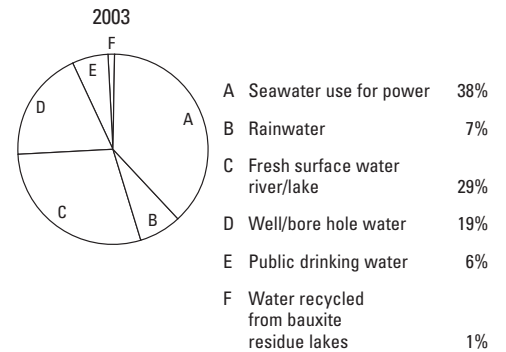


MINED AREA REHABILITATED
in hectares

	2004	2005
Total area mined for bauxite	226	136
Total area (mined for bauxite) rehabilitated	26	40

Total area mined in 2005 was less than in 2004 and more area was rehabilitated in 2005 compared to 2004.

MINED AREA REHABILITATED RATE
in hectares rehabilitated per hectares mined



There was no significant change in the sources of water used within Alcan's operations between 2004 and 2005.

Community Development



Synopsis

Strong communities contribute to Alcan's success by providing access to a stable, well-educated workforce and an appealing place for employees to live. Alcan, in turn, provides an economic base and employment opportunities that support strong communities.

The challenge for Alcan as a community partner is to effectively contribute to community development based on vastly differing community and stakeholder needs, while maintaining and enhancing the Company's global competitiveness. This involves identifying opportunities for partnerships aimed at enhancing long-term community development and addressing the challenges that many communities face, including their economic futures.

With an effective community development approach, Alcan will enhance its reputation as a welcome community partner, increase local employee pride and morale, and be well positioned with respect to future expansions or new projects with community stakeholders.

Business groups most affected

Bauxite and Alumina
Primary Metal
Engineered Products
Packaging

Stakeholders most affected/Involved

Employees
Communities
Governments
NGOs

PRIORITIES AND STRATEGY

Alcan's key goal in the area of community development is to be recognized as a welcome community partner wherever it operates. This means engaging local stakeholders regardless of community size or location, managing the use of local resources in a responsible manner, contributing to the community's development through local investments and special programs and supporting the active participation of employees in community life.

In its role as community partner, Alcan takes a responsible approach in helping to manage change in communities that have traditionally relied on the Company's presence as an engine of economic and social growth. This is accomplished by engaging affected stakeholders well in advance of plant closures or workforce reductions to minimize economic and social impacts and by continually exploring opportunities for regional economic diversification.

In British Columbia, Canada, Alcan announced a partnership with the KT Industrial Development Society and the Haisla Business Development Corporation to launch a Regional Industrial Development Centre for the Northwest region. To support the centre, Alcan's expertise in regional industrial diversification is complemented by support

from its suppliers and customers. Alcan's Regional Industrial Diversification Office, established in the Saguenay region of Quebec in 2004, continues to develop and identify opportunities in the downstream aluminum sector and related economic activities for all regions where Alcan's Primary Metal group operates.

In response to economic challenges, Alcan also announced the closure of several facilities in 2005. In many cases, these difficult decisions were made following lengthy exploration of alternative solutions in advance. Alcan has a long tradition of collaborating with its employees and their representatives, and is committed to carrying out closures and restructuring processes transparently. The objective is to find the best solutions for the affected employees and the community, including minimizing economic impacts.

The Company's priorities in community development also include recognizing extraordinary external contributions by organizations to global sustainability through the Alcan Prize for Sustainability, a \$1-million prize awarded annually to non-profit, non-governmental, or civil society organizations. Please go to alcanprizeforsustainability.com for details. In 2005, the second year for the award, the winner was Aga Khan Planning and Building Services, Pakistan (AKPBSP)

for its efforts to improve Pakistan's urban infrastructure, including water and sanitation facilities. AKPBSP has demonstrated a significant track record in Pakistan through its innovative work in improving living conditions and the environment for the most disadvantaged people in both urban and rural communities.

As part of the Sustainability Prize competition, the judges also awarded grants (\$15,000 each) to five of the finalists.

Through Imagine Canada, Alcan publicly commits at least one percent of its Canadian pre-tax profits in the form of donations and sponsorships to community projects and programs that integrate the economic, social and environmental dimensions of sustainability. In 2005, Alcan contributed approximately CAN\$12.7 million worldwide, including CAN\$8.6 million in Canada, as part of its Community Investment Program.

The aluminum “solar solution”

CASE STUDY
ENGINEERED PRODUCTS
GLOBAL

Parabolic solar cookers using Solar Surface™, a high quality surface aluminum sheet produced by Alcan Specialty Sheet, are helping to address a global issue related to the lack of clean drinking water and the devastation of forests and brush for firewood in many impoverished countries.

Using renewable energy from the sun to boil water, kill bacteria and cook food, solar cookers eliminate the need for firewood or fossil fuels for such activities. The “cookers” are now being introduced to developing countries by charitable organizations, with about 20,000 of them already in use. It is estimated, however, that up to 220 million solar cookers are needed to reduce reliance on traditional fuel sources and avoid continued deforestation. This number of solar cookers could save 700-800 Mt/y of GHG emissions.

The GHG reduction benefits of solar cookers have gained international recognition. Alcan purchased a German-based project, approved under the Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change, which will generate 3,500 certified emission reductions (CERs) per year that can be traded on the EU carbon market. One CER equals one tonne of GHG (carbon dioxide equivalent) reduction.

Following the Tsunami that devastated parts of Southeast Asia in 2004, potable water was a scarce commodity. Solar cookers represented an immediate solution for purifying water – after about 20 minutes, one solar cooker can produce purified water for up to 15 people per day. Alcan Specialty Sheet Singen donated 2.5 tonnes of its Solar Surface™ product destined for Sri Lanka, enough to produce 900 solar cookers. Two additional projects have just been launched in Indonesia and will donate 15,000 solar cookers to families in need.



Solar cooker SK14 from EG Solar made from parabolic-shaped aluminium mirror sheets in Zimbabwe

Alcan is well positioned for sales to the fast-growing solar technology market. The need for solar cookers is clear, supporting the Millennium Development Goals and the additional potential of serving as CDM projects which could translate into an increased market for Alcan’s reflector sheet, while addressing an urgent global need.

Read full case study at www.alcan.com/SR06/Community

Read more Community Development-related case studies at www.alcan.com/SR06/CaseStudies



Cross Cultural Awareness Course

Volunteerism Supports Neenah/Menasha Community Charities

Adopt a School

Enhancing Biodiversity and Recreation: the *Rivière du Moulin* Project

Pre-assembled Modules (PAM) – An Innovative Solution

Managing Change through Regional Industrial Diversification

EHS Actions Improve Community Life in China

KEY SUSTAINABILITY-RELATED DIMENSIONS

Economic

- Alcan makes a significant economic contribution to the communities in which it operates through employment, procurement, taxes and infrastructure.
- Many communities are challenged economically due to a variety of factors, including global economic shifts.

Environmental

- Many communities face environmental challenges, and Alcan can play a role in helping communities address those challenges.

Social

- Many communities face a variety of social challenges, and Alcan’s community investments and support are viewed as contributing to solutions.

OPPORTUNITIES AND CHALLENGES

Opportunities

- Community development fosters partnerships and collaboration between Alcan and a range of community stakeholders.
- Investing in local initiatives supports community aspirations and needs.
- Partnering with communities opens up volunteer opportunities for Alcan employees, including sharing their knowledge and expertise.

Challenges

- Community development has many dimensions and varies widely depending on location and local circumstances.
- As a major employer in many communities, there are strong expectations for Alcan to maintain and enhance employment opportunities.
- Alcan must manage plant closings responsibly and is frequently expected to assist communities to develop their regional economic diversification.
- Both technological and economic shifts create needs for adaptation and change, particularly regarding future employment opportunities.
- Investments in new technologies, while increasing Alcan’s long-term economic and environmental performance, may also lead to reduced workforce requirements in some regions.

