

Sustainability Report 2015

vimetco
alro



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Information

Alro

Company's address	No. 116 Pitesti Street, Slatina, Olt County
Telephone number	0249-431901/902/903/904
Fax number	0249-437500
Registration number in the Trade Register	J28/8/1991 at 31.01.1991
Fiscal code	RO1515374
Class, type, number and main features of the financial instruments issued by the company	Registered dematerialized and ordinary shares
Subscribed share capital, fully paid up	356,889,568 RON
Organized market on which shares and stocks are transacted	Bucharest Stock Exchange - Regulated Market
Total market value for each class of shares	Standard Category – RON 942,188,458 ¹

Alro Group - companies

Company	Parent	Shareholding (%)
Alro S.A.	Vimetco NV	84.19
Alum S.A.	Alro S.A.	99.40
Conef S.A.	Alro S.A.	99.97
Vimetco Extrusion SRL	Alro S.A.	100.00
Global Aluminium Ltd.	Alum S.A.	100.00
Bauxite Marketing Ltd.	Global Aluminium Ltd.	100.00
Sierra Mineral Holdings I Ltd.	Global Aluminium Ltd.	100.00

Alro Group is registered at ASF as per Decision no. A/632/26 November 2013.

¹Calculated based on the BSE quotation available on 30 December 2015 – the last day of 2015 when Alro's shares have been traded (713,779,135 shares * 1.3200 RON/ share).

Statement of support for UNGC



As an integrated aluminium producer and the biggest one from continental Europe, excluding Russia and the Scandinavian Peninsula, we feel that it is our duty to focus on presenting transparently our continuous development and achievements in terms of improving environmental, safety and labor initiatives.

2015 marked a milestone in our activity as Alro celebrated 50 years of activity. Throughout these decades, the Company has adapted and transformed, having more efficient and more stable operations. We are now able to say that we have managed to shape a modern view, which currently refines our sustainability strategy.

We believe that a transparent decision making process that is based on clear rules not only ensure efficient administration of

operations, but also enhances the confidence of shareholders and stakeholders. Moreover, this type of organization contributes to the protection of the shareholders' rights and provides an improvement of the overall performance of the Company, which is reflected in time, both in positive signals from the market and in an easier access to financing facilities.

From bauxite extraction, to supplying aluminium for the auto and aerospace industry, our Company plans to continue investing in people and R&D and achieving the best results in terms of products' quality and energy efficiency. In a time when the European industry has been impacted by a series of adverse factors, Alro managed not only to continue its operations, but also to maintain a constant number of employees and achieve performances in terms of products portfolio.

Our long-term development strategy will continue in the same direction, aiming to achieve better results and consolidating our position in the industry. We will continue to raise our standards, train our employee and coordinate, in cooperation with the specialized institution, the education of potential employees, while protecting the environment, constantly reducing our ecological footprint and remaining a responsible citizen in the communities where we operate.

Therefore, we continue to support the United Nations Global Compact principles with respect to human rights, labour, environment and anti-corruption.

Marian Nastase,
President of the Board, Alro

UN TEN PRINCIPLES

Human Rights	Labour	Environment	Anti-corruption
Principle 1 Business should support and respect the protection of internationally proclaimed human rights;	Principle 3 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	Principle 7 Business should support a precautionary approach to environmental changes;	Principle 10 Business should work against all forms of corruption, including extortion and bribery
Principle 2 Make sure that they are not complicit in human rights abuses.	Principle 4 The elimination of all forms of forced and compulsory labour;	Principle 8 Undertake initiatives to promote greater environmental responsibility; and	
	Principle 5 The effective abolition of child labour;	Principle 9 Encourage development and diffusion of environmentally friendly technologies	
	Principle 6 The elimination of discrimination in respect of employment and occupation		

