RUSAL

20 YEARS

MOVING FORWARD

ANNUAL REPORT 2020

RUSAL

20 YEARS

MOVING FORWARD

Contents

Leading
THE INDUSTRY

01.

FINANCIAL AND PRODUCTION INDICATORS

FINANCIAL AND PRODUCTION INDICATORS

USD million (unless otherwise specified)	2020	2019	2018	2017	2016
Revenue	8,566	9,711	10,280	9,969	7,983
Adjusted EBITDA	871	966	2,163	2,120	1,489
Adjusted EBITDA Margin	10.2%	9.9%	21.0%	21.3%	18.7%
EBIT	279	87	1,481	1,523	1,068
Share of Profits from Associates and Joint Ventures	976	1,669	955	620	848
Pre-Tax Profit	716	1,054	1,953	1,288	1,354
Profit	759	960	1,698	1,222	1,179
Profit Margin	8.9%	9.9%	16.5%	12.3%	14.8%
Adjusted Net (Loss)/Profit	60	(270)	856	1,077	292
Adjusted Net (Loss)/Profit Margin	0.7%	(2.8%)	8.3%	10.8%	3.7%
Recurring Net Profit	990	1,273	1,695	1,573	959
Basic Earnings Per Share (in USD)	0.050	0.063	0.112	0.080	0.078
Total Assets	17,378	17,814	15,777	15,774	14,452
Equity Attributable to Shareholders of the Company	6,543	6,747	5,209	4,444	3,299
Net Debt	5,563	6,466	7,442	7,648	8,421

Uniting

PEOPLE ACROSS CONTINENTS

02.

GENERAL INFORMATION ON THE COMPANY

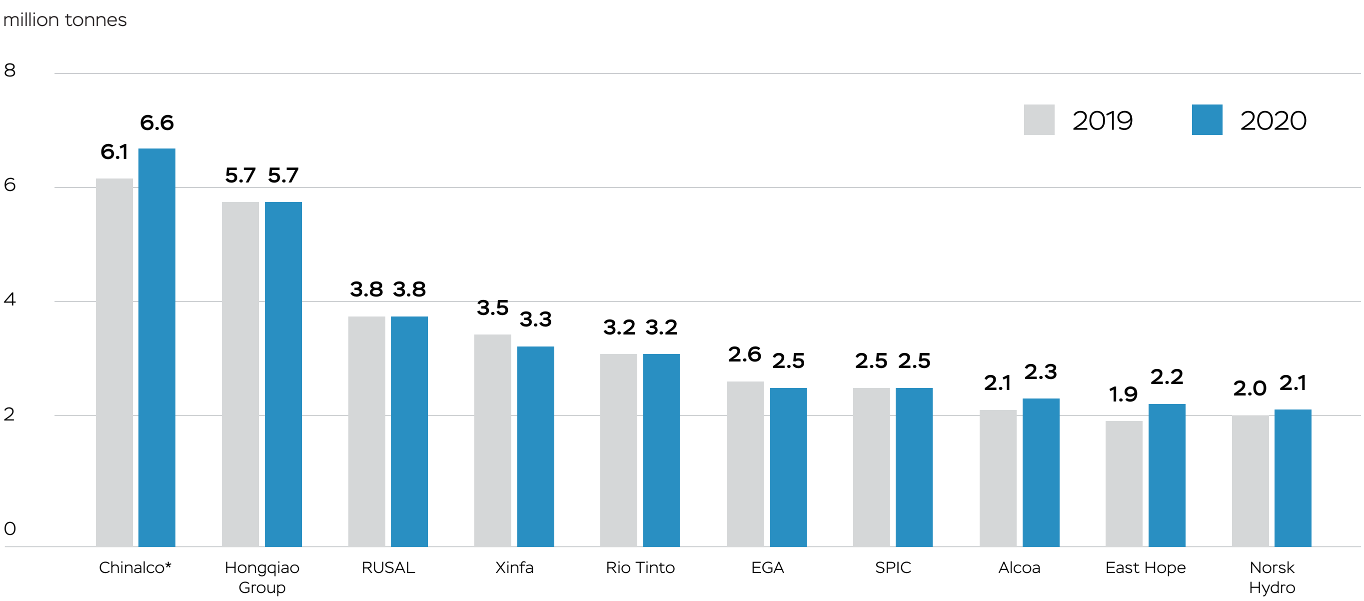
GENERAL INFORMATION ON THE COMPANY

COMPANY POSITION IN THE INDUSTRY

The main activity of the Company is holding activities related to participation in the authorized capital of business entities operating in the field of bauxite and nepheline mining, alumina production, electrolytic production of primary aluminum, value-added aluminum products, including those associated with the management of these companies, and also financial activities.

At the same time, the activities of the Group companies may have an impact on the activities of the Company and the performance of its obligations with respect to securities, and therefore the description of the information on the priority areas of business is given for the Group as a whole.

RUSAL is a low-cost, vertically integrated aluminium producer with core smelting operations located in Siberia, Russia. In 2020, RUSAL remained among the largest producers of primary aluminium and alloys globally.



* Since 2019, Chinalco is consolidating production of Chalco and Yunnan Aluminum Co., Ltd

Source: Based on RUSAL's internal company report and peer companies' publicly available results, announcements, reports, and other information.

RUSAL's production chain includes bauxite and nepheline ore mines, alumina refineries, aluminium smelters and casting houses, foil mills, packaging and wheels production centers.

SECURED ACCESS TO GREEN, RENEWABLE ELECTRICITY

Electricity is a key component of the aluminium production process. RUSAL's core smelting operations are favorably located close to the Siberian hydropower plants sourcing approximately 93% of the Group's total electricity needs. The Company has long-term agreements with the region's hydropower energy suppliers. Using renewable and environmentally friendly hydro-generated electricity, RUSAL is targeting the lowest CO_2 footprint in the industry.

CAPTIVE RAW MATERIAL SUPPLIES

RUSAL alumina production capacities are located in Russia and abroad. They cover approximately 100% of the Group's total alumina needs.

Our alumina Refineries bauxite needs are covered by up to 80% with supplies from the Group's bauxite mining operations. Our existing bauxite resource base is sufficient to supply for over 100 years of operations.

EFFICIENT MIDSTREAM, IN-HOUSE R&D AND INTERNAL EPCM EXPERTISE

RUSAL aluminium smelting operations go through regular upgrades. RUSAL has developed its own in-house R&D, design and engineering centers and exploits RA-300, RA-400 and Green Soderberg smelting technologies. A new energy efficient and environmentally friendly RA-500 and RA-550 smelting technology has been designed, and currently RUSAL is testing it, targeting the best energy efficiency yields in the industry.

RUSAL is actively developing a ground-breaking inert anode technology. Introducing this state-of-the-art technology into the production process will lead to complete elimination of greenhouse gas and polyaromatic hydrocarbon emissions coupled with 10% cut in operational costs through reducing anode and energy consumption and over a 30% cut in Greenfield projects expenditure costs.

COST EFFICIENCY

The efficient smelting technologies together with low-cost input material and utilities mix secure the Company's global leadership on the cost curve.

FOCUS ON HIGHER MARGIN DOWNSTREAM BUSINESS

RUSAL has a diversified product mix with a strong share of VAP in the portfolio (1.72 million tonnes per annum out of 3.93 million tonnes of total sales).

DIVERSIFIED SALES GEOGRAPHY

RUSAL's sales geography is represented by a diversified portfolio of regions. The Company delivers aluminium products to the domestic market and across all key global consuming regions (Europe, America and South East Asia).

GROWTH POTENTIAL OF RUSAL PLATFORM

The BEMO project (RUSAL and RusHydro JV) includes the 3,000 megawatt BEMO HPP (the construction of which was completed in 2014) and Boguchansky aluminium smelter in the Krasnoyarsk region of Russia. In March 2019, the launch of the second part of the first stage brought the total production capacity to almost 300 thousand tonnes per annum.

One of RUSAL's other major projects is Taishet aluminium smelter in the Irkutsk region. The production capacity of the first line is 428.5 thousand tonnes. During 2020, the Company continued to finance this smelter's construction using its own funds.

IMPLEMENTING ENVIRONMENTAL INITIATIVES

RUSAL was one of the first Russian companies that joined the UN Global Compact. By following its environmental policy and undertaking to regularly review and update its provisions, the Company is constantly developing and improving its environmental management system and implementing its principles at all production facilities.

DIVERSIFICATION OPPORTUNITIES THROUGH INVESTMENTS

- As at the Latest Practicable Date, RUSAL owns an effective 27.82% interest in Norilsk Nickel, the world's largest palladium producer, the largest high-grade nickel producer and one of the leading producers of platinum, copper and cobalt[1].
- RUSAL's 50/50 LLP Bogatyr Komir coal joint venture in the Ekibastuz coal basin, one of the largest coal basins in the CIS, is an additional natural source of energy for RUSAL's enterprises.

1 Source: www.nornickel.ru

KEY FACTS IN 2020

RUSAL ACCOUNTED FOR

ALUMINIUM PRODUCTION CAPACITY

3.76 mln t

RUSAL IS No.1 LARGEST ALUMINIUM PRODUCER OUTSIDE CHINA

ALUMINA PRODUCTION CAPACITY

8.18 mln t

RUSAL'S ORDINARY SHARES ARE LISTED ON THE HONG KONG STOCK EXCHANGE AND THE MOSCOW EXCHANGE.

ABOUT

6.5 %

OF THE WORLD'S ALUMINA PRODUCTION

9

ALUMINA REFINERIES, OF WHICH 4 ARE IN RUSSIA, 1 IN IRELAND, 1 IN UKRAINE, 1 IN JAMAICA, 1 IN ITALY AND 1 IN GUINEA

APPROXIMATELY

5.8 %

OF THE WORLD'S ALUMINIUM

9

ALUMINIUM SMELTERS, OF WHICH 8 ARE IN RUSSIA AND 1 IN SWEDEN

1

NEPHELINE MINE IN RUSSIA;

4

FOIL MILLS, OF WHICH 3 ARE IN RUSSIA AND 1 IN ARMENIA;

7

BAUXITE MINES OF WHICH 2 ARE IN RUSSIA, 1 IN JAMAICA, 3 IN GUINEA AND 1 IN GUYANA;

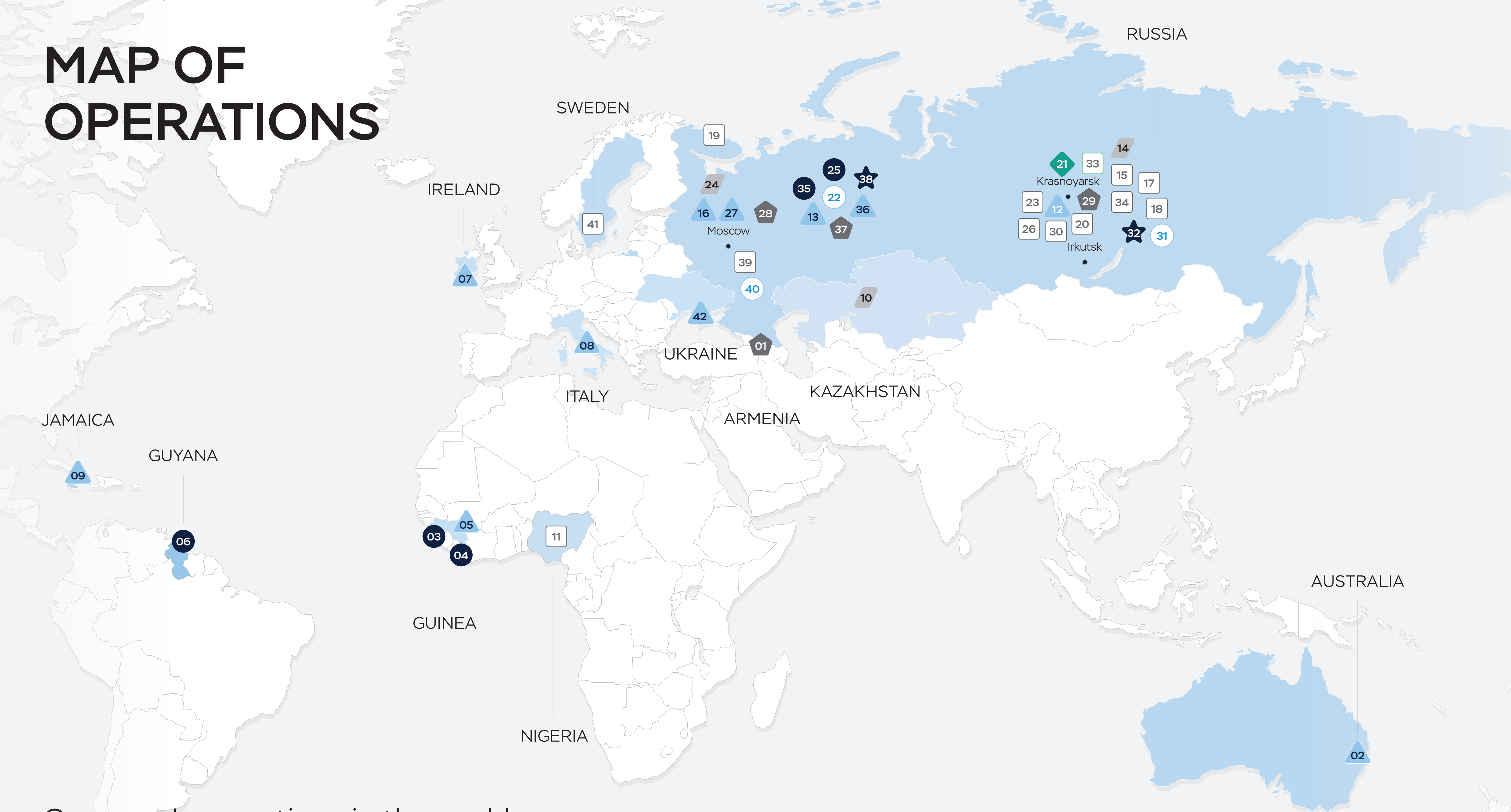
2

SILICON FACTORIES, ALL OF WHICH ARE IN RUSSIA;

2

WHEELS FACTORIES SITUATED IN RUSSIA.

MAP OF OPERATIONS



№ 1

aluminum producer outside China

RUSAL operates in 13 countries on five continents.

RUSAL's production facilities are located mainly in Russia. The Company respects and engages with local communities in the regions of operation, facilitates its economic and social development and minimize negative impact on environment.

Company's operations in the world

RUSAL

ARMENIA
01 Armenal

AUSTRALIA
02 QAL

GUINEA
03 Compagnie des bauxites de Kindia (CBK)
04 Dian Dian Project
05 Friguia Bauxite & Alumina Complex

GUYANA
06 Bauxite Company of Guyana (BCGI)

IRELAND
07 Aughinish Alumina

ITALY
08 Eurallumina

JAMAICA
09 WindalcO

KAZAKHSTAN
10 LLP Bogatyr Komir

NIGERIA
11 ALSCON

RUSSIA
12 Achinsk Alumina Refinery
13 Bogoslovsky Alumina Refinery
14 Boguchanskaya HPP (BEMO)
15 Boguchansky Aluminium Smelter (BEMO)
16 Boksitogorsk Alumina Refinery
17 Bratsk Aluminium Smelter
18 Irkutsk Aluminium Smelter
19 Kandalaksha Aluminium Smelter
20 Khakas Aluminium Smelter
21 Kia-Shaltyr Nepheline Mine
22 Krasnoturyinsk Powder Metallurgy
23 Krasnoyarsk Aluminium Smelter
24 Nadvoitsy Aluminium Smelter
25 North Urals Bauxite Mine
26 Novokuznetsk Aluminium Smelter
27 Sayana Foil
28 PGLZ Alumina Refinery
29 SAYANAL
30 Sayanogorsk Aluminium Smelter
31 Shelekhov Powder Metallurgy
32 Silicon (ZAO Kremniy), Shelekhov
33 SKAD wheels factory
34 Taishet Aluminium Smelter (project)
35 Timan Bauxite
36 Urals Alumina Refinery
37 Urals Foil
38 Urals Silicon
39 Volgograd Aluminium Smelter
40 Volgograd Powder Metallurgy

SWEDEN
41 KUBAL

UKRAINE
42 Nikolaev Alumina Refinery

- Aluminium
- Alumina
- Bauxite
- Foil
- Powders
- Silicon
- Nepheline ore
- Other business
- Wheels

Striving
FOR SUSTAINABLE GOALS

03.

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

RUSAL has enhanced its position as a trusted supplier to manufacturers around the world, working with companies who share our commitment to sustainable development.

Dear Shareholders,

It is my pleasure to welcome you to our 2020 Annual Report. This year the coronavirus pandemic brought unprecedented challenges and global market volatility on a scale not seen before. Despite such difficulties, I am proud to say that RUSAL has maintained its position as the industry leading green aluminium producer. We have persevered, adapted and most importantly, placed the wellbeing of our staff and obligations to our customers and partners at the heart of our business. I want to express my sincere gratitude to all of RUSAL's people for their dedication, commitment and determination to support our customers and communities during this most challenging of periods.

RUSAL was one of the first companies in Russia to take coordinated action against the spread of coronavirus, implementing sweeping preventative measures across our factories. In total, almost USD80 million have been allocated by the Company, including investments to build and equip medical emergency and rescue centers in the regions of our operations, granting the most advanced anti-COVID treatment to thousands of residents in Siberia, the Urals, Ukraine and Guinea.

RUSAL worked hard to ensure that operations remained uninterrupted. We kept factories open with COVID-safety measures in place, prioritized the health of all our staff, and successfully weathered the market turbulence as we fulfilled order for our customers. Whilst logistics chains were lengthened due to the pandemic and that there was some inevitable supply chain disruption, there was no significant increase in the cost of production. In the second half of the year, as optimism grew with the rollout of vaccines and the global economic situation stabilized, RUSAL delivered a significant improvement in its operational and financial results.

The past year has also seen a string of operational developments, including the commissioning of a new foundry complex at Boguchansky aluminium smelter to produce high strength alloys for the automotive industry. RUSAL completed retrofitting its Krasnoyarsk aluminium smelter for the EcoSoderberg process. We will allocate approximately USD190 million in modernizing the production of prebaked anodes at Sayanogorsk aluminium smelter between 2020 and 2023, which will help reduce the smelter's environmental impact alongside the positive economic impact.

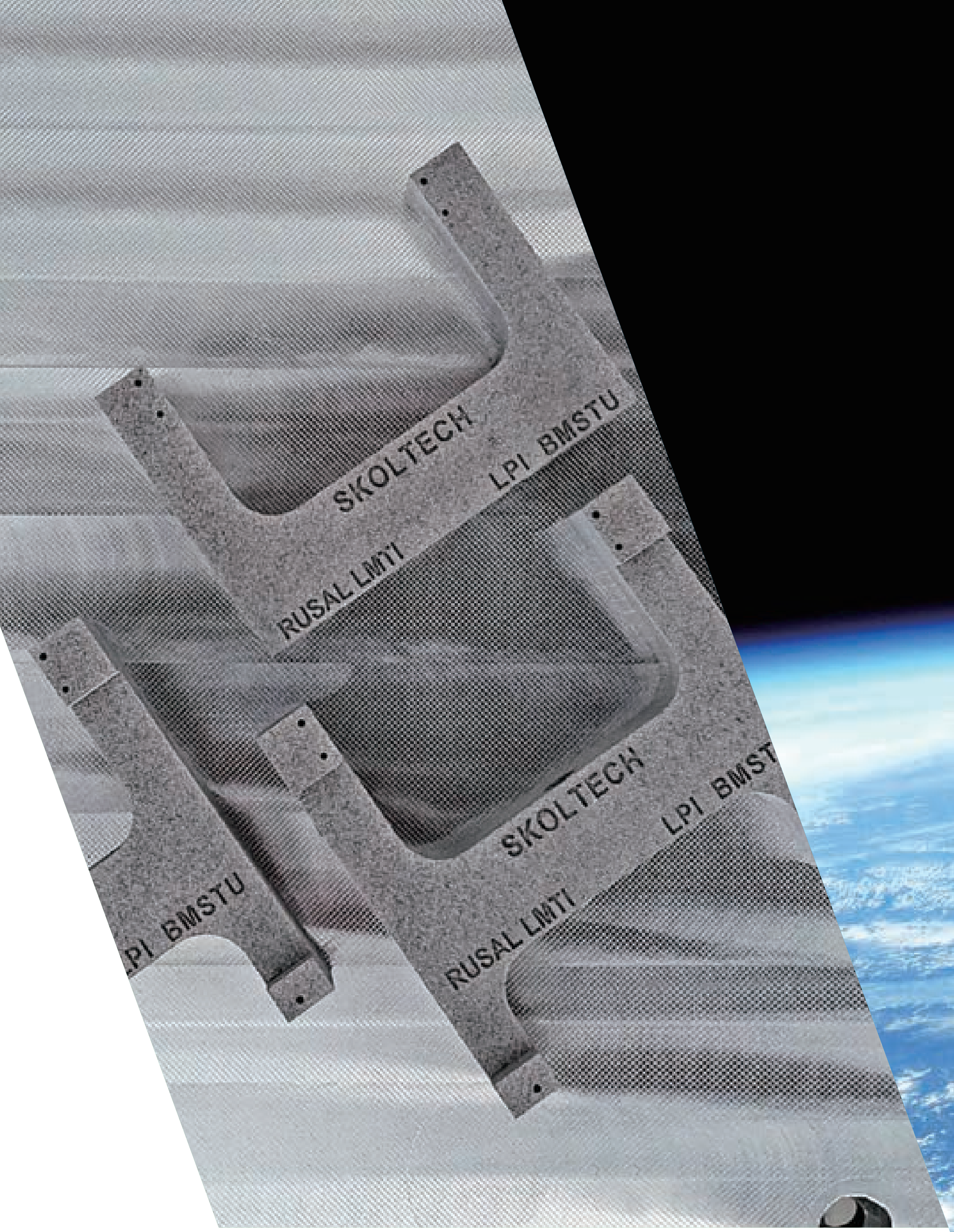
Our sustainability agenda continues to shape our long-term vision for the future. RUSAL has been globally recognized for the transparency with which we approach our sustainability principles. RUSAL was identified as a global leader for engaging with its suppliers on climate change by the Carbon Disclosure Project's Supplier Engagement Leader board. The Company also received an "A-" rating from CDP last year – a first in the global aluminium industry. Five more of our aluminium smelters achieved Aluminium Stewardship Initiative certification, confirmation of our success in implementing best in class ESG practices.

We recognize that decarbonisation is no longer simply an option but a requirement for our stakeholders. RUSAL has been at the forefront of combating climate change through production of our low carbon aluminium brand ALLOW. Throughout this volatile time for the aluminium sector, ALLOW maintains its leadership position and as we find ESG is increasingly a top priority for our stakeholders, as it is for us. We continue to work closely with our current and new customers who request better, greener solutions, which we can provide. RUSAL has enhanced its position as a trusted supplier to manufacturers around the world, working with companies who share our commitment to sustainable development processes and best production practices. Notably, we strengthened our position in the highly competitive market of Asia Pacific, becoming a preferred supplier to leading automotive group Hyundai Sungwoo in South Korea and partnering with global leading manufacturer Henan Mingtai in China.

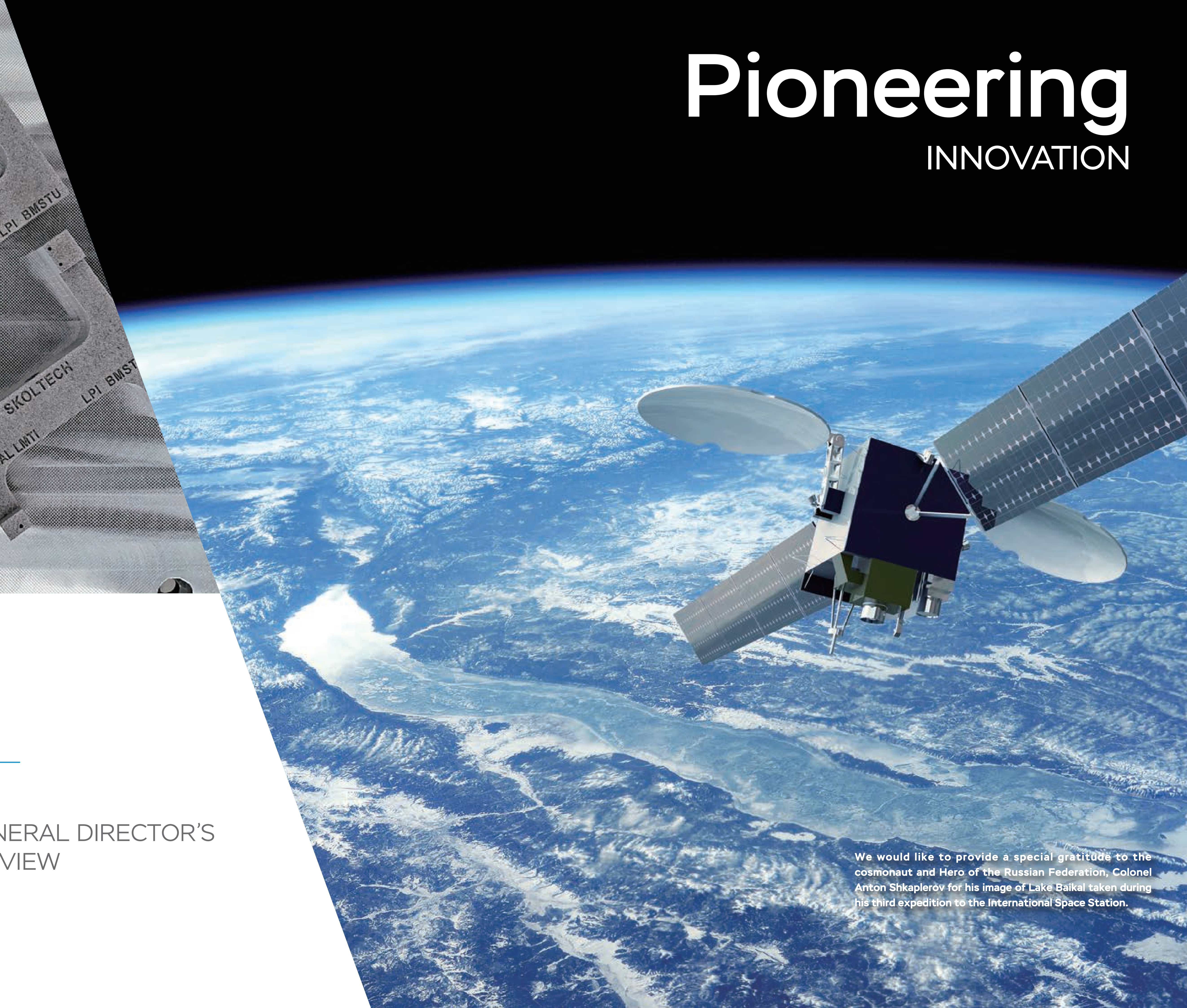
Despite the pandemic, RUSAL has continued to gain support for its commitment to improving the communities in which it operates. We are proud to have set in motion several large-scale integrated development projects in Russia, creating social infrastructure for our employees, their families, and local residents; built indispensable public facilities in Guinea; and in Jamaica we donated the necessary equipment for online education during lockdown to students.

I would like to thank all shareholders, employees and management of the Company for your continued support and hard work during such unparalleled global circumstances. This year will forever be marked by the upheaval of the coronavirus pandemic. However, it will also be remembered as a landmark for RUSAL, a year in which we celebrated 20 years of moving forward despite challenges – maintaining the continuity of our production, growing our market share and demonstrating our unassailable commitment to a sustainable future and to the communities in which we operate. The position of the Company as we enter 2021 is testament to the strength of our business and the hard work of every single one of our employees across the world. We are truly grateful for the trust and confidence of all RUSAL's stakeholders, the financial community and clients.

Bernard Zonneveld
Chairman of the Board
09 April 2021



Pioneering
INNOVATION



We would like to provide a special gratitude to the cosmonaut and Hero of the Russian Federation, Colonel Anton Shkaplerov for his image of Lake Baikal taken during his third expedition to the International Space Station.

04.

GENERAL DIRECTOR'S REVIEW

GENERAL DIRECTOR'S REVIEW

I am truly proud of our people who adapted quickly and acted with the utmost professionalism during these uncertain times.

In 2020 RUSAL marked its 20th anniversary. This important year should have been celebrated accordingly, honouring our progress over the decades from building industry leadership on national scale to global recognition. However, like for everyone all over the world, COVID-19 changed our plans and caused us to revaluate our priorities.

As a company we worked together to support the communities around us. In view of the outbreak of the virus, the Company promptly allocated over USD500,000 to provide help for elderly retired employees, the most vulnerable group that had to remain in isolation. Almost 1,000 RUSAL volunteers in 13 cities delivered over 21,000 grocery sets and almost 49,000 units of PPE to those in need. We did not let the pandemic bring our social projects to a halt and we invested in large-scale housing programs, the modernization of public infrastructure and supported educational programs. I am truly proud of our people who adapted quickly and acted with the utmost professionalism during these uncertain times, working tirelessly whilst looking after their families and communities.

Throughout the pandemic we carried out all our operations in a COVID-secure environment and maintained the high level of service our customers expect from us, while ensuring that supply chains could stay open. The pandemic has not only put our resilient business model to the test, but also showcased our ability to react, adapt and navigate the challenges brought by COVID-19, demonstrating the Group's core strengths, the dedication of all colleagues and the quality and experience of our management team.

The past year has proven that despite all the challenges and market turbulence, RUSAL remained committed to its strategic goals and eventually has delivered a robust set of results. We saw a strong recovery in the second half of the year and sales of value added products (VAP) increased by 11.3% to 1,722 thousand tonnes. We also increased our market share from competitors. The share of VAP sales in total sales was 44% (vs 37% in 2019). This was also amongst a backdrop of a decline in global demand for aluminium caused by COVID-19. Over the course of the year, we further expanded our presence across key customer segments – automotive, construction, packaging – developing awareness of our industry leading low carbon aluminium, ALLOW, with both existing and new customers.

Thanks to RUSAL's diversified client base and nimble response, the Company successfully adjusted its regional sales geography to be in line with the new market environment caused by COVID-19. The less severe lockdown measures in Asia reflected in the Asian share growth to 25% (+8 p.p. year-on-year) in sales mix. Moreover, RUSAL became the number one supplier of alloys to Japan and South Korea, satisfying the constantly growing demand for high-quality low carbon aluminium.

We pressed ahead with our environmental strategy and continued to implement our global reforestation project "One million trees", the first large-scale voluntary initiative in Russia aimed at absorbing greenhouse gases and combating climate change, an integral part of the UN program to restore 350 million hectares of forest worldwide by 2030. RUSAL fulfilled the sustainability key performance indicators for the prior year under the sustainability-linked syndicated pre-export finance facility and as part of our environmental modernization program, we also announced our aim of reducing KrAZ's benzo(a)pyrene emissions by 60% by 2024 thanks to the smelter using eco-friendly pitch. This all happened as the Company received an "A-" CDP climate rating – a first in the global aluminium industry.

With our relentless effort on technological advancements, we continue to innovate and have successfully completed a closed additive manufacturing cycle at our R&D site – the Institute of Light Materials and Technologies.

RUSAL has become the first aluminium producer that has successfully introduced and implemented a revolutionary technology – an inert anode cell – into the pilot stage of the production process. The inert anode technology used in aluminium smelting, combined with renewable hydro power, will deliver the lowest possible carbon footprint of the primary metal, enabling the path towards a more sustainable and green economy.

I am proud to say we can look towards 2021 with optimism thanks to the strength of our resilient business and the determination of our people. We will approach any challenges ahead of us with renewed confidence as we continue to lead the aluminium industry to a greener future!

Evgenii Nikitin
General Director
09 April 2021

Inspiring
CONFIDENCE

05.

BUSINESS OVERVIEW

BUSINESS OVERVIEW

PRIORITY AREAS OF BUSINESS

The main activity of the Company is holding activities related to participation in the authorized capital of business entities operating in the field of bauxite and nepheline mining, alumina production, electrolytic production of primary aluminum, value-added aluminum products, including those associated with the management of these companies, and also financial activities.

At the same time, the activities of the Group companies may have an impact on the activities of the Company and the performance of its obligations with respect to securities, and therefore the description of the information on the position in the industry is given for the Group as a whole.

Aluminium

RUSAL owns 9[2] aluminium smelters which are located in two countries: Russia (eight plants) and Sweden (one plant). Its core asset base is located in Siberia, Russia and accounts for approximately 93% of the Company's aluminium output in 2020. Among those, BrAZ and KrAZ together account for more than half of RUSAL's aluminium production. The Company owns 85% of a smelter located in Nigeria.

During 2020, RUSAL continued to implement the comprehensive program designed to control costs and optimize production process to strengthen the Company's position as one of the world's most cost-efficient aluminium producers.