Well-Being



Synopsis

Well-Being at Alcan goes beyond the traditional focus on the occupational health and safety of employees to include broader related employee health concerns and the well-being of contractors, suppliers, customers and the local community.

A healthy and safe employee population is key to long-term growth, as is the health and safety of the surrounding community. Due to the nature of many of Alcan's manufacturing operations and processes, and the use of toxic or potentially dangerous materials, well-being is a critical focus area for management, and one where leadership and action support a successful business and contribute to the well-being of surrounding communities.

Business groups most affected

Bauxite and Alumina
Primary Metal
Engineered Products
Packaging

Stakeholders most affected/involved

Employees
Contractors
Suppliers
Customers
Communities

PRIORITIES AND STRATEGY

At the centre of the Company's commitment to well-being is its *EHS FIRST* management approach, which instills an environmental, health and safety mindset in employees on and off the job.

The successful implementation and continued evolution of *EHS FIRST* is assured by the high level of management support and role modelling visible throughout the organization. The underlying goal is to be proactive at identifying hazards, evaluating risks and implementing corrective measures aimed at preventing accidents, injuries, occupational diseases and other harmful effects on health (known as HIRAC – the hazard identification, risk assessment and control process). This includes long-term health monitoring, such as screening older employees for exposures that may have occurred in the past, possibly before modern protective measures were introduced. This broad approach to employee health and safety also includes aspects outside the plant boundaries such as substance abuse, mental health, and societal health and safety challenges.

One immediate impact and benefit of *EHS FIRST* implementation was the sharing of best practices across business groups. In 2005, global initiatives were put in place to help address critical company-wide risks, including a comprehensive system to identify the

root causes of serious incidents and reduce their frequency and severity.

Mobile equipment poses a high level of on-the-job risk, particularly with regard to operator use and bystander/pedestrian safety. By leveraging best practices identified through a company-wide Continuous Improvement pedestrian safety initiative, the entire workforce was re-sensitized to the hazards associated with human-machine interfaces.

In 2005, the Company responded quickly to the potential impact of Avian Flu on its workforce and operations. An Avian Flu Committee, comprising *EHS FIRST* medical staff, corporate security and corporate communications personnel, was created to develop a cross-company strategy, monitor developments and provide employees with timely updates. An Avian Influenza Crisis Management Plan was produced containing various levels of alerts and corresponding action plans. The *EHS FIRST* team also developed and implemented an Avian Influenza Medical Preparedness Plan.

As part of the global *EHS FIRST* mandate, all Alcan sites are required to be certified to the ISO 14001 environmental standard and the OHSAS 18001 occupational and health and safety standard. New sites acquired must reach these standards within two years. The data on page 27 indicates that Alcan fully

achieved its certification objectives, as well as its safety objectives by reducing workplace incidents and the lost time that often results from such incidents.

Alcan takes a strong interest in improving the well-being of the residents of communities in which it operates by engaging with stakeholders to raise awareness, share best practices, and form partnerships that promote community health and safety.

Alcan will be supporting the Government of Ghana's efforts to achieve the Millennium Development Goals (MDGs) through a three-year \$300,000 collaboration, aligned with the Company's UN Global Compact commitment. The project is designed to support the development plans of the Bibiani Anhwiaso Bekwai District, where Alcan operates a bauxite mine through a majority-owned joint-venture.

Alcan's collaboration with numerous international development agencies will support the Ghanaian government in providing sustainable access to safe drinking water and basic sanitation (MDG principle #7); addressing universal primary education (MDG principle #2); reducing child mortality (MDG principle #4); improving maternal health (MDG principle #5); and combating HIV/AIDS, malaria and other diseases (MDG principle #6) — an area where Alcan is already active in Ghana and demonstrating leadership in Cameroon.

Fighting HIV/AIDS in Africa

CASE STUDY
 PRIMARY METAL (CAMEROON)
 BAUXITE AND ALUMINA (GHANA)
 AFRICA

HIV/AIDS is a global problem and is of particular concern in many developing countries. In some regions, information, medical assistance and health care delivery are often limited or not available at all. In Cameroon (Africa), where Alcan has a 47% ownership interest in Alucam, the first cases of HIV/AIDS were reported in 1986.

By the early 1990s, Cameroon’s growing HIV/AIDS epidemic was identified as a major challenge for Alucam. Aside from the human toll, impacts seen by the business included high employee absenteeism, reduced productivity and some employee deaths. Internal studies predicted that, without treatment, some 45% of Alucam’s highly qualified employees would be lost to HIV/AIDS within a decade, which beyond being a human tragedy, would also represent a business risk of possible bankruptcy for Alucam.

In 1995, Alucam began an integrated HIV/AIDS prevention and treatment program for employees and their dependants – a group of over 3,000 Cameroonians. This comprehensive program focuses on information and awareness, prevention, voluntary and anonymous testing, and treatment therapy. Alucam covers all costs for anti-retroviral (ARV) tritherapy for employees and eligible dependents.

Although HIV/AIDS infection remains a very significant issue for Cameroon (12% of the population tested HIV positive in 2003), the HIV infection rate among Alucam employees has dropped to 3.5% from a high of 14.9% in

the 1990s. Furthermore, early detection has improved in line with the number of employees seeking voluntary testing and counselling, providing a far better chance of effective treatment. However, given the high rates among segments of the local population, Alucam’s awareness and prevention activities continue.

The Alucam example has been presented as a United Nations Global Compact model for fighting this devastating disease in an industrial setting. The success of the Alucam program is now being replicated at other Alcan sites, and by other companies in Africa. In Ghana, Alcan is implementing a similar program at its 80% held subsidiary, Ghana Bauxite Company. A working committee recently finalized an HIV/AIDS policy for the site.

Read full case study at www.alcan.com/SR06/Wellbeing



The Alucam medical team.

Read more Well-Being-related case studies at www.alcan.com/SR06/CaseStudies



EHS Actions Improve Community Life in China	Raising the Bar on EHS in China	Well-Being of Children in Ecuador	Cylinder Cleaning Improvement Project	Pre-assembled Modules (PAM) – An Innovative Solution	The Aluminum Solar Solution	Guardlid® Blister Lidding Responds to Societal Needs	Volunteerism Supports Neenah/Menasha Community Charities
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KEY SUSTAINABILITY-RELATED DIMENSIONS

Economic

- Company competitiveness based on a healthy and safe workforce.
- Economic benefits associated with healthy and safe communities.

Environmental

- The interface between human health and safety, the environment and Alcan operations (see report section on environmental releases).

Social

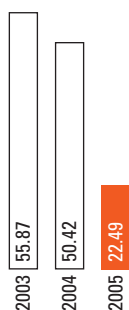
- Employee occupational health and safety and also general health issues related to work-life effectiveness, mental health, substance abuse and employee fitness.
- Prevention of health and safety impacts on communities and the public associated with Alcan operations or products.
- Health and safety issues in surrounding communities not associated with Alcan activities.

OHSAS 18001 CERTIFICATION
sites registered in %



In 2003, Alcan launched an initiative requiring all operational sites to become ISO 14001 and OHSAS 18001 certified. Newly acquired sites are required to fulfill certification within two years. By the end of 2005, Alcan had met its objective of 100% certification for all sites acquired prior to 2003.

DAYS LOST RATE*
per 200,000 hours worked



The reduction in the days lost rate is a result of both the reduction in total number of incidents, as well as a focus on reducing the severity of these incidents.

* Performance

RECORDABLE CASE RATE
per 200,000 hours worked

	2003	2004	2005
Target	3.27	2.58	1.89
Performance	2.83	1.79	1.5

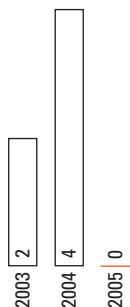
Alcan reduced its recordable case rate by 16% in 2005, compared to 2004 with more than 67% of Alcan sites exceeding the corporate-wide objective. For 2006, an even more challenging objective of 1.20 has been set.