Alro in a snapshot

Highlights - Information about the Group

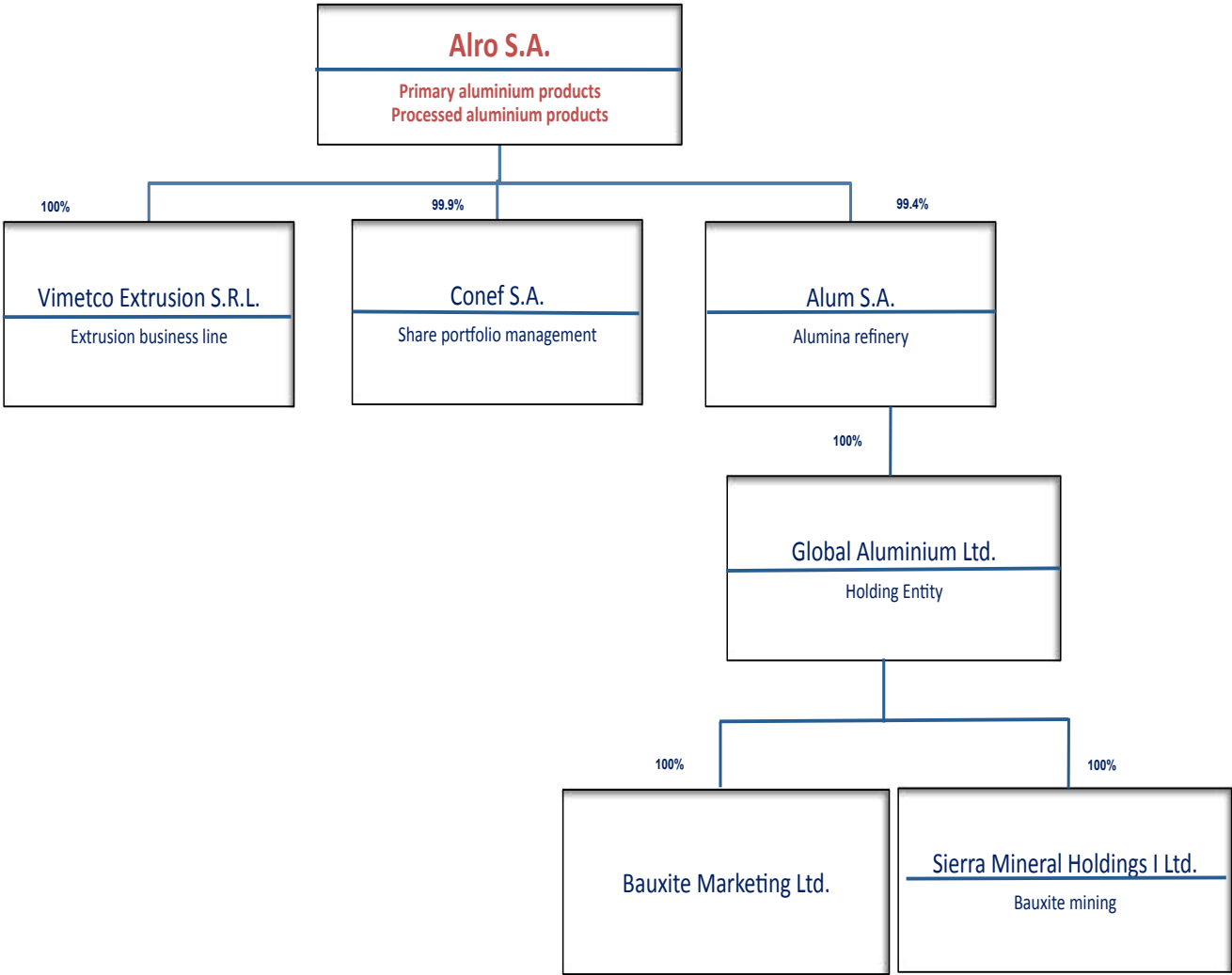
Alro ("Parent company" or "Company" or "Alro" or the "Entity") is part of an integrated group that manufactures aluminium, which covers the entire technological process, from bauxite to obtaining processed products.

The major shareholder of Alro S.A. is Vimetco N.V., which holds 84.19% of the Company's share capital. Vimetco N.V. is a private capital company with activities in Romania, China and Sierra Leone and listed on the London Stock Exchange. Alro Group includes the following companies: Alro - manufacturer of aluminium (a company listed on the Bucharest Stock Exchange), Alum - producer of alumina (a company listed on BSE, ATS market, 1st category) SMHL - manufactures bauxite, Vimetco Extrusion – processor of extruded products, Conef, Global Aluminium Ltd. and Bauxite Marketing Ltd. This way, the Group has managed to provide an integrated production chain, securing the raw materials for Alro.

The Group is vertically-integrated, organized in four segments: Bauxite, Alumina, Primary Aluminium and Processed Aluminium. For an efficient resource allocation and to evaluate segments performance in a proper manner, this is the basis on which the Group reports information to its management.

The Bauxite segment is located in Sierra Leone (Africa). The alumina segment uses bauxite to produce alumina, the main raw material for aluminium smelting. The Primary aluminium segment manufactures primary aluminium products like wire rod, slabs, billets and occasionally ingots. The Processed Aluminium segment develops and sells flat rolled products, such as sheets, plates and coils and extruded products. Both smelting and processing mills are located in Slatina, Romania while the alumina refinery is located in Tulcea, Romania.

Alro is the largest aluminium smelter in Continental Europe (excluding Russia and Scandinavia). The main markets for the aluminium manufactured by Alro are within the EU (Hungary,



Poland, Greece, Germany and Romania), USA and Asia. The Company is ISO 9001 certified for quality management and has NADCAP, as well as EN 9100:2009 certifications for aerospace production its products being certified by the international standards for quality assurance for primary aluminium as set by the London Stock Exchange and those for flat rolled products, as well.