The table below[3] provides an overview of RUSAL's aluminium smelters (including capacity) as at 31 December 2020.

Production facility	Country	Ownership, %	Nominal output (approved capacity, aluminium production in 2020), thousand tonnes	Capacity utilization factor, %
Siberia				
Bratsk aluminium smelter	Russia	100%	1,009	100%
Krasnoyarsk aluminium smelter	Russia	100%	1,019	100%
Sayanogorsk aluminium smelter	Russia	100%	542	98%
Novokuznetsk aluminium smelter	Russia	100%	215	100%
Khakas aluminium smelter	Russia	100%	297	104%
Irkutsk aluminium smelter	Russia	100%	422	100%
Russia (ex Siberia)				
Kandalaksha aluminium smelter	Russia	100%	76	92%
Volgograd aluminium smelter	Russia	100%	69	101%
Other countries				
KUBAL	Sweden	100%	128	91%
ALSCON	Nigeria	85%	24	0%
Total			**3,801**	**98%**

2 9 aluminium smelters in operation (Alscon, NAZ, and UAZ aluminium productions are mothballed).

3 The table presents total nameplate capacity of the plants, each being a subsidiary of the Group.

BEMO

The BEMO project involves construction of the 3,000 MW BEMO HPP and BEMO aluminium smelter in the Krasnoyarsk Territory in Siberia.

The construction of the BEMO aluminium smelter is divided into two stages (each stage with a capacity for 298 kt of aluminium per annum). The first part of the first stage (149 kt of aluminium per annum, 168 pots) was launched in 2015; and the second part of the first stage – in March 2019. In May 2019, the first stage of the smelter reached its design capacity. In 2020, 290,046 tonnes of aluminium and alloys was produced, which is 32,333 tonnes more than in 2019. A total of 1,017,141 tonnes of aluminium and alloys has been produced since the start of the commissioning.

The second stage of BEMO smelter is to be considered by a strategic partner, RusHydro, subject to market situation and availability of project financing.

Taishet aluminium smelter

Construction of Taishet aluminium smelter started in 2006. Due to unfavorable market conditions, RUSAL decided to suspend the project in 2009. After the economic recovery and market conditions improvement in 2016, the Board of Directors decided to resume the construction of LC-1 (first series) of Taishet smelter and approved the start of preliminary work. Actual construction of Taishet smelter resumed in 2017.

The project includes construction of an aluminium smelter in Taishet in the Irkutsk region (Eastern Siberia), with a design production capacity of LC-1 (first series) of 352 pots, or 428.5 kt, per annum. Electricity consumed by LC-1 (first series) amounts to 6,370 million kWh.

Alumina

The Group owns 9 alumina refineries as at the end of 2020. RUSAL's alumina refineries are located in six countries: Ireland (one plant), Jamaica (two plants, one legal entity), Ukraine (one plant), Italy (one plant), Russia (four plants), and Guinea (one plant). In addition, the Company holds a 20% equity stake in QAL, an alumina refinery located in Australia. Most of the Group's refineries have ISO 9001 certified quality control systems. Achinsk and Nikolaev refineries, Aughinish, EurAllumina and QAL are ISO 14001 certified for their environmental management; and three refineries have received OHSAS 18001 certification for their health and safety management systems. In 2019, Urals Alumina Refinery and JSC Boksit Timana were certified under ASI standards: ASI Performance Standard and ASI Chain of Custody certificates were obtained. In 2020, Nikolaev Alumina Refinery passed ISO 45001 and ensured high compliance standards of health and safety. Migration from OHSAS 18001 to ISO 45001 is expected at other plants. In 2020, Aughinish reaffirmed certificate ISO 50001, thus confirming compliance with requirements on development, introduction, maintenance and improvement of management quality systems in energetics.

Since February 2020, anti-COVID measures were taken to control and prevent the spread of the disease at all plants. Some of them are still in place. Thanks to efficient managerial actions, there has been no substantial change in overall schedule and finished goods output.

RUSAL's long position in alumina capacity helps secure sufficient supply for the prospective expansion of the Company's aluminium production capacity and allows the Company to take advantage of favorable market conditions through third-party alumina sales.

The table below[4] provides an overview of RUSAL's alumina refineries (including capacity) as at 31 December 2020:

Asset	Location	Ownership, %	Nameplate capacity, kt	Capacity utilization rate, %
Achinsk Alumina Refinery	Russia	100%	1,069	84%
Bogoslovsk Alumina Refinery	Russia	100%	1,030	96%
Urals Alumina Refinery	Russia	100%	900	102%
PGLZ Alumina Refinery[5]	Russia	100%	88	76%
Friguia Alumina Refinery	Guinea	100%	650	68%
QAL	Australia	20%	3,950	94%
Eurallumina	Italy	100%	1,085	0%
Aughinish Alumina Refinery	Ireland	100%	1,990	95%
Windalco	Jamaica	100%	1,210	43%
Nikolaev Alumina Refinery	Ukraine	100%	1,759	98%
Total nameplate capacity			**13,731**	**81%**
RUSAL's attributable capacity			**10,571**	**77%**

Bauxite

The Group operates seven bauxite mines. RUSAL's bauxite mines are located in four countries: Russia (two mines), Jamaica (one mine), Guyana (one mine) and Guinea (three mines). The Company's long position in bauxite capacity helps secure sufficient supply for the prospective expansion of its alumina production capacity. There are low-volume third-party bauxite sales as well.

The table below provides an overview of RUSAL's bauxite mines (including capacity) as at 31 December 2020.

Asset	Location	Ownership, %	Annual capacity, mt	Capacity utilization rate, %
Timan Bauxite	Russia	100%	3,300	100%
North Urals Bauxite Mine	Russia	100%	3,000	75%
Compagnie des Bauxites de Kindia	Guinea	100%	3,500	84%
Friguia Bauxite and Alumina Complex	Guinea	100%	2,100	68%
Bauxite Company of Guyana Inc.	Guyana	90%	1,700	5%
Windalco	Jamaica	100%	4,000	44%
Bauxite Company of Dian-Dian	Guinea	100%	3,000	102%
Total nameplate capacity			**20,600**	**72%**

4 Calculated based on the pro rata share of the Group's ownership in corresponding alumina refineries (QAL).

5 All data is represented for September-December 2020. Annual capacity is circa.

Asset	Measured, mt	Indicated mineral resources[1], mt	Inferred, mt	Total, mt
Timan Bauxite	6.8	163.2	6.5	176.6
North Urals Bauxite Mine	13.7	205.4	131.9	351.0
Compagnie des Bauxites de Kindia	29.5	35.8	20.4	85.6
Friguia Bauxite and Alumina Complex	27.4	142.4	152.6	322.4
Bauxite Company of Guyana, Inc.	0.0	38.0	44.2	82.2
Windalco[2]	46.5	58.4	0.0	104.9
Dian-Dian	394.0	133.8	216.6	744.4
Total	**517.9**	**777.0**	**572.2**	**1,867.1**

Energy assets

BEMO Project

BEMO HPP is the fourth step of the Angara hydro-electric power chain, the biggest major hydropower plant completed project in Russia.

Construction of the power plant was suspended in Soviet times due to the lack of financing and resumed in May 2006 by RUSAL and RusHydro following the conclusion of their agreement to jointly implement the BEMO project comprising the BEMO HPP (the average annual electricity output reaching 17.6 billion kWh) and an aluminium smelter capable of producing 600,000 tonnes of metal per annum.

The project's 79 m high and 2,587 m long composite gravity and rock-fill dam was completed at the end of 2011, and nine 333 MW hydropower units of the BEMO HPP commenced operation during 2012 through 2014. A total installed capacity of all nine hydrounits in operation amounts to 2,997 MW.

The hydropower plant started commercial supplies to the wholesale electricity and capacity market on 1 December 2012. Since its launch, the BEMO HPP has generated 101.364 TWh of electricity. In 2020, the hydropower plant delivered 17.549 TWh to the wholesale electricity and capacity market for the first time in the entire period of operation, which exceeds the 2019 electricity output by 9.6%, or 1.535 TWh.

Notes:

(1) Mineral resources:

- are recorded on an unattributable basis, equivalent to 100% ownership;
- are reported as dry weight (excluding moisture).

Mineral resources tonnages include ore reserve tonnages.

(2) Windalco resources include those under the license Kirkwine SML 161 of 38.1 million tonnes that was revoked by the Ministry of Transport and Mining of Jamaica in 2019. RUSAL considered these actions unlawful and challenged the legitimacy of the license revoke in court. The hearing took place in mid-2020. Court decision is in progress at the moment of the Report preparation.

Mining assets

RUSAL's mining assets comprise 15 mines and mine complexes, including bauxite mines (the resources of which are described above), two quartzite mines, one fluorite mine, two coal mines, one nepheline syenite mine and two limestone mines.

The long position in alumina capacity is supported by the Company's bauxite and nepheline syenite resource base.

The Company jointly operates two coal mines with Samruk-Energo, the energy division of Samruk-Kazyna under a 50/50 joint venture, Bogatyr Coal LLP.

Bogatyr Coal LLP

Bogatyr Coal LLP, which is located in Kazakhstan, is a 50/50 joint venture between the Company and Samruk-Energo.

Bogatyr Coal LLP, which produced approximately 43.34 million tonnes of coal in 2020, has approximately 1.66 billion tonnes of Proved and Probable Ore Reserves and has Measured Mineral Resources and Indicated Mineral Resources in aggregate of approximately 2.01 billion tonnes as at 31 December 2020 (by JORC according to the SRK report). Bogatyr Coal LLP generated sales of approximately USD248 million in 2019 and USD243 million in 2020. Russian and Kazakh customers contribute to approximately 30% and 70% of our sales.

INVESTMENT IN NORILSK NICKEL

The cost of acquisition was USD13,230 million. The carrying value of investment in Norilsk Nickel comprises 18% of total consolidated assets of RUSAL as at 31 December 2020.

RUSAL's shareholding in Norilsk Nickel allows for significant diversification of earnings through Norilsk Nickel's exposure to PGMs[6] and non-ferrous metals (nickel, copper, cobalt) and broadens RUSAL's strategic opportunities. The Company's objective is to maximize the value of this investment for all Shareholders.

Norilsk Nickel is the world's largest palladium producer, the largest high-grade nickel producer, and one of the leading producers of platinum, copper and cobalt. RUSAL held a 27.82% shareholding stake in Norilsk Nickel as at the Latest Practicable Date.

6 PGMs means platinum group metals.

Company Profile and Financial Results[7]

Norilsk Nickel's resource base in Taimyr and Kola Peninsula as at 31 December 2019 consisted of 757 million tonnes of Proved and Probable Ore Reserves and 2,020 million tonnes of Measured and Indicated Mineral Resources. Its key assets are located in the Norilsk region, the Kola Peninsula, the Trans-Baikal Territory in Russia, and in Finland.

In 2020, Norilsk Nickel produced 236 thousand tonnes of nickel, 487 thousand tonnes of copper, 2,826 thousand troy ounces of palladium and 695 thousand troy ounces of platinum. Compared to 2019, the following is to be noted:

1) Growth in production of nickel (+3%) was primarily owing to increase in production of nickel concentrate for sale at Kola MMC and higher processing volumes of the Company's Russian feed at Norilsk Nickel Harjavalta (production of nickel from own Russian feed also went up by 3%).
2) Decline in production of copper (-2%) was attributed to changes in saleable product mix, reallocation of copper semiproducts within the Company's divisions and lower processed volumes of concentrate purchased from Rostec (production of copper from own Russian feed also dropped by 2%).
3) Decline in PGM production (-3% palladium, -1% platinum) was attributed to the commissioning of the new precious metals concentrate production line at the metallurgical shop of Kola MMC, as well as high base effect of 2019, when Krasnoyarsk Precious Metals Plant processed earlier accumulated work-in-progress inventory (production of PGM from own Russian feed was down by 3%).

Norilsk Nickel's metal sales are highly diversified:

(i) by regions: Europe, Asia, North and South America, Russia and the CIS;

(ii) by products: nickel, copper, palladium, platinum, semiproducts and other metals.

	Revenue from metal sales	
USD million	Year ended 31 December 2020	Year ended 31 December 2019
Europe	6,755	6,680
Asia	5,266	3,243
North and South America	2,400	2,289
Russia and the CIS	556	639
	14,977	**12,851**

	Revenue from metal sales	
USD million	Year ended 31 December 2020	Year ended 31 December 2019
Nickel	3,144	3,388
Copper	3,078	2,877
Palladium	6,365	5,043
Platinum	622	628
Other metals and semiproducts	1,768	915
	14,977	**12,851**

7 Production and operational data in this section are derived from https://www.nornickel.com/.

The market value of RUSAL investment in Norilsk Nickel amounted to USD14,123 million as at 31 December 2020, which increased in comparison with the market value as at 31 December 2019 (USD13,586 million). Market capitalization of Norilsk Nickel was under effect from positive trend in metal markets and Russian ruble depreciation, which was partially offset by negative external market factors (due to COVID-19 pandemic) and internal factors (an accident at HPP-3 in May 2020). According to IFRS for the year ended 31 December 2020, Norilsk Nickel has the following key financial indicators:

USD million (unless otherwise specified)	12M 2020	12M 2019	Change (2020/2019)
Revenue	15,545	13,563	+15%
EBITDA	7,651	7,923	(3%)
EBITDA Margin (%)	49%	58%	-9 p.p.
Net Profit	3,634	5,966	(39%)
Capital Expenditures	1,760	1,324	+33%
Net Debt[8]	4,705	7,060	(33%)
Net Debt/EBITDA (1x)	0.6x	0.9x	-0.3x

In 2020, Norilsk Nickel recognized the environmental provision in the amount of USD2.2 billion due to liquidation of diesel fuel leak at the industrial site of HPP-3 in Norilsk and compensation of environmental damages (more details on the accident at HPP-3) that led to EBITDA decreasing in 2020.

Company's Strategy and Key Investment Projects

On 1 December 2020, Norilsk Nickel presented an update of its new strategy "Enabling the Transition to a Greener World":

(1) **ESG is a crucial element of the investment plan and organizational design:**

   a. Maintaining the industry's lowest carbon footprint and enhancing competitive position of "Tomorrow".

   b. Implementing Sulphur Program 2.0 (staged sulphur dioxide emissions reduction in Polar Division: -45% in 2023, -90% in 2025, -95% in 2030+).

   c. Major legacy waste collection and land reclamation program in Norilsk Area (2 mln tonnes of waste, 1.3 mln tonnes of straits and traces of production activity, 0.6 mln tonnes of scrap metal).

   d. Social programs for employees and indigenous people. Major initiatives, e.g. the Housing Renovation Program.

(2) **Unlocking the resource base potential: new projects at the Talnakh deposit, Skalisty mine development and South Cluster development.**

(3) **Downstream upgrade:** the third stage of Talnakh Concentrator, expansion of Nadezhda Smelter (third furnace), a new Copper refining hub to replace the existing obsolete Copper line, targeting fully modernized and scaled-up refining facilities at Kola Division, energy infrastructure modernization.

(4) **Digitalization:** Technological Breakthrough 2.0 and Digital Mining (AI-based decision making, autonomous mining, modelling of concentrating and smelting operations), Digitalization of Metal Contracts.

8 The calculation of Net Debt includes lease obligations: USD224 million in 2019 and USD262 million in 2020.

Settlement with Interros in Relation to Norilsk Nickel

On 10 December 2012, Interros (which holds approximately 34.6%[9] of Norilsk Nickel shares), RUSAL (which holds approximately 27.82%[9] of Norilsk Nickel shares), Crispian (which holds approximately 4.2% of Norilsk Nickel shares) and the respective beneficial owners of Interros and Crispian – namely, Mr. Potanin and Mr. Abramovich, entered into an agreement (the "**Agreement**") to improve the existing corporate governance and transparency of the Norilsk Nickel Group, maximize profitability and shareholder value, and settle the disagreements of RUSAL and Interros in relation to the Norilsk Nickel Group.

In 2015, Norilsk Nickel's commitments pertaining to special dividends were fulfilled in advance (special dividends were paid out during 2014 to 2015, including dividend pursuant to the Norilsk Nickel's shareholder resolution taken at the annual general meeting on 13 May 2015).

On 5 April 2016, the Company entered into the side letter with the parties to the Agreement pursuant to which the Agreement was further amended (the "**Amendments**"), among others, to the following effect on the dividend policy of Norilsk Nickel.

Dividend Policy of Norilsk Nickel

Starting 2017 and each subsequent year, annual dividends payable by Norilsk Nickel shall be determined on the basis of the ratio of Norilsk Nickel's Net Debt to Norilsk Nickel's EBITDA as at 31 December of the preceding year as follows:

1) 60% of EBITDA, if the ratio is 1.8 and less;
2) 30% of EBITDA, if the ratio is 2.2 and more; and
3) if the ratio falls between 1.8 and 2.2, a percentage of EBITDA to be paid as dividends to be calculated as follows: X% = 60% – (Net Debt/EBITDA – 1.8)/0.4x30%.

Starting 2018, the minimal amount of annual dividends payable by Norilsk Nickel shall be at least USD1 billion.

On 9 April 2021, the Company entered into a side letter (the "**Side Letter**") among the parties to an agreement dated 10 December 2012 entered into between the Company, Interros, LLC "Millhouse" ("**Millhouse**") and the respective beneficial owners of Interros and Millhouse, namely Mr. Potanin and Mr. Abramovich, in relation to Norilsk Nickel (as supplemented from time to time and including ancillary agreements to which the Company is a party) (the "**Agreement**") pursuant to which the Agreement shall be amended among others, to the following effect:

— For the purpose of maintaining the sustainable development of Norilsk Nickel, the final cash dividend from Norilsk Nickel that due to the Company by application of the existing dividend formula will be reduced on a one-off basis. The reduction is expected to be approximately USD354 million.

— Norilsk Nickel will implement a share repurchase program on market terms and in the amount of approximately USD2 billion in the second half of 2021 (the "**Buyback**"). The repurchased shares will be cancelled pursuant to Russian law (with the exception of 0.5% of the total issued shares of Norilsk Nickel which will be used for other corporate goals by Norilsk Nickel).

— When and if Norilsk Nickel resolves to announce the Buyback, the Company will consider whether to participate in the Buyback and decide on the size of its participation in the Buyback, depending on the market conditions at the time of the Buyback.

Accident at HPP-3

On 29 May 2020, the fuel storage facility at heat and power plant No. 3 (HPP-3) in the Kayerkan neighbourhood of Norilsk failed due to sudden sinking of its support posts, resulting in fuel leakage. According to preliminary investigations 21.2kt of diesel fuel leaked beyond the bunding perimeter into a designated pit, into nearby soil and into the Bezymianny Stream, and the Daldykan and Ambarnaya Rivers. Special containment bons were installed and effectively prevented the contamination of the Pyasino Lake. No one was hurt and the city of Norilsk was not harmed in any way.

9 According to Norilsk Nickel Annual Report 2019.

As of the end of 2020, the spill was fully localized and the majority of the fuel and water mixture was collected. Contaminated soil was placed into sealed off hangars to prevent further environmental risks. Water-fuel mixture collected from the Ambarnaya River and near the power plant was placed into temporary holding tanks.

In 2021, clean-up and rehabilitation works are planned to be continued. According to the Norilsk Nickel Group assessment, total expenditure for clean-up and rehabilitation equals USD144 million (RUB10.6 billion at RUB/USD rate as at 31 December 2020), from which actual clean-up expenses incurred in 2020 equal USD48 million. On 5 February 2021 the court ordered partial satisfaction of the lawsuit of Rosprirodnadzor. As per the court's order, the amount of damages to be compensated equaled RUB146.177 billion (USD1,979 million at RUB/USD rate as at 31 December 2020). As one of the main Shareholders of Norilsk Nickel, RUSAL was very concerned regarding the accident and diesel fuel spill incident at heat and power plant No. 3 owned by Norilsk Nickel. RUSAL insisted on the most stringent investigation of the circumstances on site to prevent such accidents in the future. Nornickel's board of directors supported some of RUSAL's proposals, both for the model of management and for strengthening of the management team, including the introduction of a Deputy President for Environment.

Proposed spin-off and disposal of LLC 'GRK "Bystrins koe"

RUSAL through International LLC AKTIVIUM ("**Aktivium**"), a wholly-owned subsidiary of the Company, currently holds approximately 27.8% shares in Norilsk Nickel. Norilsk Nickel indirectly holds approximately 50.01% shares in LLC "GRK "Bystrinskoe" ("**GRKB**").

GRKB is a greenfield project implemented by Norilsk Nickel, which is located in the Gazimuro-Zavodskoy District of the Trans-Baikal Territory.

RUSAL and other principal shareholders of Norilsk Nickel, namely Whiteleave Holdings Limited ("**Whiteleave**") and Crispian Investments Limited, have agreed to (i) convene a meeting of the board of directors of Norilsk Nickel to consider a spin-off of GRKB from Norilsk Nickel (the "**Spin-off**"), and (ii) to support any decisions of the board of directors and general shareholders meeting of Norilsk Nickel that may be necessary to complete the Spin-off. Upon completion of the proposed Spin-off, all shareholders of Norilsk Nickel are expected to receive shares in the holding company of GRKB which will be listed on the Moscow Stock Exchange (the "**Spin-off Company**").

If the Spin-off materializes, Aktivium is expected to hold approximately 14% of the issued share capital of the Spin-off Company (the "**Target Shares**") upon completion of the Spin-off. It is currently contemplated that Aktivium may sell the Target Shares to LLC "Holding Company Interros" (the "Purchaser"), a Russian limited liability company and an affiliate of Whiteleave, at a consideration of approximately USD570 million (adjusted pro rata in the case of any change to the Company's shareholding in Norilsk Nickel as of the record date for the Spin-off) after the Spin-off (the "**Proposed Disposal**"). The Purchaser is a third party independent of the Company and its connected persons. It is not expected that the Company's shareholding in Norilsk Nickel will be affected by the Spin-off.

As the Spin-off is subject to regulatory and corporate approvals and no binding agreements in relation to the Spin-off or the Proposed Disposal have been entered into, the Spin-off and Proposed Disposal may or may not proceed.

CORPORATE STRATEGY. DEVELOPMENT PROSPECT

The main activity of the Company is holding activities related to participation in the authorized capital of business entities operating in the field of bauxite and nepheline mining, alumina production, electrolytic production of primary aluminum, value-added aluminum products, including those associated with the management of these companies, and also financial activities.

At the same time, the activities of the Group companies may have an impact on the activities of the Company and the performance of its obligations with respect to securities, and therefore the description of the information on the development prospects is given for the Group as a whole.

As at 31 December 2020, RUSAL's strategy is to ensure its long-term sustainable development in challenging market environment through the following strategic moves:

1. increasing low-cost and high-efficiency production capacities and sales of VAP products; further strengthening position on key markets, including the CIS, European, Asian and American markets;
2. maintaining RUSAL's position as one of the most efficient and lowest-cost producers;
3. focusing on innovations for the core business and new products development;
4. producing of sustainable aluminum with the lowest carbon footprint. To fully commit to the newly adopted greenhouse gases (GHGs) reduction strategy of En+ Group to reduce greenhouse emission by 35% by 2030 and to become carbon neutral by 2050.

GROUP-WIDE INITIATIVES

Initiatives taken across the Group

Innovations and scientific projects

The Company has been developing resource saving pots successfully. Super powerful RA-550 pots have been taken to expert examination (dry autopsy) from a trial production area in Sayanogorsk. The pots are highly energy efficient (energy consumption is below 12,800 kWh/t; current efficiency is 96%) and environmentally-friendly (fluoride emissions are below 0.15 kg/t). The longest life time among the benchmarks was confirmed. Lining of a disconnected pot resisted all deviations. RA-550 solutions are transformed for further replication at existing designs of the Company. At the same time there are continuous effort to convert running pots to energy efficient operation using unshaped materials to make their lining environmentally-friendly. Super powerful RA-300 have been tested for a long time to confirm the highest efficiency in the world – 12,560 kWh/t. Energy efficient pot designs have been developed and tested to reduce power consumption by 600-900 kWh/t of aluminium. Currently, the Company has already converted over 3,350 pots to energy efficient operation and over 2,030 pots to 'green' lining from unshaped materials. Not only did the new solutions confirm the environmental effect of the lining: alumosilicate waste rate dropped by 60-80%, alumosilicate was replaced with recycling carbon materials; but the economic efficiency increased: the pot rebuild cost decreased by 20-30%.

Environmental approach

The Company has been successfully developing Green Soederberg, listed in the best available technology reference book of the Russian Federation (BAT of Russia). The Krasnoyarsk aluminium smelter completed conversion to Green Soederberg, conversion rate of other smelters is over 25%. The technology develops environmental indicators further due to better anode gas afterburning and lower gross emissions, as well as robotised monitoring of the central gas removal system and other parts of a pot to ensure their air-tightness. Gases coming off from cast-iron facilities of RUSAL are controlled centrally to improve the design, increase corrosion resistance and reduce cost. The Company has also developed a corrosion resistant alloy and its casting technology.

Point feeders, process controllers, pot tending vehicles and mechanisms developed by RUSAL (new alumina loaders and vacuum cleaners), as well as innovative gas cleaning minimise fluoride emissions (F, fluorides) 3-5 times compared to regular Soederberg. This brings Green Soederberg pots close to pre-bakes in terms of their environmental friendliness.

The Company continues installing its own latest design of gas scrubbers at its smelters. In 2020, nine gas scrubbers were efficiently operated. RUSAL developed and introduced an updated and innovative gas scrubbing to smelting. The process is based on fluorine adsorption by alumina by a unique adsorbing reactor, thus, making it possible to return collected fluorine to smelting. In terms of its environmental KPIs, the scrubber is unique, as it is capable of purifying pot gases in two stages – dry and wet, which is the most efficient approach in the world. It catches not only fluorides, but also sulphur (SO_2). In order not to dispose of caught sulphur, RUSAL has engineered a commodity production process and sent its customers the product based on caught sulphur to make it certified. In addition to the best environmental KPIs, the new technology saves on capex greatly (CAPEX on equipment dropped by more than 30%) and OPEX reduced by 15%.

Together with its partners RUSAL procures raw materials and makes Green Soederberg an efficient and environmentally-friendly process in terms of its polyaromatic emissions; the Company continues to implement a newly developed low coke technology of hybrid and compound petroleum pitch. This technology is unique and it reduces benz(a)pyrene significantly by replacing coke and carbon pitch with petroleum ingredients.

The Company is making efforts to achieve the minimal carbon footprint.

Here is a list of new R&D projects reducing polyaromatic carbon emissions: anode surface temperature reduction – cooling fins and a higher anode body; carbon-containing additives in the anode paste, which create a sealing bed and stop emissions from the anode surface.

In 2020, KRAZ started to use all newly designed environmental technologies massively. Now all pots at KRAZ use Ecopitch for understud paste. A half of a potroom tests Ecopitch in anode paste. Nine potrooms have been converted to lower anode surface temperature. The smelter started trial tests of carbon-containing additives in anode paste.

The Company makes efforts to become the lowest carbon footprint producer. For this it continues testing inert anodes at KRAZ, the design which will be rolled out based on the reached KPIs. Casthouses received additional equipment and an inert anode plant was commissioned, which can produce enough anodes not only for the trial area but also for the real production to a certain extent. A low carbon aluminium (LCA) campaign is up and running to commercialise the brand.

Product development

RUSAL continues to develop a product mix of RS additive powders. A new high heat conductivity alloy has been attested for aerospace heat-exchangers. The Company started certifying RS-356 for potential space applications. Despite the global pandemic RUSAL has managed to sell additive powders both in the domestic and European markets.

Innovative foundry alloys have been tested as part of a partnership with European and Asian car producers – high strength Nicalin and hi-tech Al-Ca, which does not require quenching. IRKAZ has produced ingots from these alloys using the available equipment.

In addition to Maxiflow soft alloys, which already exist (6XXX based solutions with higher extrusion rate), RUSAL has developed and tested new hard 6005A and 6061 alloys. The new alloys demonstrate higher extrusion rate compared to basic options. Maxiflow alloys are supplied to Europe and Asia. In 2020, the sales exceeded 70,000 tonnes.

The Aluminium Association registered sparingly alloyed scandium containing material as 5081 (0.1 Sc) and 5181 (0.03 Sc). These semi-finished alloys are being tested in marine and automotive applications by customers in Europe.

Innovations and scientific projects in alumina refining

Optimisation of scandium oxide production from red mud made the Company develop an absolutely new product – scandium containing alumina; this technology will reduce cash cost below USD250 per kg (expressed as scandium oxide) during the industrial production. Work is being done to develop a Sc-Zr-Ti alumina refining process to further reduce costs of Al-Sc-Zr-Ti alloys and diversify the product mix. RUSAL Krasnoturyinsk designed a large laboratory unit to test scandiumoxide and Sc alumina production process; pilot tests are expected to start in Q1 2021.

> Confirmation of achieving the quality of Euro-5 diesel fuel using RUSAL pseudoboehmite was received. Implementing this technology is aimed at import substitution since a significant share (sometimes up to 100%) of necessary raw materials for catalysts is supplied from abroad.

An innovative technology to increase aluminate liquor productivity by 20% was developed and tested in laboratory and can be applied to UAZ. The technology is promising and can be introduced at all Bayer alumina refineries of the Company. This will reduce energy and caustic costs by far and will help increase alumina output. In 2021, BAZ and UAZ plan to carry out pilot testing of the technology.

A full cycle of lab and pilot tests was completed in relation to beneficiation of the representative sample from Goryachegorsk deposit supplying AGK. Process indicators and conditions were defined and selected. Concentrate yield was 83%, and alumina recovery to the concentrate – 94%. A process regulation was developed to design the beneficiation area. Achinsk refinery started to implement the process as a pre-project.

SUBR designed a technology and carried out pilot tests to beneficiate rock dumps and recover alumina containing concentrate, which will reduce the cost of siterable alumina by USD15 per tonne of alumina at UAZ.

The Company implemented a number of projects to maximise efficiency of existing alumina refineries. It brought into production tests designs reducing vapour and fuel costs at refineries:

- RUSAL Krasnoturyinsk created and commissioned a system feeding a portion of dust from a gas scrubber in the calcination to the fluidised bed cooler (having reduced fuel consumption by 3%);
- An efficient aluminium hydroxide filtration was designed and introduced at RUSAL Achinsk, which reduced moisture by 2%; and
- An efficient paddle agitator was designed and introduced on a 400 m^3 precipitator at RUSAL Kamensk-Uralsky, which reduced vapour consumption by 3,500 Gcal/year. It is planned to roll out the solution across 76 other precipitators.

The Company plans to replicate these solutions across alumina refineries.

A method to forecast the size of precipitated aluminium hydroxide and liquor yield in the precipitation was developed using deep learning tools. Long short-term memory (LSTM) models based on multi-layer neural network have never been used in the world to meet this challenge. The software analyses thousands of scenarios of a situation during a few minutes and produces optimum settings required for process control. UAZ is testing the system now and started to integrate it with the DCS.

A new caustic thickener feeder was designed for RUSAL Krasnoturyinsk. The new feeder was installed and tested on caustic thickener 2 in evaporation area 1. When it was being tested the thickener behaved in a stable manner, produced high density sand and reduced discharged solids by 25%, having reduced specific consumption of vapour in the evap.

CFD modelling was done on the mud wash discharge at Ewarton; the results served as the basis for a mud wash discharge simulation. The simulation identified causes of frequent jams inside the discharge and helped develop solutions maximising efficiency of mud transportation and minimising jamming probability.

Modernization and development

The Company continues to invest into the main areas of development:

1) increase the raw materials independence;
2) reduce the costs and increase the efficiency of production;
3) produce new types of products for which there is a market demand.

Raw materials independence

Taishet Anode Plant Phase 1 baked anodes production was launched ahead of schedule in line with the corporate strategy of ensuring raw materials independence. The first baked anodes were offloaded on 13 April 2020. The process equipment was successfully commissioned, fine-tuned and has reached the design performance. The anodes baked at Taishet Anode Plant are among the best among this type of products in terms of their quality based on a number of parameters.

In order to meet the demand of the Company's aluminium plants for in-house produced baked anodes in 2020, the Company continues the construction of Phase 2 of Taishet Anode Plant (total annual production output after the completion of the second phase – 420 thousand tonnes of calcined coke and 400 thousand tonnes of baked anodes).

Sayanogorsk aluminium smelter is implementing the first stage of the modernization of the baked anode production line, including the sequential modernization of three anode baking furnaces each having an annual output of 160 thousand tonnes of baked anodes. The furnace is scheduled for commissioning in 2021.