LOST TIME INJURY/ILLNESS RATE
per 200,000 hours worked

	2003	2004	2005
Target	1.03	0.75	0.47
Performance	0.88	0.68	0.54

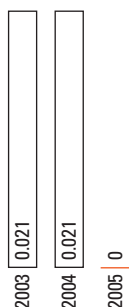
In 2005, there was a 20% reduction in the number of lost time injuries and illnesses compared to 2004, with more than 50% of Alcan sites having no events at all. Since 2001, Alcan has reduced the incidence of these events by over 70%.

NUMBER OF FATALITIES



Alcan recognized the benefit of safety programs with a year without fatalities of Alcan or long-term contractor employees. However, the risk has not been eliminated, as there were three project contractor fatalities on Alcan sites in 2005. Elimination of the risks related to these events was immediately addressed to ensure that they do not reoccur.

NUMBER OF FATALITIES RATE
per million hours worked



OPPORTUNITIES AND CHALLENGES

Opportunities

- Collaboration and partnerships with authorities, external expertise and communities.
- Increased productivity due to more streamlined processes resulting from the reduction or removal of hazards and risks.
- Sales of existing products that contribute to public safety and the development of new products.

Challenges

- Manufacturing operations that represent a variety of potentially high-risk exposures.
- Complex operating environment with differing local conditions, health and safety regulations and stakeholder interests.
- Expectations of a strong Company role to address community health and safety issues, particularly where these are not being fully met by public resources.

Environmental Releases



Synopsis

Environmental releases represent a significant challenge at Alcan, especially with respect to the wide variety of air, land and water impacts from its diverse industrial activities.

Through rigorous application of its *EHS FIRST* management system, Alcan actively addresses these challenges by requiring all sites to have a program in place for the management of environmental releases. The overarching goal is to protect and promote the environment, the health and safety of all employees and the communities where we operate. Alcan is committed to continually improving its awareness, understanding and performance in this area.

Business groups most affected

Bauxite and Alumina
Primary Metal
Engineered Products
Packaging

Stakeholders most affected/involved

Employees
Communities and community groups
Governments
NGOs

PRIORITIES AND STRATEGY

Alcan’s environmental releases include a number of hazardous and non-hazardous wastes, effluents, as well as air releases that include particulate matter, fluorides, polycyclic aromatic hydrocarbons (PAHs), sulphur dioxide (SO₂), volatile organic compounds (VOCs) and greenhouse gases (GHGs). Managing these releases begins with *EHS FIRST*, the Company’s global and comprehensive environment, health and safety management system.

Under *EHS FIRST*, all sites must conform to and be certified under the ISO 14001 international environmental standard. The aim is to meet a wide range of regulatory requirements and standards worldwide, while fostering the ability to exceed such requirements where possible. All new acquisitions and projects are required to meet Alcan’s standards for environmental excellence within two years.

Demonstrating responsibility, leadership, innovation and action, Alcan’s guiding principle is to minimize any adverse environmental release impact from operations and business practices, all the while taking into consideration social and economic aspects. The efficient use of natural resources and energy is supported by a management system that continually improves EHS performance. Using best environmental practices and reducing releases and waste at source are key steps to instilling an environmental excellence commitment in every Alcan employee.

Executive level support at the corporate level and in the four business groups helps to ensure success, as does the Company’s commitment to investing in cost-efficient technologies to control or eliminate environmental releases.

Alcan’s operations work to address environmental concerns related to their environmental releases, and engage openly and transparently with stakeholders on broader environmental issues in the communities where we operate. This is accomplished through partnerships by raising awareness, sharing best practices, and developing and supporting programs to promote a healthy environment.

The benefits of Alcan’s leadership in environmental management include reduced exposure, reduced material and waste management costs, reduced site remediation costs, and opportunities for the development, use and marketing of proprietary technologies and know-how. The enhanced relationships that Alcan develops with government authorities and communities support a strong corporate responsibility and public acceptance of the Company’s operations over the short and long term – a major factor in maintaining Alcan’s support and acceptance in the communities where it operates.

Recycling aluminum from packaging waste

CASE STUDY
ENGINEERED PRODUCTS/
PACKAGING
FRANCE

In 2005, 52,000 tonnes of aluminum were included in packaging for domestic French consumer products. If recycled, this would represent a very valuable source of aluminum.

Since 1991, the Company has supported various initiatives in France and across Europe to boost the recovery of aluminum from domestic waste. These include offering technical assistance at domestic waste sorting centres, as well as incineration and processing facilities. This assistance is a result of the combined effort of the Alcan Voreppe Research Centre, Affimet (Primary Metal group, Compiègne plant), Alcan Specialty Sheet (Engineered Products group, Neuf-Brisach plant) and France Aluminium Recyclage, a professional organization committed to promoting aluminum recycling in France.

The combustion of recovered aluminum thin-foil residues from packaging waste contribute to energy savings in the incineration process, as well as through co-generation. Furthermore, incineration in France produces 3.5 million tonnes of bottom ash that contains approximately 1% non-ferrous metals. About 50% of the non-ferrous material is dispersed as centimetre-size aluminum particles.

A proprietary Alcan sorting process separates aluminum particles from the bottom ash using electromagnetic force. Ongoing research at Voreppe has improved the process yield and quality of the recovered aluminum.

In 2005, 14,500 tonnes of non-ferrous metal from this process were recovered across France – a 6% increase since 2002. Domestic packaging waste sorting in selective collection facilities also produced 3,700 tonnes of recovered aluminum for recycling in 2005 – a 55% increase since 2001.

The business value for Alcan is directly linked to the amount of recycled aluminum that is retrieved for use in either rolled products or cast alloys for automotive markets. In the former case, this effort reinforces the Engineered Products' group strategy to recover aluminum used in packaging applications (especially from beverage and food cans).



Through technological expertise and innovation, Alcan is committed to further improving recycling efficiency at Alcan facilities and processing centres of used aluminum.

Read full case study at www.alcan.com/SR06/Environmental

Read more Environmental Releases-related case studies at www.alcan.com/SR06/CaseStudies



Recovery of Alumina-rich Scrap Managing Spent Potlining at Tomago Waste Management Program at Montreuil-Juigné Race Against Waste in Ireland Cylinder Cleaning Improvement Project

KEY SUSTAINABILITY-RELATED DIMENSIONS

Economic

- Expenditures on wasted resources and environmental management system.
- Potential environmental liabilities and costs associated with treatment and remediation efforts.

Environmental

- Impact of environmental releases on environmental resources, including air, water and land.

Social

- Aspects of environmental releases related to human health and safety.
- Community access to the natural environment.

OPPORTUNITIES AND CHALLENGES

Opportunities

- Increased efficiency in operations and in use of inputs.
- Reduced risks.
- Development of proprietary technology and processes that improve Alcan's environmental performance and provide commercial opportunities.
- Partnerships with authorities, communities, and other organizations to promote healthy community environments.

Challenges

- A trend towards more stringent environmental regulations and greater public concern about potential or perceived impacts of industrial operations.
- Minimize environmental releases, material losses and operational costs while conforming to or exceeding all applicable regulatory standards.

DATA

PRIMARY METAL FLUORIDE EMISSIONS
in tonnes



Based on current holdings, Alcan succeeded in reducing emissions by 13%. The reductions shown here are for real holdings, and also include reductions due to a change in asset mix, reflecting the closure and divestiture of some Primary Metal sites.

The increase in total fluoride emissions in 2004 was due to the increase in the number of operations from the Pechiney acquisition.

PRIMARY METAL FLUORIDE EMISSIONS RATE
in kilograms per tonne of hot metal produced



PRIMARY METAL PAH EMISSIONS
(Söderberg smelters only) in tonnes



While much of the reduction in total PAH emissions is related to the divestiture of some Primary Metal sites, the closure of Söderberg production at the Arvida smelter also contributed to the reductions in 2005.

PRIMARY METAL PAH EMISSIONS RATE
(Söderberg smelters only) in kilograms per tonne of hot metal produced



In 2005, Alcan continued to make progress in the reduction of PAH emissions. A significant proportion of the decrease in this rate, however, is also related to the closure of Söderberg production at the Arvida smelter.