Alro is structured in two divisions:

- Primary Aluminium, with Anode plant, Aluminium Smelter, Casting House, Eco - scrap smelting facility, repairs and spare parts production units, road and rail transport and other additional sectors. After investing in modernizing its equipment and in new technology, Alro reached a production capacity of 265,000 tonnes of primary aluminium and 340,000 tonnes of processed aluminium. All necessary anodes for the electrolysis of alumina are internally produced;
- Processed Aluminium has a processing capacity of 96,000 tonnes of processed aluminium, depending on the production mix. An increasing capacity program is running to reach a capacity up to 120,000 tonnes by 2020.

Alro's production processes and products have been certified in accordance with international standards for quality assurance.

Alro produces a diversified range of products, as detailed below:

- rolled aluminium wire;
- homogeneous aluminium and AlMgSi rods;
- aluminium and aluminium alloy slabs;
- aluminium and aluminium alloy ingots;
- aluminium and aluminium alloy plates (heat treated and not heat treated)
- aluminium and aluminium alloy sheets and coils
- clad aluminium alloy sheets and coils

The Company receives alumina from Alum, its own alumina refinery with an installed capacity of 600,000 tonnes per year. The alumina refinery receives raw materials from the Group's bauxite mines from Sierra Leone. Alro produces value added primary aluminium products for its customers and the primary aluminium which is used as raw material by the processed aluminium production facilities. Moreover, the Company sells aluminium alloys billets to its subsidiary, Vimetco Extrusion that further produces extruded products.

Mission, Values, Vission

As part of the Group's long-term strategy, Alro's priorities include:

- investments in modern equipment and technology to increase the operational efficiency and, in the same time, to decrease the production costs, while expanding its range of products, improving quality and decreasing the delivery time, thus to comply with its customers' demands;
- growth of its high value added products by upgrading the production lines of flat-rolled products of hard alloys and the continuous development of products range for high-strength alloys and heat treated plates, for the aerospace and auto industries;

- vertical integration and ensure the availability of the necessary raw materials, in order to decrease the production costs and to increase the operational efficiency;
- increase of the energy efficiency within its entire production chain;
- continuous compliance with the environment protection regulations.

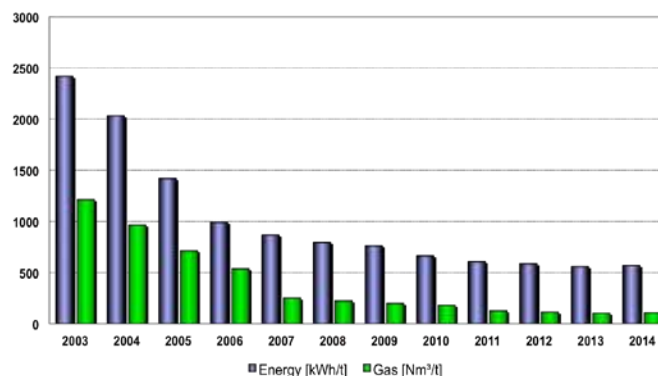
On short and medium term, Alro focuses especially on the following goals:

• Projects for energy efficiency

Alro is permanently focusing on decreasing the energy consumption, increasing the energy efficiency for all activities within the Group and the optimization of its processes. As a consequence, the Company continued, in 2015 as well, the investments to improve its consumptions.

The investments implemented in the last years led to a significant decrease of the electricity at the electrolysis points, reducing the natural gas consumption three times at anode baking, reducing the specific energy consumption at the processed aluminium division of over four times and decreasing by more than 10 the natural gas consumption at the processed aluminium division.

Specific consumption of energy and gas for the Processed Aluminium Division 2003 - 2014



Furthermore, the Company decreased the fresh water consumption from Olt River, by significantly increasing the consumption of reusable industrial water as this represents another priority measure for the management. At the Cast house there are already two facilities, which have to recirculate and treat the water and thus, the necessary water consumption is ensured.

Another direction for the Company's investments, in the past years, is represented by **the aluminium recycling activities**, the management aim being to increase in the future the quantity of aluminium scrap used at the Cast house for the production of aluminium alloys slabs and billets. The recycled aluminium, which can be used in almost all areas represents a way to reduce the energy consumption, but also the CO₂ emissions and the

raw materials. Alro operates a scrap aluminium recycling facility, which uses the most modern equipments, both for furnaces, but also for cleaning facilities.

For acquisitions, the Company considered both import sources, but also the ones from the internal market. When ordering supplies, the Company takes into consideration the international trends and prices and periodic selection of the suppliers are performed, to ensure the required quality that would generate positive results for the Company. The Company implemented measures targeting the correlation between the necessary supply and demand from its supplier with the volume, accurate estimations of raw materials and materials, fuels and other consumables. Moreover, the Company aims to have an accurate estimation of its inventories and thus, to avoid having overstocks.

Regarding the energy consumption, the Company permanently targeted the consumption from renewable sources that also assure the best energy efficiency, but also a minimum environmental impact, the Company being permanently concerned by its environmental footprint.