Costs reduction and production efficiency increase

- The Company's smelters continue to implement the Green Soderberg technology:
  - All Krasnoyarsk aluminium smelter pots with self-baking anodes transitioned to this technology;
  - Modernization is underway in eleven potrooms at Bratsk aluminium smelter (146 pots underwent modernization in 2020; all 90 pots in potroom 8 completed the modernization)
  - Irkutsk and Novokuznetsk aluminium smelters transitioned to implementing modern technologies in their potrooms. In 2020 IrkAZ modernized 96 pots, NkAZ modernized 32 pots.

Introduction of Green Soderberg technology allows to reduce the harmful atmospheric emissions to the levels required by the environment protection laws, as well as to reduce the electricity consumption, significantly decrease the work-in-progress volumes and extend the service life of the pots.

- A number of measures were implemented at the Company's alumina plants in 2020 in order to reduce the energy consumption:
  - UAZ implemented secondary steam advanced utilization systems at two digestion trains in alumina area.
  - The transportation scheme at UAZ precipitation area was modernized (9 precipitation units).
  - Achinsk alumina refinery installed a cooling unit for the spent liquor at agitation digestion area. The commissioning is nearing completion. Other than saving on the energy resources, it is planned to reach annual production of no less than 5 thousand tonnes of additional alumina.
  - Achinsk alumina refinery completed the construction of the green liquor flow cooling unit equipped with high-performance heat exchangers. The unit is currently being commissioned.
  - An automated lime proportioning system was installed at LOESCHE mill in Achinsk refinery to ensure safe milling of brown coal.
  - The Achinsk refinery completed the modernization of sinter product agitation digestion unit by means of cooling the liquor. Achinsk is currently in the process of fine-tuning the operation of the cooling unit and the digestion process. The refinery has already reduced the temperature of the slurry in the mills by 10°C.
  - Nikolayev alumina refinery completed the construction of two new tube heat exchangers at the 2nd and the 3rd precipitation trains. The refinery has fine-tuned the precipitation parameters for this equipment. The introduction of this heat exchange mechanism will improve the temperature control of the precipitation process and, consequently, will make sure that the quality of alumina in terms of grain sizes is consistent and that the silicon oxide content is in line with the approved specification. This will increase the agitation by 1% during the warm season.

In order to optimize the process regimes, reduce the electricity and raw materials consumption rates (alumina, anode paste, fluorides), the aluminium smelters are continuing the modernization of their automated control systems. In 2020 the outdated ACS were replaced by modern systems in potrooms 5 and 6 at BrAZ, in potrooms 5 and 13 at KrAZ. Similar projects were started in five other potrooms (potroom 1 KrAZ and potrooms 7 to 10 at NkAZ).

Nikolayev alumina refinery completed the project AGV+ (agitation digestion unit) increasing the annual production output to 1.759 million tonnes. As part of this project, the refinery improved the output and the utilization rate of the agitation digestion unit also increasing the throughput of the control filtration.

New types of products for which there is a market demand

The following measures were implemented in order to strengthen the competitive advantages of our products and to retain the sales market amidst ever increasing competition and stricter customer requirements to the quality of the metal.

In 2020 KrAZ completed the Company's first pilot testing casting complex. The project has achieved its objectives: to move the main tests from regular casting machines to this casting complex and to reduce the time it takes to start the mass production of new product sizes and alloy grades, to create a training centre for training of engineers and workers. In 2020 the testing complex performed more than 40 test jobs for the smelters, including:

- the technology for producing slabs for new orders (alloys 1200, 3057, 5006, 8021, 8079). Total volume of orders: approx. 50 thousand tonnes.
- the technology for flawless casting of slabs (alloys 100, 5006, 5083, 1050, 1070, 6014, 6082).
- the technology for producing billets (alloys 6005, 6005A, 6063). D457 mm and D406 mm. Volume of orders: 800 tonnes.
- the technology for reducing process scrap at KrAZ, SAZ (– 8,400 tonnes/year)
- homogenization of 3104 alloy slabs. Increase in the output of value-added products at KrAZ – 7,000 tonnes.

At IrkAZ, the Company started to implement two new projects to organize the production of special wire rod grades from aluminium alloys: waxed wire rod and wire rod produced by the ExtraFORM method (RUSAL's know-how). The projects are planned to be completed in 2020.

In 2020, the casthouse at IrkAZ commissioned and started the operation of Kabmak line ahead of schedule. The design production output of the line is 10,000 tonnes/year. The smelter expanded its product range and started producing a new type of aluminium wire rod – waxed wire rod. During the production of this wire rod, it is coated with a very thin film of oil which expedites the unwinding of the wire rod coils at the customer site and is in high demand in the US market. The smelter produced and shipped to the customers more than 200 tonnes of the trial product.

A new wire rod production machine was successfully installed. The machine produces the wire rod by pressing the ingot and rolling it and is based on ExtruFORM (RUSAL know-how). This unit has a production output of up to 4 tonnes/hour and is equipped with a number of new functions and capabilities that make it possible to produce a wide range of wire rod from aluminium and its alloys, which are in great demand in the market:

- electrotechnical aluminium grades 1050, 1070
- aluminium alloys series 3XXX and 4XXX for production of welding wire for semiautomatic welding machines MIG MAG and riveting wire
- aluminium alloy series 5XXX for production of studs for wheel tires.

The commissioning, the start of operation and the production of trial lots are planned for 2021.

Achinsk alumina refinery is continuing the construction of a production area producing a high-margin product using RUSAL's own technology – highly dispersive precipitated aluminium hydroxide Ecopyrene used as antipyrenes – a fire retardant. Low production cost of the product is achieved thanks to the use of Achinsk refinery's solutions prepared using a unique technology of processing the nephelines. The project is aimed at substituting the imports, as 100% of highly dispersive precipitated aluminium hydroxide is currently supplied to Russia from abroad.

The design documentation has been completed and all process equipment has been purchased. The frame of the production area building has been assembled and the process equipment is currently being installed. The construction is set to be completed in 2021, the production process will be fine-tuned during the production of the first tonnes of commercial product. Annual output – 5 thousand tonnes.

Implementation of ASI standard

In December 2020, five aluminium smelters: Boguchansky aluminium smelter (BoAZ), Bratsk aluminium smelter (BrAZ), Krasnoyarsk aluminium smelter (KrAZ), KUBAL (Kubikenborg Aluminium AB) and Sayanogorsk aluminium smelter (SAZ) successfully passed the ASI Performance and ASI Chain of Custody certification. The smelters were included in the valid ASI certificate of RUSAL.

Presently the following RUSAL plants have been ASI certified: The Managing Company, Timan Bauxite, UAZ, IrkAZ, BoAZ, BrAZ, KrAZ, SAZ, Kubal.

The Company is planning to continue the certification of its plants.

Implementation of forestation projects

As part of the complex programme to reduce the carbon footprint by 2020, RUSAL continues to implement Russia's biggest forestation projects to regrow and protect the forests. In Krasnoyarsk region and Irkutsk region the Company funded the measures to take care of more than 1 million trees planted in 2019, and in Irkutsk region another 100 thousand trees were planted. Aerial forest protection was organized for an area of more than 500 thousand hectares in the Nizhne-Yeniseyskoye forest district of the Krasnoyarsk region. The absorption of greenhouse gases as the result of implementing forestation projects will allow to compensate for some emissions generated by primary aluminium production.

The Company considers and assesses the reforestation measures and aerial forest protection as part of a larger picture, not only from the standpoint of being able to compensate for certain greenhouse gas emissions, but also in connection with the potential for preventing and reducing the harm to the ecosystems, restoring them and achieving additional effect on the level of ecosystems for each type of ecosystem services.

The occupational safety and health and environmental protection policy

Since RUSAL is a market leader in one of the world's largest and fastest growing industries, the actions it takes have a considerable impact on the future of the industry and that of the global environment. RUSAL is one of the major employers in the majority of regions where it operates, and the Company assumes responsibility for the wellbeing of its employees and of the local communities. Moreover, RUSAL is a public company responsible to its investors and shareholders who are confident of the Company's future.

RUSAL's mission towards sustainability is therefore a fundamental part of its business strategy. RUSAL is focused on innovative development, modernization of production capacities, improving its environmental performance and reinforcing the Company's position as one of the best employers in the country.

Operating on five continents and being involved in the metal production and processing, mining and power generation industries, RUSAL shares responsibility for addressing regional and global environmental issues and finding cutting edge approaches to solving such problems. The Company considers its environmental protection activities to be an inherent part of its business as well as its contribution to public sustainable development projects.

As with other natural resources and mineral processing companies, the Group's operations create hazardous and non-hazardous waste, effluent emissions into the atmosphere, as well as water, soil and safety concerns for its workforce. The Group regularly reviews and updates its health, safety and environmental management practices and procedures to ensure where feasible that they comply, or continue to comply, with best international standards.

Our safety management system is approved by DNV (DNV GL is an international accredited registrar and classification society) as compliant with ISO45001-2018 standard.

RUSAL's goal is to continuously improve its environmental performance, while taking into account practical possibilities and social and economic factors.

RUSAL's goal is to continuously improve its environmental performance while taking into account practical possibilities and socio-economic factors.

Key operating principles

Any management decisions at all levels in all areas of the Company's business would systematically abide by the following core principles:

— **Risk Management:** define and assess environmental risks, set targets and plan work taking into account environmental risk management issues;

— **Compliance:** comply with environmental legislative requirements of the countries where RUSAL has operations, as well as comply with environmental covenants assumed by the Company;

— **Measurability and evaluation:** establish, measure and evaluate environmental indicators and assess compliance with environmental legislation in the countries where RUSAL operates and with environmental covenants assumed by the Company;

— **Prevention:** apply the best available techniques and methods to prevent pollution, minimize risks of environmental accidents and other negative impacts on the environment;

— **Training:** train employees of the Company to meet the environmental requirements applicable to their business areas to give employees a better understanding of the environmental consequences should such requirements not be met;

— **Cooperation:** note the opinions and interests of related parties, establish environmental requirements when selecting suppliers and contractors and assist them in complying with those requirements;

— **Openness:** openly demonstrate the Company's plans and results of its environmental activities, including through public reports issued by the Company.

Environmental strategy

Key goals of RUSAL's environmental strategy include:

- reducing emissions, including greenhouse gases;
- creating a closed-circuit water supply system for the main production processes of the Company's facilities;
- increasing the volume of treated and used waste products and their safe disposal;
- replacing and disposing of electrical equipment containing polychlorbiphenyls (PCBs);
- rehabilitating land which has been negatively impacted and assisting in the maintenance of biodiversity;
- creating corporate systems to manage environmental aspects and risks.

By following this environmental policy and undertaking to regularly review and update its provisions, the Company has tasked itself constantly developing and improving its environmental management system and implementing its principles at all production facilities, including all those which are in operation and those which are still under construction.

As part of achieving its objectives of continuous development and improvement of the environmental management system, the Company pays special attention to certifying its factories for compliance with ISO 14001-2015, the international standards for environmental management systems. All RUSAL's aluminium smelters are certified as ISO 14001-2015 compliant.

The Group has also taken steps to lessen the environmental impact of its operations and comply with all applicable environmental laws and regulations.

Health & Safety: a core priority

RUSAL's activities to provide safe working conditions for employees and reduce occupational diseases and injuries are governed by the Corporate Occupational Health and Safety Policy. The Company's efforts are integrated into the Occupational Health and Safety Management System, which is one of the crucial management systems in RUSAL's business.

The Company has the following health and safety objectives:

- to strive for zero injuries, zero emergencies and zero fires;
- to ensure the compliance of equipment and production processes with legal and regulatory requirements for occupational health, industrial and fire safety;
- to ensure personnel safety and health in the workplace and improve workplace environment on an ongoing basis in order to increase the level of safety;
- to prevent occupational diseases.

The Occupational Health and Safety Management System is deployed at every production facility. It includes a risk management system, emergency response plans, budgeting of health and safety measures, personnel training based on national and corporate requirements, and a corporate e-learning system. Occupational health and fire safety measures are financed strictly on a timely basis to provide for identification of hazards and development of procedures to improve working conditions.

RUSAL pays special attention in establishing a constructive dialogue with state authorities and employees, business partners, the general public and expert organizations to jointly resolve health and safety issues. The Company's experts and managers participate in the legislative process through the Occupational Health, Safety and Environmental Committee of the Russian Union of Industrialists and Entrepreneurs, Russian Duma Committees, federal ministries and services, the Russian Chamber of Industry and Commerce, the Russian Association of Mining Industrialists, and other non-profit organizations and partnerships.

The universally accepted health and safety management systems is a system based on the ISO45001-2018 international standard. Regular audits of this system at RUSAL are strengthened by numerous regular internal audits, which qualitatively and quantitatively assess key elements of the system, identify deficiencies and develop effective corrective measures to manage risks and prevent failures and injuries. According to 2020 data, the LTAFR (Lost Time Accident Frequency Rate) was 0.2 which is an improvement compared to 2019 (0.22) and does not exceed the global average for the aluminium industry in 2019 (according to the International Aluminium Institute).

RUSAL pays special attention to establishing a constructive dialog with state authorities and employees, business partners, the general public, and expert organizations to jointly resolve health and safety issues.

In total, 30 internal audits of health and safety management systems were carried out at the Company's sites. In order to confirm the transition from the OHSAS18001-2007 standard to the new international ISO45001-2018 standard, Det Norske Veritas (DNV-GL) held a certification audit of health and safety management systems at the production facilities and the Head Office. The health and safety management systems' compliance with the requirements of ISO45001-2018 is confirmed with the DNV-GL certificate.

A sustainable player, engaged in all relevant industry sustainability initiatives

Primary aluminium production leads to a high volume of GHG emissions. The main sources of GHG emissions are carbon anodes consumption due to carbon oxidation, perfluorocarbon emissions and indirect GHG emissions related to generation of power consumed. Indirect emissions can be much higher than direct emissions from aluminium smelting and can be up to 5 to 10 times more in case of power generation from coal. The current average worldwide level of direct and non-direct energy emissions of aluminium production is 12.3 tCO2eq/tAl[10]. RUSAL's emissions level amounted to 2.2 tCO2eq/tAl[11] in 2019.

In 2007, the Company signed a memorandum of understanding with the United Nations Development Program. The aim of the memorandum is to implement measures to minimize the Group's impact on climate change, by reducing the Group's greenhouse gas emissions. The Group is actively participating in the International Aluminium Institute's activities related to targeting the reduction of greenhouse gas emissions and energy efficiency.

To perform more accurate calculations, the Company has developed a number of methodologies for determining greenhouse gas emissions that take into account the features of Company production. The methodologies take into account the features of production RUSAL. An independent international verification by BSI and KPMG has confirmed that our methodologies comply with the requirements of national and international standards and regulations. The Company inspected its ALLOW brand in 2020 with the help of TÜV Austria – an international auditor. In 2019, approximately 78% of the Company's products were manufactured under this brand. The calculations were performed in accordance with the methodology provided in the International Aluminium Institute's carbon footprint guidelines published in February 2018.

The Company has developed programs to achieve the specific direct GHG emissions reduction strategic goals at aluminium smelters by 15% by 2025 compared to 2014.

Since 2017, the Company has applied the internal price of carbon (USD20 per tonne of CO2eq) when developing new projects.

10 Source: http://www.world-aluminium.org/media/filer_public/2018/09/20/addendum_to_lca_report_2015_aug_2018.pdf

11 Includes direct emissions from the reduction process and indirect emissions from the generation of purchased third-party electricity and heat.

The Company developed a program to achieve the strategic goal of reducing specific direct greenhouse gas emissions at the existing aluminium smelters by 15% by 2025 as compared to 2014.

RUSAL is actively participated in updating of 2006 IPCC Guidelines for National Greenhouse Gas Inventories for Aluminium industry.

In December 2015, RUSAL joined Aluminium Stewardship initiative (ASI). ASI is a global non-profit standards setting and certification organization in the area of responsible management of aluminium production and use. ASI’s main commitment is to maximize the contribution of aluminium to the sustainable development of society.

RUSAL’s position is to be an active participant in international processes of sustainable development, implementation of international standards (to strive for production in accordance with the sustainable development principles), including implementation of the best world practices. Implementing ASI standards that cover the entire value chain – from ore mining to aluminium production, – is one of RUSAL’s tools for adapting the best world practices of sustainable development.

As part of its interaction and work with ASI, a number of RUSAL’s representatives became members of the ASI Standards Committee; they regularly participate in the working groups focused on the matters of Biodiversity and Ecosystem Services, Greenhouse Gases, Human Rights, and Environmental Footprint. The working groups solve issues related to improvements to the ASI Standards and their adjustment.

SOCIAL INVESTMENTS AND CHARITY

The main goal of the Company's social strategy is to create a favorable social environment for production activities through the introduction of sustainable models of social investment in the integrated socio-economic development of territories with broad participation of stakeholders – thus, the Company's contribution to the achievement of the 11th Sustainable Development Goal aimed at ensuring openness, security, resilience and sustainability of cities and towns.

As part of achieving this goal in the period 2017-2020 the Company carried out comprehensive studies of the social sphere and developed strategic guidelines for social policy in 12 Russian settlements. Based on the research, the following key areas of the Company's social investments have been identified:

- social infrastructure and urban environment for comfortable living of the region's population;
- public healthcare;
- assistance to socially unprotected groups of the population;
- sports and healthy lifestyle, organization of recreation;
- volunteering, including corporate volunteering;
- education as the basis for the development and growth of youth.

At the same time, the following 2 directions are identified as priority ones:

- participation in creating a comfortable urban environment by supporting the construction and reconstruction of social infrastructure facilities and modern public and recreational spaces;
- development of corporate volunteering, wide involvement in volunteering of employees of enterprises and residents of the regions of presence in the areas of social and environmental volunteering.

Achievement of goals in the field of social investment is carried out within the framework of the program-project approach and the use of a number of technologies for socio-economic development and public-private partnership.

Financing of individual projects is carried out on the basis of two mechanisms:

- under agreements on social and economic cooperation of the Company's enterprises with municipal and regional authorities;

— on the basis of competitive selection within the framework of the Company's social grant programs.

Applying the described approaches, RUSAL in 2020 promptly developed and took measures to combat the spread of COVID-19, help socially vulnerable populations and support local healthcare infrastructure in the regions of its presence.

Personnel health protection

RUSAL became one of the first industrial companies in Russia which promptly respond to the epidemiological challenge. The primary task was to limit the number of contacts, so most of the employees of the central office and some of the employees of enterprises were transferred to remote work. The offices were allowed to be visited only with special permission.

In order to ensure uninterrupted and trouble-free work in production, teams of key/highly specialized employees were formed who critically affect production and highly qualified workers who were able to eliminate emergency situations in the shortest possible time. In order not to expose these workers to the risk of illness, shifts were organized for them, where these workers were completely isolated from the effects of COVID-19.

Delivery of workers from the place of isolation to the enterprise and back was carried out centrally. All buses were disinfected after each trip, before boarding the bus, the temperature of the workers was measured. Separate areas for eating and changing clothes were created directly on the territory of the enterprises for the relevant workers to exclude contact with other workers.

On shift workers were provided with a set of antiviral protection.

Anti-crisis support for the healthcare sector

In 2020, more than RUB4 billion were allocated to assist Russian regions in the fight against the pandemic and overcoming its consequences. The construction and full equipping of Medical Assistance and Rescue Centers, the development and strengthening of the regional health infrastructure and the provision of equipment for diagnostics and intensive therapy of sick people and personal protective equipment for medical workers was carried out. Medical centers for the treatment of coronavirus in residents of the regions of presence have been built in seven cities of Russia, as well as in Nikolaev (Ukraine). Russian centers have been built in the Ural and Siberian Federal Districts: in the Krasnoyarsk Territory (Achinsk, Boguchany), in the Republic of Khakassia (Sayanogorsk), in the Irkutsk Region (Bratsk, Shelekhov and Taishet) and the Sverdlovsk Region (Krasnoturinsk).

Volunteer project to help pensioners

As part of the corporate volunteering development program, an anti-crisis project was organized aimed at providing targeted assistance to the Company's retirees over the age of 65, who in all regions were ordered to stay at home and observe the self-isolation regime for several months. The charitable project was named “Time to Help” and lasted for 3 months from April to June 2020. Within the framework of the project, 11,178 production veterans and retirees of the Company received material and psychological support, they received more than 21 thousand food sets and more than 48 thousand protective masks. During the preparatory and active period of the campaign, a hotline was organized to keep in touch with the beneficiaries, thanks to its work, more than 20,000 calls were received and processed, and more than 200 applications of elderly people who needed the delivery of goods and medicines were fulfilled by corporate volunteers. 568 corporate volunteers were involved in packaging and delivery of food sets as well as in the work of telephone hotline. The Company allocated over RUB42 million to support the “Time to Help” project.

Taking into account the measures introduced to prevent the spread of coronavirus infection, the Company implemented regular social programs. The programs were implemented in 4 directions:

1) The program of complex socio-economic development of the territories "RUSAL's Territory"

In 2020, the Company continued its programs in the direction of socio-economic development of territories, which provide for an integrated strategic approach to the implementation of the best projects for infrastructural changes both in the entire city and in a specific microdistrict, house. The 2020 grant competition was timed to coincide with the 20th anniversary of the Company and the 10th anniversary of the RUSAL Territory social program.

As a result of the grant competition in January 2020, 11 projects for creating comfortable public spaces were supported for a total funding amount of RUB423.2 million. The Company attracted architectural bureaus to develop concepts for the development of public spaces for winning projects and prepare application documents for participation in competitions for state co-financing of projects. The amount of support for these works by the Company amounted to more than RUB13.5 million.

In Sayanogorsk, Taishet, Achinsk, and Taezhny settlement, application documents were prepared for participation in the All-Russian competition for the best projects for creating a comfortable urban environment in small towns and historical settlements and in the Krasnoyarsk regional competition "Best projects for creating a comfortable urban environment". As a result of participation in competition, thanks to the Company's financing of services for the development of concepts and the preparation of application documents, state co-financing was obtained by the municipalities for 4 projects. According to the results of the All-Russian competition for the best projects for creating a comfortable urban environment in small towns and historical settlements in 2020:

— Sayanogorsk received additional financing in the amount of RUB80 million for the implementation of the project “Cultural space of three squares”;

— Taishet received additional financing in the amount of RUB70 million for the implementation of the project “Taishet City Park”.

According to the results of the Krasnoyarsk regional competition "The best projects for creating a comfortable urban environment" in 2020:

— Achinsk received additional financing in the amount of RUB38.6 million for the implementation of the Victory Park project;

— The village of Taezhny, Boguchansky District, received additional funding in the amount of RUB10 million for the implementation of the project “Park of Culture and Leisure “Dream”.

In 2020, we continued implementation and completed several projects supported by grants based on the results of previous competitions "RUSAL's Territory":

— Project “Museum yard” of the Krasnoyarsk Regional Museum of Local Lore;

— Renovation of the Palace of Culture of the Traktorozavodsky District in Volgograd;

— Reconstruction of the Start stadium in Krasnoturyinsk. Installation of equipment, completion of work at the expense of the city administration with further commissioning of the object is planned in the spring-summer of 2021.

Also, an urban development strategy and design solutions for the development of significant public spaces for the settlement of Tayozhny were developed.

As part of continuing to support the reconstruction of public spaces in the historical center of Krasnoyarsk (in 2018-2019, Revolution Square and Surikov Square were reconstructed), in 2020 the Company held an Open International Competition for Architectural Concepts for the Development of Krasnoyarsk Central Park named after Maxim Gorky. The competition aroused great interest from

architectural firms from all over the world: 43 participants from 37 cities of the world fought for the right to transform the Central Park of Krasnoyarsk. Three groups reached the final: the Russian-British consortium led by MAParchitects (Moscow), the Russian-Japanese consortium led by the Basis LLC (Moscow) and the Russian-French consortium led by MLA+ (St. Petersburg). On 15 December 2020, the jury determined the winner – the Russian-British consortium led by MAParchitects, which presented a concept for the development of the park, which is based on four pillars: Heritage, Culture, Health and Active Lifestyle. The winner's concept will be applied in the reconstruction of the park.

The financial support of the Open International Competition from the Company amounted to RUB12.85 million, including the prize fund for the finalists and the winner in the total amount of RUB6 million.

2) The program for the development of the corporate and citywide volunteer movement “Helping is Easy”

The program provides for grant competitions and the implementation of interregional volunteer projects. Within the framework of the program, environmental projects “Yenisei Day” and “Green Wave” are being implemented, aimed at planting new trees, keeping coastal recreation areas clean and instilling environmental awareness in residents, as well as a New Year's charity marathon.

A grant competition for volunteer initiatives “Helping is Easy” was held in December 2019, and it was decided to support 63 projects within the framework of the competition (27 projects from initiative groups, 36 from charitable institutions) from 15 cities and regions of the Company's presence. The maximum grant amount for the implementation of each project was RUB50,000. The total amount of the grant fund was RUB2,862,022, and co-financing of project teams and their partners was RUB1,493,112.

In November and December 2020, the “Helping is Easy” project competition was held again. The size of the grant for each project was increased to RUB100 thousand. The competition provides for the support of projects that the winners of the competition will implement in 2021. The results of the competition will be announced in February-March 2021.

A grant competition for environmental volunteering projects “Green Wave” was held. As a result of the competition, 55 projects from 14 settlements and regions of the Company's presence were supported. The maximum grant amount for the implementation of each project was RUB50,000. The total amount of the grant fund was RUB3,026,234, the amount of co-financing was RUB2,510,190.

The environmental city event “Green Wave” was held. In 2020, it was decided to limit the campaign to the participation of only corporate volunteers in compliance with all safety measures, and to carry out planting of trees in the areas of RUSAL's infrastructure projects. Altogether, over 800 trees were planted.

A corporate environmental campaign “River Day” was carried out to clean up river banks in the cities where the Company operates. In 2020, Achinsk, Bratsk, Volgograd, Kamensk-Uralsky, Krasnoturyinsk, Krasnoyarsk, Novokuznetsk, Sayanogorsk and Severouralsk joined the “River Day”. In two hours, the action teams collected 1,400 bags (11 tons) of waste. Sorted 360 bags of plastic, glass and metal were sent for recycling.

In May 2020, corporate volunteers of RUSAL congratulated the veterans of the World War II on the 75th anniversary of the Great Victory. On the pre-holiday days in all cities where the Company operates, volunteers visited the veterans in compliance with the necessary health protection measures and presented them with memorable gifts: woolen blankets, black and green tea, bouquets of flowers and personalized greeting cards. In Krasnoturyinsk volunteers of the Company joined the initiative of the City Administration and on the eve of the holiday visited 94 veterans of the War and homefront workers and presented them with postcards and cakes. In Achinsk, Novokuznetsk, Krasnoyarsk and Sayanogorsk, with the support of RUSAL, the Victory Lilac campaign was held. As part of the action, volunteers came to the courtyards of houses where veterans live and planted, in total, 65 lilac bushes.

In compliance with all the required safety measures during the pandemic, recognizable city fundraising events were held in a few cities: the “Help Games” campaign (Novokuznetsk), the “World Jam” campaign (Kamensk-Uralsky), the “Run and Help” campaign (Sayanogorsk) and other smaller events at the regional level.

The concept of the corporate volunteering program has been updated. In the process of creating a corresponding section on the RUSAL internal portal, the corporate identity of the RUSAL Volunteer brand, a survey of active volunteers of the Company was conducted and analyzed on the necessary educational activities to improve the competence of active participants in the movement. We are developing volunteer projects in sponsored institutions in the cities of geography of presence, an intra-corporate grant competition for employees who are ready to implement their ideas in accordance with the Company's social agenda.

The Company completed large-scale volunteer events in 2020 with the “Time to Help” online charity game.

The New Year's charitable marathon “We believe in a miracle, we create a miracle”, which has been implemented annually since 2011, was not possible to be held in the traditional format due to the current restrictions of the pandemic period, and this served as a trigger for the development of a new version of the New Year's volunteer project, within which the teams observe safety measures. At the same time, the philosophy of a kind volunteer project should have been preserved. This is how the “Time to Help” game appeared, which combined online communications within teams and between teams of volunteers in real time on a virtual platform.

The event was held online and brought together 56 volunteer teams from 15 cities of Russia. 40 teams were formed from employees of the Company's enterprises. All of them became participants in an intellectual competition, during which they had to solve several dozen volunteer cases. Teams tried to earn as many prize points as possible in order to convert points based on the results of the game in support of socially significant activities of non-profit organizations working with families in difficult life situations, including families with severely ill children who need treatment and rehabilitation; NGOs looking for missing people, helping stray animals; as well as such social institutions as social rehabilitation centers and orphanages.

All points earned by the teams at the end of the game were converted into monetary amounts that the RUSAL will send to beneficiaries at the beginning of 2021. The total charitable amount to distribute reached RUB2 million.

The charitable game was organized, among other things, with the use of a grant from the President of the Russian Federation for the development of civil society, provided by the Presidential Grants Foundation.

3) Training and Development Program "Leaders of Urban Change"

The program provides the development and conduct of training courses in the field of social and business design, corporate volunteering, urban environment development, as well as holding interregional gatherings of leaders.

In 2020, four online courses were held in the areas of “Social Engineering”, “Social Entrepreneurship”, “Corporate Volunteering”, “Communities and Public Spaces”. 672 students took part in the online courses, 38 people were given final certification and certificates of advanced training.

In February 2020, with the support of the Company and the Presidential Grants Fondation, at the Krasnoyarsk Regional Philharmonic, a large-scale **charitable event “From Siberia with Love”** was held, aimed at developing a culture of charity and raising private donations.

The Festival “From Siberia with Love” became the first socially significant event with the support and under the auspices of the anniversary of RUSAL in 2020. Interest in the project was shown both from a wide audience and from regional charitable organizations and the community of philanthropists.

The charity festival included an internship for NGOs in Siberia and a series of concerts by the Moscow Virtuosi State Chamber Orchestra under the direction of Vladimir Spivakov. As part of the NGOs internship at the festival, an interactive NGO fair and an open lecture on event fundraising were held, which were preceded by 3 educational sessions and an 8-month training cycle on private fundraising, as well as distance work with mentors for 20 NGOs from the cities of Achinsk, Bogotol, Bratsk, Krasnoyarsk, Nazarovo, Novokuznetsk, Sayanogorsk, Taishet, Sharypovo and Shelekhov. Under the auspices of the festival, with the support of the Company, 4 concerts of the Moscow Virtuosi State Chamber Orchestra under the direction of Vladimir Spivakov were held, as well as a series of master classes and lectures for young musicians by soloists of the orchestra. More than 4,000 participants from Krasnoyarsk and Achinsk became spectators of concerts and participants in events.

As part of the “Leaders of Urban Change” program, a partner educational event was held jointly supported by RUSAL and EVRAZ – the Third Project Intensive “We create. We embody. We evaluate" In connection with restrictive measures to prevent the spread of infection, the intensive was held in an online format. To conduct a business game within the framework of the intensive, a special application was developed, thanks to which the participants were able to apply the knowledge gained during the intensive in solving cases. Due to the online format, it was possible to increase the number of participants several times (more than 400 people), train potential applicants for grant competitions in all cities of RUSAL's presence, expand the geography of the event (80 cities and towns), attract federal-level experts, and invite top managers of supporting companies RUSAL and EVRAZ for their opening greetings.

4) Project for the development of infrastructure and popularization of skiing and a healthy lifestyle “Get on skis”

The project has been implemented since 2016 in partnership with En+ Group and the Russian Cross-Country Skiing Federation. Within the framework of the project, ski resorts and stadiums are being built and reconstructed, coaches are trained and supported, cross-country skiing competitions for juniors and mass family ski races are organized.

In the winter season 2019-2020, within the framework of the project, the competition “Best coach of the year” was held, 5 winners from the Republic of Komi, Khakassia, Krasnoyarsk Territory, Kemerovo and Irkutsk regions were determined. A scholarship program was launched for the winners and master classes were held by the coaches of the Russian national ski team.

The junior championship of the project “Get on skis!” for boys and girls from 13 to 16 years old. The championship was held in three stages. More than 820 athletes from Khakassia, Krasnoyarsk Territory, Irkutsk and Kemerovo Regions took part. The winners of the second stage and the final were awarded with sets of professional sports equipment.

The junior championship of the Komi Republic among boys and girls aged from 13 to 16 was held. The winners received 8 sets of professional ski equipment, 72 pairs of skis were given to children and youth schools.

Ski holidays were held in Krasnoyarsk, Achinsk, Bratsk, Novokuznetsk, Severouralsk and Krasnoturyinsk, in which more than 3,500 people took part.