PACKAGING VOC EMISSIONS
in thousands of tonnes



Volatile Organic Compounds (VOC) emissions decreased by 1% in 2005. The 2004 increase in absolute VOC emissions was attributable to the increase in the number of operations from the Pechiney acquisition.

PACKAGING VOC EMISSIONS RATE
in tonnes per million US\$ packaging sales



The decrease in the 2004 emissions rate was due to a number of factors including installation of new equipment at several sites as well as relatively lower rates from the acquired Pechiney sites. The significant increase in overall packaging sales as a result of the Pechiney acquisition also contributed to this decrease.

PRIMARY METAL PARTICULATE MATTER EMISSIONS – SMELTERS ONLY
in thousands of tonnes



The reduction in 2005 emissions was due to a change in asset mix, related to the divestiture of some Primary Metal sites. The 2004 increase was attributable to the Pechiney acquisition.

PRIMARY METAL PARTICULATE MATTER EMISSIONS RATE – SMELTERS ONLY
in kilograms per tonne of hot metal produced



The significant decrease in the 2005 rate is due mainly to the closure of Söderberg production at the Arvida smelter.

SO₂ EMISSIONS
in thousands of tonnes

	2003	2004	2005
Bauxite and Alumina	32.7	36.5	33.1
Primary Metal	69.2	86.2	79.9
Other	0.5	0.5	0.4
Total	102.4	123.2	113.4

The reduction in emissions of SO₂ is primarily related to a change in asset mix, including the spin-off of Novelis, and the closure or divestiture of Primary Metal and Bauxite and Alumina sites.

SO₂ EMISSIONS RATE
in kilograms of SO₂ per tonne produced

	2003	2004	2005
Alumina hydrate	7.5	6.4	6.7
Primary Metal	29.3	24.5	23.5

For alumina hydrate, the emissions rate showed a slight increase related to changes in asset mix between 2004 and 2005.

ISO 14001 CERTIFICATION
sites registered in %



In 2003, Alcan launched an initiative requiring all operational sites to become ISO 14001 and OHSAS 18001 certified. By the end of 2005, Alcan had met its objective of 100% certification for all sites acquired prior to 2003. Newly acquired sites are required to fulfill certification within two years.

TOTAL HAZARDOUS WASTE

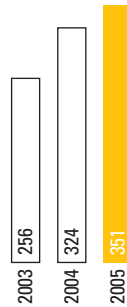
in thousands of tonnes

	2003	2004	2005
Recycled	66	58	47
Landfilled	24	37	36
Incinerated	17	74	12
Total	107	169	95

Alcan's hazardous waste figures have been restated from previously published values, to correct an accounting anomaly. Based on current holdings, from 2004 to 2005, Alcan achieved a reduction in hazardous waste generation of 14%. For real holdings shown here, the reduction also relates to changes in asset mix, including the Novelis spin-off, and the closure or divestiture of Primary Metal and Bauxite and Alumina sites. The increase in 2004 compared to 2003 was attributable to the Pechiney acquisition.

ENVIRONMENTAL EVENTS

total number of minor events



ENVIRONMENTAL EVENTS

total number of major events



There have been no major environmental events in the past 10 years (1995-2005). Minor incidents result in minor or no harm to wildlife, or insignificant damage to habitat. The impacts, if any, are temporary in nature, with total restoration occurring in a short period of time. The 2004 and 2005 increase in total environmental events is attributed to the increase in the number of operations from the Pechiney acquisition, as well as better reporting practices.

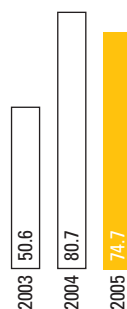
TOTAL HAZARDOUS WASTE RATE

in tonnes of hazardous waste per million US\$ sales

	2003	2004	2005
Recycled	4.73	2.33	2.30
Landfilled	1.77	1.48	1.79
Incinerated	1.20	2.97	0.59
Total	7.71	6.77	4.68

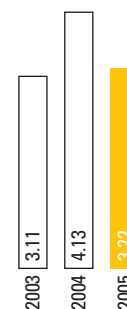
GENERATED SPENT POTLINING

in thousands of tonnes



BAUXITE RESIDUE

in millions of tonnes



Spent potlining (SPL) generation is a function of a site's potlining life cycle. The 2005 increase is largely due to a planned "accelerated" pot replacement program at Alma that avoids the replacement of all pots in the same period. The 2004 increase was largely due to the increase in the number of operations from the Pechiney acquisition and an unusually large production of spent potlining (16,000 tonnes) in Vlissingen following a major retrofit.

The 2005 reduction in residue generation is related to the divestiture of Bauxite and Alumina sites. Based on current holdings, Alcan's residue generation grew marginally, increasing by 3%.

The increase in bauxite residue in 2004 was mainly due to the increase in the number of operations from the Pechiney acquisition.

Excludes bauxite residue from joint ventures outside of Alcan's internal reporting system.

TOTAL NON-HAZARDOUS WASTE

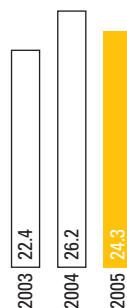
in thousands of tonnes

	2003	2004	2005
Recycled	350	399	355
Landfilled	546	413	390
Incinerated	40	119	46
Total	936	931	791

Reductions in non-hazardous waste based on real holdings is due to changes in asset mix, including the spin-off of Novelis, and the closure or divestiture of Primary Metal and Bauxite and Alumina sites. Based on current holdings, there has been a small decrease of 1.1%.

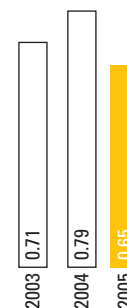
GENERATED SPENT POTLINING RATE

in kilograms per tonne of hot metal produced



BAUXITE RESIDUE RATE

in tonnes of bauxite residue per tonne of alumina hydrate produced



TOTAL NON-HAZARDOUS WASTE RATE

in tonnes of non-hazardous waste per million US\$ sales

	2003	2004	2005
Recycled	25.26	15.98	17.47
Landfilled	39.45	16.57	19.20
Incinerated	2.85	4.77	2.28
Total	67.56	37.32	38.95

Innovation and Industry Shifts



Synopsis

Responding to evolving and shifting global business environments in an effective and timely manner is an integral part of Alcan’s business strategy. It is key to maintaining the Company’s global competitiveness. This area of focus is complex, ranging from making investment choices that maximize value to driving innovation and technological developments that best meet evolving Company, customer and societal needs. While responding to shifts in global markets presents many challenges, such as the need to restructure some operations and adjust related workforce levels, it also opens up new market opportunities to position Alcan for long-term growth.

Business groups most affected

- Bauxite and Alumina
- Primary Metal
- Engineered Products
- Packaging

Stakeholders most affected/involved

- Employees/Unions
- Investors
- Suppliers
- Customers
- Communities
- Local and regional governments

PRIORITIES AND STRATEGY

From fluctuating energy costs to evolving consumer needs and desires in established and emerging markets, shifting industry and consumer trends can have a profound impact on a company’s long-term success. This is especially the case if the industry shifts are not monitored and managed strategically.

With all four of Alcan’s business groups operating in constantly evolving commercial markets, the Company has taken a proactive approach to maximizing value for its stakeholders, including the communities in which it operates. Whether it is product innovation that responds to societal needs or working with communities to ensure positive economic futures, Alcan is taking a leadership approach to find sustainable solutions.

Research and Development

Alcan is focused on maintaining its technological edge through research and development with respect to manufacturing processes and equipment. This will result in incremental changes as well as breakthrough technologies that will create powerful competitive advantages in the longer term. Capitalizing on internal R&D strengths and forming strategic R&D partnerships with external experts are key parts of the Company’s strategy.

As should be the case, Alcan’s R&D activities continue to be closely aligned with the needs of its core businesses. The Company is focused on improving process technologies and developing new product applications for a diverse range of markets and customers. R&D spending at central research laboratories, technology centres and technical departments was \$227 million in 2005.

This strong R&D commitment supports Alcan’s close connections with customers in order to develop innovative product solutions and to capitalize on market opportunities in response to evolving societal needs and concerns.