• **Diversifying the products portfolio by** focusing on high and very high value added products, for key-industries, such as:

- *aerospace industry* – Alro holds the EN 9100 certification (for the aerospace and defence industries) awarded by the German certification organization DQS GmbH for the Company's quality management system. The Company is NADCAP certified for special processes (heat treatments, lab tests and non-destructive testing), specific for the aerospace and defence industries, awarded by the Performance Review Institute within the Society of Automotive Engineers (USA);
- *automotive industry* – the Company has obtained the certification of quality management system in accordance with the international standard ISO TS 16949 (for automotive industry) awarded by the German certification organization DQS GmbH. The Company is an accredited supplier for the production and mechanical processing of aluminium and aluminium alloys for the automotive industry;
- *construction industry* – the Company holds the European quality brand certification for its products designed for the construction field, awarded by TUV Rheinland and TUV South (Germany) organizations;
- *shipbuilding industry* – Alro's products designed for shipbuilding industry are certified by organizations such as Det Norske Veritas, Bureau Veritas and Germanische Lloyd.

• **Modernizing the maintenance system**

Alro is paying a special attention to maintenance activities, and this is why the Company is permanently trying to implement and expand the modern concepts applied in this field by applying predictive and proactive maintenance policies. Furthermore, the system "Total Productive Maintenance" was already implemented and it involves both operators and technological personnel in the maintenance of the production equipments.

Moreover, in the software used by the Group (SAP) a module for repairs planning was implemented and in this way these costs could be further reduced.

• Research and development

In Alro, the research and development activity is organized as a Project Management system and, in general, its main objectives are:

- Reducing specific consumption:
 - Modification of the cathode block design for the electrolysis cell, to reduce the electricity consumption;
 - A new system to input the alumina in the electrolysis cell;
 - Reduction of the heat treatment cycles to reduce the natural gas consumption and increase the production capacity;
 - Conception, testing and implementation of a software application for optimizing the number of plates allocated to each slab.
- Equipments and products quality:
 - Increase the equipment efficiency, a method for identifying the mechanical malfunctions;
 - Improve the mechanical properties for aluminium alloy plates;
 - Conception, testing and implementation of mathematical models, in order to correlate the chemical composition of slabs with the final properties of the rolled products.
- Investments to expand the products portfolio:
 - To manufacture products for the shipbuilding industry and pressure vessel;
 - Establish the processing conditions required to obtain the plasticity and deep drawing characteristics for a series of alloy plates and strips.

Organization profile

Governance process

Alro develops and is constantly trying to adapt its corporate governance practices to ensure it complies with all effective requirements, and also it meets all necessary prerequisites in case new opportunities occur, opportunities that could generate benefits for the Company.

Alro adheres to comply with the majority of the provisions stipulated in the Corporate Governance Code issued by Bucharest Stock Exchange.

The Board of Directors is the highest forum within the Company and along with its executive directors ensures the smooth running of the day to day operations and is directly involved in strategic decisions with a direct impact on the company's activities. Members of the Board are in a permanent dialogue with the executive directors and are acting taking into consideration that the interests of shareholders and the interests of the company employees are their primary scope.

Sustainability

Corporate social responsibility

The constant involvement in environmental protection activities is part of the Company's long-term development strategy. The Group permanently monitors the environment footprint and takes the necessary measures to comply with the specific environment rules. In addition, the specific investments in environment protection programs, the Group uses modern technologies, in line with the requirements in this field.

In Romania, Alro received the Integrated Environmental Authorization, both for the primary and processed aluminium divisions. At the same time, the environment protection investment programs allowed Alro to obtain the ISO 14001 certification for environmental protection management. The investments in energy efficiency place Alro among the top aluminium producers with the lowest specific consumption in the European Union.

Alro implemented and continues to implement measures to reduce the energy consumption in the aluminium production process. Also, Alro operates a production facility that uses scrap aluminium, thus, additionally reducing the energy consumption and actively contributing to scrap reduction.

Also, Alro takes measures to carefully manage the resources at its bauxite mines in Sierra Leone.

Currently, the Group is not involved in lawsuits regarding the impact of its activities over the environment and does not expect any occurrence of such situations that might involve any violation of environmental protection legislation.

Alro takes permanent measures to prevent major labor accidents where dangerous substances could be involved. The Company monitors the implementation of the measures that lead to the elimination of the risks of events, which could have negative impact on the environment and agrees the action plan in case this might happen.

Moreover, the Group constantly tries to be involved in solving social problems of the community where its activity is performed and gives consideration to the interests of the society, having responsibility to its employees, shareholders, community and environment. The Group, through its parent company, is actively involved in the life of the community by engaging in corporate responsibility programs, from the reconstruction of the homes destroyed by natural disasters to education, sports and health programs.



Stakeholder engagements

Social responsibility represents the management process, integrated part of the Group's business strategy, through which it wants to contribute to the development of a sustainable and performing society in every area where it operates (namely Romania and Sierra Leone).