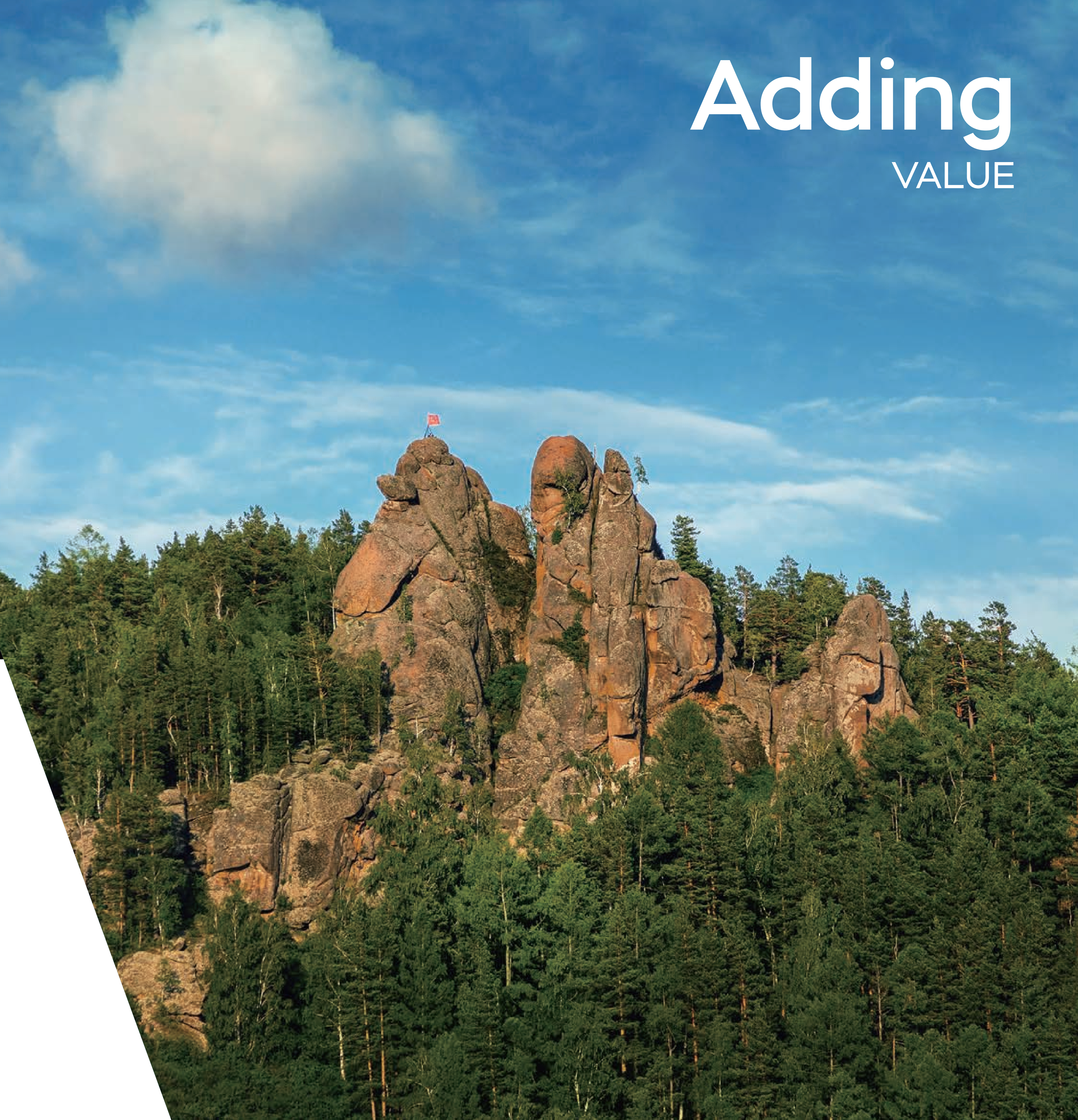
The test operation of 6 snow groomers (ratrac) has been completed, the manufacturer has carried out revisions, 5 snow groomers have been handed over to regional sports organizations for permanent operation.

The project media team published 38 interviews with athletes and coaches of the Russian national team, interviews with coaches from Komi, Khakassia, Krasnoyarsk Territory, Kemerovo and Irkutsk regions. Published 15 master classes and reviews of ski equipment.

The accounts of the “Get on skis” project have secured a leading position in social networks among the ski community.

In 2020, the Company allocated over USD62.5 million for social investments and charitable projects.

Adding
VALUE



06.

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF TRENDS IN THE ALUMINIUM INDUSTRY AND BUSINESS ENVIRONMENT

Highlights for the full year 2020

- Looking back at 2020, the Company's performance was severely impacted by the COVID-19 pandemic, particularly the first months of the year which saw significant global market turmoil triggered by the outbreak of the virus. Alongside more general ramifications, such as sharp decrease in oil price, this event triggered high volatility on the stock market coupled with considerable drop of indices, as well as continuing deterioration of London Metals Exchange ("**LME**") aluminium price and depreciation of Russian ruble. The second half of the year demonstrated fast recovery from the COVID-19 pandemic, and by December 2020 aluminium prices have mostly recovered back to the pre-COVID level.
- As a result of this turbulent period, the Company's revenue for the year ended 31 December 2020 decreased by 11.8% to USD8,566 million as compared to USD9,711 million for 2019. This was due to a 5.0% decrease in the average LME aluminium price from USD1,792 per tonne in 2019 to USD1,702 per tonne in 2020 and a 6.0% decline in the sales volume of primary aluminium and alloys. The high comparison base of 2019, when sales volumes were above normal levels due to the partial sell down of surplus inventories of primary aluminium that were accumulated over 2018 as a result of OFAC Sanctions should also be taken into account.
- At the same time, on the back of diversified client base and efficient managerial actions, sales of VAP increased by 11.3% to 1,722 thousand tonnes. The share of VAP sales in total sales was 44% (vs 37% in 2019). This improvement of VAP sales during 2020 was achieved amid market volatility and a decline in global demand for aluminium caused by the COVID-19 pandemic.
- Also, despite such market volatility, as a result of effective cost management supported by depreciation of Russian ruble, the production cost per tonne in aluminium segment in 2020 went down by 7.1% to USD1,512 per tonne, compared to USD1,627 per tonne in 2019.
- In addition to preserving stable financial and operational results during this unprecedented year, in September 2020 the Company successfully registered as a new resident of the Special Administrative Region, on the Oktyabrsky Island (Kaliningrad region of Russia), thus finalizing the redomiciliation procedure.
- The Company negotiated new terms as part of a bilateral deal with Sberbank backed by Norilsk Nickel shares. Final maturity was extended from 2024 to 2027, interest rate was reduced: on dollar tranche from 3mLibor+3.75% (with floor on Libor of 1.0%) to 3mLibor+3.0% (without floor on Libor) and on ruble tranche from 9.15% to the Key rate of Bank of Russia + 1.9%.

Global aluminum demand

Global manufacturing continued its recovery in December 2020 despite the latest wave of the pandemic. The PMI of December 2020 revealed that advanced economy manufacturing was still expanding. Global PMI retained at a 53.8 level in December 2020, unchanged month-on-month. Meanwhile, a weaker dollar, strong manufacturing data, positive news about the development of vaccine and expectations of a U.S. economic stimulus package continued to support the commodity prices. In December 2020 the aluminum price continued to trade above USD2,000/tonne.

For the full year of 2020, the global aluminum demand was down by 1.7% year-on-year to 63.9 million tonnes, recovering from a 2.6% decline year-on-year during the nine months of 2020. Rest of the World (RoW) demand contracted by 8.9% to 26.0 million tonnes. However, demand from China offset this with continuous robust demand, demonstrating a strong growth of 3.9% to 37.9 million tonnes.

The fall in European aluminium consumption was assessed as -9.2% year-on-year in 2020 to 8.3 million tonnes, as a consequence of much softer rates of contraction in the second half of 2020. Following the easing of COVID-19-related restrictions, the IHS Eurozone manufacturing PMI started expanding at the beginning of the third quarter of 2020 for the first time in 18 months. It has since remained above the stable 50 no-change-mark and accelerated in the fourth quarter of 2020. The recovery in German manufacturing has been one of the key drivers to the aforementioned swift recovery, which has displayed high levels of output and new orders since September 2020. This was attributable to the nation's automotive sector, which recorded an expansion of 2% year-on-year in the final quarter despite ending the year with a decrease of almost 25% overall year-on-year. Turkish manufacturing also recovered quickly, ending 2020 with seven consecutive months of manufacturing PMI expansion and 6% more vehicles produced in the second half of 2020 as compared to the same of the second half of 2019. More widely, levels of construction (as indicated by the EU-27 construction in production index) have thus far shown slower rates of decline in the second half of the year. Finally, the unveiling of the EU's latest economic stimulus, Brexit trade deal and vaccine rollout plans were some of the positive news for manufacturers.

North and South/Central American aluminium consumption are expected to have fallen to 5.8 million tonnes (-9.0% year-on-year) and 1 million tonnes (-9.4% year-on-year) in 2020, respectively. In the USA, manufacturing PMI has performed strongly throughout the second half of 2020, indicating a rebound in activity despite the high numbers of COVID-19 cases within the region. U.S. manufacturing PMI accelerated to 59.1 in January 2021 from 57.1 in December 2020. The recent recovery of aluminium demand has also been aided by the strong performing construction sector, with homebuilding set to exceed 2019 levels thanks to the strong growth in activity throughout the second half of the year. However, automotive production recovery has struggled to gain momentum in the fourth quarter of 2020 and looks set to end the year with a more than 20% overall year-on-year decrease despite some positive recordings in the third quarter. Mexican manufacturing PMI meanwhile has remained in contraction throughout the second half of 2020, with the country struggling to grapple with low outputs, orders and job cuts. Despite this, the aluminium demand of the second half of 2020 was supported by positive automotive figures in the last quarter of 2020 with the 2020 production decreaseing by a 20% overall year-on-year. In South America, Brazil has performed strongly in the final quarter, with the IHS manufacturing PMI peaking at an all-time high of 66.7 in October and automotive production in the fourth quarter of 2020 almost identical to that of the previous year.

Asian Ex-China aluminium consumption is estimated to have declined by 9.3% year-on-year in 2020 to 5.5 million tonnes. The ASEAN region and Japan experienced the largest contractions in the region, with IHS manufacturing PMI stabilizing slowly in each case and remaining below the 50-mark until months 11 and 12, respectively. Each has further suffered heavy blows to their automotive industries, with the decline in ASEAN monthly production softening slowly (-49% year-on-year M7 to -16% year-on-year M10) and Japanese production set to end the year with more than a 15% decline year-on-year overall. Significant contractions in demand are also anticipated in India where automotive production finished far behind 2019 levels, despite positive year-on-year growth in the final four months of the year. Meanwhile, a softer fall in demand is estimated in South Korea where manufacturing PMI recovery has begun to gather some momentum and FRP production is on track to match 2019 levels.

The Russian aluminium consumption was assessed to record a decrease of 4.2% to 0.84 million tonnes in 2020 year-on-year, following improvements in key end-use segments in the second half of the year. In the case of the construction industry, this can be seen in dwelling construction data which has remained firmly growing since August 2020 and by November 2020 was ahead of last year's YTD levels. Meanwhile, despite weak output in August 2020, automotive production has displayed year-on-year monthly growth in both production and sales between September and November in 2020. However, the contraction in manufacturing PMI since September has not been optimistic, with manufacturers experiencing continuous declines in output and new orders. In recent months, the drop in consumption could be attributed to weak local demand, with export sales growing for three consecutive months.

According to official figures, China's economy in the last quarter of 2020 expanded at the fastest pace in two years. GDP grew by 6.5% in the fourth quarter of 2020, which marked an increase from 4.9% year-on-year in the third quarter of 2020. Industrial production rose from 7.0 to 7.3% year-on-year. The outlook remains bright in the near term with continuous growth in household demand, infrastructural and property investments. New bank lending in China hit a record high in 2020, as the central bank kept its accommodating policy stance during the coronavirus pandemic. New bank lending rose to a record CNY19.63 trillion in 2020, a 16.8% increase from CNY16.81 trillion in 2019 – the previous record. The latest manufacturing surveys suggest that factory activity remained strong in December. The Caixin manufacturing PMI fell from a decade-high 54.9 in November to 53.0 in December 2020.

Global aluminum supply, inventories and premiums

Global aluminium production in 2020 grew by 2.3% to 65.3 million tonnes, taking into account the RoW small growth of 0.2% year-on-year to 28.0 million tonnes and a 3.9% growth year-on-year in China, to 37.2 million tonnes. Overall, the global market was in surplus of 1.4 million tonnes during 2020.

Operating capacity in China exceeded 38.7 million tonnes. Chinese unwrought aluminum/alloys and products exports declined by 15.2% year-on-year to 4.84 million tonnes in 2020, while unwrought aluminum import during 2020 amounted to around 1.06 million tonnes as compared to 75 thousand tonnes in 2019. This shift was due to a strongly negative export price arbitrage and the reduced demand overseas due to the pandemic. Thus, China is becoming an important balancing force for global aluminum industry absorbing excessive supply from the RoW markets.

In 2020, aluminium inventories at LME warehouses declined by about 133 thousand tonnes to 1.34 million tonnes. LME live warrants increased to the level of 1.19 million tonnes. Chinese regional stocks were moving in a downward trend over the period from April to December 2020 and fell by 1.06 million tonnes to a total of 0.61 million tonnes from its highest level this year of 1.68 million tonnes marked at the beginning of April 2020. Chinese regional inventories retain its seasonally low level at 682 thousand tonnes by end of 2020.

By the end of 2020 aluminium premiums had risen in the U.S., Europe and Asia above pre-COVID levels, with strong demand fundamentals and aluminum scrap shortage outside of China supporting further increase in demand for primary metal and value added products upcharges.

Aluminum market outlook

Looking ahead to 2021, the demand for primary aluminium is estimated to grow by 5-6%. The speed of vaccine rollouts, success of government stimulus packages and the ability to contain outbreaks would each have large impacts on global aluminium demand. As to the long-term aluminium market, the acceleration of green technology trends will help drive aluminium demand.

RUSAL'S ALUMINIUM PRODUCTION RESULTS

> The Group's primary aluminium production for the year ended 31 December 2020 was stable as compared to the previous year and totaled 3,755 thousand tonnes.

Production of VAP was also in line with the previous year: 1,577 thousand tonnes in 2020.

Production facility	Ownership	Year ended 31 December		Change year-on-year
(thous. tonnes)	(%)	2020	2019	(%)
Russia (Siberia)				
Bratsk aluminium smelter	100%	1,004	1,008	(0.4%)
Krasnoyarsk aluminium smelter	100%	1,020	1,018	0.2%
Sayanogorsk aluminium smelter	100%	529	539	(1.9%)
Novokuznetsk aluminium smelter	100%	215	215	0%
Irkutsk aluminium smelter	100%	422	422	0%
Khakas aluminium smelter	100%	308	294	4.8%
Russia (ex Siberia)				
Kandalaksha aluminium smelter	100%	70	72	(2.8%)
Volgograd aluminium smelter	100%	70	69	1.4%
Nadvoitsy aluminium smelter	100%	–	–	–
Other countries				
KUBAL (Sweden)	100%	117	120	(2.5%)
Total RUSAL		**3,755**	**3,757**	**(0.1%)**

Production

— In 2020, KrAZ completed the conversion to Eco-Soderberg.

— BrAZ, NkAZ, IrkAZ and VgAZ continue conversion to Eco-Soderberg. In 2020, 396 pots were updated.

— Taishet anode factory commissioned an anode-baking furnace. In 2020, output volume of anodes amounted to 133 thous. tonnes.

— Taishet aluminium smelter continued construction of the first pot line (design output of the first startup complex is 430 thous. tonnes of aluminium per year).

Energy efficiency

— In 2020, 680 energy efficient pots of different types were put into operation in different smelters of the Aluminium Division (AD).

— Thanks to implementation of energy-saving actions in 2020, the AD smelters reduced specific energy consumption by 447 kWh/t vs 2013 (the year the projects were launched).

Alloys' production expansion

- The volume of orders of VAP is recovering.
- KhAZ PFA bar qualification for Tesla.
- Start-up of BoAZ Properzi line (bars).
- Production of billets under MaxiFlow brand. Modernization of billet cooling system of Hertwich lines (NkAZ and SAZ) is scheduled. The goal is to increase cooling rates resulting in quality improvement.
- KrAZ billet qualification for Constellium.
- New area for waxed wire-rod (IrkAZ) was put into operation. In October and December 2020, first qualification lots were sent to the American market.
- ExtruForm joint project – installation of the the SMS group mill in IrkAZ – entered its active phase.
- KAZ mastered production of Properzi 3 tonnes wire rod coils, as well as a new dimension of coils with tight layering in accordance with American standards.
- Presentation of KAZ 6xxx wire rod in the European market, European office of Nexans gave positive feedback on the quality of the samples supplied.
- KrAZ mastered 6xxx alloys for domestic market and Novelis Korea.
- BrAZ (5052) and KrAZ (3003, 3104, 8079) enter the Chinese market.
- BrAZ (1050), KrAZ (3104) and SAZ (1050) produced first slabs for the American market.
- For first time ever KrAZ became a first-class supplier for Constellium Switzerland AG.

Mechanization and automation

- In 2020, the Group has continued to devote efforts on the domestic design and manufacture of pot tending equipment, which seeks to eliminate heavy physical labor and improve the working conditions of operators. During the year, 56 units were produced: among which 32 units were under the program "Re-equipment of vehicles for pot tending", while the remaining 24 units were manufactured under the program "Conversion of RUSAL's smelters to the environmentally friendly Soderberg technology". In total, since 2013, 274 pieces of equipment have been produced, operations such as anode racking and anode change, bath crust crushing and burner cleaning have been mechanized; all new vehicles are equipped with an ergonomic driver's workplace with a climate control system.
- RUSAL Bratsk (reduction area) completed the project launched in 2017 – restoration of five multifunctional process cranes. The next step in the mechanization of the work of anode operators is the modernization of the remaining pin cranes: the technical solutions worked out at the previous stage will be used next year for the modernization of the first pin crane.
- In RUSAL Sayanogorsk, for the mechanization of manual labor at casting conveyors Nos. 1 and 2, a robot was installed to stack bundles of small ingots. In addition to palletizers, robots have begun to mark packages and remove slag in casting crucibles. There are 17 industrial robots in smelters in total.
- Implementation of the end-to-end automation program continues: in 2020, RUSAL Sayanogorsk put into trial operation a unified HoneyWell MES system and a unified laboratory data system LIMS. RUSAL Krasnoyarsk continues work on the implementation of a data system for cast house, started developing a unified system for reduction area, opened a project with a goal to establish a unified system for managing regulatory reference data.
- With the aim of comprehensive digital transformation, RUSAL Anode Factory is implementing the Digital Factory project: in 2020, Siemens prepared a design solution covering all areas of the enterprise operation.
- A number of high-tech R&D projects are being implemented: RUSAL Krasnoyarsk completed a project to monitor diesel pot tending equipment – 14 machines were equipped with sensors and software was developed; In the production of electrodes RUSAL Sayanogorsk performs a study of the anode life cycle and improvement of the products' quality; in 2020, systems were selected for marking green anodes and controlling the geometry of anode rods.
- Development of analytical systems for the implementation of investments, on-the-job safety and equipment repair management continues.
- A long-term modernization program for the automated process control system of the reduction area is being implemented (in 2020, modernization in four pot rooms was completed, work is underway in five more pot rooms), in parallel, the process of modernization of the automated process control system of anode production started at five aluminium smelters.

- In 2020, work continued work on the "Program for the implementation of a furnace bottom temperature control system at the AD smelters" to prevent the melt from leaking due to damages of the furnace metal structure. In the course of 2020, 34 tilting and 25 stationary furnaces out of 122 furnaces (34 tilting and 88 stationary) were equipped with a temperature control system with data output to the upper level and sending of notifications in case of exceeding the maximum permissible value. Further installation of the control system will continue during scheduled overhaul of furnaces.

Operational health, safety and environment

- Environmental safety is one of the priorities of the Company's sustainable development. The aim of the environmental safety strategy of the Group is to modernize and to introduce the best available technologies. With the goal to improve the environmental situation and reduce emissions of air pollutants of 12 large industrial centers, pursuant to the Decree of the President of the Russian Federation dated 7 May 2018 No. 204 "On national goals and strategic objectives for the development of the Russian Federation for the period up to 2024", measures have been developed and are being implemented for three Aluminium Division enterprises (RUSAL Bratsk, RUSAL Krasnoyarsk, RUSAL Novokuznetsk) which are included into the national Clean Air project to reduce their negative environmental impact. To achieve strategic environmental goals in 2020, RUSAL Krasnoyarsk, RUSAL Bratsk, the branch of RUSAL Bratsk in Shelekhov and RUSAL Novokuznetsk continued the conversion to Eco-Soderberg. RUSAL Novokuznetsk expands the pilot area and installs pots working on prebaked anodes. The enterprises of the Aluminium Division (RUSAL Bratsk, the branch of RUSAL Bratsk in Shelekhov and RUSAL Novokuznetsk) are modernizing existing gas treatment centers and installing new efficient dry gas treatment centers of own design and technology. RUSAL Krasnoyarsk runs trials of an automated emission control system; the system will subsequently be implemented at other enterprises of the Aluminium Division. In order to ensure the safe storage of waste at RUSAL Sayanogorsk, RUSAL Krasnoyarsk and RUSAL Volgograd, construction of waste disposal facilities continues. In 2020, investments in environmental projects exceeded USD34 million.
- The DNV-GL audits conducted in 2020 confirmed the existing environmental management system used by the enterprises of the Aluminium Division to be compliant with ISO 4001:2015.
- As part of the initiative for the responsible production management and use of aluminium in 2020, five aluminium smelters – RUSAL Bratsk, RUSAL Krasnoyarsk, RUSAL Sayanogorsk, Boguchansky aluminium smelter and KUBAL – successfully passed the certification according to the Aluminium Stewardship Initiative (ASI Performance Standard and ASI Chain of Custody Standard). In 2019, the first aluminium smelter PAO RUSAL Bratsk, the branch in Shelekhov, was certified. In 2021 it is planned to certify RUSAL Kandalaksha; all the other enterprises will undergo the certification in 2022.
- In 2020, in accordance with the certification schedule, PAO RUSAL Bratsk, the branch in Shelekhov, was certified according to the occupational health and safety management system – the updated version of the international standard ISO 45001:2018. In total, five aluminium smelters in the Aluminium Division have certificates of compliance with the requirements of the international standard ISO 45001:2018.

ALUMINA PRODUCTION RESULTS

RUSAL's total attributable alumina output was 8,182 thousand tonnes in 2020 and 7,858 thousand tonnes in 2019.

A production volume increase of 4% occurred due to enhancement of equipment operation at Achinsk Alumina Refinery, stabilization of production process at Windalco and Friguia, output increase at QAL, and PGLZ Alumina Refinery joining RUSAL Group.

Calculated based on the pro rata share of the Company's (and its subsidiaries') ownership in corresponding alumina refineries.

Asset	Interest	Year ended 31 December		Change year-on-year
(kt)		2020	2019	
Ireland				
Aughinish Alumina Refinery	100%	1,883	1,893	(0.5%)
Jamaica				
Windalco (Ewarton Works)	100%	523	461	13.4%
Ukraine				
Nikolaev Alumina Refinery	100%	1,725	1,690	2.1%
Italy				
Eurallumina	100%	–	–	–
Russia				
Bogoslovsk Alumina Refinery	100%	990	1,017	(2.7%)
Achinsk Alumina Refinery	100%	900	823	9.4%
Urals Alumina Refinery	100%	916	915	0.1%
Boxitogorsk Alumina Refinery	100%	–	–	–
PGLZ Alumina Refinery	100%	67	–	100%
Guinea				
Friguia Alumina Refinery	100%	439	368	19.3%
Australia (JV)				
Queensland Alumina Ltd.[12]	20%	740	691	7.1%
Total production		**8,182**	**7,858**	**4.1%**

12 Pro rata share of production attributable to RUSAL.

The main factors which had an influence on the Group's production performance are as follows:

- **Achinsk Alumina Refinery.** Numerous programs on equipment effectiveness and reliability improvement are in progress. Construction of the cooling system of spent liquor in agitation digestion was completed. The vertical washer-separator of agitation digestion area in hydrochemistry shop was wholly replaced. Replacement of the crasher in the Sinter grinding area was established. The fleet of mining equipment was renewed. Routine maintenance of gas treatment equipment was performed. Exploration works on Goryachegorsk nepheline deposit were carried out that would initially supply Achinsk Alumina Refinery after 2030, as well as experimental trials of beneficiation process flow schemes took place.
- **Bogoslovsk Alumina Refinery.** To ensure the current level of alumina output, obsolete precipitation equipment was replaced by more effective and modern analogues – four new precipitators were put in service in 2020, another six are to be put in service in 2021. Modernization of drop cooling towers from one-deck to double-deck fillers is being undertaken, as well as replacement of valves and communications in the plant's power area. A large-scale project on the introduction of closed-loop water supply system in alumina production was completed.
- **Urals Alumina Refinery.** New heaters of raw slurry were put in service at digestion. Modernization of steam separation schemes at digestion from two to three stages by replacing the last autoclaves to flash tanks carried out. Implementation of closed-loop water supply system is in progress and to be completed in 2022.
- **Nikolaev Alumina Refinery.** In 2020, the project of alumina production increase by changing of agitation digestion scheme was finished, thus a capacity of 1,759 thousand tonnes per year was reached. Overhaul of piston diaphragm pump "WIRTH" and a boiler at the CHP was completed.
- **Aughinish Alumina Refinery.** Successful refinery transition to Company bauxite of Dian-Dian with a view of cost reduction and commodity safety growth – in 2020 consumption rate of Company bauxites was 50%.
- **Friguia Alumina Refinery.** In 2019, the refinery successfully finished main restoration works after long-term conservation (since 2012) and operated in standard mode. New evaporation unit construction is being accomplished; start-up of this equipment is planned for 2021.
- **Windalco**. As a result of an established set of activities (overhaul of grinding mill No. 5, restoration of thickener D, density meters installation, modification of management system of technological modes in mud circuit), production output was increased in comparison to previous periods.

BAUXITE PRODUCTION RESULTS

RUSAL's total attributable bauxite output[13] was 14,838 thousand tonnes in 2020, as compared to 16,047 thousand tonnes in 2019.

The decrease in own bauxite mining was caused by cessation of production activity in Guyana and replacement of Guyana bauxites with higher quality and lower price analogues.

There was insignificant mining volume at North Urals, Kindia and Windalco bauxite mines.

The decrease in KBK bauxite mining occurred due to reduction of supply need of Nikolaev Alumina Refinery (that processes Dian-Dian bauxite). Windalco mining decrease was determined by sufficient raw material stock at the beginning of the year.

The most substantial bauxite production volume growth occurred at Friguia and Dian-Dian mines.

13 Bauxite output data was:

- calculated based on pro rata share of the Company's ownership in corresponding bauxite mines and mining complexes. The total production of the Company's fully consolidated subsidiary, Bauxite Company of Guyana Inc., is included in the production figures, notwithstanding that minority interests in each of these subsidiaries are held by third parties;
- reported as wet weight (including moisture).

The table below shows the contribution from each facility.

Bauxite mines	Interest	Year ended 31 December		Change year-on-year
(kt WET)		2020	2019	(%)
Jamaica				
Windalco (Ewarton)	100%	1,752	1,856	(5.6%)
Russia				
North Urals	100%	2,260	2,353	(4.0%)
Timan	100%	3,310	3,221	2.8%
Guinea				
Friguia	100%	1,423	1,304	9.1%
Kindia	100%	2,941	3,121	(5.8%)
Dian-Dian	100%	3,071	2,780	10.5%
Guyana				
Bauxite Company of Guyana, Inc.Guyana, Inc.	90%	81	1,412	(94.3%)
Total production		**14,838**	**16,047**	**(7.5%)**

The main factors influencing production performance:

— in 2020, quarry No. 4 of Vezhayu-Vorykvinsky of Timan Bauxite was built, stripping works performed and ore is ready for mining in 2021. An additional siding line was constructed at the railway that allows increasing monthly throughput of the railway line. Technological road to North lodes of Verkhne-Schugorskoye deposit in the extent of 12.5 km;

— underground launching sites were constructed and put in operation at the mines: Novo-Kalinskaya – horizon 980 m, hinging and profiling complex; Kalinskaya – rock slope 1,176.6-1,271.9 m with hopper, ore knot and sump pump; Cheremukhovskaya – an underground auxiliary materials storage area at -980 m level and Air raise from -1,172 to 1,040 m;

— all mines provided for alumina refineries production needs in full;

— bauxite mining in Guyana was stopped at the end of 2019. Since 2020 higher quality and lower price bauxites have been used for sweetening process at Nikolaev Alumina Refinery. This factor explains the reduction of total bauxite mining volume in 2020 by 7% as compared to that in 2019.

Securing the supply of high-quality bauxite at adequate volumes and cost-competitive prices for its alumina facilities is an important objective for the Company. Additional exploratory work is being undertaken to locate new deposits of bauxite in the Group's existing operational bauxite mining areas and in new project areas. Each of the Group's mining assets is operated under one or more licenses.

As at 31 December 2020, the Group had JORC attributable bauxite mineral resources of 1,867.1 million tonnes, of which 517.9 million tonnes was measured, 777.0 million tonnes was indicated and 572.2 million tonnes was inferred.

NEPHELINE PRODUCTION RESULTS

RUSAL's nepheline syenite production was 4,599 thousand tonnes in 2020, as compared to 4,244 thousand tonnes in 2019.

The increase of the production volume of nepheline is mainly because of the alumina production needs.

Nepheline mines (Achinsk)	Interest	Year ended 31 December		Change year-on-year
(kt WET)		2020	2019	(%)
Kiya Shaltyr Nepheline Syenite	100%	4,599	4,244	8.4%
Total production		**4,599**	**4,244**	**8.4%**

FOIL AND PACKAGING PRODUCTIONS

In 2020, the Downstream Division produced 103.43 kilotonnes of foil, which amounts to a 5.43 kilotonnes or 5.5% increase from 2019. The domestic supply of plain foil and tape from Rusal Ural Foil and Rusal Sayanal went down by 3.87 kilotonnes in 2020 as Dozakl, a large buyer, left the market and purchased 5.6 kilotonnes of tape less than it did in 2019. This loss was offset by additional sales to other domestic buyers.

The output of Ural Foil, Armenal and Sayana Foil grew by 8-21% year-on-year as a result of equipment productivity.

The output reduction at Sayanal is related to a higher share of more marginal thin foil (average thickness went down by 1.1 µm vs 2019). At the same time, Sayanal increased the output of high-margin converted foil by 11%.

Foil mills	Interest	Year ended 31 December			Change year-on-year
(kt)		2020	2019	dev	(%)
Domestic market (Russia and the CIS)		**46.65**	**48.57**	**(1.92)**	**4.0%**
Sayanal		25.65	28.05	(2.40)	8.6%
including converted foil		10.60	9.50	1.10	11.6%
Ural Foil		16.04	16.42	(0.38)	2.3%
Sayana Foil		4.96	4.10	0.86	21.0%
Export		**56.79**	**49.43**	**7.36**	**14.9%**
Sayanal		11.38	11.27	0.11	1.0%
Ural Foil		9.88	7.61	2.27	29.8%
Armenal		35.53	30.55	4.98	16.3%
Total production		**103.44**	**98.00**	**5.44**	**5.6%**
including:					
Sayanal		37.03	39.32	(2.29)	5.8%
Ural Foil		25.92	24.03	1.89	7.9%
Sayana Foil		4.96	4.10	0.86	21.0%
Armenal		35.53	30.55	4.98	16.3%

WHEEL BUSINESS

Output, thousand wheels	Interest	Year ended 31 December			Change year-on-year,
		2020	2019	dev	(%)
Aluminium wheels		2,140	3,053	(913)	(30%)

The output of wheels in 2020 went down by 30% due to a COVID-induced softening of demand on the aftermarket in the first half of 2020. The coronavirus pandemic also forced some of the suppliers to delay delivery, installation and commissioning of equipment under expansion projects, which had an adverse impact on production capacity in the second half of 2020.

OTHER BUSINESS

	Year ended 31 December		Change year-on-year
(t) unless otherwise indicated	2020	2019	(%)
Secondary alloys	25,342	18,161	39.5%
Silicon (tonnes)	27,132	48,143	(43.6%)
Powder	22,441	23,168	(3.2%)
Coal (50%) (thousand tonnes)	21,669	22,424	(3.4%)
Transport (50%) (thousand tonnes of transportation)	2,815	3,783	(25.6%)

Powders

The coronavirus pandemic was the main factor which caused a decrease in the output and sales of powders due to a sharp decline in production in the automotive and aircraft industry. This, in turn, reduced the demand for aluminium from companies supplying finished products to these industries.

Secondary alloys

The amount of dross and aluminium-containing waste that is converted into secondary aluminium reduced in 2020 by 3.9 kilotonnes or 22% from the previous year due to a reduction of both internal and external dross and waste available for conversion.