Investing in new technologies

Making successful long-term investment decisions within the context of innovation and industry shifts is critical to Alcan’s long-term competitiveness. For example, development of and investments in prebake smelter technology in the Primary Metal group have resulted in more efficient operations. Alcan’s success in this area, as discussed in previous reports, has contributed greatly to reducing operational costs and increasing productivity, while addressing energy challenges and helping to reduce GHG emissions. It has also resulted in a reduction in workforce requirements. This presents an obvious challenge for Alcan and the communities in which these jobs in primary aluminum smelting represent a sizable portion of the overall number of jobs in the community.

Throughout 2005, Alcan continued its efforts to promote regional industrial diversification in a number of communities in which it operates. Strategic R&D partnerships are also important in the context of community economic development. As discussed in more detail in the online version of this report, Alcan is leveraging its own R&D capabilities and regional expertise to create synergies and opportunities that help to provide a basis for regional economic diversification and growth.

New opportunities in emerging markets

The world's population is large and growing. Much of the population in the most rapidly growing regions lacks access to technologies that could improve its standards of living. The unmet human

needs at the "base" of the population pyramid represent a significant market potential for companies that can develop appropriate and innovative solutions. Alcan's business groups are beginning to serve these mar-

kets, such as the development of advanced materials used in solar cookers for regions with limited firewood supplies. See "The aluminum solar solution" on page 24.

Guardlid® blister lidding responds to societal needs

Two child fatalities occurred in Great Britain in the early 2000s due to the children accidentally taking an excessive dose of iron and Paracetamol. The U.K. drug regulatory body developed new regulations for tablet packaging in the hope of preventing a repeat tragedy. In response, Alcan Packaging Singen set the wheels in motion to develop a new range of blister pack lidding foils that would ensure consumer safety, while being easy to use.

The challenge was to develop lidding foils that would meet new U.K. regulations for child safety, as well as European regulations that were being simultaneously developed. In addition, the packaging had to be economical and easy to open by senior citizens. The global societal shift to an older generation with growing needs for multiple medications is rapidly increasing the need for packaging producers to consider compliance issues (ensuring patients take the right medicines correctly) together with child safety.

As the global leader in pharmaceutical flexible packaging, Alcan spearheaded the industry response by investing some €65,000 in research and development to drive solutions forward.

The Guardlid® child-resistant blister lidding solutions offer different options (push-through, peel-push, peelable) that allow Alcan to meet potentially different national requirements, applications and price levels. This approach ensures that child-resistance regulations and standards can be met in markets around the world. The packaging solutions were tested and approved in Germany in accordance with key industry standards (UK BS8404 and EN 14375).

In 2004/2005, the first full year of marketing Guardlid®, projected sales in the U.K., Germany, Italy and India more than doubled. This volume is equivalent to approximately 67 million 10-tablet blister packs – clearly a winning solution.

Read full case study at www.alcan.com/SR06/Innovation

CASE STUDY
ALCAN PACKAGING SINGEN
AND CRAMLINGTON
EUROPE



Guardlid®, Alcan Packaging's aluminum-based child-resistant lidding material for pharmaceutical packaging.

Read more Innovation and Industry Shifts-related case studies at www.alcan.com/SR06/CaseStudies



Pre-assembled Modules (PAM) – An Innovative Solution

Managing Change through Regional Industrial Diversification

New Alloys Meet Energy Reduction Needs of Aeronautics/Aerospace Industry

Co-extruded Composite Rails

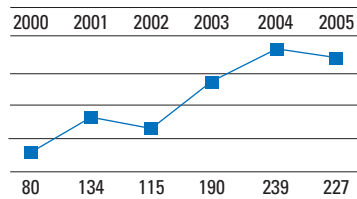
Enhancing Aluminum Recycling

Collaboration Drives Aerospace Innovations

Alufix® – A Success Story

DATA

RESEARCH AND DEVELOPMENT EXPENSES
in millions of US\$



The decrease in 2005 mainly reflects the impact of the Novelis spin-off. The 2004 increase was due to the addition of Pechiney.

KEY SUSTAINABILITY-RELATED DIMENSIONS

Economic

- Changing market conditions and customer needs in highly competitive global markets.
- Changing global investment environment for both brownfield and greenfield projects.
- Shifting operational costs as a factor in overall competitiveness and impact of technologies and their ongoing development.

Environmental

- Differing environmental impacts depending on technologies in use.
- Increasing global pressures with respect to the use of natural resources.

Social

- Differing social impacts depending on technologies in use. In the long run, technological innovation generally leads to more labour-efficient technologies, with associated employment impacts.
- Evolving societal and individual needs.
- Distribution of social costs and benefits arising from innovation and globalization.
- Community expectations of long-term employment opportunities associated with Alcan's presence.

OPPORTUNITIES AND CHALLENGES

Opportunities

- Technological development and commercialization of technologies and related services.
- Internal process improvements and greater efficiencies in material use and product output.
- Responding to emerging human needs and driving market development in a competitive, balanced and responsive fashion through R&D, innovation and new products.
- Promoting and capitalizing on the life cycle benefits of Alcan's products, including cooperating with customers and other stakeholders, and contributing to broader societal goals (e.g., environment, safety).

Challenges

- Constantly evolving commercial markets and the need to respond effectively and in a timely manner to a range of industry shifts.
- Volatile markets for raw materials and energy (see Energy section, page 14).
- Making long-term investment decisions within a constantly evolving environment.
- Stimulating economic diversification in host communities to offset the impact of a declining number of jobs in primary manufacturing due to new technologies.

Product Stewardship



Synopsis

Sustainability involves a variety of product aspects which have to be balanced. A broad range of dimensions must be taken into account over the entire product life cycle, such as social impacts, resource availability, climate change and consumer behaviour, among others.

Product stewardship is a product-centric approach that takes this broad range of aspects into consideration. Embedding this approach within Alcan's businesses is an increasingly important means of assessing and responding to a variety of issues regarding risks, opportunities and value creation in order to find the best overall product solutions.

Business groups most affected

Engineered Products
Packaging

Stakeholders most affected/involved

All

PRIORITIES AND STRATEGY

Concentrating on increasing the overall range of benefits from Alcan products creates a competitive advantage. By implementing the concepts of product stewardship, Alcan can assess and respond to a variety of issues regarding risks, impacts, opportunities and value creation in order to find the best overall product solutions. The analytical process involves internal decision-makers and Alcan experts from R&D, production, procurement, marketing, sales, human resources, EHS, government relations, finance and management. It also involves external stakeholders such as suppliers, retailers, customers, consumers, regulators and the general public.

In 2005, the Engineered Products and Packaging business groups continued their efforts to more fully integrate product stewardship into their business processes. This requires knowledge about product life cycle assessment and relevant sustainability aspects, both for the management team and the non-specialists within various functions. In Engineered Products, training sessions for non-specialists began in 2005. Targeted training modules are being developed to help strengthen the internal understanding of product stewardship concepts, issues and applications.

As already discussed in last year's sustainability report, the Future Options program for product innovation is an

important part of Engineered Product's strategy to systematically integrate product stewardship. The goal of Future Options is to collect and assess ideas for new technologies that will enhance Alcan's product and process portfolio. Part of the program is to consider the full environmental, social and economic life cycle impacts and benefits of product innovations.

In Engineered Products and Packaging, the focus is now on a wider implementation of these concepts within the individual business units and sectors of these groups. A systematic integration is under way to advance from specific product-centred projects to a common approach that covers the most relevant product groups and markets. This has been facilitated by the development of a database for many processes and major supplies, which will be continuously expanded in order to cover more of the groups' product portfolios. As a result, synergies will be exploited between the respective businesses.

Product Stewardship Considerations

In Alcan's approach to product stewardship, some key considerations and objectives are to:

- Examine the life cycle impacts and benefits early on, while a product is still being defined, designed and developed, rather than later during the manufacturing or recycling processes, when opportunities to influence are more limited and possibly more costly.
- Reduce resource consumption in production processes and encourage the recycling

of products at the end of their useful lives. This includes cooperating with customers and external organizations involved in aluminum and other material recovery, refining and recycling, and designing products in ways that make them easier to recycle.