The Group identifies on a permanent basis the stakeholders that may be interested in its activities, recognizes their legal rights and encourages their cooperation with the companies within the Group, in creating wealth, jobs, and the sustainability of a financially sound enterprise.

In 2015, Alro has contributed to numerous supporting, cultural, sports, educational and social activities:

- sponsorships of RON 447,938 (approximately USD 111,811) for supporting events and actions in fields such as: social-cultural, education and schools, health, religion, sports, associations and foundations with activities in cultural areas, educational and social-humanitarian;
- Alro was involved, as partner in various EU funded projects in a number of areas of mutual interest (e.g.: participating as targeted group in the „Aerocalificarea” project, promoted by the Association of Romanian Aeronautical Companies);
- several partnerships with high schools, postgraduates and universities were signed (i.e. Technical Metallurgical High School, University Politehnica of Bucharest, Transilvania University of Brasov, University of Craiova etc.) to facilitate the specialized practice of students and in writing their final papers for bachelor, dissertation or doctoral thesis, on various research subjects;
- partnership with the City Hall of Slatina and with Olt County School Inspectorate and the Technical Metallurgical High School regarding organizing in the academic year 2015/2016 of some vocational classes through the professional school, in jobs of interest for Alro (rolling mill, caster, numerical control machine tools operator, electro mechanic for machines and industrial equipment);
- active participation of the representatives of Alro at local social dialogue organizations, such as the Social Dialogue Commission with the Olt Prefecture or the Tripartite Consultative Council with Olt Labor Inspectorate;
- involvement with good results as a member in the organization UniRomSider;
- improving the communication means with mass-media and local community (e.g.: the 50 year anniversary event since the first batch of aluminium was produced, had a special impact on the local community, especially the Guest Day, when approximately 3,500 people visited the plant);
- optimization of Alro's web page and of internal portal structures, as well as the marketing policy of the company (e.g. marketing materials and the magazine “50 years of Romanian aluminium” were highly appreciated by the visitors and guests from Romania and from abroad).

People, health and safety

The Group encourages and promotes projects aimed to both personal and professional development of its employees, as well

as the communities in which they operate. Within the Group are supported and encouraged transactions with local suppliers and thus it contributes to their development.

The Group implemented annual employee performance assessments and thus, certain performance indicators can be tracked on an annual basis regarding the employees' activity and subsequently those with outstanding performances could be encouraged and rewarded.

In general, within the Group, the employees' migration from one company to another is encouraged, but generally it is preferred to hire local staff where the company operates, because of the cultural language and social benefits.

Group's human resources policy has the following objectives:

- establishing the organizational framework and the related documents of human factor expression within the Company (i.e. organization chart, organizational and operational regulations, internal regulations, work and personnel norms, job descriptions, system and operational procedures, assessment forms etc.);
- quantitative and qualitative dimensioning of the necessary workforce by activity sectors, training and continuous development of professional skills, harmonizing the flow of personnel, inputs, outputs and internal mobility;
- knowing the external business environment in order to identify opportunities and threats which can determine, in a positive or negative way, the personnel recruiting and selection activity;
- optimizing the use of personnel by allocating employees on positions based on training, skills and professional competencies in order for them to complete their tasks and duties in an efficient manner;
- training and professional development, professional assessment and career management;
- motivating the employees, in order to increase satisfaction and commitment in reaching goals and completing own tasks;
- developing an organizational culture based on harmonizing Company's interest with employees including competence, commitment, collaboration, respect, fidelity, order and discipline, cult value, non-discrimination, following labour law and internal norms;
- employers involvement in decision-making activities by developing horizontal and vertical communication, promoting a transparent and fair social dialogue with trade unions, conformation to the commitments assumed in the collective labour agreement;
- ensuring the conditions for employees to carry activities in full health and safety conditions;
- banning any form of direct or indirect discrimination against employees based on gender, sexual orientation, genetic characteristics, age, national origin, race, colour, ethnicity, religion, political beliefs, disability, family situation or responsibility, trade union membership or activity, as well as acts and deeds of exclusion, distinction, restriction or preference based on one or more of the above criteria, which have the purpose or effect of denial, restriction or elimination of recognition, use or exercise of rights stipulated in the labour legislation.

In the future, the Group aims to develop and implement in the company an organizational culture and business accountability regarding both the environment responsibility and the community in which it operates. The management considers that the implementation in the group of healthy principles of sustainable development and a strong policy of corporate social responsibility means to generate long-term positive and sustainable results. In this way the Group can get in the position to generate "win-win" situations for the Group, Alro and its shareholders, the environment and, last but not least for the communities in which it operates.

Promoting women

Alro supports gender diversity and promotes women in executive management positions. Although, there are no members of the feminine gender in the Board of Alro, both the CFO and the two Deputy CFOs of Alro are women. At the end of 2015, about 20% of directors and deputy directors that reports were women, while the proportion of women in middle management positions was of 21%.