Silicon production

Compared with 2019, in 2020, the production volumes decreased due to falling market prices for silicon and, as a result, the operation of RUSAL-Kremniy-Ural LLC which has completely ceased since 1 December 2019 as its production was unprofitable. The personnel has been reduced to necessary level to restart the production facility operation, which will be put into action when the situation in the silicon market improves.

JSC Kremniy continued operating four furnaces throughout 2020. In 2020, investment activities were completed, including the supply of a new type of hydraulic furnace mouth tending machines. A six-year development strategy for JSC Kremniy was approved with planned restoration of the idling capacities and improvement of environmental friendliness by replacement of all “wet”-type gas treatment plants with modern dry-type treatment plants with bag filters.

NEW PROJECTS DIRECTORATE

Volkhov aluminium smelter: In 2019, the transaction for the sale of all property of the smelter to AO METACHIM was completed. In 2020, RUSAL Ural Branch in Volkhov was liquidated.

OOO YarGOK and JSC Cryolite: In 2020, the implementation of the project "Construction of a factory for ALF3 production by the 'Dry Method' – on the latest technical solutions that reduce the cost of production and with the use of its own raw material base with the capacity of up to 30 thousand tonnes and for production of rare alkali metals with modernization of OOO YarGOK at the sites of YarGOK and JSC Cryolite" was resumed. A supplier of technology and equipment for ALF3 production was selected. An inspection of buildings and structures was carried out and conclusions and high level cost estimates were obtained.

Aluminium production results

The New Projects Directorate comprises the Nadvoitsy aluminium smelter, the aluminium production of the Urals aluminium smelter (all in Russia), and ALSCON (Nigeria).

Aluminium production stopped at ALSCON in 2013 remained largely unchanged in 2019. In 2020, negotiations were conducted with the Federal Government of the Republic of Nigeria regarding the resumption of the contract for the supply of gas at a discounted price in order to resume aluminium production; evaluations of the financial and economic model for the launch of ALSCON are in progress.

Nadvoitsy aluminium smelter: In 2019, a decision was made to dismantle the equipment. A part of the movable and immovable property was sold to AVTORITET NSK LLC.

In 2020, a transaction was conducted with the KU Data Center company for the sale of Building 2 of the reduction area, and 48 MW of the installed capacity were redistributed for the purpose of accommodating an energy-intensive Data Processing Center (DPC). The Company continues its activities related to the maintenance of the critical infrastructure of the village of Nadvoitsy and to the lease of premises for energy-intensive production operations.

Urals aluminium smelter: The production of aluminium was stopped in 2013.

In 2019, it was decided that the main and other equipment of the reduction area with the involvement of subcontractors would be dismantled. In September 2020, a decision was made to stop the dismantling of the reduction area equipment and to carry out further mothballing of the production facility.

Downstream projects

One of the key activities of the New Projects Directorate is the search for, development and implementation of projects aimed to establish new productions in order to increase consumption of aluminium and alloys in upstream and other sectors.

The key facilities for implementation of new projects are mothballed plants:

- Bogoslovsky Cable Plant LLC (BKZ) is a joint venture for the production of cable and wire products in Krasnoturinsk, founded in December 2016. Since April 2017, BKZ has been a resident of the priority social and economic development area.

  In 2019, the Company launched the production of innovative cable and wire products with the replacement of copper with aluminum: flexible aluminum cables, oil-submersible cables, self-supporting insulated wires, and power cables.

  In 2020, a thermal chamber was purchased and installed to carry out the process of linking self-supporting insulated wires.

  The volume of production in 2019 amounted to 1,115 tonnes by weight of metal, including 729 tonnes of cable and wire products and 386 tonnes of semi-finished products. The growth in the production volume in comparison with the level of 2019 amounted to 194%.

  The process of accreditation as a production site in Rosneft has been completed. A quality compliance certificate was obtained for oil-submersible cables and for power cables of the AVVG type. The ISO 9001: 2015 quality management system certificate was confirmed.

- The implementation of the project for the manufacture of aluminium radiators for house heating is underway at the industrial site of Nadvoitsy aluminium smelter. The project is implemented in the form of a joint venture with ELSO Group of Companies (50/50). The facility is the resident of the Priority Social and Economic Development Area in the Republic of Karelia. 50% of the project solution with the design capacity of 2,000,000 radiator sections has been implemented. Continuous work has been carried out to improve the efficiency of the business. As a result, for 2020 due to the implementation of measures to optimise the production processes, end-to-end yield increased from 81.34 to 88.58%, cost of sales reduced by 25% from RUB464.25/section to RUB348.84/section.

- The production capacity of the smelter has increased by 29% or 570,000 sections per year as compared with the design indicators.

  Works were carried out to increase the number of local suppliers of raw materials and components, which resulted in a decrease in the Company's expenditures by RUB69.5 million.

  In 2020, the Company manufactured 1,418.5 thousand sections of finished products. 1,240 thousand sections were sold to the end users, which is 2 times more than in 2019. four new models of heating radiators were designed and successfully launched into production, three new models of radiators were designed – the range of radiators will be expanded to 11 models in 2021.

Coal production results

Coal production, which accounts for 50% of the Group's share in LLP Bogatyr Komir, decreased by 3.4% to 21,669 thousand tonnes in 2020 compared to 22,424 thousand tonnes in 2019, largely due to temporary limitation caused by transition to a new cyclic-and-continuous technology of coal mining and transportation (CCT).

Transportation results

The volume of products transported by JV LLP Bogatyr Trans, in which the Company has a 50% share, decreased by 26% to 2,815 thousand tonnes in 2020 from 3,783 thousand tonnes in 2019 due to decrease in demand in Russia.

Information concerning usage of energy resources

The main activity of the Company is holding activities related to participation in the authorized capital of business entities operating in the field of bauxite and nepheline mining, alumina production, electrolytic production of primary aluminum, value-added aluminum products, including those associated with the management of these companies, and also financial activities.

Thus, due to the specifics of the Company's activities, it did not use energy resources in the reporting year.

At the same time, the activities of the Group companies may have an impact on the activities of the Company and the performance of its obligations with respect to securities, and therefore the description of the information on the usage of energy resources is given for the Group as a whole.

During the manufacture of products in 2020, RUSAL has used the following types of energy resources. As per the table below, the energy resources used in 2020 in physical and monetary terms are as follows:

	In physical terms	Tonnes of standard fuel	Cost, USD
Electrical energy, MWh	62,999,398.02	156,904	1,763,957,572.42
Heat energy, Gcal	702,627.50	16,946	9,985,774.18
Natural gas, thousand m^3	3,101,581.67	3,562,665	269,428,513.93
Motor petrol, t	688.22	898	497,378.96
Kerosene, t	127.74	–	80,513.21
Charcoal, t	8,411.00	–	2,506,918.48
Diesel fuel, t	83,962.34	103,848	61,240,760.88
Heating oil, t	608,746.88	755,675	139,870,119.52
Coal, t	3,619,257.70	2,267,802	80,044,997.26
Wood chips, t	13,756.00	–	583,996.43
Liquefied propane and butane, t	3,852.17	–	1,465,666.89
Coke, t	8,641.80	1,787	532,494.58

Other energy sources such as atomic energy, electromagnetic energy, oil, oil shale, peat were not used by the Group as a whole.

FINANCIAL OVERVIEW

Revenue

	Year ended 31 December 2020			Year ended 31 December 2019		
	USD million	kt	Average sales price (USD/tonne)	USD million	kt	Average sales price (USD/tonne)
Sales of primary aluminium and alloys	7,088	3,926	1,805	8,019	4,176	1,920
Sales of alumina	533	1,729	308	664	1,753	379
Sales of foil and other aluminium products	381	–	–	410	–	–
Other revenue	564	–	–	618	–	–
Total revenue	**8,566**			**9,711**		

Total revenue decreased by USD1,145 million or 11.8% to USD8,566 million in 2020 compared to USD9,711 million in 2019.

	Six months ended 31 December		Change half-year on half-year, % (2H to 2H)	Six months ended 30 June	Change half-year on half-year, % (2H to 1H)	Year ended 31 December		Change year-on-year, %
	2020 (unaudited)	2019 (unaudited)		2020 (unaudited)		2020	2019	
Sales of primary aluminium and alloys USD million	3,770	4,142	(9.0%)	3,318	13.6%	7,088	8,019	(11.6%)
Kt	2,036	2,198	(7.4%)	1,890	7.7%	3,926	4,176	(6.0%)
Average sales price (USD/t)	1,852	1,884	(1.7%)	1,756	5.5%	1,805	1,920	(6.0%)
Sales of alumina USD million	291	324	(10.2%)	242	(20.2%)	533	664	(19.7%)
Kt	953	962	(0.9%)	776	22.8%	1,729	1,753	(1.4%)
Average sales price (USD/t)	305	337	(9.5%)	312	(2.2%)	308	379	(18.7%)
Sales of foil and other aluminium products (USD million)	203	205	(1.0%)	178	14.0%	381	410	(7.1%)
Other revenue (USD million)	287	304	(5.6%)	277	3.6%	564	618	(8.7%)
Total revenue (USD million)	**4,551**	**4,975**	**(8.5%)**	**4,015**	**13.3%**	**8,566**	**9,711**	**(11.8%)**

Revenue from sales of primary aluminium and alloys decreased by USD931 million or 11.6% to USD7,088 million in 2020, as compared to USD8,019 million in 2019. This was primarily due to a 6.0% decrease in the weighted-average realized aluminium price per tonne (to an average of USD1,805 per tonne in 2020 from USD1,920 per tonne in 2019), driven by decline in the LME aluminium price (to an average of USD1,702 per tonne in 2020 from USD1,792 per tonne in 2019), as well as the 6.0% lower sales volumes.

Revenue from sales of alumina was down by 19.7% to USD533 million for the year ended 31 December 2020 from USD664 million for the year ended 31 December 2019 due to a decrease in the average sales price of 18.7%.

Revenue from sales of foil and other aluminium products plunged 7.1% or USD29 million, to USD381 million in 2020, as compared to USD410 million in 2019, primarily due to a decrease in sales of aluminium wheels between the comparable periods.

Revenue from other sales, including sales of other products, bauxite and energy services decreased by 8.7% to USD564 million for the year ended 31 December 2020 as compared to USD618 million for the previous year, due to a 9.4% drop in sales of other materials (such as silicon by 39.1%, soda by 26.3%, aluminium powder by 11.9%).

Cost of sales

The following table demonstrates the breakdown of RUSAL's cost of sales for the year ended 31 December 2020 and 2019, respectively:

	Year ended 31 December		Change year-on-year, %	Share of costs, %
	2020	2019		
(USD million)				
Cost of alumina	608	764	(20.4%)	8.5%
Cost of bauxite	447	483	(7.5%)	6.3%
Cost of other raw materials and other costs	2,298	2,515	(8.6%)	32.3%
Purchases of primary aluminium from JV	465	454	2.4%	6.5%
Energy costs	1,868	2,054	(9.1%)	26.3%
Depreciation and amortization	542	549	(1.3%)	7.6%
Personnel expenses	512	499	2.6%	7.2%
Repairs and maintenance	381	358	6.4%	5.4%
Reversal of inventories	(2)	(16)	(87.5%)	0.0%
Change in finished goods	(7)	453	NA	(0.1%)
Total cost of sales	**7,112**	**8,113**	**(12.3%)**	**100.0%**

Total cost of sales decreased by USD1,001 million or 12.3%, to USD7,112 million for the year ended 31 December 2020, as compared to USD8,113 million for the year ended 31 December 2019.

This was primarily driven by 6.0% lower primarily aluminium sales volume and depreciation of ruble against US dollar between the comparable periods.

Cost of alumina decreased by USD156 million or 20.4%, to USD608 million in 2020, as compared to USD764 million in 2019, mainly due to decrease in the alumina purchase price by 12.1% between the periods.

Cost of raw materials (other than alumina and bauxite) and other costs decreased by 8.6% for the year ended 31 December 2020 compared to the same period in 2019, due to decrease in the raw materials purchase price (prices for raw petroleum coke by 25.9%, calcined petroleum coke by 18.4%, pitch by 26.4%, caustic soda by 17.6%).

Energy costs decreased by USD186 million or 9.1%, to USD1,868 million for the year ended 31 December 2020, as compared to USD2,054 million for the year ended 31 December 2019, due to depreciation of Russian rouble against US dollar and decrease in average electricity prices between the same periods.

Finished goods mainly consist of primary aluminium and alloys (approximately 94%). The dynamic of change between the reporting periods was driven by the fluctuations of primary aluminium and alloys physical inventory: a 2.6% increase in 2020 and a 38.0% decrease in 2019.

Gross profit

As a result of the foregoing factors, RUSAL reports a gross profit of USD1,454 million for the year ended 31 December 2020 as compared to USD1,598 million for the year ended 31 December 2019, representing gross margins over the periods of 17.0% and 16.5%, respectively.

Distribution, administrative and other expenses

Distribution expenses decreased by 13.0% to USD469 million for the year ended 31 December 2020 from USD539 million for the year ended 31 December 2019 following the decline in primarily aluminium sales volume and depreciation of Russian ruble against US dollar between the comparable periods.

Administrative expenses decreased to USD553 million in 2020 as compared to USD594 million in 2019, primarily due to effective cost optimization measures and depreciation of Russian ruble against US dollar between the periods.

Increase in other expenses has resulted from additional costs incurred at plants to implement anti-COVID-19 staff safety measures and charitable donations.

Adjusted EBITDA and results from operating activities

	Year ended 31 December		Change year-on-year, %
	2020	2019	
(USD million)			
Reconciliation of Adjusted EBITDA			
Results from operating activities	279	87	220.7%
Add:			
Amortization and depreciation	570	566	0.7%
Impairment of non-current assets	9	291	(96.9%)
Loss on disposal of property, plant and equipment	13	22	(40.9%)
Adjusted EBITDA	**871**	**966**	**(9.8%)**

Adjusted EBITDA, defined as results from operating activities adjusted for amortization and depreciation, impairment charges and loss on disposal of property, plant and equipment, decreased to USD871 million for the year ended 31 December 2020, as compared to USD966 million for the year ended 31 December 2019. Factors that contributed to the decrease in Adjusted EBITDA margin were the same that influenced the Company's operating results.

Finance income and expenses

(USD million)	Year ended 31 December 2020	2019	Change year-on-year, %
Finance income			
Interest income on third party loans and deposits	33	44	(25.0%)
Interest income on loans to related party			
– *companies related through parent company*	–	1	(100.0%)
Net foreign exchange gain	118	–	NA
	151	**45**	**235.6%**
Finance expenses			
Interest expense on bank loans and company loans, bonds and other bank charges, including	(450)	(576)	(21.9%)
interest expense	*(417)*	*(517)*	*(19.3%)*
bank charges	*(33)*	*(59)*	*(44.1%)*
Other finance costs	(2)	(13)	(84.6%)
Interest expense on provisions	(3)	(8)	(62.5%)
Net foreign exchange loss	–	(124)	(100.0%)
Change in fair value of derivative financial instruments, including:	(226)	(21)	976.2%
change in fair value of embedded derivatives	*(17)*	*(6)*	*183.3%*
change in other derivatives instruments	*(209)*	*(15)*	*1,293.3%*
Lease interest cost	(9)	(5)	80.0%
	(690)	**(747)**	**(7.6%)**

Finance income increased by USD106 million or 235.6%, to USD151 million for the year ended 31 December 2020, as compared to USD45 million for the year ended 31 December 2019, primarily due to the net foreign exchange gain in 2020 as compared to the net foreign exchange loss in 2019.

Finance expenses decreased by USD57 million or 7.6%, to USD690 million in 2020, as compared to USD747 million for the corresponding period in 2019. This was primarily due to the reason described above as well as a 21.9% decrease of interest expense and other bank charges between the comparable periods, which were more than offset by increase in net loss from change in fair value of derivative financial instruments in 2020 due to strong appreciation in prices for the metal hedged. For details of use of financial instruments for hedging purpose, please refer to note 22 of the financial statements.

Share of profits of associates and joint ventures

(USD million)	Year ended 31 December 2020	Year ended 31 December 2019	Change year-on-year, %
Share of profits of Norilsk Nickel,	930	1,587	(41.4%)
with effective shareholding of	*27.82%*	*27.82%*	
Share of profits of associates	**930**	**1,587**	**(41.4%)**
Share of profits of joint ventures	**46**	**82**	**(43.9%)**

The Company's share in profits of associates for the years ended 31 December 2020 and 2019 amounted to USD930 million and USD1,587 million, respectively. Share in results of associates in both periods resulted primarily from the profit from the Company's investment in Norilsk Nickel.

The market value of the investment in Norilsk Nickel as at 31 December 2020 was USD14,123 million, as compared to USD13,586 million as at 31 December 2019.

Share of profits of joint ventures was USD46 million for the year ended 31 December 2020, as compared to USD82 million for the same period in 2019. This represents the Company's share of profits in joint ventures, namely BEMO, LLP Bogatyr Komir, and Mega Business and Alliance (coal and transportation business in Kazakhstan).

Profit before income tax

RUSAL earned a profit before income tax in an amount of USD716 million for the year ended 31 December 2020, as compared to a profit before income tax in an amount of USD1,054 million for the year ended 31 December 2019 due to reasons set out above.

Income tax

The Company recognized income tax credit in amount of USD43 million in 2020 as compared to USD94 million expense in 2020. Income tax credit for the reporting period was primarily driven by recognition of deferred tax asset on taxable losses incurred by various Group companies following the deterioration of market environment in the second quarter of 2020.

Current tax expenses decreased by USD119 million or 73.5%, to USD43 million for the year ended 31 December 2020, as compared to USD162 million for the previous year primarily due to decrease in withholding tax on dividends form Norilsk Nickel following re-domiciliation of the relevant holding companies to Russian Federation in the end of 2019.

The deferred tax benefit increased by USD18 million or 26.5%, to USD86 million for the year ended 31 December 2020, as compared to USD68 million for the previous year, primarily due to accrual of deferred tax asset related to tax losses incurred by various Group companies.

Profit for the period

As a result of the above, the Company recorded a profit of USD759 million in 2020, as compared to USD960 million in 2019.

Adjusted and Recurring Net Profit/(Loss)

	Six months ended 31 December		Change half-year on half-year, % (2H to 2H)	Six months ended 30 June	Change half-year on half-year, % (2H to 1H)	Year ended 31 December		Change year-on-year, %
	2020 unaudited	2019 unaudited		2020 unaudited		2020	2019	
(USD million)								
Reconciliation of Adjusted Net Profit								
Net profit/(loss) for the period	883	335	163.6%	(124)	NA	759	960	(20.9%)
Adjusted for:								
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect	(943)	(779)	21.1%	13	NA	(930)	(1,543)	(39.7%)
Change in the fair value of derivative financial liabilities, net of tax (20%)	225	30	650.0%	(3)	NA	222	22	909.1%
(Reversal of impairment)/ impairment of non-current assets, net of tax	(42)	242	NA	51	NA	9	291	(96.9%)
Adjusted Net Profit/ (Loss)	**123**	**(172)**	**NA**	**(63)**	**NA**	**60**	**(270)**	**NA**
Add back:								
Share of profits of Norilsk Nickel, net of tax	943	779	21.1%	(13)	NA	930	1,543	(39.7%)
Recurring Net Profit/ (Loss)	**1,066**	**607**	**75.6%**	**(76)**	**NA**	**990**	**1,273**	**(22.2%)**

Adjusted Net Profit/(Loss) for any period is defined as the net profit/(loss) adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of derivative financial instruments and the net effect of non-current assets impairment. Recurring Net Profit/(Loss) for any period is defined as Adjusted Net Profit/(Loss) plus the Company's net effective share in Norilsk Nickel results.

Assets and liabilities

RUSAL's total assets decreased by USD436 million or 2.4%, to USD17,378 million as at 31 December 2020, as compared to USD17,814 million as at 31 December 2019. The decrease in total assets was driven primarily by the decrease in investments in associates and dividends receivable.

Total liabilities decreased by USD232 million or 2.1%, to USD10,835 million as at 31 December 2020, as compared to USD11,067 million as at 31 December 2019, mainly due to the decrease in the Company's outstanding financial debts.

Cash flows

The Company generated net cash from operating activities of USD1,091 million for the year ended 31 December 2020, as compared to USD1,652 million for the previous year, driven by the same factors that led to the decrease in Adjusted EBITDA between the comparable periods.

The Company generated USD128 million net cash from investing activities for the year ended 31 December 2020, as compared to USD246 million in the previous year, primarily due to increase in acquisition of property, plant and equipment and acquisition of intangible assets in an amount of USD897 million for in 2020, as compared to USD848 million in 2019.

Decrease in the financing cash outflow to USD694 million for the year ended 31 December 2020, as compared to USD949 million in 2019, was primarily driven by the lower net debt repayments and interest payments.

Segment reporting

The Group has four reportable segments, as described in the Annual Report, which are strategic business units: Aluminium, Alumina, Energy, and Mining and Metals. These business units are managed separately and their performance is reviewed by the General Director on a regular basis.

Aluminium and Alumina are the core segments.

	Year ended 31 December			
	2020		2019	
	Aluminium	Alumina	Aluminium	Alumina
(USD million)				
Segment revenue				
kt	*3,702*	*7,844*	*4,036*	*7,662*
USD million	*6,666*	*2,310*	*7,732*	*2,539*
Segment result	733	(106)	800	(51)
Segment EBITDA[14]	1,068	48	1,167	79
Segment EBITDA margin	16.0%	2.1%	15.1%	3.1%
Total capital expenditure	(611)	(238)	(553)	(250)

The segment result margin (calculated as a percentage of segment profit to the total segment revenue per respective segment) for the aluminium segment increased to 11.0% for the year ended 31 December 2020, from 10.3% for the year ended 31 December 2019, and decreased to negative 4.6% from negative 2.0%, respectively, for the alumina segment. Key drivers for the increase in margin in the aluminium segment are disclosed in "Revenue", "Cost of sales" and "Adjusted EBITDA and results from operating activities" sections above. Detailed segment reporting can be found in the consolidated financial statements for the year ended 31 December 2020.

Capital expenditure

RUSAL recorded a total capital expenditure of USD897 million for the year ended 31 December 2020. RUSAL's capital expenditure in 2020 was aimed at maintaining existing production facilities.

14 Segment EBITDA for any period is defined as segment result adjusted for amortization and depreciation for the segment.

	Year ended 31 December 2020	Year ended 31 December 2019
(USD million)		
Development CAPEX	398	349
Maintenance		
Pot rebuilds costs	120	131
Re-equipment	379	368
Total capital expenditure	**897**	**848**

The BEMO project companies utilise project financing proceeds to make necessary contributions to ongoing construction projects and do not require contributions from the partner joint ventures at this time.

Consolidated financial statements

The following section contains the audited consolidated financial statements of RUSAL for the year ended 31 December 2020, which were preliminary reviewed and approved by the Board of Directors of RUSAL (the "Directors") on 16 March 2021, and reviewed by the Audit Committee.

The full set of audited consolidated financial statements of RUSAL, together with the independent auditor's report is available on RUSAL's website at: https://rusal.ru/en/investors/financial-stat/msfo/.

Code of Corporate Governance Practices

RUSAL has adopted a corporate code of ethics that sets out RUSAL's values and principles for many of its areas of operation.

The Directors have adopted a corporate governance code, which is based on the Code of Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Hong Kong Listing Rules**"). The Directors consider that save for code provision A.1.7 (physical Board meetings at which Directors have material interests) and A.6.7 (attendance of Directors at the annual general meeting), for reasons set out below and also on page 88 of RUSAL's interim report for the six months ended 30 June 2020, RUSAL has complied with the provisions as set out in the Corporate Governance Code and the Corporate Governance Report in Appendix 14 to the Hong Kong Listing Rules during the period from 1 January 2020 to 31 December 2020.

The Board of Directors of the Company (the "**Board**") endeavoured throughout the twelve-month period ended 31 December 2020 to ensure that it did not deal with business by way of written resolution where a substantial Shareholder of the Company or a Director had disclosed an interest in a matter to be considered by the Board which the Board determined to be material. As a result, there were only 4 occurrences (out of the 28 written resolutions the Board passed during the period) when urgent business was dealt with by the Board by way of written resolution where a material interest of a Director was stated to have been disclosed. In those instances, the material interest of the Director was a potential conflict of interest by virtue of the fact that the matter being considered relates to the independence or employment contract of the Director.

On those occurrences, the written resolutions were passed by the requisite majority excluding the materially interested Directors.

Of the eight Board meetings held, there were eight occasions where Independent Non-executive Director(s)/ Non-executive Director(s) might have a material interest in the transaction. On such occurrences, those Independent Non-executive Director(s)/Non-executive Director(s) abstained from voting and the resolutions approving entry into such transactions were passed by the requisite majority excluding those Independent Non-executive Director(s)/Non-executive Director(s) who might have a material interest.

Of the eight Board meetings held in the twelve month period ended 31 December 2020 where one or more Directors had disclosed a material interest, all the Independent Non-executive Directors were present at all eight of the Board meetings held.

Certain Executive Directors, Non-executive Directors and Independent Non-executive Directors were unable to attend the Company's annual general meeting held in 2020 due to conflicting business schedules.

Audit Committee

The Board established an Audit Committee to assist it in providing an independent view of the effectiveness of the Company's financial reporting process, risk management and internal control systems, and internal audit function, to oversee the audit process and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board. The Audit Committee is assisted by the Company's internal audit function which undertakes both regular and ad hoc reviews of risk management, internal controls and procedures, the results of which are reported to the Audit Committee. The Audit Committee consists of Independent Non-executive Directors. The members are as follows: Mr. Kevin Parker (Chairman, Independent Non-executive Director), Dr. Elsie Leung Oi-sie (Independent Non-executive Director), Mr. Dmitry Vasiliev (Independent Non-executive Director) and Mr. Bernard Zonneveld (Independent Non-executive Director).

On 16 March 2021, the Audit Committee reviewed the Company's financial results for the year ended 31 December 2020.

Material Events Since the End of the Year

19 January 2021	RUSAL and Mingtai Aluminium formed a partnership to produce low carbon products. RUSAL's strategic supply of low-carbon primary aluminium under the ALLOW brand will be delivered to Mingtai's plants, including the new Gwangyang rolling mill in South Korea.
8 February 2021	RUSAL announced operating results for 4Q and the full year 2020.
11 February 2021	RUSAL strengthened premium automotive offering with acquisition of an aluminium producer in Germany. As part of its long-term growth strategy, RUSAL intends to rebuild the Aluminium Rheinfelden businesses and restore the majority of existing roles, unlocking the potential of its R&D platform to deliver a new generation of sustainable aluminium solutions that can be produced on an industrial level in combination with RUSAL's smelters.
19 February 2021	RUSAL became a preferred supplier to Kosei. The company has been named the preferred global supplier of high-quality primary foundry alloys for Kosei, the global wheel and auto components manufacturer.
19 February 2021	On 28 January 2021 RUSAL signed the sustainability-linked pre-export finance facility for up to USD200,000,000. Following the success of the first Russian sustainability-linked syndicated pre-export finance facility arranged in 2019 by international and Russian banks, RUSAL continues to pursue its ambitious decarbonization goals. The group of international banks continues to support the Company in its aim to develop low-carbon aluminium technologies and sustainable aluminium production. The interest rate under the facility is subject to a sustainability discount or premium depending on the Company's fulfilment of the applicable key performance indicators (KPIs) which will be further agreed between the parties. The proceeds were used to refinance a more expensive debt.
25 February 2021	RUSAL is to invest RUB4.5 billion in the modernization of Sayanogorsk and Khakas aluminium smelters in 2021. The majority of the funds will be used to upgrade the production of electrodes, install new equipment in the foundry division and improve the energy efficiency of enterprises.
1 March 2021	RUSAL announced signing and starting the drawdown of a syndicated loan agreement for up to RUB45 billion with VTB and Gazprombank. As part of the loan agreement, VTB will provide RUB30 billion, whilst Gazprombank will provide RUB15 billion. The term of financing is up to 15 years. The funds raised will be used to help finance the completion of the start-up phase of Taishet aluminium smelter and partial refinancing of investments made in 2020.

Loans and Borrowings

The nominal value of the Group's loans and borrowings totaled USD5,298 million as at 31 December 2020, not including bonds, which amounted to an additional USD2,438 million.

Below is an overview of certain key terms of the selected facilities in the Group's loan portfolio as at 31 December 2020:

Facility/Lender	Principal amount outstanding as at 31 December 2020	Tenor/Repayment schedule	Pricing
Syndicated facilities			
PXF Facility 2019	USD1.085 billion	Up to USD1.085 billion syndicated aluminium pre-export finance term facility – until November 2024 equal quarterly repayments starting from January 2022	3 month LIBOR plus 2.1% p.a.
Bilateral loans			
Nordea Bank Abp	USD200 million	January 2021, bullet repayment at final maturity date	1 month LIBOR plus 2.4% p.a.*
Russian Regional Development Bank (RRDB)	USD200 million	November 2021, bullet repayment at final maturity date	2.97% p.a.
Sberbank	USD2.1 billion	December 2027, quarterly repayments starting from September 2024	3 month LIBOR plus 3.0% p.a.
	RUB106.4 billion		Key rate of the Bank of Russia +plus 1.9% p.a.
Bonds			
Eurobond	USD512 million	February 2022, repayment at final redemption date	5.125% p.a.
Eurobond	USD482 million	May 2023, repayment at final redemption date	5.3% p.a.
Eurobond	USD498 million	February 2023, repayment at final redemption date	4.85% p.a.
RUB bonds	RUB70 billion, swapped into USD, for equivalent USD1.1 billion (after cross-currency swaps)	5 tranches, the last repayment is May 2030, repayments at final redemption dates, subject to bondholders' put option exercisable within 3.0-3.5 years	2.9% – 4.69% p.a. (after cross-currency swaps)

* In January 2021, the facility was refinanced by the sustainability-linked pre-export finance facility for up to USD200 million, interest rate 3 month LIBOR + 1.8% , with the possibility to reduce the margin if the sustainability KPIs are fulfilled.

The average maturity of the Group's debt as at 31 December 2020 was 3.6 years.

Security

As of the date of this Annual Report, the Group's debt (save for several unsecured loans and bonds) is secured, among others, by assignment of receivables under specified contracts, certain pledges of shares of a number of the Group's subsidiaries, designated accounts, shares in Norilsk Nickel (representing a 25% plus 1 share of Norilsk Nickel's total nominal issued share capital).

In March, RUSAL announced signing and starting the drawdown of a syndicated loan agreement for up to RUB45 billion with VTB and Gazprombank. As part of the loan agreement, VTB will provide RUB30 billion, whilst Gazprombank will provide RUB15 billion. The term of financing is up to 15 years. The funds raised will be used to help finance the completion of the start-up phase of the Taishet aluminium smelter and partial refinancing of investments made in 2020.

Key events

In August 2020, the Company performed the first annual testing of the sustainability KPIs under PXF Facility 2019 and its verification by an independent auditor. All target levels for the previous year were achieved or exceeded, and subsequently the margin was decreased to 2.1% starting from August 2020.

In November 2020, the Company negotiated new terms under the bilateral transaction with Sberbank backed by NN shares. Final maturity was extended from 2024 to 2027, interest rate was reduced: on dollar tranche from 3mLibor+3.75% (with floor on Libor =1.0%) to 3mLibor+3.0% (without floor on Libor) and on ruble tranche from 9.15% to the Key rate of the Bank of Russia + 1.9%.

On 28 January 2021, RUSAL signed the sustainability-linked pre-export finance facility for up to USD200 million. Following the success of the first Russian sustainability-linked syndicated pre-export finance facility arranged in 2019 by international and Russian banks, RUSAL continues to pursue its ambitious decarbonization goals. The group of international banks continues to support the Company in its aim to develop low-carbon aluminium technologies and sustainable aluminium production. The interest rate under the facility is subject to a sustainability discount or premium depending on the Company's fulfilment of the applicable key performance indicators which will be further agreed between the parties. The proceeds were used to refinance more expensive debt.

Debt Capital Markets

On 20 March 2020, the Group repaid Panda bonds issuance (the first tranche) with a notional value of CNY320 million (USD46 million).

On 9 June 2020, placement of the exchange-traded ruble bonds of RUSAL Bratsk series BO-002P-01 in an amount of RUB10 billion with a 6.5% coupon rate was completed and the exchange-traded ruble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in June 2023. In addition to the placement, the Group entered into cross-currency interest rate swaps, which resulted in the exchange-traded ruble bonds exposure in an amount of RUB10 billion being translated into US-dollar exposure with the maturity of 3 years and the interest rate of 2.90%.

In July 2020, RUSAL launched the tender offer and purchased from investors and redeemed Eurobonds for a total amount of USD88.5 million.

On 4 September 2020, the Group repaid and redeemed the second tranche of Panda bonds with a notional value of CNY20 million (USD3 million).