- Create and capitalize on closed-loop material flow systems in cases where this is a beneficial option.
- Evaluate procurement options to ensure that risks and impacts in the supply chain are minimized.
- Communicate the value of life cycle thinking and engage in the development of standard practices and methodologies on a regional and global basis.

Alcan is an active participant in this effort with groups such as the International Organization for Standardization (ISO), the European Aluminium Association, the International Aluminium Institute, the United Nations Environment Programme (UNEP), and the Society of Environmental Toxicology and Chemistry (SETAC).

Life cycle thinking helps Alcan to focus on actions that provide increased overall benefits from its products, for its long-term profitability, the natural environment, and society in general. The continued integration of product stewardship also helps the Company focus attention on maximizing value.

A systematic approach and tool for developing sustainable solutions

CASE STUDY
PACKAGING
GLOBAL

By their very nature, packaging products are always in the spotlight, especially with respect to environmental issues. At Alcan, however, the focus is increasingly shifting from looking at recycling and waste management strategies alone to considering the complete product life cycle, while integrating social and economic impacts and opportunities in both the short and long term. This approach ensures that product impacts and benefits are managed and continuously improved not only in relation to single focal points, but rather from all dimensions of sustainability and across the complete value chain.

In line with this new thinking, Alcan Packaging developed a software tool to assess the beneficial and detrimental aspects of its products over their complete life cycles. This product stewardship tool is well aligned with the demands of customers, who are also striving to optimize their products and related packaging. By sharing this

approach with customers and suppliers, Alcan will be in a position to offer a unique opportunity for value creation by exploiting synergies along the supply chain.

The Alcan Packaging tool addresses a unique need as there are no similar analytical tools on the market. Quality and scientific validity have been reviewed by external experts. Details of the assessment and criteria will constantly evolve based on scientific advancements and stakeholder dialogue.

The tool also reflects Alcan Packaging's open and transparent approach to its practices and impacts, in addition to those of others involved throughout a product's life cycle. By using a comprehensive set of quantitative and qualitative criteria to analyze and improve products, the product stewardship tool will help to underline and advance the sustainability culture within the group.

Once fully operational, the goal is to directly link the sustainability assessment with the existing product development processes and share the results with key customers in order to adapt to their specific sustainability requirements.

Read full case study at www.alcan.com/SR06/Product



R&D team discusses sustainability profiles of packaging alternatives.

Read more Product Stewardship-related case studies at www.alcan.com/SR06/CaseStudies



Recycling Aluminum from Packaging Waste

Enhancing Aluminum Recycling

Collaboration Drives Aerospace Innovations

KEY SUSTAINABILITY-RELATED DIMENSIONS

Economic

- Demand from customers/consumers and the choices they make among competing products and materials.
- Economic impacts and benefits (costs and cost savings) throughout various stages of the product life cycle (material extraction, production, transportation, use and reuse, recycling, recovery, and disposal).

Environmental

- Environmental impacts and considerations at each of the various stages of a product's life cycle – for an individual product some may be positive while others may be negative. It is key to focus on the most important factors while maintaining a wide perspective, creating win-win situations and avoiding focus on single issues that may be less relevant from a holistic perspective.

Social

- Social impacts and considerations at each of the various stages of a product's life cycle – including those related to employees, communities, and the public at large.
- Consumer awareness of the various impacts along a product's life cycle, and the impact that awareness has on individual consumer decisions and behaviour.

OPPORTUNITIES AND CHALLENGES

Opportunities

- Competitive advantage by delivering greater overall benefit from Alcan products.
- Broadening relationships and further engaging suppliers, customers and other stakeholders. Collaboration, synergies and value creation throughout various stages of a product's life cycle and the overall value chain.
- Maximizing value along the supply chain and increasing Alcan's ability to be an advanced solution provider based on its materials, R&D capabilities, products and approaches related not only to product use, but also to product recycling and other recovery and treatment options.

Challenges

- Complex interactions among economic, environmental, and social dimensions of product stewardship.
- A broad range of aspects must be taken into account over the entire life cycle and value chain of a product, involving both quantitative and qualitative criteria.
- While standardized practices and methodologies for product life cycle assessment are available for environmental aspects, they are only still emerging for the economic and social aspects. There is a general lack of practical, readily available tools for product life cycle and value chain assessments of overall sustainability impacts and benefits.

SUSTAINABILITY AWARDS AND RECOGNITION

Alcan's ongoing commitment to sustainability has garnered the Company international recognition from some of the world's most prestigious organizations in the areas of corporate responsibility, climate leadership, reporting, environmental excellence and governance.



2005/2006 Super-Sector Leader (all basic resources) and leading aluminum sector company on the DOW JONES SUSTAINABILITY WORLD INDEX.



2006 International Stevie® Award for BEST CORPORATE SOCIAL RESPONSIBILITY PROGRAM.

Included in the FTSE4GOOD INDEX Series.

Carbon Disclosure Project's (CDP) 2005 CLIMATE LEADERSHIP INDEX.

INNOVEST'S HIGHEST RATING OF AAA.

2005 GLOBE AWARD FOR ENVIRONMENTAL EXCELLENCE under the Corporate Competitiveness Category.

One of Corporate Knights ranked 50 BEST CORPORATE CITIZENS in 2005.

Named as one of GLOBAL 100 MOST SUSTAINABLE CORPORATIONS IN THE WORLD in both 2005 and 2006.

Rated number one in its sector and chosen as one of the special "WORLD LEADERS" FOR CORPORATE SOCIAL RESPONSIBILITY by the Globe and Mail 2005 ranking of Canadian companies.

2005 AWARD OF EXCELLENCE FOR CORPORATE REPORTING in the diversified industries category (by Chartered Accountants of Canada).

2005 AWARD OF EXCELLENCE FOR SUSTAINABILITY REPORTING (by Chartered Accountants of Canada).

Awarded as a Low Carbon Corporate Governance Leader in THE CLIMATE GROUP LOW CARBON LEADER AWARDS (in association with Business Week magazine).

One of the top three companies overall and the leading company in the metals and mining industry for governance practices in handling the risks and opportunities posed by global climate change in the CERES INVESTOR COALITION 2006 REPORT.

Leading North American company on the 2005 PACIFIC SUSTAINABILITY INDEX (PSI) and 2nd overall globally out of 30 companies in the metals, mining, and crude-oil production sectors (ranked for corporate environmental and sustainability reporting).

Received the 2005 CORPORATE LEADERSHIP AWARD by the Deafness Research Foundation.

One of Fortune Magazine's 2006 MOST ADMIRABLE COMPANIES.