Moreover, out of the total number of employees, the number of women working at Alro, at the end of 2015 was of 17%.



Ethics and Behavior

Alro's Code of conduct contains the general guidelines for the Company's operations according to the highest standards of business ethics. All the employees of Alro have to follow these standards.

The main responsibility of the employees of Alro is to harness the full potential in the company's interest, their entire competence

and training. They must act effectively in reasonable terms, in an ethical and effective way and bring satisfaction to shareholders, customers, their colleagues and the local community.

General rules

The behaviour and attitude of the employees must be characterized by involvement, team spirit, constructive spirit, integrity, commitment and loyalty for the company, its values and its shareholders. Employees at every level are forbidden to speak on behalf of the company, without the approval of the General Manager, except for force majeure situation.

Policy

- Employees must strictly comply with all laws and regulations, rules and procedures applicable to Alro S.A., with the laws and internal rules on document management, data and classified information (state secrets, secrets, confidential).
- All decisions must be based on objective judgments, in the company's interest and not personal interests or benefits of any kind.
- Employees will comply permanently with the Company's legal provisions and rules on audits and internal controls by state authorities or made any kind.
- The managers shall give or receive protocol gifts to another company or person who is or tries to enter into business relationships with Alro S.A. complying with the following criteria:
- Giving gifts is a common practice protocol of the company or individual in question does not create the suspicion of an exceptional situation, it is not contrary to the legislation, internal regulations or ethical standards;
- The value of the gift is not excessive, having a more symbolic character;
- It does not create the premises of being interpreted as a bribe or incentive or unlawful benefit or advantage obtained during the development or closing a business;
- The public disclosure of the facts does not damage the image of the company or the manager in question.

Principles that govern the conduct of the employees of Alro

- **Responsibility for own actions:** completing on time and according to the quality parameters the actions and tasks according to the job description and orders received;
- **Respect for team members:** respect for colleagues on the same hierarchical line, but also for the lower hierarchical subordinates;
- **Priority of common interest:** put the company's interests above all at the expense of personal or group interests;
- **Appeal to honour:** an honourable behaviour toward co-workers and collaborators outside the company, refuse of any undue advantage, material or otherwise;
- **Creative initiative:** showing spirit of initiative, to promote new ideas, well motivated;
- **Focus on solutions:** acting for finding optimal solutions for solving a problem;
- **Pragmatic approach:** focus on knowledge and presenting reality as it is, without a distortion;
- **The power (authority) shared:** surround with talented people from all points of view (training, personality, behaviour etc.)

Facts on people

Within the Group there is a permanent dialogue between trade unions and the management. The key-elements of the framework that shows the relationship between management and employees are the collective labour agreement and available internal regulations. In practice all the steps initiated or started activities that may have an impact on employees, were previously discussed and agreed by both parties.

The average number of employees of the Group in 2015 was 3,810 (2014: 3,774), out of which 2,397 persons are working at Alro, and 98.20% are qualified workers.

The structure of Alro's employees by level of education:

Type of studies	%
University	17.60
Postgraduate	10.20
High school	39.40
Vocational training	25.80
Gymnasium	7.00

The level of unionization of employees in Alro in 2015 was about 94%. During 2015, the relations between the company's executive management and employees represented by unions were fair, regulated by the Collective Labour Agreement and the current specific legislation. No conflicts were reported that could affect the normal activity or continuity of operations..

Reducing Our Environmental Footprint

Alro's major environmental goals are:

- compliance with the environmental law adopted under the European requirements and strictly respect all legal regulations applicable to the company;
- continuous improvement of activities, processes, products and environmental performance;
- preparation for emergency situations and the ability to respond, organizing and conducting simulation exercises for incidents involving dangerous substances;
- pollution prevention and combat the environmental factors through investments, organizational measures, maintenance and repairs and technological changes;
- continuous monitoring of environmental aspects of production activity through weekly environmental programs;

Alro continuously takes measures to operate in accordance with the highest environmental standards, applicable for its activity.

Environment management

Alro constantly acts to reduce emissions, which might affect the environment and takes measures to increase the energy efficiency to contribute to the sustainable development of the areas in which it operates.

Ways to minimize the ecological footprint

Alro has invested over USD 100 million in the last 10 years to improve labour conditions and environmental protection. The Company applies modern concepts of integrated waste management. Moreover, all employees are trained in order to bring their active contribution to environmental protection, as well as the compliance with the occupational health and safety obligations.

The company recycles aluminium scrap that has the "end of waste" status. Alro invested in building an ECO Recycling Facility that uses modern technologies such as double chamber furnaces with ox gas burners. All the gases resulting from the burning process are collected and treated in dry scrubbing centers using the base of an active carbon.