Report on the Payment of Declared (Accrued) Dividends on Shares of a Joint-Stock Company

During 2020, the Board of Directors did not recommend or approve any dividends, the general meeting of shareholders did not take a decision on the payment of dividends. As of 31 December 2012, the Company has no dividend payout arrears.

Financial Ratios

Gearing

The Group's gearing ratio, which is the ratio of total debts (including both long-term and short-term borrowings and bonds outstanding) to the total assets, as at 31 December 2020 was 44.8% (as at 31 December 2019 – 46.3%, as at 31 December 2018 – 52.5%, as at 31 December 2017 – 53.8%, as at 31 December 2016 – 62.0%).

Return on Equity

The Group's return on equity, which is the amount of net profit as a percentage of total equity, as at 31 December 2020 was 11.6% (as at 31 December 2019 – 14.2%, as at 31 December 2018 – 32.6%, as at 31 December 2017 – 27.5%, as at 31 December 2016 – 35.7%).

Interest Coverage Ratio

The Group's interest coverage ratio, which is the ratio of earnings before interest and taxes to net interest (excluding bank costs and interest expense on provision), for the year ended 31 December 2020 was 2.8 (for the year ended 31 December 2019 – 3.2, for the year ended 31 December 2018 – 5.6, for the year ended 31 December 2017 – 3.8, for the year ended 31 December 2016 – 3.6, for the year ended 31 December 2015 – 2.4).

Environmental Performance and Safety

Industrial Safety

In 2020, the LTAFR was 0.20, which is a decrease as compared with the LTAFR of 0.22 in 2019, but it does not exceed the global average for the aluminium industry in 2019 (according to the International Aluminium Institute).

Environmental indicators

Environmental charges for air emissions and discharges of liquids and other substances amounted to USD7.0 million in 2018, USD7.7 million in 2019 and USD13.1 million[15] in 2020. There were no material environmental pollution incidents at any of the Group's sites or facilities during the year ended 31 December 2020.

Employees

The following table sets forth the information about total workforce (full-time equivalents) in each division of the Group as at 31 December in 2019 and 2020.

Division	As at 31 December 2019	As at 31 December 2020
Aluminium	19,122	19,950
Alumina	22,682	22,512
Engineering and Construction	1,435	1,483
Energy	29	22
Packaging	4,578	4,532
Management Company	743	642
Technical	1,650	1,390
Other	3,439	3,445
Total	53,678	53,976

15 The increase in environmental fees (payments) compared to the level of 2019 is due to changes in the environmental legislation of the Russian Federation in terms of the coefficients used in calculating environmental payments.

Remuneration and benefit policies

The fundamental principle of RUSAL Remuneration Policy is creating a remuneration structure to ensure that a highly professional team is formed and efficiently works, which contributes to the dynamic development of the Company and achievement of its strategic goals.

Remuneration structure:

1. ***Remuneration for work***

   The Company has built a comprehensive personnel incentive system, the main component of which is a monetary remuneration for work. Such monetary remuneration for work is defined depending on employee's skills, complexity, quantity, quality and conditions of the work performed, as well as regional and industrial specifics. It comprises compensation and incentive components.

   1.1. The key purposes of the Company's personnel incentive system:

   - encouraging employees to achieve the Company's goals;
   - raising the labor productivity, improving the quality of produced products;
   - continuous improvement of the production and business processes and systems, promoting innovations;
   - compliance with the internal corporate regulations, performance discipline, standards and requirements in the field of health, occupational and fire safety;
   - recruiting and retaining key and highly-skilled employees;
   - developing the potential of employees, professional and personal competencies;
   - providing financial stability for Company employees and their families.

   1.2. When managing the employee remuneration, the Company adheres to the following principles:

   - full compliance with the applicable laws of the regions where the Company operates;
   - impartiality and fairness of any decisions made;
   - clarity and transparency of any applied tools and systems;
   - dependence of the remuneration on individual and collective performance;
   - competitiveness of the remuneration structure and amount in the regions where the Company operates;
   - focus on the best market practices.

2. ***Benefits and compensations***

   2.1. RUSAL, being a socially oriented Company, together with mandatory compensations (prescribed by the applicable laws), also provides its employees with a wide list of additional benefits and compensations, being guided by the following key principles:

   - connection of the benefits with the social priorities of the Company: social stability and protection of employees, opportunities for personal and professional development, healthy lifestyle;

- targeted nature of the benefits (the Company provides an employee with a benefit, not a cash compensation);
- loyalty to internal corporate suppliers of services and products;
- competitiveness of the benefits in the regions where the Company operates;
- focus on the best market practices.

2.2. Out of the most significant benefits in the Company's social package, there are the following benefits provided in addition to those prescribed by the laws:

- shift/daily meal allowance that provides an employee with a hot three-course lunch during a business day;
- possibility to engage in sports and participate in sporting events free of charge;
- free of charge corporate medical services based on LLC RUSAL Medical Center;
- subsidised vouchers for health resort treatment and rehabilitation in health centers located in Russia;
- possibility to purchase voluntary medical insurance policies at subsidized prices both for employees and their family members;
- festivals devoted to anniversaries of production facilities and the professional holiday, Metal Industry Day. There are annual New Year celebrations for children of employees, where each child is presented with a gift from the Company;
- financial aid to pensioners, who worked at the Company's production facilities before and are registered with charity foundations, as well as to WWII Veterans, Survivors of Siege, Prisoners and Home Front Workers;
- corporate housing program that enables employees to purchase housing on subsidized conditions.

3. ***Bonuses based on results of the year***

3.1. For employees of the White Collar Workers (WCW) category:

The key tool to manage the performance of white collar workers is the system applicable in the Company for setting personal key performance indicators for employees and assessing their achievement, which ensures management by goal in the field of both maintaining the operating functionality and improvements and development.

The system is based on the following key strategic priorities of the Company:

- human resources: development by an employee of their professional and managerial competencies, as well as competencies of subordinate employees;
- innovations: improvement, development and increase in the efficiency of production and business processes;
- market: increase of the Company's competitiveness in the market, understanding of the market and the end consumer;
- product: improvement of the quality of products/systems/processes, work performance and customer satisfaction.

3.2. For employees of the Workers category:

Bonuses are paid to workers for fulfillment of the production program pro rata to the time worked in the year (including the absence in regular vacations and business travels).

Forming a new generation of highly-skilled personnel (forming and developing the external talent pool)

In 2020, active work continued on training and development of external and internal talent pools, career guidance of students and implementation of special projects related to promotion of the RUSAL brand as an attractive employer.

Number of students learning under the Target Recruitment Program:

Educational institutions	Number of persons		
	2018	2019	2020
Siberian Federal University (students from Krasnoyarsk, Sayanogorsk, Achinsk and Bratsk)	14	19	12
Irkutsk State Technical University (students from Bratsk and Irkutsk)	8	9	2
Ural Federal University (students from Krasnoturyinsk, Mikhailovsk and Kamensk-Uralsky)	12	2	2
Kamensk-Uralsky branch of Ural Federal University (students from Kamensk-Uralsky)	–	8	8
Ural State Mining University (students from Severouralsk, Mikhailovsk and Kamensk-Uralsky)	20	18	12
Kamensk-Uralsky Polytechnic College (students from Kamensk-Uralsky)	19	18	14
Russian State Professional and Pedagogy University	5	5	3
Krasnoyarsk Industrial and Metallurgical College (students from Krasnoyarsk)	11	15	22
Divnogorsk Hydroenergy Technical School (students from Divnogorsk)	–	11	3
Volgograd State Technical University (students from Volgograd)	1	8	5
Volgograd Management and New Technologies College	25	20	18
Total	**122**	**127**	**101**

An internship program named "**New Generation**" was started in 2017 as part of the external talent pool development. The program mainly aims to rejuvenate the Company's workforce by attracting young experts with high potential. Participants were selected among the best graduates of the target educational institutions with high average marks (at least 4.5 for white-collar personnel), English language skills, readiness to relocate etc. For each intern, a mentor is appointed, s/he then develops an individual development plan and helps the intern adapt to a new environment, and set and achieve professional goals. The internship lasts for 6 months during which participants work on interesting and sophisticated projects and then defend them in front of their office and the head of the HR. Provided the defence is successful, a decision may be made to offer full-time employment. In 2020, the program was suspended for six months due to the pandemic, 35 interns were employed in the Company in five months of 2020.

In 2020, the Company continued to implement the "**RUSAL Laboratory**" **project** adapting it to the online format. A new season of the "RUSAL Laboratory" contest began on 2 December 2020. The contest is held on the topic of Green Technologies in five areas: electrolysis production, foundry technologies and innovative alloys, alumina production, carbon production and materials, and innovative products of aluminium. At least 300 persons from the leading technical universities, technical secondary schools, colleges and specialized schools of Russia will participate in the contest. 42 teams have already submitted their projects to the contest, and 240 students have applied to the project succession pool. In each area, expert support is provided by leading scientists and engineers of RUSAL.

In 2020, the concept of specialized centers ("**RUSAL classrooms**") where students intensively prepared for the Single National Examination in the specialized disciplines of RUSAL was reorganized. To increase efficiency, the following changes were introduced: expansion of the presence geography, the project digitalization using current online tools, a multiple increase in the target audience with an SNE preparation course of 745 participants, and a Basic National Examination preparation course of 700 participants. As part of the project, students of the 9th and 11th forms study vocation-related subjects in depth: physics, chemistry and mathematics. 60 lessons (20 for each subject) were developed for each course. Each lesson consists of a video lesson, lecture material and self-assessment assignments. To analyze and solve problems of special complexity, online webinars are held with teachers and students where students can directly ask their questions. The academic staff of the Irkutsk National Research Technical University and of the Siberian Federal University were involved in preparation of teaching aids and lecture materials.

In 2020, over 550 students visited the production facilities of the Company and received career guidance.

In 2020, **the Alchemy of the Future students' olympiad**, a general partner of which is RUSAL, doubled its coverage. 60 schools and five universities with the "partner" status were engaged to hold the olympiad. For the qualifying stage, 3,300 students of the 5—11th forms of general education institutions were registered. The territorial coverage is 273 localities in 71 regions of the Russian Federation. An active information campaign was carried out in 15 target municipalities (the municipalities where RUSAL is present): posting on social networks, search advertizing, placement of interactive posters on the official websites of schools, mass media, continuing education institutions and development centers for school students.

Recall that the Alchemy of the Future olympiad is the only olympiad in the metallurgy sector and its goal is to promote scientific knowledge in the field of metallurgy, fundamental sciences, and high technologies among young people in order to identify and develop potential future employees of the Company.

Foreign Students

As part of the Company's engineering personnel training program for the African companies in 2020, 75 students from Guinea and Jamaica continued their undergraduate studies. 23 Jamaican and 17 Guinean students completed their studies at the Siberian Federal University and the Novokuznetsk Industrial Technical Secondary School and returned home for employment at the Company's enterprises.

Forming and Developing the Internal Talent Pool

In 2020, a new approach to the process of forming the talent pool was developed. It was standardized for all units of RUSAL, including the management and expert pool, the Central Company, the CEO, and CEO 1 line.

As part of this process, a new model of managerial and corporate competencies was developed. It is focused on achieving the Company's strategic goals. A survey of more than 2,500 heads of various units of RUSAL was held to develop it, and the profile of 10,000 employees was assessed.

A pool of successors has been formed for all levels of the management reserve in line with key experts for the Central Company and enterprises:

- reserve for the top management level (CEO, CEO 1, MD) – 84 successors;
- reserve for the middle management level (CEO 2, MD 2) – 635 successors;
- reserve for the line management level (MD 3 and below) – 3,434 successors.

All successors (4,153 persons) have been assessed for their professional and managerial competencies. Online testing for the reserve of the middle-line management was carried out and individual assessment centers for the top management reserve were established.

As part of the BS250 program, 140 successors were trained in 2020. To assess the effectiveness of the program, an analysis of appointments of the program participants to the managerial positions in 2015-2020 was held. A total of 603 persons were appointed. The total duration of the program has been reduced to two years.

Training Personnel in Functional Academies

Functional academies became one of the Company's employee development programs updated in 2020. The purpose of the functional academies in RUSAL is a systemic approach to training and development, accumulation of professional expert knowledge from internal and external sources, creation of centers of expertise in each area. Programs for the development of professional competencies are structured according to professional profiles. The needs of the function and the current situation of employees' development are analyzed during the preparation. Training is preceded by comprehensive assessment of professional competencies using the Technical Qualifying Examinations (specially designed tests). Based on the results of the assessment, a training program is developed together with the key managers of the function. To do this, the knowledge and skills required for the job are analyzed. When preparing the program, a module approach is laid and inter-module work is planned to consolidate the education result. Functional academies are formed under the principle of continuity within the function, and the approach of transferring expertise with the help of internal instructors is used to cascade knowledge. Comprehensive development of employees' professional competencies takes place in accordance with the Company's goals and strategy.

In 2020, the following training programs were prepared (including, without limitation):

Area	Content	Number of students
Sales Service	Economics and Company Management Project Program Management Quality Management Logistics Company Economics Leadership under Uncertainty Team Management Communication and Negotiation	203
Resource Protection Department Service	Information Security Environmental Safety Occupational Health and Safety Economic Security Commercial Security	22
HR Service	HR Management HR Management	132
OHSE Service	Occupational Safety Industrial Safety Impact on People, Equipment, Environment Environment: Basic Statutory Requirements Environment Management System ISO 14000	37
Theory of Inventive Problem Solving	Improved Production with TRIZ Tools	58
Quality Management System	Quality Tools: SPC, APQP, FMEA, MSA, 8D International Quality Standards: ISO, IATF Process Audit Internal Quality Standards	40
Internal Instructors	Distance Learning Functional Coach	55

Training of Personnel at Production Facilities

Special programs and personnel development projects were implemented at production facilities in the following areas (including, without limitation):

- safe railway operation certification;
- industrial safety certification;
- industrial safety certification at the territorial certification commission;
- certification of managers and professionals of entities operating thermal power plants and electrical plants;
- certification of managers and professionals responsible for safe crane operations;
- welders' certification PB 03-273-99;
- certification of level II-III welders;
- certification of level IV welders;
- certification of level III NDI professionals;
- certification of level I-II NDI professionals;
- certification of level I welders;
- certification to assess knowledge of regulations in the field of railway transport;
- certification: Integrity system of industrial buildings and structures. Structural defects and their remedies;
- B10.2 industrial safety requirements during transportation of hazardous substances;
- safe elevated work methods and techniques;
- environmental safety briefing;
- auxiliary mine rescue crews (AMRC);
- mining rescue operations as part of auxiliary mining rescue crews: training of AMRC members;
- sanitary education and training of citizens, professional sanitary training of officials and employees of entities;
- civil defence and emergency situations;
- civil defence and natural and man-made emergency protection;
- state secret protection;
- self-contained breathing devices;
- surveying support for safe mining and rationing;
- production operations metrology support;
- mobilization training;
- non-public railway operation safety;
- ensuring environmental safety by managers and professionals of environmental services and control systems;
- environmental safety in hazardous waste management;
- environmental safety in hazardous waste management of hazard classes 1-4;
- environmental safety when handling hazardous waste. Once every two years;
- environmental safety when handling hazardous waste. Once every five years;
- ensuring environmental safety by managers and professionals of environmental services and control systems;
- occupational safety training and knowledge assessment of managers, certification commission members and professionals;
- training of employed population in the field of civil defence and emergency protection;
- training: Integrity system of industrial buildings and structures. Structural defects and their remedies;
- arrangement of dangerous goods handling on railway transport;
- occupational health and safety. Once every three years;
- occupational health and safety. Once a year;
- assessment of knowledge of white-collar personnel of production units;
- transportation of dangerous goods;
- transportation of dangerous goods. Survivor's guide;
- transportation of dangerous goods. High consequence dangerous goods;
- transportation of dangerous goods. Tanks;

- verification and calibration of measurement instruments for heating values;
- verification and calibration of measurement instruments for geometric values;
- verification and calibration of mass measurement instruments;
- verification and calibration of measurement instruments for physical and chemical values;
- verification and calibration of electrical measurement instruments;
- training of drivers of vehicles transporting dangerous goods by road;
- training of professionals responsible for safe transportation of dangerous goods by road. Once every three years;
- training of professionals responsible for safe transportation of dangerous goods by road. Every year;
- hoisting devices. B.9.31. Operation of hazardous production facilities where hoisting devices intended for lifting and moving cargo are used;
- fire and technical qualification course;
- occupational safety rules for operation of electrical plants. Once every three years;
- occupational safety rules for operation of electrical plants. Every year;
- operating rules for oxygen booster compressors;
- regulations of technical operation of railways of Russia;
- chairpersons and members of business continuity commissions;
- pre-examination training in thermal power engineering;
- production and consumption of air products;
- surveying and subsoil protection;
- professional sanitary training of officials and employees of entities;
- elevated work, group 1;
- elevated work, group 2;
- elevated work, group 3;
- radiation safety at entities operating in the field of nuclear energy use;
- radiation safety in the operation of ionizing radiation sources;
- managers of civil defence and emergency protection classes at the entity;
- managers and professionals of dispatching services;
- related professions (slingsman, lift operator, crane operator);
- related professions (slingsman, lift operator, elevated work, forklift and electric car driver);
- advanced survey techniques;
- vessels under pressure;
- special requirements of vehicle factories;
- operation of buildings and structures;
- specifications for placement and fastening of goods in railway rolling stock;
- technical qualification course concerning quality service regulations;
- GOST ISO requirements;
- requirements for accredited laboratories;
- design and safe operation of thermal power plants and networks;
- physical protection of radiation sources, radioactive substances, and storage points;
- environment. Hazardous waste management;
- environment. Environment management system;
- operation of hoisting structures of hazardous industrial objects;
- electrical safety;
- electrical safety (electrical personnel).

Training of the Company's Employees at Higher Education Institutions Following the Bachelor, Master, and Research Programs

- The Company implements module programs of compulsory bachelor training of its employees at the branches of the Ural Federal University, the Siberian Federal University, and the Siberian State Industrial University in the following areas: electrical installations and systems, metallurgy machines and equipment, non-ferrous metals science, non-ferrous, rare and precious metals science, foundry technology, low-melting/refractory metals science. As of 2020, over 65 employees of RUSAL are continuing their bachelor studies.
- Master programs for managers of the Ural State Mining University and the Siberian Federal University in the fields of metallurgy, environment, foundry, and mining continue to function. As of 2020, 64 employees of RUSAL are continuing their master studies.
- During the year, the basic department of the Irkutsk National Research Technical University (IRNRTU) in Bratsk and the basic department of the Siberian Federal University in Bratsk operated successfully. Also in 2020, the basic department of the Ural State Mining University in Severouralsk was opened, where the first group of 22 students was recruited.

In 2020, the Regulations of Work with Youth and Organization of Operation of the Company's Youth Councils were introduced. Within the framework of the regulations, action plans were prepared for each facility and implemented during the year. The budget to implement the measures amounted to RUB2,700 thousand. The regulations provide for monthly incentive payments to the heads of the Youth Councils (the chairperson, the area head). The 2021 action plan has been prepared. A budget has been set to implement the 2021 action plan and train the leaders of the Youth Councils.

Distant Learning System (DLS)

The training courses were audited and connected employees were inspected in the distance learning system.

Description	2015	2016	2017	2018	2019	2020
Number of businesses and units using the DLS	54	62	67	69	57	58
Number of trainees using the DLS	16,693	57,257	33,649	90,806	36,835	25,571
Number of computer trainings (courses)	over 300	over 400	over 500	528	over 550	over 560

Business risks

In order to reduce the negative effects of potential dangers and to ensure stable and sustainable business development, the Company pays particular attention to building an effective risk management system.

The key elements of the Company's risk management system are the following: defining and assessing risks; developing and implementing risk mitigation measures and assessing the performance of the risk management system.

Directorate for Control, Internal Audit and Business Coordination (hereinafter referred to as 'the Directorate for Control') is responsible for methodological support of risk management system.

The main internal documents governing the risk management system are the following:

- The policy of the Risk Management and Internal Control System, which determines the general concept and employee obligations in the risk management process;
- The Company's Risk Management Regulations, which organise the risk management process and include a description of the key tools and methods for identifying, assessing and reducing the negative effects of risks realization.

Key steps taken in risk management

- Organizing independent risk audits at the Company's enterprises conducted by specialists of the Willis Group and the Ingosstrakh Engineering Centre to reduce risks and optimize the Company's insurance program;
- Preparation of corporate risk register and its quarterly updating;
- Implementation of the Automated Risk Management System;
- Quarterly information review of the most significant risks at the Audit Committee.

Monitoring, reporting and performance assessment of the risk management system

The Directorate for Control reports the status of significant risks to the Audit Committee on a quarterly basis. As part of these reports, the Directorate for Control provides information on the risk management system, the results of preparing risk registers, new risks and the mitigation of various types of risks.

The Audit Committee oversees how competently and adequately management monitors compliance with the Company's risk management policies and procedures. Based on the quarterly reports submitted, the Audit Committee and the Board of Directors evaluate the risk effectiveness management system, analyze the risk structure of the Company and the results of its risk management programs on a quarterly and annual basis, respectively.

In 2020, the Company identified the main risks in connection with Company's operation:

1. The Group operates in a cyclical industry that has recently experienced price and demand volatility, which has had and may continue to have a material adverse effect on the Group's performance and financial results.
2. Default on metal supply contracts due to volatile market development during the COVID-19 pandemic period. The potential for a significant, unpredictable change in market demand for primary metal and alloys.
3. Reduction of the turnout number of production and other personnel involved in operational activities with reduction of production volume.
4. The Group's competitive position in the global aluminium industry is highly dependent on the continued access to uninterrupted electricity supply, in particular long-term contracts for such electricity. Increased electricity prices as well as interruptions in the supply of electricity could have a material adverse effect on the Group's business, financial condition and the results of operations.
5. The Group depends on the provision of uninterrupted transportation services and access to infrastructure for the transportation of its materials and end products across significant distances which is outside of the Company's control, and the prices for such services (particularly rail tariffs) could increase.
6. The terms of the credit facility agreements impose certain limits on the Group's capital expenditure and the payment of dividends. Failure by the Group to comply with the terms and conditions of these agreements may materially and adversely affect the Group and its Shareholders.

7. The Group is exposed to foreign currency fluctuations which may affect its financial results.
8. Adverse media speculation, claims and other public statements could materially and adversely affect the value of the Shares.
9. The Group's business may be affected by labor disruptions, shortages of skilled labor and labor costs inflation.
10. The Group relies on third-party suppliers for certain materials.
11. Equipment failures or other difficulties may result in production curtailments or shutdowns.
12. The Group is subject to certain requirements under Russian anti-monopoly laws.
13. The Group operates in an industry that gives rise to health, safety and environmental risks.
14. Ore Reserves and Mineral Resources data are estimates only and are inherently uncertain, and such Ore Reserves and Mineral Resources may be depleted more rapidly than anticipated.
15. The Group's licenses and concession rights to explore and mine Ore Reserves may be suspended, amended or terminated prior to the end of their terms or may not be renewed.
16. The Group is exposed to risks relating to the multi-jurisdictional regulatory, social, legal, tax and political environment in which the Group operates.

Contingencies

The Board has reviewed and considered the contingent liabilities of the Company and disclosed information concerning such contingent liabilities in note 24 to the consolidated financial statements. Accordingly, for detailed information about contingent liabilities, please refer to note 24 to the consolidated financial statements. Details of the amounts of provisions are also disclosed in note 20 to the consolidated financial statements.

Tax contingencies

The controlled foreign company ("**CFC**") rules have been introduced in Russia starting from 1 January 2015. The rules apply to undistributed profits of non-Russian CFC controlled by Russian tax-resident shareholders. Although the Company has become a Russian tax-resident in 2020 as part of its Continuance, it qualifies for an exemption from the CFC rules for public international companies until 1 January 2029. Hence, the CFC rules shall not directly apply to the Group in relation to any of its non-Russian affiliates. The CFC rules may apply to Russian tax-resident controlling Shareholders of the Company, where such Shareholder controls more than 25% or 10% where all Russian tax-resident Shareholders together control more than 50%. The rules also introduce certain reporting requirements for such Russian tax-resident controlling Shareholders of the Company in relation to non-Russian affiliates of the Group where such Shareholders directly or indirectly control more than 10% of those affiliates.

Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated financial statements (refer to note 20). As at 31 December 2020, the amount of claims, where management assesses outflow as possible, is approximately USD21 million (31 December 2019: USD21 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by BFIG Group Divino Corporation ("**BFIG**") , being the plaintiff, against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in ALSCON and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG sought compensatory damages in the amount of USD2.8 billion plus interest.

In January 2014, the court granted the Company's motion to join the Federal Republic of Nigeria and Attorney General of Nigeria as co-defendants of the case. The last hearing took place on 8 November 2017. The claim was struck out. BFIG may appeal.

In January 2018, ALSCON and the Bureau of Public Enterprises of Nigeria entered into an addendum to the original sale and purchase contract regarding ALSCON on the key terms and conditions as disclosed in the announcement of the Company dated 19 January 2018.

Based on a preliminary assessment of the claim, the Company does not expect the case to have any material adverse effect on the Group's financial position or its operations as a whole.

Operating

TRANSPARENTLY

07.

PROFILES OF THE BOARD MEMBERS, THE GENERAL DIRECTOR AND SENIOR MANAGEMENT

PROFILES OF THE BOARD MEMBERS, THE GENERAL DIRECTOR AND SENIOR MANAGEMENT

PROFILES OF DIRECTORS

Executive Directors

Evgenii Nikitin, aged 55 (General Director, Executive Director)

Year of birth: 1966

Mr. Nikitin was appointed as an executive Director on 28 June 2018. Mr. Nikitin was appointed as the Chief Executive Officer of the Company in November 2018 and became the General Director with effect from 25 September 2020. Mr. Nikitin has also been the General Director of JSC "RUSAL Management" since 2019. Before that, he held position of acting CEO of the Company since May 2018 and RUSAL's Head of Aluminium Division since January 2014. Prior to that, he held positions of director of Aluminium Division East since October 2013. Prior to that appointment Mr. Nikitin was the managing director of KrAZ, one of the world's largest aluminium production facilities. From 2008 to 2010, he was managing director of SAZ after beginning his career with the Group as a pot operator in 1993.

Mr. Nikitin was born on 11 March 1966. He graduated from the Moscow State Technical University of Civil Aviation in 1989 and from Lomonosov Moscow State University with a master's degree in business management (MBA) – production systems in 2009.

Mr. Nikitin was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Mr. Nikitin does not directly or indirectly own the Company's Shares. Mr. Nikitin did not conclude any transactions with the Company's Shares throughout 2020.

Evgeny Kuryanov, aged 40 (Executive Director)

Year of birth: 1980

Mr. Kuryanov was appointed as an executive Director with effect from 14 February 2019. Mr. Kuryanov was born on 10 June 1980. He graduated from Irkutsk State Technical University with Metallurgy of Non-Ferrous Metals (cum laude). From February 2000 to May 2004, Mr. Kuryanov was the salt operator and calcination operator of RUSAL Bratsk. From August 2004 to November 2005, he was the salt operator of the reduction area of RUSAL Krasnoyarsk. From November 2005 to August 2010, he was the potline supervisor/senior potline supervisor of RUSAL Krasnoyarsk. From June 2010 to December 2015, he was the head of reduction area of RUSAL Krasnoyarsk. From December 2015 to August 2016, he was the general director of Shelekhov branch of RUSAL Bratsk, since September 2016 he has served as the managing director of RUSAL Krasnoyarsk.

Mr. Kuryanov was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Mr. Kuryanov does not directly or indirectly own the Company's Shares. Mr. Kuryanov did not conclude any transactions with the Company's Shares throughout 2020.

Evgenii Vavilov, aged 36 (Executive Director)

Year of birth: 1984

Mr. Vavilov was appointed as an executive Director on 28 June 2018. Mr. Vavilov graduated from the Siberian Federal University, program of study "Machines and technologies of foundry production". Since November 2013, Mr. Vavilov has been the senior master of the foundry directorate of JSC "RUSAL Krasnoyarsk". From September 2010 to November 2013, Mr. Vavilov was the master of production technology of the foundry directorate of JSC "RUSAL Krasnoyarsk". Mr. Vavilov was the master of DplP shift of the foundry directorate of JSC "RUSAL Krasnoyarsk" from November 2009 to August 2010, the acting master of the shift of the foundry directorate of JSC "RUSAL Krasnoyarsk" from April 2009 to October 2009, and the foundry man of non-ferrous metals of the foundry directorate of JSC "RUSAL Krasnoyarsk" from August 2007 to March 2009. Under the leadership of Mr. Vavilov, projects such as "Reducing the formation of process waste from aircraft No. 16 in LO No. 1 at JSC "RUSAL Krasnoyarsk" and "Increasing the release of alloys during the overhaul of the M10 mixer from 3 to 4 melts" were launched and implemented.

Mr. Vavilov was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Mr. Vavilov does not directly or indirectly own the Company's Shares. Mr. Vavilov did not conclude any transactions with the Company's Shares throughout 2020.

Non-executive Directors

Marco Musetti, aged 51 (Non-executive Director)

Year of birth: 1969

Mr. Musetti was appointed as a member of the Board with effect from 15 December 2016.

Mr. Musetti has also been serving as a member of the board of directors of Sulzer AG since 2011.

From 2013 until April 2019, Mr. Musetti was a member of the board of directors of Schmolz + Bickenbach AG. From 2007 until April 2018, Mr. Musetti was managing director investments at Renova Management AG, based in Zurich, Switzerland. Mr. Musetti was a member of the board of directors of CIFC Corp. from January 2014 to November 2016. Mr. Musetti was chief operating officer and deputy chief executive officer of Aluminium Silicon marketing (Sual Group) from 2000 to 2007, head of metals and structured finance desk for Banque Cantonale Vaudoise from 1998 to 2000, and deputy head of metals desk for Banque Bruxelles Lambert from 1992 to 1998.

Mr. Musetti holds a Master of Science in Accounting and Finance from the London School of Economics and Political Science, United Kingdom, and a Major degree in Economics from University of Lausanne, Switzerland.

Save as disclosed in this Annual Report, Mr. Musetti was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Mr. Musetti does not directly or indirectly own the Company's Shares. Mr. Musetti did not conclude any transactions with the Company's Shares throughout 2020.

Vyacheslav Solomin, aged 45 (Non-executive Director)

Year of birth: 1975

Mr. Solomin was appointed as a non-executive Director on 28 June 2018. Mr. Solomin holds the position of the chief operating officer of En+ since November 2018. Mr. Solomin has also been serving as a chief operating officer of International limited liability company En+ Holding (former En+ Holding Limited) since 2018. Mr. Solomin has also been a member of the board of directors of PJSC "MMC "NORILSK NICKEL" since 2019. Mr. Solomin holds the position of the deputy CEO – operating officer of the Moscow branch of International limited liability company En+ Holding since 2020. Between June 2018 and November 2018, Mr. Solomin also served as chief executive officer of En+. Between June 2014 and November 2018, Mr. Solomin has also held the position of chief executive officer of JSC "EuroSibEnergo" (Russia). At JSC "EuroSibEnergo", Mr. Solomin was responsible for achieving both current and long term targets for efficiency of the power business, and the development and execution of the company's strategy as producer of clean energy. From 2007 to 2014, he held various director positions within the En+ Group, and also served as first deputy chief executive officer and chief financial officer at JSC "EuroSibEnergo" where he was responsible for all aspects of the financial performance of the company, corporate finance and for overseeing the human resources and legal departments. Prior to joining En+ Group, from 2006 to 2007, Mr. Solomin held various senior positions with the financial departments of INTERRAO UES Power Generating Company. Between 1996 and 2005, Mr. Solomin held various managing positions at PricewaterhouseCoopers.

Mr. Solomin graduated Summa Cum Laude from the Far Eastern State University Vladivostok with a Diploma in International Economic Relations and Summa Cum Laude from the University of Maryland University College with a Diploma in Management.

Save as disclosed in this Annual Report, Mr. Solomin was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Mr. Solomin does not directly or indirectly own the Company's Shares. Mr. Solomin did not conclude any transactions with the Company's Shares throughout 2020.

Vladimir Kolmogorov, aged 67 (Non-executive Director)

Year of birth: 1953

Mr. Kolmogorov was appointed as a non-executive Director with effect from 18 May 2019. Mr. Kolmogorov is the First Deputy CEO for Technical Policy and executive officer of International limited liability company En+ Holding (former En+ Holding Limited) since 2019 and was appointed Deputy CEO – executive officer of En+ in 2019.

