

# A message from the CEO

Dear colleagues, partners and shareholders,



In 2012, the global aluminium industry survived a hard time once again. Despite the fact that aluminium consumption increased up to 47.4 mln tonnes in the reporting period the LME price reduced by 15.7% vs last year. This made a greater part of global production capacities unprofitable and ineffective in terms of costs.

Overproduction crisis in the industry which happened after the 2008-2009 world financial downturn and recession in Europe has never been overcome completely. In 2012, market conditions were a consequence of a pressure on economy exerted by excessive metal stocks, thus, calling for a stricter discipline in the industry and a further reduction of aluminium output.

These trends indicate a start of a new cycle in the commodity market which requires a balanced approach to supply amidst an on-going growth of demand. The aluminium industry adopts this approach by optimising production capacities and replacing loss-making plants with competitive and energy efficient ones.

RUSAL has demonstrated its ability to operate in complicated market environment focusing on a low production cost and optimising ineffective capacities. Nonetheless, in H2 2012 the Company started a long-term production optimisation plan, keeping the most effective Siberian plants in operation and building up a volume of value-added products.

Replacement of obsolete ineffective capacities with modern environmentally friendly and energy efficient equipment is an important step to minimise an environmental impact of the aluminium industry. Nowadays the industry is actively searching for new technologies designed not only to decrease carbon oxide emissions but also to minimise an impact of all processes on the environment and to apply new materials and equipment. In 2012, RUSAL launched bench tests of an industrial cell with an inert anode – a unique technology. The new technology of the Company will reduce an environmental impact significantly and will be more effective from the standpoint of the energy resource management enabling RUSAL to enhance quality of its operations and maintain a leading position in the industry.

A business can be truly successful only if employees and all stakeholders are engaged in a dialog with the Company aiming at achievement of best possible Health and Safety results, minimisation of the environmental impact and development of local communities in places where the Company operates. In 2012, RUSAL carried out a large-scale survey in the regions of its presence with a view to expanding a dialog with its stakeholders. The survey consisted of 130 depth interviews and a questionnaire among 3,500 regional respondents and 14,000 employees. Following the survey results the Company defined a number of steps to involve more actively employees, local communities, non-commercial organisations, the mass media and authorities in discussions of RUSAL plans and improvement of operational practices.

Our new 2012 sustainable development report is one of the elements of a dialog with interested parties. This document is prepared in compliance with GRI G3.1 Global Reporting Initiative Sustainability Reporting Guidelines and Mining and Metals Sector Supplement.

Since 2002 UC RUSAL has been a member of the UN Global Compact and reports on a regular basis on its compliance with the related 10 principles. We recognize our responsibility for implementation of international principles in corporate social policy. We believe that sustainable development means taking a long-term view and adopting a strategic approach across all business areas for a safe and prosperous future. By operating in this sustainable manner the Company demonstrates its strong commitment to the well-being of future generations.

In 2012, we made headway in achieving of our long-term sustainable development targets. Health and Safety activities taken by the Company as well as an active participation of employees allowed us to

perform well. Twenty-five operations of the Company had no production injuries in 2012. Thank to medical prevention measures we managed to reduce the occupational disease rate among RUSAL's employees by 2.5 times in the reporting period.

Over USD 10 mln were allocated on the social infrastructure development and improvement of a living standard in the regions where the Company operates. The funds made it possible to modernise and repair approximately 50 social sites. Over 3,000 volunteers from RUSAL's employees were engaged in corporate social events designed to support local communities.

In 2012, the Company continued implementing a housing programme with 216 participants. In the reporting period RUSAL's costs on the programme amounted to more than USD 11 mln. In total 755 families received accommodation from the beginning of the housing programme.

There is no doubt we will keep moving forward. We believe that our openness and willingness to hold a dialog with all stakeholders will facilitate an increase of effectiveness and economic sustainability of our business. In a difficult market situation we will keep our priorities and will continue to strengthen them: cash cost reduction, metal quality improvement and value-added product build-up. Cost management, fulfilment of long-term projects and a stable financial position give reason to believe that we will be able to ensure a further successful development of the Company in the interest of its employees, shareholders, investors, partners and all stakeholders.

**Oleg Deripaska**  
**CEO of UC RUSAL**