ECO Recycling Facility

Furthermore, Alro takes measures for the selective removal of all waste (metal, paper and cardboard, polyethylene, glass) by endowment with disposal bins accordingly to EU standards, completely removed the asbestos used as construction material for the Company's buildings and fully recycles inert waste, such as crushed concrete generated from building demolishing works recovered/supplied to third parties for road construction or consolidation purposes. Alro recycles the non-hazardous wastes such as scrap metal, paper and cardboard, polyethylene, but also waste from oils which, in its turn, is the subject to recycling by the relevant authorized recycling operators.

Moreover, Alro reduced the CF4 and C2F6 emissions with about 39 times, compared with 1990. Also, all the emissions related to burning natural gas and anodes were significantly reduced.

Responsible business and anti-corruption

Internal control system

The Group's internal control system aims the compliance with the regulations in force, the good internal operating activity of the Group in accordance with the decisions made by the management, and also contributes to the effectiveness of the Group's operations, to the efficient use of resources, the prevention and control of the risk of failing to achieve its goals.

Internal control is applicable before, during and after the operations are performed. Internal audit aims to achieve at least the following goals:

- compliance with the regulations in force;
- implementation of the decisions taken by the management;
- the effective operation of the internal activities within the Group companies;
- the reliability of financial information;
- the effectiveness of the Group operations;
- the efficient use of resources;
- the prevention and control of risks to achieve the goals set.

The Group via its management structure and organizational culture made efforts to implement an internal control system that includes various activities for the prevention and detection of unexpected events and risks and potential fraud attempts, of errors or omissions, damages, non-compliances, unauthorized transactions, incorrect or misleading financial reporting, activities that may negatively affect the Group's image, etc.

Through its procedures and internal regulations which represent the basis for an integrated internal control system, the Group has aimed to include all relevant operations and activities occurring within the Group in order to ensure that:

- all its operations are conducted in accordance with the law in force for each area in which it operates (for example to meet local requirements and legal reporting in Sierra Leone, Romania), and in accordance with the internal organization and operation rules;
- controls are implemented to prevent, identify and solve in a more efficient way fraud, errors or omissions that may have serious consequences over the Group's activities;
- an organizational culture exists and is maintained, concerning the risk of fraud or error, and the employees are aware that providing misleading or wrong information can have serious consequences in the effective administration of daily operations.

Therefore, internal control procedures are designed:

- on one side, to assure the compliance of the company's activity and staff conduct with the framework of applicable laws, values, regulations and internal rules of the company;
- on the other side, to verify the accuracy of reported financial, accounting and management information so that it can correctly reflect the company's activity and position.

Internal control is performed mainly by the finance department and by the internal financial control in accordance with the Group's accounting policy manual by monitoring, through a program of periodical reviews, the compliance with these procedures and accounting policies, with the applicable financial reporting standards, the awareness and correct application of the financial accounting rules, thus ensuring the accuracy and completeness of the accounting records, the presentation in the financial statements of quality information that should meet the requirements of their users.

An important role is assigned to the internal audit, which by its operating methodologies assures that the internal regulations regarding the risks associated with different structures within the Group are complied with and are working.

Therefore the existence of an internal control environment is the basis of an effective control system and must be based on clear methodology, values, ethical principles and measures for the responsibility, authority level, skills, duties assigned to each employee.

The entire internal audit system has the final goal of identifying and assessing process and compliance risks so that they can be prevented, mitigated or considered acceptable, depending on the current risk policy of the Group. All these procedures and activities that are the basis of an internal control system are constantly reviewed and improved in order to meet the business needs of the Group and to not become obsolete. All these internal control processes and verifications are supported by appropriate documentation and contain a clear description of all key control activities that have been implemented and performed.

Both the company management and the internal audit department are structures within the Group that are responsible for the efficient evaluation and implementation of the internal control system.

Within the Group, both in the parent company, Alro, and at the level of each subsidiary separately, the same accounting and reporting rules are applied to ensure the same treatment for the same types of transactions/ business related activities. Depending on the evolution of the Group's business and the current law, these rules/ accounting treatments are updated to ensure both compliance with legal requirements and their relevance to the conducted operations.

Moreover, the Group has separate departments for accounting, reporting/ financial control so there is a clear separation of roles and responsibilities, to have in place the 'four eyes' principle and a separate input for operations and authorization of transactions. Moreover, the management has constantly tried to use reporting integrated software and automate as many processes as possible, in order to reduce the risk of manual record-keeping where the risk of error is higher. Setting standards for preparing the annual and quarterly financial statements of the Group represents a crucial component of the internal audit system.

Moreover, as a **measure against corruption**, there are strictly prohibited gifts in cash or cash equivalents (stock or goods) to or from a competitor company or individual who makes or tries to make business with Alro S.A.

- The use of financial resources, the company's goods or services to support political parties or private individuals for political activities is prohibited. Any exception to this rule is permitted only with prior written approval of the General Council or of the President of the Board of Alro
- The participation of employees in activities of a political nature is possible in their own time and at their own expense.
- Managers representing the company in negotiations with third parties (suppliers, customers, contractors, etc.) in

concluding or performing a business have an obligation to act for the best interest of Alro, is not subject to any conflict of interests and not favour any of the partners based on personal considerations.