Since 2016 Mr. Kolmogorov has been the Head of Technical Supervision of JSC "EuroSibEnergo". Mr. Kolmogorov started his career as a foremaster at Krasnoyarsk HPP in 1975, which was later followed by his employment with Sayano-Shushenskaya HPP as Deputy Head (for Automated Control Systems) of Electrical Shop, and Chief Engineer of Taymyr HPP Cascade since 1982. During 1983 to 2014 Mr. Kolmogorov held senior management positions with various energy sector companies. In 2013 he was a First Deputy General Director of PJSC "IDGC of Siberia". During 2011 to 2012 he served as a Chairman of CJSC Distributed Energy. In 2009 to 2011 Mr. Kolmogorov was a General Director of JSC "OGK-3". During 1989 to 2006 he occupied position of General Director of such companies as EuroSibEnergo-engineering LLC, JSC Irkutskenergo, Siberian Energy Company LLC, Krasnoyarskenergo JSC, JSC Krasnoyarsk HPP and also the position of chief engineer of SibirEnergo representative office of PJSC RAO UES.

Mr. Kolmogorov graduated from the Novosibirsk Electrotechnical Institute, Electrical Energy Industry Faculty, in 1975. He received his Doctor of Business Administration from the Academy of National Economy in 2007. Mr. Kolmogorov has a PhD in Economics and PhD in Electrical Engineering. He was awarded the titles of the "Honoured Energy Industry Worker of the Russian Federation", "Honoured Energy Industry Worker" and "Merited Worker of Fuel and Energy Complex".

Save as disclosed in this Annual Report, Mr. Kolmogorov was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Mr. Kolmogorov does not directly or indirectly own the Company's Shares. Mr. Kolmogorov did not conclude any transactions with the Company's Shares throughout 2020.

Independent Non-executive Directors

Elsie Leung Oi-sie, aged 81 (Independent non-executive Director)

Year of birth: 1939

Dr. Leung was appointed as a member of the Board on 30 November 2009.

From 1997 to 2005, Dr. Leung was the Secretary for Justice of the Hong Kong Special Administrative Region as well as a member of the Executive Council of Hong Kong. Dr. Leung was admitted as a solicitor of the Supreme Court of Hong Kong in 1968. She was a partner of P. H Sin & Co., a Hong Kong law firm, which amalgamated with the law firm Iu, Lai & Li Solicitors & Notaries in 1993. Dr. Leung was a senior partner with Iu, Lai & Li Solicitors & Notaries from 1993 to 1997. In 2006, she resumed practice at Iu, Lai & Li Solicitors & Notaries. Dr. Leung served on several government boards and committees, including the Independent Police Complaints Council, Equal Opportunities Commission, Social Welfare Advisory Committee and Inland Revenue Board of Review. Dr. Leung was appointed as a Delegate of the People's Congress of Guangdong Province in 1989. In 1993, she was appointed as a Delegate of the 8th National People's Congress as well as a Hong Kong Affairs Adviser. Between 2006 and 2018, she was the deputy director of the Hong Kong Basic Law Committee of the Standing Committee of the National People's Congress of the People's Republic of China. Dr. Leung was born in 1939. Dr. Leung is a qualified Solicitor in England and Wales and obtained a Master of Law degree from the University of Hong Kong in 1988. Dr. Leung was appointed as an independent non-executive director of China Resources Power Holdings Company Limited, a company listed on the Hong Kong Stock Exchange, with effect from 22 April 2010. Dr. Leung was an independent non-executive director of

Beijing Tong Ren Tang Chinese Medicine Company Limited, a company listed on the Hong Kong Stock Exchange, from 7 May 2013 to 12 September 2017. Dr. Leung became an independent non-executive director of China Life Insurance Company Limited, a company listed on the Hong Kong Stock Exchange, Shanghai Stock Exchange and New York Stock Exchange, with effect from 20 July 2016, and was appointed as an independent non-executive director of PetroChina Co. Ltd., a company listed on the Hong Kong Stock Exchange, Shanghai Stock Exchange and New York Stock Exchange with effect from July 2017.

Dr. Leung was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Dr. Leung does not directly or indirectly own the Company's Shares. Dr. Leung did not conclude any transactions with the Company's Shares throughout 2020.

Dmitry Vasiliev, aged 58 (Independent non-executive Director)

Year of birth: 1962

Mr. Vasiliev was appointed as a member of the Board with effect from 26 June 2015. He is currently the managing director of the Institute of Corporate Law and Corporate Governance (Moscow, Russia) and serves on the supervisory board of the Non-Commercial Partnership "National Pension Association". He previously served as a member of the board of directors of more than 20 Russian and foreign companies and funds, including JSC "Avtokran" (2010-2013), JSC "Mosenergo" (2003-2006), JSC "Gazprom" (1994-1995) and Investment Fund "SICAF-SIF BPT ARISTA S.A." (Luxembourg) (2009).

Mr. Vasiliev has been the managing director of the Institute of Corporate Law and Corporate Governance since April 2009. Mr. Vasiliev has served on the supervisory board of the Non-Commercial Partnership "National Pension Association" since December 2013. He served on the board of directors of the U.S.-Russia Foundation for Economic Advancement and the Rule of Law (USRF) from 13 January 2012 until 4 December 2015. He served as independent non-executive director of the supervisory board of JSC "RKS – Management" from 28 June 2013 until 31 December 2015 and again from 22 November 2017 until 28 April 2018, and served as independent non-executive director of the supervisory board of the LLC "RKS – Holding" from 28 June 2013 until 28 April 2018. Mr. Vasiliev served on the supervisory board of JSC Bank "Financial Corporation Otkrytie" as Independent Non-Executive Director since February 2013 till 22 December 2017.

From January 2007 to April 2009, Mr. Vasiliev was the managing director of JP Morgan PLC (London, UK) (investment banking for Russia/CIS countries). From 2002 to 2007, he was the first deputy of general director (CEO) on Strategy and Corporate Governance of JSC "Mosenergo" (Moscow, Russia). From 2001 to 2003, he was a senior researcher in the area of state governance and anticorruption measures (in particular, research on risks of corruption and conflict of interest during bankruptcy proceedings in Russia) of Carnegy Center (Moscow). From 1999 to 2003, he was the chairman of the board of directors of the Association for Protection for the Investors Rights (API) (Moscow, Russia). From 2000 to 2002, he was the executive director of the Institute of Corporate Law and Corporate Governance (Moscow, Russia). From 1994 to 1996, he was first the deputy chairman and executive director of the Federal Commission for the Securities Market of the Russian Federation (FCSM) and then the chairman from 1996 to 2000. From 1991 to 1994, he was the deputy chairman of the Russian Federation State Property Committee (Ministry of Privatization). In 1991, he was the deputy chairman of St-Petersburg's Property Fund (St-Petersburg, Russia). From 1990 to 1991, he was the director of the Privatization Department of the Committee of the Economic Reform of St. Petersburg, Mayor Office. From 1985 to 1990 he was a junior researcher of the Academy of Science of USSR (Leningrad, USSR).

Mr. Vasiliev graduated from the Leningrad Institute for Finance and Economics (Leningrad, USSR) in 1984. He also completed the International Institute for Securities Market Development: the program of comprehensive professional panels and workshops regarding the development and regulation of securities market (Washington, DC, USA) in 1994. In 2007, he obtained the status of "FSA approved person for Investment Advisory" by passing the exam of the Securities & Investment Institute (London, UK). Mr. Vasiliev has two state awards of the Russian Federation: the Medal "For the Service to the Motherland", level II (1995) and the Medal "To 850 years of Moscow" (1997).

Mr. Vasiliev was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Mr. Vasiliev does not directly or indirectly own the Company's Shares. Mr. Vasiliev did not conclude any transactions with the Company's Shares throughout 2020.

Bernard Zonneveld, aged 64 (Independent non-executive Director, Chairman)

Year of birth: 1956

Mr. Zonneveld was appointed as a member of the Board with effect from 24 June 2016 and was appointed as Chairman of the Board with effect from 6 March 2019.

Since February 2017, Mr. Zonneveld has been non-executive partner of Capitalmind, a corporate finance advisory firm of the Netherlands.

From August 2014 until 1 January 2015, Mr. Zonneveld served as the head of ING Eurasia at ING Bank's Commercial banking division in Amsterdam. In May 2007, Mr. Zonneveld was appointed as managing director/global head of structured metals & energy finance at ING Bank's Commercial banking division in Amsterdam. Mr. Zonneveld joined ING Group in 1993 and since then he has held various senior positions, including managing director/global co-Head of commodities group, managing director/global head of structured commodity finance and product development and director/head of structured commodity & export finance. He has served as chairman of the Netherlands-Russian Council for Trade Promotion, a member of the Dutch Trade Board, a member of the Russian committee and a member of the board of the Netherlands-Ukraine Council for Trade Promotion. He holds a master's degree in business law from Erasmus University in Rotterdam.

Mr. Zonneveld was an independent non-executive director of Vimetco N.V., a company whose global depositary receipts are listed on the London Stock Exchange, from July 2007 to June 2013.

Mr. Zonneveld was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company.

Mr. Zonneveld does not directly or indirectly own the Company's Shares. Mr. Zonneveld did not conclude any transactions with the Company's Shares throughout 2020.

Maxim Poletaev (Independent non-executive Director) *(Ceased to be a Director with effect from 20 April 2020)*

As referred to in the announcement of the Company dated 20 April 2020, Mr. Poletaev resigned as a Director with effect from 20 April 2020. Reference may be made to his profile information in the Company's annual report for the financial year ended 31 December 2019.

Randolph N. Reynolds, aged 79 (Independent nonexecutive Director)

Year of birth: 1941

Mr. Reynolds was appointed as a member of the Board with effect from 14 February 2019.

Mr. Reynolds is a co-founder and principal of Reynolds Development.

Mr. Reynolds served as a vice chairman and executive officer and was a member of the board of directors of Reynolds Metals Company. He was also a member of the office of the chief executive and served on Reynolds Metals Company's strategic guidance committee and on the boards of directors of a number of subsidiary companies.

Mr. Reynolds currently serves as a trustee of the Richard S. Reynolds Foundation and as its vice president/treasurer.

In 1969, Mr. Reynolds joined Reynolds Metals Company as a salesman in the metal field sales department in Louisville, Kentucky. In 1972, he began his career as national accounts manager for the chemical sales division. He was assigned the additional responsibility of worldwide sales in 1974 and was named general manager of the division in 1977. He was elected president of Reynolds International, Inc. in 1980. Mr. Reynolds previously served on the boards of First Union National Bank, Ma'aden Aluminium Company and Novolipetsk Steel (NLMK). He was the chairman of the board of the Defense Enterprise Fund and the co-chairman of the board of Junior Achievement of Russia, he was also a member of the advisory board of the company. Mr. Reynolds graduated from Bellarmine University.

Mr. Reynolds was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company.

Mr. Reynolds does not directly or indirectly own the Company's Shares. Mr. Reynolds did not conclude any transactions with the Company's Shares throughout 2020.

Kevin Parker, aged 61 (Independent non-executive Director)

Year of birth: 1959

Mr. Parker was appointed as a member of the Board with effect from 14 February 2019.

Mr. Parker is the managing partner of Sustainable Insight Capital Management, the New York based global asset management firm that launched in 2013. Mr. Parker has over 35 years of investment experience. Prior to that, Mr. Parker was a member of the management board of Deutsche Bank for 10 years and the former global head of Deutsche Asset Management from 2004 to 2012.

He is also the owner of Chateau Maris, named one of the five most environmentally friendly wineries in the world by Wine Spectator Magazine.

Mr. Parker received a BS Finance from New York University in 1981. After attending New York University, he joined EF Hutton and later Morgan Stanley where he was appointed head of the firm's equity derivatives business in Japan and Asia in 1988, based in Tokyo. He became a managing director in 1991 and held a variety of positions including head of Asian derivatives, global head of equity derivatives trading and chief information officer. He joined Deutsche Bank in June of 1997, serving in a variety of roles before moving to Deutsche Asset Management as its head in 2004.

Mr. Parker was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company.

Mr. Parker does not directly or indirectly own the Company's Shares. Mr. Parker did not conclude any transactions with the Company's Shares throughout 2020.

Christopher Burnham, aged 64 (Independent nonexecutive Director)

Year of birth: 1956

Mr. Burnham was appointed as a member of the Board with effect from 14 February 2019.

Mr. Burnham has served as a member of the board of directors of En+ since 28 January 2019 as an independent director. Mr. Burnham has been the senior independent director of En+ since 2019.

Since 2013 Mr. Burnham has been the chairman and chief executive officer of Cambridge Global Capital, and chairman of its affiliated strategic advisory firm, Cambridge Global Advisors, headquartered in Washington, D.C. He cofounded Cambridge after a distinguished career in government, diplomacy, banking and private equity. He has served as Under Secretary General for Management of the United Nations, Under Secretary of State for Management (acting), Assistant Secretary of State for Resource Management and chief financial officer of the U.S. Department of State, Treasurer of the State of Connecticut, and a three-term Member of the Connecticut House of Representatives where he was elected by his colleagues as Assistant Minority Leader after only one-term. In addition, Mr. Burnham served as Vice Chairman of Deutsche Bank Asset Management, global co-head of private equity, and served as a member of the asset management Global Operating Committee and chairman of the Global Governance Committee. Earlier in his career he served as chief executive officer of PIMCO's largest equity subsidiary, Columbus Circle Investors, and International Vice Chairman of PIMCO Funds Distribution Company.

Mr. Burnham led reforms of the Connecticut Treasury including turning around the worst preforming state pension system in the nation, eliminating the $7 billion unfunded liability within the Connecticut workers compensation system, and modernization of the financial and reporting systems.

At the U.S. Department of State, he built and led the implementation of performance measures down to the mission level while modernizing the global reporting system across 270 offices in 170 countries. As the chief operating officer of the United Nations and a member of the cabinet of Kofi Annan, he instituted sweeping governance reforms including the establishment of the first United Nations Ethics Office, the first United Nations Independent Audit Advisory Committee, the adoption of new International Public Sector Accounting Standards, the first comprehensive consolidated annual report in the history of the United Nations and a new whistleblower protection policy that received independent recognition as the "gold standard." He also implemented best-in-class financial disclosure reporting by senior United Nations officials and staff based on the U.S. government model, a first ever sexual harassment policy and initiated a taskforce to investigate corruption within United Nations procurement that led to prosecutions and convictions by the U.S. District Attorney's office of the Southern District of New York.

Mr. Burnham has been confirmed twice by the United States Senate.

From 2006 to December 2012, Mr. Burnham was the vice chairman and managing director of Deutsche Asset Management where he co-founded and led

Deutsche Bank's direct private equity group, RREEF Capital Partners, the bank's reentry into private equity after an eight-year absence. He also chaired Deutsche Bank's asset management governance committee in Germany. Mr. Burnham is a globally recognized expert in the implementation of accountability and transparency, and the implementation of best practice in government, corporations, and inter-governmental organizations. Earlier in his career he worked as an investment banker in the public power and corporate group of First Boston, and at Advest, Inc.

A combat veteran of the United States Marine Corps (Reserve) who retired at the rank of Lieutenant Colonel, Mr. Burnham volunteered for active duty in 1990 and served as an infantry platoon commander in the Gulf War. He and his men were part of the lead Allied forces to reach and liberate Kuwait City.

Mr. Burnham is a senior advisor at the Center for Strategic and International Studies where he has served on the development assistance reform committee, he has been a board member of the Marine Corps Law Enforcement Foundation since 1995, and an advisory board member of the Rothermere American Institute at Oxford University. He is a past member of the advisory committee of the World Bank Global Emerging Market Local Currency Bond program (GEMLOC), Treasurer and board member of the Meridian International Center, member of the Council on Foreign Relations, and numerous other volunteer and philanthropic boards. In addition, since 2017 Mr. Burnham has served on the board of Blue Water Defense located in Puerto Rico, a textile manufacturing firm.

Mr. Burnham studied national security policy at Georgetown University graduate program in National Security Studies, and is a graduate of Washington and Lee University and earned a M.P.A. from Harvard University in 1990.

Mr. Burnham was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company.

Mr. Burnham does not directly or indirectly own the Company's Shares. Mr. Burnham did not conclude any transactions with the Company's Shares throughout 2020.

Nicholas Jordan, aged 61 (Independent non-executive Director)

Year of birth: 1959

Mr. Jordan was appointed as a member of the Board with effect from 14 February 2019.

Mr. Jordan has served as a member of the board of directors of En+ since 28 January 2019 as an independent director. Mr. Jordan has more than 30 years' experience in senior positions in leading global financial institutions. He was executive chairman of Big Un Limited from 28 May 2018 until October 2018 and served as its non-executive chairman from 22 March 2018 until 28 May 2018. He stepped up to executive chairman to help restructuring the business given a series of reporting and accounting issues which eventually led to the company being placed in administration.

Previously, he served as chairman of supervisory board at 4finance Group S.A. (part of the Finstar Group) having earlier been the chief executive officer at Finstar Financial Group (another subsidiary) from 2015 to 2017.

Earlier, he was the co-chief executive officer of Goldman Russia at Goldman Sachs until 2015. Prior to this, he served as the chief executive officer of Russia & the Commonwealth of Independent States at UBS Group AG from June 2010.

Before this, he worked briefly for Lehman Brothers and Nomura focused on emerging markets.

He worked for more than 10 years with Deutsche Bank eventually becoming Vice Chairman and Head of Emerging Markets. Prior to that, Mr. Jordan was the CEO of Morgan Grenfell Securities Russia, responsible for all securities trading, capital markets and investment banking.

He joined Manufacturers Hanover in 1985 and developed an international career in the firm that was first acquired by Chemical Bank.

He then moved to London where he became the Vice President in the London office and Head of the Emerging Markets Fixed Income Trading. Shortly after the firm was acquired by Chase, he left to join Deutsche Bank.

Mr. Jordan started his banking career in the Management Training Program at Bank of New York. Mr. Jordan graduated from Boston University with a BA in political science.

Mr. Jordan was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company.

Mr. Jordan does not directly or indirectly own the Company's Shares. Mr. Jordan did not conclude any transactions with the Company's Shares throughout 2020.

Evgeny Shvarts, aged 62 (Independent non-executive Director)

Year of birth: 1958

Dr. Shvarts was appointed as a member of the Board with effect from 20 April 2020.

Dr. Shvarts is an independent non-executive director of PJSC "MMC "NORILSK NICKEL" since 2019 and was a member of its Strategy Committee till 27 May 2020 and is a member of its Corporate Governance, Nomination and Remuneration Committee. Dr. Shvarts is a member of the board of the Charity Foundation, Biodiversity Conservation Centre (BCC) since 1993 and is a Lead Scientist of Institute of Geography, the Russian Academy of Sciences (RAS) in Moscow and a Head of Center for responsible use of natural resources, Institute of Geography, RAS in Moscow since 2021 and J. William Fulbright Foreign Scholarship Fellow (2019-2020) in University of Washington (Seattle, WA) and in Bowdoin College (ME). Dr. Shvarts is a former director of Conservation/director of Conservation Policy of WWF-Russia (1998-2019). He holds a PhD degree (1987) and a Habilitation degree (Doctor of Sciences, 2003). Dr. Shvarts was Senior Fellow and Member of the Academic Board of the Institute of Geography, RAS (1990-1998) and he was elected to the Academic Board of the Institute of Geography, RAS in 2021, chairman of the board of the Biodiversity Conservation Center (1992-1998), manager of the Protected Areas Component of the GEF/WB "RF Biodiversity Conservation Project" (1996-1998).

Dr. Shvarts has authored 5 books and 120 articles, and was awarded the Title "Emeritus Ecologist", granted by President of Russian Federation and Distinguished (Honorary) public figure of Nature Conservation, Ministry of Nature Resources (2006).

Dr. Shvarts was independent from and not related to any other Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company.

Dr. Shvarts does not directly or indirectly own the Company's Shares. Dr. Shvarts did not conclude any transactions with the Company's Shares throughout 2020.

The table below provides membership information of the committees on which each Board member serves.

Board Committee Directors	Audit Committee	Corporate Governance and Nominations Committee	Remuneration Committee	Health, Safety and Environmental Committee*	Standing Committee	Marketing Committee*	Norilsk Nickel Investment Supervisory Committee	Compliance Committee
Dr. Elsie Leung Oi-sie	X		C					
Mr. Dmitry Vasiliev	X	C	X	X				
Mr. Bernard Zonneveld	X	X			C		C	X
Mr. Marco Musetti					X	X	X	
Mr. Evgenii Nikitin								
Mr. Evgenii Vavilov								
Mr. Vyacheslav Solomin				X	X		X	
Mr. Evgeny Kuryanov								
Mr. Randolph N. Reynolds		X	X					
Mr. Kevin Parker	C			C				X
Mr. Christopher Burnham		X						C
Mr. Nicholas Jordan			X	X				X
Mr. Vladimir Kolmogorov								
Dr. Evgeny Shvarts				X			X	

Notes:–

C – Chairman

X – Member

* – These committees may also consist of other non-Board members.

General Director (sole executive body)

Evgenii Nikitin, aged 55 (General Director, Executive Director)

Year of birth: 1966

Mr. Nikitin was appointed as an executive Director on 28 June 2018. Mr. Nikitin was appointed as the Chief Executive Officer of the Company in November 2018 and became General Director with effect from 25 September 2020. Mr. Nikitin has also been the General Director of JSC "RUSAL Management" since 2019. Before that, he held position of acting CEO of the Company since May 2018 and RUSAL's Head of Aluminium Division since January 2014. Prior to that, he held positions of director of Aluminium Division East since October 2013. Prior to that appointment Mr. Nikitin was the managing director of KrAZ, one of the world's largest aluminium production facilities. From 2008 to 2010, he was managing director of SAZ after beginning his career with the Group as a pot operator in 1993.

Mr. Nikitin was born on 11 March 1966. He graduated from the Moscow State Technical University of Civil Aviation in 1989 and from Lomonosov Moscow State University with a master's degree in business management (MBA) – production systems in 2009.

Mr. Nikitin was independent from and not related to the Directors, members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Mr. Nikitin does not directly or indirectly own the Company's Shares. Mr. Nikitin did not conclude any transactions with the Company's Shares throughout 2020.

The collective executive body in the Company has not been formed in accordance with the Company's Charter.

Senior Management of the Group

Alexandr Popov, aged 50 (Chief Financial Officer)

Year of birth: 1971

Alexandr Popov was appointed as RUSAL's CFO since January 2020. He is responsible for the financial planning, auditing and preparation of financial reports and the execution of the RUSAL's investment programs.

Prior to that appointment Mr. Popov was Independent consultant for business turnaround and bankruptcy procedures. From 2007 till 2017 Mr. Popov held CFO positions in such companies as En+ Group, Kolmar coal company, NIAEP-ASE, Freight Link.

Between April 2008 and November 2011 Mr. Popov was a member of the Board.

From 2000 till 2006 Mr. Popov worked at PJSC LUKOIL, Moscow, Russia as a Head of US GAAP consolidated corporate reporting.

From 1994 till 2000 he was audit manager at PricewaterhouseCoopers, Moscow, Russia.

Mr. Popov graduated from the Bauman Moscow Technical University, Moscow, Russia, with Engineer for robots and automation qualification.

In 1994 he graduated from the Togliatty Politechnical University, Togliatty, Russia with degree Master of Science: Automobile engineer.

In 1996 Mr. Popov received a degree of Bachelor of Arts: Accounting and Audit in Saratov academy of economics, Saratov, Russia.

Mr. Popov is a member of American Institute of Certified Public Accountants (AICPA), USA.

He was ranked among the top 100 Russian CFOs in 2017 by Kommersant.

Save as disclosed in this Annual Report, Mr. Popov was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Roman Andryushin, aged 46 (Director, Sales and Marketing)

Year of birth: 1974

Roman Andryushin was appointed as director for sales and marketing in May 2018.

From February 2014 until April 2018 Roman Andryushin was the Head of Russia and CIS Sales Directorate.

Roman Andryushin was responsible for marketing and sales of a wide range of the RUSAL's products in Russia and CIS as well as for incentivising domestic industries to grow their aluminium consumption and search of new sales markets, including development of new products by RUSAL.

From 2007 until 2014, Roman Andryushin worked in capacity as the chief operating officer of RUSAL Marketing GmbH, RUSAL's Swiss office responsible for international sales of the RUSAL's metal. In this position he was involved in the creation of an efficient sales organization, relations with key customers, optimization of supply chain, increase of value-added products sales and immediately responsible for operational management of RUSAL's export sales.

From 2003 to 2007, Roman Andryushin worked as the chief financial officer of ZAO "Komi Aluminium" (which at the time was a joint venture of RUSAL and UAL for bauxite mining and alumina production), chief financial officer of the Rolling Division of RUSAL and chief financial officer of Alcoa Russia.

From 1996 to 2002, Mr. Andryushin held a few key positions with the Belaya Kalitva metallurgical complex.

Roman Andryushin graduated with Honors from the Novocherkassk State Technical University, Economics and Management Department. Later he obtained an EMBA degree from Lorange Institute of Business Switzerland and an MBA from University of Wales, Great Britain. He also holds a Ph.D. in economics.

Mr. Andryushin was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Alexey Arnautov, aged 46 (Deputy CEO on New Projects)

Year of birth: 1974

Alexey Arnautov was appointed as Deputy CEO on New Projects in May 2019. From May 2020 to September 2020 Alexey Arnautov was the Director of the Moscow Branch of the Company. From February 2014 until May 2019 Alexey Arnautov was the Head of New Projects Directorate.

Prior to that appointment Mr. Arnautov held an office of Director of the Aluminium Division West since July 2010. From March 2009 until July 2010 Mr. Arnautov assumed the role of acting director of the Aluminium Division of the Moscow Branch of RUSAL Global Management B.V. Prior to that appointment, Mr. Arnautov was financial director of the Aluminium Division from April 2006. From November 2004 until April 2006, he was the director of the financial department of the Engineering and Construction Division. From 1998 to 2000, he held several positions in the financial services in Sibneft Oil Company. He began his professional career in Noyabrskneftegaz in the Far North of Russia in 1996.

Born in 1974, Mr. Arnautov graduated from the Donbass State Academy of Construction and Architecture with a degree in engineering and construction in 1996. He received a degree with honors from the International Academy of Entrepreneurship in 1998 and an MBA in Economics from the Institute of Business and Economics at California State University in 2004.

Mr. Arnautov was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Vladimir Berstenev, aged 71 (Deputy CEO for Operations)

Year of birth: 1950

Vladimir Berstenev was appointed as Deputy CEO for Operations in April 2019. Mr. Vladimir Berstenev has been Deputy CEO for Operations at Moscow Branch of the Company since June 2020. Mr. Vladimir Berstenev was also appointed as Director for Security and Protection of State Secrets of JSC “RUSAL Management” in October 2020.

Mr. Vladimir Berstenev started his career as an operator in Krasnoyarsk smelter and represents a true example of promotion from within along all stages of professional growth within RUSAL.

From 2016 to 2019 Mr. Vladimir Berstenev was the Advisor of Aluminium Division of RUSAL. Mr. Berstenev was responsible for expert advice to division management on complex production and management issues.

In 2011-2015 Mr. Vladimir Berstenev successfully performed as the CEO of Irkutsk aluminium plant.

In 2007 – 2011 Mr. Vladimir Berstenev was in a role of Production Director at RUSAL Global Management B.V.

Before that, since 2002, Mr. Vladimir Berstenev worked as CEO of Bratsk aluminium smelter.

Mr. Vladimir Berstenev has the professional degree as an engineer in metallurgy, graduated from Siberian Metallurgical Institute.

Mr. Vladimir Berstenev was born in 1950.

Mr. Berstenev was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Pavel Ovchinnikov, 45 years (Head of Downstream Business)

Year of birth: 1975

Pavel Ovchinnikov was appointed as head of the downstream business at RUSAL in July 2020. He is responsible for running the group of business units focused on value-added aluminium products manufacturing. The Downstream Division includes the foil, packaging, aluminium powders and wheels production facilities.

From 2012 to 2020, Pavel Ovchinnikov was the General Director of UK RM Rail LLC.

Prior to joining UK RM Rail LLC, Pavel Ovchinnikov held the position of the commercial director at RUSAL Global Management B.V. from 2010 to 2012. From 2007 to 2010, he served as the head of the alumina business at the Alumina Division of Alumina Management LLC. From 2006 to 2007, Pavel Ovchinnikov was the General Director of Alumina Management LLC.

In 2005, he was appointed as managing director of OJSC “Achinsk Alumina Refinary” and he held this position until 2006.

From March to October 2005, Pavel Ovchinnikov led the finance department at Alumina Management LLC.

From March 2004 to February 2005, Pavel Ovchinnikov held the office of CFO of RUSAL Managing Company LLC.

From January 2003 to February 2004, he was the head of the finance unit of the Friguia project run by the Procurement Directorate of OJSC “Russian Aluminium Management”. Prior to that, from March 2001 to January 2003, he worked as deputy head of the Corporate Finance Department at the CFO’s office at OJSC “Russian Aluminium Management”.

Pavel Ovchinnikov was born in Moscow in 1975.

In 1997, he graduated from the Lomonosov Moscow State University, department of computational mathematics and cybernetics. In 1999, he completed his postgraduate studies at the Lomonosov Moscow State University, department of economics, and received a degree in economics.

Pavel Ovchinnikov was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Anton Egorov, aged 47 (General Counsel)

Year of birth: 1973

Anton Egorov joined RUSAL as general counsel in July 2018.

Generally, his responsibilities in the office include coordination of legal functions of the Group and also overall management of the Company's legal team.

Before Mr. Egorov joined the Group, he was the vice-president, legal affairs in the multinational metallurgy company EVRAZ. Prior to that, he held the position of deputy chief executive officer, legal, corporate, international affairs of the Russian Post.

Before joining Russian Post, Mr. Egorov spent 5 years with RUSAL in his role as the head of Russian and CIS legal affairs.

Anton Egorov graduated from the Moscow State University as physicist and as a lawyer, holds a graduate studies diploma from the Institute of State and Law of the Russian Academy of Sciences and an Executive MBA diploma from IE Business School.

Mr. Egorov was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Aleksey Gordymov, aged 49 (Director, Business Support)

Year of birth: 1972

Aleksey Gordymov was appointed as RUSAL's Head of Business Support in November 2017. In this position, Aleksey Gordymov supervises supplies of RUSAL's operations and support of the sales team through streamlining logistics and transportation as well as deliveries of key raw materials and consumables. Aleksey Gordymov has also been Director for business support at Moscow Branch of the Company since June 2020.

Aleksey Gordymov worked as Deputy Head of Alumina Division from 2014 to 2017. From 2008 to 2014, he was the Head of Bauxite & Alumina Supply Department. Prior to that, Aleksey was the Head of Procurement in the International Alumina Division in Moscow's headquarters.

Between 2005 and 2008, Mr. Gordymov ran Alumina Company of Guinea in West Africa, Bauxite Company of Guyana and RUSAL Jamaica.

Aleksey Gordymov studied and majored in transportation, metals & mining and economics.

Mr. Gordymov was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Yakov Itskov, aged 54 (Head of Alumina Division)

Year of birth: 1966

Yakov Itskov was appointed as RUSAL's head of Alumina Division in September 2014.

From December 2012 until September 2014, Mr. Itskov was the Deputy Branch Director for business support of the Branch of RUSAL Global Management B.V.

Prior to that, Yakov Itskov worked as a head of RUSAL's International Alumina Division from February 2010. The International Alumina Division included the western bauxite mining and alumina production facilities: the Guineabased Friguia Alumina Refinery and Compagnie des Bauxites de Kindia, the Bauxite Company of Guyana, Aughinish Alumina in Ireland, Eurallumina in Italy, Alpart and Windalco in Jamaica and Queensland Alumina in Australia. The key objective of the International Alumina Division was the mining of bauxite and production of high quality alumina for the Group's smelters and sales in the global market. This required considerable flexibility and an ability to meet each customer's specific demands.

Yakov Itskov became the first vice president of RussNeft in 2009 and held that position until 2010. From 2008 to 2009, he was general director of BazelDorStroy LLC and between 2007 and 2008 he was the general director of the project and construction company Transstroy LLC. He was also the managing director of Basic Element LLC from 2006 until 2007 and, prior to this, he was the general director of Soyuzmetallresurs CJSC from 2001 to 2006.

From 2000 to 2001, Mr. Itskov was the deputy commercial director – department head of OJSC Russian Aluminium.

Yakov Itskov holds a degree in Mining Machines and Complexes from Moscow State Mining University. He also holds a PhD in Economics.

Mr. Itskov was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Victor Mann, aged 62 (Technical Director)

Year of birth: 1958

Victor Mann has been technical director of RUSAL since 2005, in charge of research and development, engineering, design, process management, technical development and modernization of production facilities, and start-up and commissioning of green-field and upgraded capacities.

From 2002 to 2005, Victor Mann was head of RUSAL's Engineering and Technology Center.

From 1998 to 2002, he was deputy technical director of the Krasnoyarsk smelter.

From 1991 to 1998, Victor Mann was promoted from design engineer to head of automation at the Krasnoyarsk smelter.

Victor Mann was awarded the Order of Merit for the Fatherland and is on the list of Honorable Metallurgists of Russia.