PERFORMANCE DATA SUMMARY

Additional data on www.alcan.com/SR06/Data

	2003	2004	2005
AVERAGE NUMBER OF EMPLOYEES (in thousands) ^{1,2}	47	82	63
CAPITAL EXPENDITURES AND BUSINESS ACQUISITIONS (in millions of US\$) ^{1,2}	4,657	1,735	1,854
PAYROLL/BENEFITS (in millions of US\$, including Pechiney starting 2005) ^{2,3}	2,783	3,314	4,232
INCOME TAXES PAID (in millions of US\$) ^{1,2}	230	546	74
OPERATING WORKING CAPITAL (in millions of US\$) ^{1,2}	2,458	2,380	1,380
CAPITAL ASSETS AND GOODWILL (NET) (in millions of US\$) ^{1,2}	20,006	20,020	16,759
TOTAL ASSETS AS AT DECEMBER 31 (in billions of US\$) ¹	31.9	33.3	26.6
TOTAL DEBT (in millions of US\$) ¹	9,542	9,400	6,415
PREFERENCE SHARES (in millions of US\$) ¹	160	160	160
COMMON SHAREHOLDERS' EQUITY (in millions of US\$) ¹	10,117	10,566	9,484
BUSINESS GROUP PROFIT (BGP) for Alcan's business groups (in millions of US\$) ¹	2,030	3,611	3,184
RETURN ON CAPITAL EMPLOYED (in %) ^{1,2}	5	5	6.7
RESEARCH AND DEVELOPMENT EXPENSES (in millions of US\$) ¹	190	239	227
ENVIRONMENTAL PROTECTION financial requirements (in millions of US\$) ¹	263	254	229
CUMULATIVE TOTAL RETURN based upon an initial investment of \$100 on December 31, 2000 with dividends reinvested (in US\$)	145	153	146
TOTAL ENERGY CONSUMED BY ALCAN'S INSTALLATIONS excluding efficiency of energy generation (in millions of GJ)	237	339	281
TOTAL ENERGY CONSUMPTION RATE (in GJ/US\$ sales)	0.017	0.014	0.014
HISTORICAL ENERGY CONSUMPTION AT ALCAN SMELTERS (in kWh/kg aluminum)	15.2	14.9	14.5
TONNES OF CO ₂ EQUIVALENT (per thousand US\$ sales)	1.57	1.66	1.63
ABSOLUTE GHG EMISSIONS (in millions of tonnes of CO ₂ equivalent)	21.8	41.2	33.1
GHG EMISSIONS FROM ALUMINA HYDRATE PRODUCTION (in tonnes of CO ₂ equivalent per tonne of alumina hydrate)	1.02	0.86	0.89
GHG EMISSIONS FROM ALUMINUM PRODUCTION (in tonnes of CO ₂ equivalent per tonne of hot metal produced)	4.6	6.2	5.7
PFC EMISSIONS (in tonnes of CO ₂ equivalent per tonne of hot metal produced)	1.1	1.6	1.1
TOTAL WATER USE (in millions of m ³)	177.8	254.8	267
TOTAL WATER USE RATE (in millions of m ³ per million of US\$ sales)	0.0128	0.0131	0.0131
MINED AREA REHABILITATED (in hectares)	–	26	40
MINED AREA REHABILITATED RATE (in hectares rehabilitated per hectares mined)	–	0.12	0.29
OHSAS 18001 CERTIFICATION (sites registered in %)	44	53	88
DAYS LOST RATE (per 200,000 hours worked)	55.87	50.42	22.49
RECORDABLE CASE RATE (per 200,000 hours worked)	2.83	1.79	1.5
LOST TIME INJURY/ILLNESS RATE (per 200,000 hours worked)	0.88	0.68	0.54
NUMBER OF FATALITIES	2	4	0
NUMBER OF FATALITIES RATE (per million hours worked)	0.021	0.021	0
ISO 14001 CERTIFICATION (sites registered in %)	60	60	90
ENVIRONMENTAL EVENTS (total number of major events)	0	0	0
PRIMARY METAL PAH EMISSIONS RATE (Söderberg smelters only) (in kilograms per tonne of hot metal produced)	0.98	0.91	0.73
PACKAGING VOC EMISSIONS RATE (in tonnes per million US\$ packaging sales)	9.11	6.19	6.23
PRIMARY METAL PARTICULATE MATTER EMISSIONS RATE – SMELTERS ONLY (in kilograms per tonne of hot metal produced)	3.78	3.39	2.74
PRIMARY METAL FLUORIDE EMISSIONS RATE (in kilograms per tonne of hot metal produced)	1.68	1.41	0.94
SO ₂ EMISSIONS (in thousand of tonnes)	102.4	123.2	113.4
TOTAL HAZARDOUS WASTE RATE (in tonnes of hazardous waste per million US\$ sales)	7.71	6.77	4.68
TOTAL NON-HAZARDOUS WASTE RATE (in tonnes of non-hazardous waste per million US\$ sales)	67.56	37.32	38.95
GENERATED SPENT POTLINING RATE (in kilograms per tonne of hot metal produced)	22.4	26.2	24.3
BAUXITE RESIDUE RATE (in tonnes of bauxite residue per tonne of alumina hydrate produced)	0.71	0.79	0.65
CANADIAN DONATIONS AND SPONSORSHIPS (in millions of CAN\$)	5	9.4	8.6
DONATIONS AND SPONSORSHIPS WORLDWIDE (in millions of CAN\$)	8.5	13.1	12.7

1 On January 6, 2005, Alcan completed the spin-off of Novelis to its shareholders. Novelis consists of substantially all of the aluminum rolled products businesses held by Alcan prior to its 2003 acquisition of Pechiney, together with some of Alcan's alumina and primary metal-related businesses in Brazil, which are fully integrated with the rolled products operations there, as well as four former Pechiney rolling facilities in Europe. The financial information presented for 2004 and previous years includes Novelis.

2 Excludes data from businesses held for sale and discontinued operations.

3 Data for 2005 does not include Novelis data while data for 2004 and 2003 includes a small portion of Novelis (former Alcan plants), but does not include data for the plants transferred to Novelis that were former Pechiney plants.

ALCAN'S ACTIONS RELATIVE TO THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

Through a number of key corporate values, policies, programs and practices, Alcan has a strong foundation in place that supports the operationalization of the 10 Global Compact principles across the Company. The following table links those individual principles with specific examples of Alcan's actions.

Global Compact Principles	Alcan Actions
Human Rights	<ul style="list-style-type: none"> Alcan's Worldwide Code of Employee and Business Conduct (Code of Conduct) (training/e-learning, reporting mechanisms, disciplinary actions, Ombudsman and audit functions).
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> Alcan's Code of Conduct addresses core International Labour Organization (ILO) conventions. Alcan supports the Universal Declaration of Human Rights. Alcan undertakes extensive stakeholder engagement at its operations and with new projects.
Principle 2: Make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Alcan's Code of Conduct applies to employees, contractors and suppliers.
Labour Standards	<ul style="list-style-type: none"> Alcan's Code of Conduct (training/e-learning, reporting mechanisms, disciplinary actions, Ombudsman and audit functions).
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> Alcan's Code of Conduct – requirements to respect these rights.
Principle 4: The elimination of all forms of forced and compulsory labour.	<ul style="list-style-type: none"> Alcan's Code of Conduct – unequivocal opposition to such practices.
Principle 5: The effective abolition of child labour.	<ul style="list-style-type: none"> Alcan's Code of Conduct – unequivocal opposition to such practices.
Principle 6: The elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> Alcan's Code of Conduct – prohibition against discrimination. Anonymous and voluntary HIV testing and antiretroviral therapy for employees. Prohibition of discrimination against HIV/AIDS-infected employees in the workplace.
Environment	<ul style="list-style-type: none"> EHS Policy. <i>EHS FIRST</i> management system. Requirements for ISO 14001 certification. Alcan's precautionary approach to climate change and PAH emissions reduction. Participation in World Economic Forum Water Initiative.
Principle 7: Businesses should support a precautionary approach to environmental challenges.	
Principle 8: Undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> <i>EHS FIRST</i> – specific directives on greenhouse gases, resource management, soil and ground water management, environmental releases management, waste management and spills containment measures. Stakeholder engagement and joint environmental projects. Research on environmental issues. Biodiversity Valley Project. Alcan Prize for Sustainability. +30 Network initiative. Strong product stewardship efforts.
Principle 9: Encourage the development and diffusion of environmentally-friendly technologies.	<ul style="list-style-type: none"> Alcan Engineered Products project for the mass transportation market. Water treatment systems in India and Bangladesh and Solar Cooker product development for widespread use in developing country settings. Structural core material applications for the architecture and transportation markets.
Anti-corruption	<ul style="list-style-type: none"> Alcan's Code of Conduct (training/e-learning, reporting mechanisms, disciplinary actions, Ombudsman and audit functions). Alcan's Code of Conduct – prohibition against corrupt business practices. Signatory to and working partner in the World Economic Forum's Partnering Against Corruption Initiative (PACI).
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.	