- All employees are responsible for protecting the Company's assets and information.
- The employee who discovers an event of direct or indirect nature questionable, fraudulent or illegal that is or may be a violation of the Company's policy and may prejudice it, is obliged to report it immediately to the management.
- The relationships and communication between the company's employees are aimed at implementing the policies and resolving efficient and effective the objectives. The relationship and communication between the Company's executives is based on mutual respect, cooperation, courtesy, concern and fairness.
- Formal communication (official) in writing, on paper or electronic mail will be made in compliance with company procedures and practices of drafting and delivery of documents.
- The violation, by the employees, of the provisions of the Code, of the Company's policies, of the legislation and of the applicable rules represent disciplinary misbehaviour, which can be sanctioned according to the gravity of the fact, in accordance with the stipulations of the Code of Conduct.

Supply chain integrity

REACH programme

The new chemicals legislation issued across Europe, known as REACH Regulation (EC) No. 1907/2006 (Registration Evaluation Authorization and Restriction of Chemicals) and CLP Regulation

(EC) No. 1272/2008 (Classification, Labeling and Packaging), is complex and affects all manufactures, importers and downstream users in the European Union, requiring their joint collaboration across the supply chain.

It is essential for users of chemical substances to know if suppliers (manufacturer/importer) will register and notify the substances they require, confirming that they will be available in the future and that their specific uses will be covered by the registration. It is also essential for suppliers to be informed about downstream applications and exposure information for the respective substances, in order to be able to incorporate them in the required chemical safety report, if substances are classified.

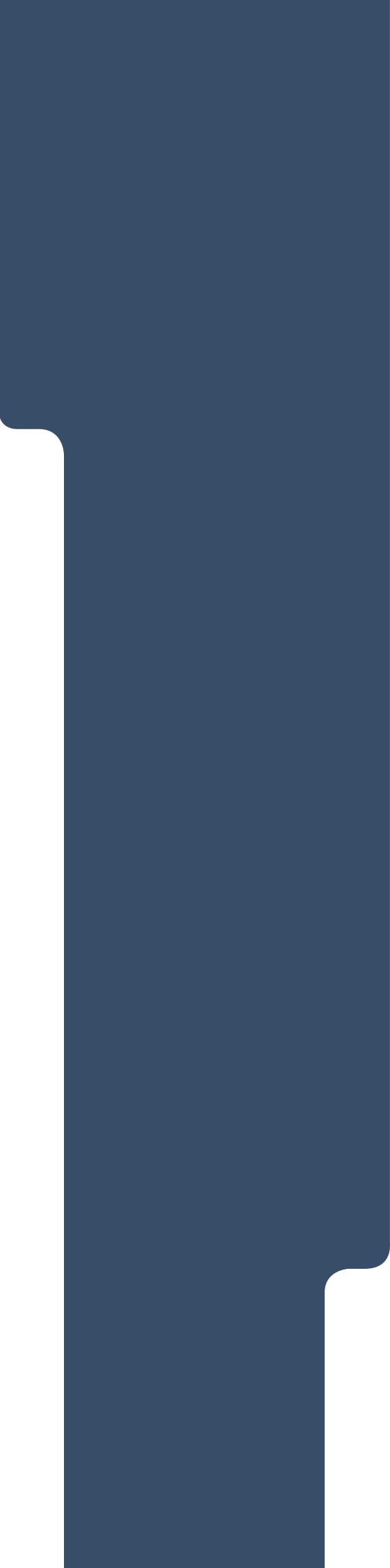
Alro is committed to meeting all the legal obligations under REACH and CLP, as a manufacturer, importer and downstream user and has started the registration process. We have established a REACH team to deal with all the requirements of these legislations. Moreover Alro is a member of the REACH Consortium, formed by the European Aluminium Association (EAA), which prepares the full dossier for aluminium, aluminium oxide and aluminium hydroxide.

As a supplier of aluminium and aluminium alloy products:

- We have pre-registered manufactured and imported substances in order to benefit from the transitional periods provided by the pre-registration under REACH.
- We have checked, and will continue to check, that our suppliers, or any party up the supply chain, are willing to undertake the responsibility of the registration of the applicable substances in order to grant supply to our customers.
- We are going to register manufactured substances.



Alro celebrated 50 years of continuous production



Alro is subsidiary of Vimetco N.V., a global, vertically-integrated primary and processed aluminium producer. Alro is one of the largest aluminium producers in Central and Eastern Europe measured by volume with an installed production capacity of 265,000 tonnes per year.

The main markets for the aluminium manufactured by Alro are within the EU (Hungary, Poland, Greece, Germany and Romania). Alro also exports to the US and Asia. Alro is ISO 9001 certified for quality management and has NADCAP as well as EN 9100 certificates for aerospace production organizations. Alro's products adhere to the quality standards for primary aluminium on the LME, as well as international standards for flat rolled products.

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