GLOBAL REPORTING INITIATIVE (GRI) INDEX

The following table illustrates the extent to which Alcan reports information according to the core performance indicators of the GRI index. The status of Alcan's reporting includes information made available publicly through Alcan's website and this report. For a full description of Alcan's reporting relative to the full GRI Index of core indicators, please visit:

www.alcan.com/SR06/GRI

Reporting Status
 F = Full
 P = Partial
 N = Not Reported

GRI Indicator	Description	Status	GRI Indicator	Description	Status
EC1	NET SALES	F	LA1	BREAKDOWN OF WORKFORCE (BY COUNTRY AND TYPE)	P
EC2	GEOGRAPHIC BREAKDOWN OF MARKETS	P	LA2	NET EMPLOYMENT CREATION AND AVERAGE TURNOVER	N
EC3	COSTS OF ALL GOODS, MATERIALS, AND SERVICES	N	LA3	PERCENTAGE OF UNIONIZED EMPLOYEES	N
EC4	PERCENTAGE OF CONTRACTS THAT WERE PAID	N	LA4	CONSULTATIONS/NEGOTIATION RE. RESTRUCTURING	P
EC5	TOTAL PAYROLL AND BENEFITS	P	LA5	OCCUPATIONAL ACCIDENTS AND DISEASES	P
EC6	DISTRIBUTIONS TO PROVIDERS OF CAPITAL	P	LA6	DESCRIPTION OF HEALTH AND SAFETY COMMITTEES	P
EC7	INCREASE/DECREASE IN RETAINED EARNINGS	F	LA7	INJURIES, LOST DAYS, ABSENTEEISM & FATALITIES	F
EC8	TOTAL SUM OF TAXES OF ALL TYPES PAID (BY COUNTRY)	P	LA8	HIV/AIDS POLICIES OR PROGRAMS	P
EC9	SUBSIDIES RECEIVED (BY COUNTRY)	N	LA9	AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE	N
EC10	DONATIONS TO COMMUNITY, CIVIL SOCIETY, ETC.	P	LA10	EQUAL OPPORTUNITY POLICIES OR PROGRAMS	P
			LA11	COMPOSITION OF SENIOR MANAGEMENT/BOARD	P
EN1	TOTAL MATERIALS USED OTHER THAN WATER, BY TYPE	P			
EN2	PERCENTAGE OF MATERIALS USED THAT ARE WASTE	N	HR1	HUMAN RIGHTS POLICIES, GUIDELINES, STRUCTURE	P
EN3	DIRECT ENERGY (BY PRIMARY SOURCE)	P	HR2	CONSIDERATION OF HUMAN RIGHTS IMPACTS	P
EN4	INDIRECT ENERGY USE FROM PURCHASES	P	HR3	HUMAN RIGHTS PERFORMANCE (SUPPLIERS)	P
EN5	TOTAL WATER USE	F	HR4	ANTI-DISCRIMINATION POLICY/PROCEDURES/PROGRAMS	P
EN6	LANDS LOCATED IN BIODIVERSITY-RICH HABITATS	N	HR5	FREEDOM OF ASSOCIATION POLICY AND APPLICATION	P
EN7	DESCRIPTION OF MAJOR IMPACTS ON BIODIVERSITY	P	HR6	POLICY EXCLUDING CHILD LABOUR	P
EN8	GREENHOUSE GAS EMISSIONS	F	HR7	POLICY TO PREVENT FORCED AND COMPULSORY LABOUR	P
EN9	USE/EMISSIONS OF OZONE-DEPLETING SUBSTANCES	P			
EN10	NOX, SOX AND OTHER SIGNIFICANT AIR EMISSIONS	P	S01	POLICIES TO MANAGE IMPACTS ON COMMUNITIES	P
EN11	TOTAL AMOUNT OF WASTE BY TYPE AND DESTINATION	P	S02	POLICY/PROCEDURES ADDRESSING BRIBERY AND CORRUPTION	P
EN12	SIGNIFICANT DISCHARGES TO WATER BY TYPE	N	S03	POLICY/PROCEDURES – POLITICAL LOBBYING/CONTRIBUTIONS	F
EN13	SIGNIFICANT SPILLS OF CHEMICAL, OILS AND FUELS	N			
EN14	SIGNIFICANT ENVIRONMENTAL IMPACTS	F	PR1	POLICY FOR PRESERVING CUSTOMER HEALTH AND SAFETY	P
EN15	RECLAIMABLE PORTION OF PRODUCTS SOLD	P	PR2	POLICY/PROCEDURES – PRODUCT INFO. AND LABELLING	N
EN16	ENVIRONMENTAL NON-COMPLIANCE	N	PR3	POLICY/PROCEDURES – CONSUMER PRIVACY	N

GLOSSARY

AIMS

Alcan Integrated Management System.

Bauxite residue

A slightly alkaline residual slurry resulting from the extraction of alumina in the Bayer process. The residue contains mostly iron and silicon compounds left over from the bauxite.

Business Group Profit (BGP)

The Company's measure of the profitability of its operating segments is referred to as Business Group Profit (BGP). BGP comprises earnings before interest, income taxes, minority interests, depreciation and amortization and excludes certain corporate items.

CI

Continuous Improvement.

CO₂ equivalent (CO₂e)

A unit of greenhouse gas emissions that is equal to one unit of carbon dioxide. An amount of another greenhouse gas can be converted to its CO₂e using the relative global warming potential of that gas compared to carbon dioxide.

Co-generation

Production of electricity from the heat produced as a by-product of another process, such as manufacturing or incineration.

Effluent

Generally applies to liquid waste discharged as a result of manufacturing operations, as well as from water treatment facilities.

EHS

Environment, health and safety.

Greenhouse gas (GHG)

Carbon dioxide (CO₂) and other gases that are believed to contribute to global warming, also known as climate change.

GRI

The Global Reporting Initiative is a multi-stakeholder group focused on developing and disseminating globally applicable sustainability reporting guidelines.

ISO

International Organization for Standardization.

LCA

Life Cycle Assessments are part of the product stewardship process to track the life cycle impact of our products.

OECD

Organisation for Economic Co-operation and Development.

OHSAS

Occupational Health and Safety Assessment Series.

PAH

Polycyclic aromatic hydrocarbons (PAHs) are environmental contaminants that are primarily derived from the incomplete combustion of any organic material, including fossil or synthetic fuels. In the aluminum industry, PAHs are generated in smelters using older Söderberg technology. PAHs are also generated by forest fires, wood heating and incineration.

PFC

Perfluorocarbons (PFCs) include CF₄ and C₂F₆ gases that have a very high CO₂ equivalency and constitute major contributors to greenhouse gas emissions. PFCs occur as a result of anode effects ('process upsets', brief periods of instability and disequilibrium in the smelting process) in smelting operations.

Prebake

Prebake technology refers to modern anodes used in the smelting process that are "prebaked" as opposed to being baked during the reduction process such as with older Söderberg technology. PAH emissions associated with anode baking are captured in the anode baking furnace during the baking process in a Prebake system.

Söderberg

Reduction cell (smelting) technology used in the smelting process where the anode is made of a block of paste that bakes as it approaches the reaction zone in the cell.

Spent potlining (SPL)

The residue lining, made up of bricks and carbon, inside the pots that are used in aluminum smelting. This lining deteriorates with use and must be replaced. The old material that is removed from the pot before the pot is re-lined is the 'spent potlining' (SPL).

TARGET

Alcan's greenhouse gas emissions reduction program.

UBCs

Used aluminum beverage cans.

United Nation's Global Compact

A voluntary international initiative launched by the United Nations in 1999 that promotes the development of a more sustainable and inclusive global economy.

VOC

Volatile organic compounds.

WBCSD

World Business Council for Sustainable Development.

SYMBOLS

CO ₂	carbon dioxide
CO ₂ e	carbon dioxide equivalent
GJ	gigajoule
GWh	gigawatt hour
kg	kilogram
km	kilometre
kW	kilowatt
kWh	kilowatt hour
m ³	cubic metre
MW	megawatt
t	tonne
t/y	tonnes per year
kt/y	thousand tonnes per year
Mt/y	million tonnes per year



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on this report. A brief survey
is available at
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Alcan Inc.

1188 Sherbrooke Street West
Montreal, Quebec H3A 3G2
Canada

Mailing Address:
P.O. Box 6090
Montreal, Quebec H3C 3A7
Canada

Telephone : +1 514 848 8000
Telecopier : +1 514 848 8115

www.alcan.com



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