Victor Mann graduated from Krasnoyarsk State University, Applied Mathematics Faculty.

Mr. Mann was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Natalia Albrekht, aged 48 (Deputy General Director for Human Resources)

Year of birth: 1972

Natalia Albrekht was appointed as Deputy General Director for Human Resources at RUSAL in June 2020. From October 2019 to May 2020 she was Human Resources Advisor to the General Director at RUSAL.

From September 2019 till now Natalia Albrekht is Deputy General Director for Human Resources at International limited liability company En+ Holding (former En+ Holding Limited).

From 2013 to 2019, she was Executive Vice President for Organisational Development and Human Resources at PJSC VimpelCom.

In 2013, she headed the HR department of PJSC VTB Bank as a Senior Vice President. From 2012 to 2013, Natalia Albrekht held the position of Vice President of PJSC Rostelecom.

From 2009 to 2012 she was Deputy General Director for Organisational Development, Human Resources and Administrative Issues in STS Media holding.

In 2002, Ms Albrekht served as Director of the Subscription Services Department at OJSC NTV Plus, later Deputy Director General for Sales and Development of the Federal Sales Center CJSC (part of IES Holding), and General Director of Integrated Settlement Center LLC.

Ms Albrekht graduated from Bauman Moscow State Technical University, majoring in Applied Mechanics.

Natalia Albrekht has an international CIPD certification in HR management.

Save as disclosed in this Annual Report, Ms Albrekht was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Oleg Mukhamedshin, aged 47 (Director for Strategy, Business Development and Financial Markets)

Year of birth: 1973

Oleg Mukhamedshin was appointed as the Director for Strategy, Business Development and Financial Markets in 2013. Prior to his current position, Mr. Mukhamedshin worked as the Head of Equity and Corporate Development, Director for Financial Markets, and Director for Capital Markets from 2007 to 2012.

Mr. Mukhamedshin has been a member of the Board of Directors of the International Aluminium Institute since August 2020. In September 2020 Oleg Mukhamedshin was appointed as Deputy Chief Executive Officer for Strategy and Financial Markets at International limited liability company En+ Holding (former En+ Holding Limited). Since July 2020 Oleg Mukhamedshin has also held the position of Chief Strategy officer at London Branch of En+.

Oleg Mukhamedshin is responsible for developing and implementing the RUSAL's strategy, managing M&A projects, raising funds in the capital markets, as well as managing investor relations.

From 2009 to 2011, he led the restructuring of RUSAL's USD16.9 billion debt in 2009 and the Company's USD2.2 billion IPO on the Hong Kong Stock Exchange and Euronext Paris in 2010. Under his leadership, the Company was the first company to launch a Russian Depository Receipts program.

From 2006 to 2008, Oleg Mukhamedshin was involved in the preparation and implementation of the Company's major M&A transactions, including the acquisition of a 25% stake in MMC Norilsk Nickel, its merger with SUAL and Glencore's bauxite and alumina assets.

From August 2004 through to March 2007, Mr Mukhamedshin was RUSAL's Deputy CFO, overseeing corporate finance.

From 2000 to August 2004, Oleg Mukhamedshin was Director of Department for Corporate Finance.

Prior to joining RUSAL, Oleg Mukhamedshin worked in various executive roles in the corporate finance departments of leading Russian natural resources companies, including TNK (now TNK-BP). Between 1999 and 2000, he was an advisor to the principal shareholder of the Industrial Investors Group. From 1994 to 1995, he worked with the investment bank PaineWebber to help establish the Russia Partners Fund, one of the first international direct investment funds in Russia.

Oleg Mukhamedshin was born in 1973.

Oleg Mukhamedshin graduated from the Moscow State University, Economics Department, with Honors.

Save as disclosed in this Annual Report, Mr. Mukhamedshin was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Andrey Sidorov aged 49 (Public Relations Director)

Year of birth: 1971

Andrey Sidorov was appointed as Public Relations Director at RUSAL in April 2020.

Prior to joining RUSAL, he headed the PR of PJSC Uralkali from 2015 to 2020.

From 2011 to 2014, he was involved in supporting a number of investment projects in West Africa (Guinea).

From 2000 to 2011, Andrey Sidorov was a director of International Public Relations at Rumelko in the company of the principal shareholder of Novolipetsk Steel (NLMK) group.

From 2005 to 2011, Andrey Sidorov was a General Director of ANO Editorial Office of the Daily Gazeta; from 2006 to 2011 he was a member of the board of directors of RUMEDIA Media Holding (Radio Business FM, bfm.ru, Radio Chocolate, newspaper Gazeta, portal GZT.ru).

From 2008 to 2011, Andrey Sidorov was PR director of the Russian Shooting Union and from 2009 to 2011, he was appointed as a Chairman of the Press and Promotion Committee of the European Shooting Confederation.

In 1993 Andrey Sidorov graduated from the Kharkov Highest Military Aircraft Engineering School with a degree in mechanical engineering. In 1996 he graduated from the Higher School of Economics with a master's degree in economic theory, and in 2000 he completed his postgraduate studies there.

Mr. Sidorov was independent from and not related to the Directors, any other members of senior management of the Group, Substantial Shareholders or Controlling Shareholders of the Company as at the end of the financial year.

Corporate Secretary

Sergey Bazanov, aged 41 (Corporate Secretary)

Year of birth: 1980

With effect from September 25, 2020 Sergey Bazanov was appointed as Corporate Secretary of the Company, before that he held the position of Secretary of the Board of Directors of the Company since 2017.

Sergey Bazanov joined RUSAL in 2007. From 2007 to 2020, he consecutively held the positions of a manager, head of direction and head of the Board relations and coordination department, and was responsible, among other things, for the development and control of corporate governance procedures, information and organizational support for the work of the Company's management bodies, including the Board of Directors.

Prior to joining RUSAL, Sergey Bazanov held the positions of a consultant and senior consultant at IBM Business Consulting Services, as well as a consultant in the management consulting department of IBS.

Sergey Bazanov graduated from the London School of Economics and Political Science with a Bachelor's degree in Economics in 2002.

Sergey Bazanov does not directly or indirectly own the Company's Shares. Sergey Bazanov did not conclude any transactions with the Company's Shares throughout 2020.

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08.

REPORT OF THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors are pleased to present the 2020 Annual Report and the audited consolidated financial statements of United Company RUSAL, international public joint-stock company for the year ended 31 December 2020.

1 PRINCIPAL ACTIVITIES

The principal activities of the Group are the production and sale of aluminium (including alloys and value-added products, such as aluminium sheet, ingot, wire rod, foundry aluminium alloy, aluminium billet and others). Within its upstream business, the Group has secured substantial supplies of bauxite and has the capacity to produce alumina in excess of its current requirements. The Company also holds strategic investments, including its investment in Norilsk Nickel and coal business. There has been no significant change in those activities throughout the financial year.

2 FINANCIAL SUMMARY

The results of the Group for the year ended 31 December 2020 are set out in the consolidated financial statements on pages 168 to 256.

3 BUSINESS REVIEW

Please refer to the section headed "Business Overview" and "Management Discussion and Analysis" on pages 22 to 85 for further information on the review of the Group's business.

4 DIVIDENDS POLICY AND DIVIDENDS

Under the requirements of the Charter, the Shareholders may resolve to distribute (declare) dividends upon recommendation of the Board of Directors. In accordance with the Dividend Policy of the Company, as adopted in August 2015 and further amended in August 2017, the dividends may be paid based on the results of the first quarter, six months, nine months of the reporting year and (or) the results of the reporting year. The amount recommended for payment shall be determined by the Board of Directors of the Company subject to the Company's financial results and compliance with applicable requirements and restrictions, including, inter alia, requirements of the legislation and Group's credit facilities, including financial covenants. The total amount of dividend payments in a year cannot exceed 15% of the Covenant EBITDA for each fiscal year.

The matter of dividends payments was not considered by the Board during 2020. Therefore, no dividends were recommended or approved by the Board in 2020.

5 RESERVES

The transfer of USD335 million to reserves is proposed to be made within the meaning of Schedule 4 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The amount of the reserves available for distribution to shareholders as at 31 December 2020 was USD16,078 million.

6 FIXED ASSETS

Information relating to significant changes in the fixed assets of the Company or of any of its subsidiaries that have occurred during the financial year is set out in note 13 to the consolidated financial statements.

7 SHARE CAPITAL

Share repurchases

Save as the redemption of bonds as disclosed in note 19(b) to the consolidated financial statements, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of their securities during the financial year ended 31 December 2020.

Share issues

No Shares were issued/allotted by the Company during the financial year ended 31 December 2020.

8 GENERAL MANDATE GRANTED TO THE DIRECTORS IN RESPECT OF THE ISSUANCE OF SHARES

There was a general mandate within the meaning of 13.36(2) of the HKSE Listing Rules granted to the Directors to issue Shares in effect during the financial year. The details of the general mandate are as follows:

Type of Mandate	Term	Maximum amount	Utilization during the financial year
Issue of shares A general and unconditional mandate was given to the Company and to the Directors on behalf of the Company at the AGM 2020 (13 May 2020), to allot, issue and deal with shares (and other securities) and such mandate came into effect on that date	From the date of the passing of the resolution granting the mandate to the earliest of: (i) the conclusion of the next AGM; (ii) the expiration of the period within which the next AGM is required to be held; and (iii) the variation or revocation of the mandate by an ordinary resolution of the Shareholders in a GSM	Save in certain specified circumstances, not more than the sum of 20% of the aggregate nominal value of the share capital at the date of the resolution granting the mandate and the aggregate nominal value of share capital of the Company repurchased by the Company (if any)	Nil

Since the Registration Date the Board of Directors is authorized according to the Charter to approve the increase in the Company's charter capital through the placement by the Company of additional ordinary shares within the limits of the number and categories (types) of authorised shares or issue-grade securities convertible into ordinary shares by public offering (if the number of securities is 25% or less of the corresponding previously placed shares). In case the amount of increase or issue-grade exceeds 25% of the previously placed shares such increase shall be approved by the GSM. For the information about Share issues please refer to section 7 Share capital of the Report of the Board of Directors.

9 SHAREHOLDERS' AGREEMENTS

(a) Shareholders' Agreement with the Company

The principal terms of this agreement are described in Appendix A.

At the time of entering of the Shareholders' Agreement with the Company, the parties to the agreement included the Major Shareholders, namely En+, SUAL Partners, Glencore and Onexim.

Following the Shareholding Changes in 2019 and the Shareholding Changes in 2018, the Shareholders' Agreement with the Company continues to be binding among En+ and SUAL Partners. The impact of the Shareholding Changes in 2019 and the Shareholding Changes in 2018 to the Shareholders' Agreement with the Company is described in Appendix A.

(b) Shareholders' Agreement between Major Shareholders only

The Shareholders' Agreement between Major Shareholders only, which has not been amended since the Listing Date, only sets out certain agreed matters between the Major Shareholders in relation to Board appointments, Board committees, voting, transfers of Shares and certain other matters. The principal terms of the Shareholders' Agreement between Major Shareholders only are described in Appendix B.

Following the Shareholding Changes in 2019 and the Shareholding Changes in 2018, the Shareholders' Agreement between Major Shareholders only continues to be binding on En+ and SUAL Partners. The impact of the Shareholding Changes in 2019 to the Shareholders' Agreement between Major Shareholders only is described in Appendix B.

10 MANAGEMENT CONTRACTS

Other than the appointment letters of the Directors and the full-time employment contacts, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

11 CONNECTED TRANSACTIONS

The transactions and arrangements summarised below were entered into by members of the Group with its connected persons (including their respective associates) prior to and during the financial year ended 31 December 2020, and are required to be disclosed by the Company in compliance with Rules 14A.49, 14A.71 and 14A.72 of the HKSE Listing Rules and, where applicable, were disclosed by the Company in accordance with the requirements of Chapter 14A of the HKSE Listing Rules.

Continuing connected transactions disclosed in the Report of the Board of Directors section of the annual report differ from the related party transaction disclosures included in note 5, note 6 and note 25 of the consolidation financial statements. Differences arise as the definition of continuing connected transactions does not include operations with Glencore, save as disclosed below under "Aluminium Sales Contract with Glencore", or operations with associates of the Group, while these transactions are treated as related party transactions in the consolidated financial statements of the Group. Additionally, transactions that are considered immaterial and meet the definition of de minimis are not included in the disclosure of continuing connected transactions.

The independent non-executive Directors consider that each of the transactions below have been entered into and are conducted:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) in accordance with the relevant agreement governing them on terms that are fair and reasonable in the interests of the Company and its shareholders as a whole.

The Company's auditors were engaged to report on the Group's continuing connected transactions for the year ended 31 December 2020 in accordance with the Hong Kong Standard on Assurance Engagements 3000 "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that auditors have issued an unqualified letter in accordance with Rule 14A.56, containing their confirmation that nothing has come to their attention that caused them to believe that the continuing connected transactions as disclosed by the Group in the annual report (i) have not been approved by the

Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the cap.

A Electricity and Capacity Supply Contracts

En+ is the Controlling Shareholder of the Company. Accordingly, the electricity and capacity supply and transmission contracts between members of the Group and companies controlled by En+ referred to below constituted continuing connected transactions for the Company under the HKSE Listing Rules.

Long-term electricity and capacity supply contracts

The Group through its three wholly-owned subsidiaries, KrAZ, BrAZ and RUSAL Ural JSC (formerly JSC "SUAL") entered into three long-term electricity and capacity supply contracts on 4 December 2009, 1 December 2009 and 15 November 2009 respectively. Under each of these contracts, 50% of the price must be paid before the 15th day of the month of supply and the remaining 50% of the price must be paid before the 25th day of the month of supply. The amount to be paid is satisfied in cash via bank transfer and is based on the estimated consumption of the Group as mutually agreed between the parties. The final settlement is made by the parties in the month following the month of supply. RUSAL Ural JSC and BrAZ each concluded the contracts with JSC "Irkutskenergo" for the period from 2010 to 2018. On 31 December 2014, RUSAL Ural JSC, BrAZ and JSC Irkutskenergo entered into an addendum pursuant to which all rights and obligations under the contract dated 15 November 2009 were transferred from JSC "RUSAL Ural" to BrAZ. KrAZ concluded the contract with Krasnoyarskaya HPP for the period from 2010 to 2020. The cost of electricity supplied by JSC "Irkutskenergo" and Krasnoyarskaya HPP is based on a fixed formula which is tied to the market prices of electricity and the prices of aluminium quoted on the LME. For details of the formula, please refer to the Company's circular dated 13 December 2013. As mentioned in the announcement dated 19 November 2014, Krasnoyarskaya HPP suspended the supply of electricity in the amount required by KrAZ under the contract since October 2014.

As mentioned in the Company's circular dated 11 October 2016, certain members of the Group entered into three new long-term electricity supply agreements to replace the abovementioned long-term electricity and capacity supply contracts. The cost of electricity to be supplied is based on a formula which is tied to the market prices of electricity at discount. For details of the formula, please refer to the Company's circular dated 11 October 2016. One of the three new long-term electricity supply agreements, the one between RUSAL Energo Limited Liability Company ("**RUSAL Energo**") and EuroSibEnergo Joint Stock Company dated 28 October 2016, took effect from 1 November 2016.

As mentioned in the announcement dated 29 November 2017, as part of a reorganization of the En+ group companies and for the purpose of replacing Irkutskenergo in the original contracts with another subsidiary of En+ for that reorganization, on 28 November 2017, the original contracts with Irkutskenergo have been terminated and new replacement E&C Contracts have been entered into between the respective members of the Group which were parties to the original contracts and LLC "EuroSibEnergo-Hydrogeneration" ("EuroSibEnergoHydrogeneration", a wholly-owned subsidiary of En+), as the seller. The term of the new contracts will cover the remaining term of the original contracts. All other material terms and conditions under the new contacts remain the same as the material terms and conditions under the original contracts after the replacement, including those as set out in the circular dated 11 October 2016 such as the pricing formula, annual contractual amount of electricity to be supplied and payment timeframe, guarantee arrangements and the annual caps.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2020 under the contract between BrAZ and JSC "Irkutskenergo"/EuroSibEnergo-Hydrogeneration (which replaced JSC "Irkutskenergo") was USD170.9 million.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2020 under the contract between BrAZ (which replaced JSC "RUSAL Ural" pursuant to an addendum dated 31 December 2014) and JSC "Irkutskenergo"/EuroSibEnergo-Hydrogeneration (which replaced JSC "Irkutskenergo") was USD58.5 million.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2020 under the contract between KrAZ and Krasnoyarskaya HPP was nil.

The actual monetary value of electricity purchased for the year ended 31 December 2020 under the contract between RUSAL Energo and EuroSibEnergo JSC was USD127.5 million.

Short-term electricity and capacity supply contracts

On 27 March 2014, the framework agreements (as mentioned on pages 11 and 23 of the circular of the Company dated 13 December 2013), governing (i) the transactions under the short-term electricity and capacity supply contracts with En+'s associates and the miscellaneous electricity and capacity transmission contracts with En+'s associates (as further discussed below); and (ii) the transactions under certain aluminium sales contracts with Mr. Deripaska's associates (as further discussed below) respectively, were signed. Such agreements were respectively extended to cover three years ending 31 December 2019 by an addendum entered on 27 December 2016. On 12 December 2019, a new framework agreement was entered into with En+ to cover electricity and capacity supply contracts with En+'s associates, including long-term electricity and capacity supply contracts, short-term electricity and capacity supply contracts, miscellaneous electricity and capacity supply contracts, long-term capacity RSE contracts (as defined below) and long term mandatory agreements for the purchase of capacity of retrofitted generating facilities (as mentioned in the circular of the Company dated 18 October 2019).

Members of the Group, including BrAZ, SAZ, NkAZ, JSC "RUSAL Ural" and RUSAL Energo have entered into, from time to time in the financial year ended 31 December 2020 as part of their ordinary course of business, short-term electricity and capacity supply contracts with duration not exceeding one year with the companies controlled by En+, including JSC "Irkutskenergo", LLC "Avtozavodskaya CHP", JSC "EuroSibEnergo", EuroSibEnergoHydrogeneration and LLC "BEC". The electricity and capacity supplied under these short-term electricity and capacity supply contracts are derived from the plants operated by JSC Irkutskenergo, LLC "Avtozavodskaya CHP", JSC "EuroSibEnergo", "EuroSibEnergoHydrogeneration" and LLC "BEC".

The prices of electricity and capacity supplied (excluding electricity and capacity supplied to residential users) were determined under a competitive procedure (involving bidding and tendering by suppliers and customers of electricity and capacity) through the "Trading System Administrator of Wholesale Electricity Market Transactions" (TSA), a commercial operator and facilitator of transactions which matches suppliers and customers, and prices determined through such competitive procedure were generally considered as market prices. The parties to these short-term E&C Contracts receive information relating to prices of electricity and capacity directly from the TSA and this is consistent with normal market practice whereby prices are provided to each participant of the market individually.

The mechanism for the determination of market prices of electricity and capacity through the TSA is approved by, and is in compliance with statutory requirements stipulated in applicable regulations of, the Government of the Russian Federation, and the Group may only enter into short-term E&C Contracts (with independent third parties or connected persons) through the TSA.

Under the terms of the short-term E&C Contracts, payments due to be paid by members of the Group shall be made in installments in accordance with the regulations of the Market Council, and all payment amounts shall be satisfied by the relevant members of the Group in cash via bank transfer.

In addition, members of the Group, including LLC "RUSAL Silicon Ural", JSC "RUSAL SAYANAL", JSC "Ural Foil" have entered into, from time to time as part of their ordinary course of business, the additional agreements to the original short-term electricity and capacity supply contracts not exceeding three years with LLC "MAREM+" (formerly CJSC "MAREM+" until 3 August 2015), a company controlled by En+, for the supply of electricity and capacity purchased at the wholesale energy and capacity market.

The purchase of electricity and capacity at the wholesale market is effected at a price which is determined daily (for electricity) and monthly (for capacity), based on the trading results at the wholesale market, and subject to unpredictable external fluctuations (including, without limitation, weather factors, river stream flow rates, hydro-power plant output storage, transborder crossflow planning, provision for reserves by power generation facilities, scheduled equipment repairs, fuel price fluctuations, details of fuel regime for "endpoint" power generation facilities, economic efficiency of bids submitted by producers, technological processes of power generation facilities' equipment, and effect of state regulation on the market model).

The prices of electricity and capacity under these contracts/addendums were derived from the wholesale market price regulated by regulations prescribed by the Government of the Russian Federation. Payments due by members of the Group shall be made in accordance with tentatively scheduled installments during each month, and the final payment shall be made in the middle of the month following the month of billing, and all payment amounts shall be satisfied by the relevant members of the Group in cash via bank transfer.

During 2020, members of the Group have also from time to time entered into the additional agreements to the original short-term electricity and capacity supply contracts with LLC "Irkutskaya Energosbytovaya Company" (**LLC "Irkutskenergosbyt"**), a company controlled by En+

as to more than 30%, for the supply of electricity and capacity purchased at the wholesale electricity market and supplied to the consumers in the retail market on normal commercial terms (including the pricing terms) regulated under the regulations of the Government of the Russian Federation. Payments due by members of the Group under each of these short-term electricity and capacity supply contracts shall be made by installments during each month of supply, and all payment amounts shall be satisfied by the relevant members of the Group in cash via bank transfer.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2020 under the contracts/addendums with JSC Irkutskenergo, LLC "Avtozavodskaya CHP", LLC MAREM+ (including LLC "MAREM+K", which is a subsidiary of LLC MAREM+), JSC "EuroSibEnergo", EuroSibEnergo-Hydrogeneration, LLC "Irkutskenergosbyt" and LLC "BEC" was USD241.9 million.

Miscellaneous electricity and capacity transmission contracts

The Group has also entered into miscellaneous electricity and capacity transmission contracts and/or addendums to those contracts with Joint Stock Company "Irkutsk Electronetwork Company" (**JSC** "**IENC**"), a company controlled by En+ as to more than 30% of its issued share capital, from time to time. No such contracts and/or addendums were entered into during the year ended 31 December 2020.

The prices of electricity transmission under such miscellaneous electricity and capacity transmission contracts (and addendums thereto) were based on tariff rates stipulated by the Tariff Service of the Irkutsk region (an executive authority of the Irkutsk region in the sphere of government regulation of tariffs including electricity and capacity transmission tariffs), and on terms which are the same for all consumers (tariffs are differentiated depending on voltage levels). Payments under these miscellaneous electricity and capacity transmission contracts (and addendums thereto) were made in accordance with tentatively scheduled instalments during each month, with the final payment effected in the middle of the month following the month of billing, and all payment amounts were satisfied in cash via bank transfer.

The actual monetary value of electricity and capacity transmission purchased and sold for the year ended 31 December 2020 under these contracts with companies controlled by En+ was USD126.6 million.

Long-term capacity RSE contracts

The Group also entered into long-term capacity supply from renewable sources of energy ("**RSE**") contracts with a term of 15 years with companies controlled by En+ as sellers, including EuroSibEnergo-Hydrogeneration and Krasnoyarskaya HPP (which was replaced by LLC "Abakanskaya SPS" in 2017), from time to time. No such contracts were entered into during the year ended 31 December 2020.

The entering into of these long-term capacity RSE contracts is compulsory for participants of the wholesale electric energy market under the capacity-based renewable energy support scheme of the Russian Federation. Under applicable regulations of the Government of the Russian Federation, participants in the electricity energy wholesale market must purchase capacity by entering into standard form of contracts, the terms and conditions (including the mechanics of price determination and duration of contract to be of 180 months) of which are determined by the Market Council and published on the website of the Market Council. Such terms and conditions prescribed by the Market Council may not be amended by the supplier or buyer entering into the long-term capacity RSE contracts. The exact capacity volume to be supplied under the contract and its value are determined by the TSA.

The price of capacity to be sold under long-term capacity RSE contracts is determined by the TSA in accordance with procedures established by the rules of determination of the price of capacity of generating facilities using renewable energy sources approved by relevant legislation of the Government of the Russian Federation and the Wholesale Market Rules, details of which were set out in the circular of the Company dated 11 October 2016. Payment for the supply of capacity is made by the buyer of capacity via bank transfer using designated bank accounts it maintains pursuant to the TSA's instructions, and the buyer is only notified of the volume supplied for the payments made at a later stage.

On 30 March 2016, the TSA on behalf of RUSAL Energo entered into the long-term capacity RSE contract with Krasnoyarskaya HPP (which was replaced by LLC "Abakanskaya SPS" in 2017).

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2020 under the long-term capacity RSE contracts with LLC "Abakanskaya SPS" was USD0.8 million.

Long-term mandatory agreements for purchase of capacity of retrofitted generating facilities

Members of the Group are current participants (entities) on the wholesale electricity and capacity market, and purchase electricity and capacity on the wholesale electricity and capacity market.

Activity on the wholesale electricity and capacity market is regulated by legislation of the Russian Federation currently in effect (in particular, Resolution No. 1172 of the Government of the Russian Federation "On approving Rules for the wholesale electricity and capacity market and on making changes to some acts of the Government of the Russian Federation regarding the arrangement of functioning of the wholesale electricity and capacity market"). The wholesale electricity and capacity market operating principle is ensured by infrastructure organisations including the Market Council, the TSA, the "Financial Settlement Center" (the single settlement center of the wholesale electricity and capacity market) and "System Operator of the United Power System", Joint-stock Company, an office performing a centralized operational and dispatching management of the unified energy system of the Russian Federation, conferred, among others, with the authority to issue instructions compulsory to all subjects and consumers of the electric energy which influence the whole energy system (the "**System Operator**").

The aforementioned legislation of the Russian Federation introduced to the current wholesale electricity and capacity market model a procedure for selecting projects for the retrofitting of generating facilities of thermal power plants on the wholesale electricity and capacity market during the period from 2019 through 2025 (inclusively). This procedure guarantees the refund of cash spent for retrofitting thermal power plants at the expense of wholesale electricity and capacity market consumers.

As such, a new type of mandatory agreements for the purchase and sale (supply) of capacity of retrofitted generating facilities ("**KOMMod agreements**") has been introduced on the Russian wholesale electricity and capacity market in 2019.

System Operator and the Government Commission for Electric Power Industry Development select projects for retrofitting thermal power plant generating facilities on an annual basis. According to the selection results, based on commercial representation agreements as an agent, the "Financial Settlement Center" concludes KOMMod agreements with selected suppliers on behalf of wholesale electricity and capacity market participants, with a delivery period of 16 years.

According to results of a selection of projects for retrofitting of thermal power plant generating facilities carried out in 2019, Decree of the Government of the Russian Federation No.1713-r dated 2 August 2019 approved a list of generating facilities the capacity of which are to be supplied under KOMMod agreements. Projects for retrofitting of thermal power plant facilities owned by JSC Irkutskenergo, were included in the list of selected projects.

In accordance with wholesale electricity and capacity market regulations, the "Financial Settlement Center", as agent, is obliged to conclude KOMMod agreements on behalf of members of the Group participating in the Russian wholesale electricity and capacity market based on a commercial representation agreement. As such, the Company could neither participate nor exert control over conclusion of KOMMod agreements.

Members of the Group may not impede the conclusion of KOMMod agreements since this type of agreement is obligatory for conclusion by all wholesale electricity and capacity market members. If wholesale electricity and capacity market rules are not observed, members of the Group will be stripped of the wholesale electricity and capacity market entity status which will result in a significant growth in electricity and capacity purchase costs.

In September 2019, the "Financial Settlement Center" concluded KOMMod agreements on behalf of certain members of the Group (which are participants of the wholesale electricity and capacity market) with JSC Irkutskenergo, a company controlled by En+, as the counterparty/supplier. The obligations of the parties under these agreements (supply and payment) will commence from August 2022 at the earliest. Amounts payable by members of the Group under these KOMMod agreements shall be made in cash via bank transfer on payment terms prescribed by regulations of the Market Council.

According to results of a selection of projects for retrofitting of thermal power plant generating facilities carried out in 2019, Decree of the Government of the Russian Federation No.232-r dated 7 February 2020 approved a list of generating facilities the capacity of which is to be supplied under KOMMod agreements. In March 2020 the "Financial Settlement Center" concluded KOMMod agreements on behalf of certain members of the Group (which are participants of the wholesale electricity and capacity market) with JSC Irkutskenergo (as replaced by LLC "BEC" in 2020) and LLC "Avtozavodskaya CHP", companies controlled by En+, as the counterparty/supplier. The obligations of the parties under these agreements (supply and payment) will commence from 2025 at the earliest.

It is expected that members of the Group will enter into KOMMod agreements with associates of En+ from time to time in the future on the same terms as described in the circular of the Company dated 18 October 2019.

As the obligations of the parties under the KOMMod agreements will commence from August 2022 and 2025 accordingly at the earliest, the actual monetary value of electricity and capacity purchased for the year ended 31 December 2020 under the KOMMod agreements with JSC Irkutskenergo was nil.

The aggregate consideration for the long-term and short-term electricity and capacity supply contracts, long-term capacity RSE contracts, KOMMod agreements together with the miscellaneous electricity and capacity transmission contracts between the Group and the associates of En+ for the year ended 31 December 2020 was USD726.2 million, which is within the annual cap of USD1,024 million (net of VAT) as approved by the independent shareholders of the Company for such type of continuing connected transactions for the year ended 31 December 2020.

B Aluminium Sale Contracts

Members of the Group have from time to time entered into aluminium sales contracts with associates of En+.

Aluminium Sales Contracts with En+'s Associate

Primary Aluminium Sales Contract with the associate of En+

"KraMZ" Ltd. is an indirect subsidiary of En+ and is therefore an associate of En+. "KraMZ" Ltd. is therefore an associate of En+ and a connected person of the Company under the HKSE Listing Rules. Accordingly, the contract between member of the Group on one part and "KraMZ" Ltd. on the other, as described below, constitute continuing connected transactions for the Company under the HKSE Listing Rules.

The original contract as mentioned in the table below was entered into on 14 December 2006 when the Company and SUAL Partners merged. In accordance with the Order of Federal Antimonopoly Service of the Russian Federation, members of the Group do not have the right to unduly refuse to supply aluminium products to the buyers and are obliged to organise the work in such a way as to ensure the satisfaction of the needs of the buyers of aluminium products in the Russian market subject to the availability of the relevant production capacities, therefore the contract was entered into. Pursuant to this contract, "KraMZ" Ltd. was to buy primary aluminium from the member of the Group. This contract was concluded on arms-length commercial terms. The consideration for this contract was satisfied in cash via bank transfer.

Details of this contract is set out in the table below:

Contractor (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
"KraMZ" Ltd.	JSC "UC RUSAL TH"	18.02.2020, which is an addendum to the original contract dated 14.12.2006; the term of this addendum commenced on 01.01.2020	Up to 31.12.2020	100% prepayment	119.4
Total:					**119.4**

The aggregate consideration for primary aluminium sale contract provided by the associates of En+ during the year ended 31 December 2020 amounted to USD119.4 million, which was within the revised maximum aggregate consideration of USD134,003,836 for 2020 as disclosed in the announcement dated 19 February 2021. (the "**February 2021 Announcement**"). For details, please refer to the February 2021 Announcement.

Aluminium Sales Contract with Glencore

On 13 December 2019, the Board approved that Rusal Marketing GmbH (or another member of the Group) (the "**Seller**"), enter into the sales contract in relation to the sale of primary aluminium to Glencore International AG (the "**Purchaser**"), a subsidiary of Glencore, as the purchaser. The sale contract has a term from 1 September 2020 to 31 December 2024 and can be extended to 31 December 2025. This sales contract was approved by the independent shareholders of the Company at the general meeting held on 13 May 2020. The sales contract grants an option (the "**Purchaser Call Option**") exercisable by the Purchaser between the financial year ended 31 December 2021 and the financial year ended 31 December 2024 to require the Seller to sell to the Purchaser up to an additional 200,000 tons a year of primary aluminium with an aggregate amount under the term of the sales contract being up to 800,000 tons of primary aluminium. As (i) the sales contract includes (among other things) the Purchaser Call Option; (ii) the Purchaser has granted the Sual a call option to SUAL Partners which require the Purchaser to sell primary aluminium to SUAL partners or any of its associates (the "**SUAL Call Option**"), a connected person of the Company; and (iii) the exercise of the SUAL Call Option is a condition precedent to the exercise of the Purchaser Call Option by the Purchaser, the Purchaser has been deemed by the Hong Kong Stock Exchange to be a connected person of the Company at the point in time of entering the sales contract pursuant to Rule 14A.20 of the HKSE Listing Rules. The sales contract was entered into on 17 July 2020.

As such, the transactions contemplated under the sales contract constitute continuing connected transactions of the Company under the HKSE Listing Rules.

The total consideration for the aluminium supplied under the abovementioned sales contract with the Purchaser during the year ended 31 December 2020 amounted to USD112.7 million, which is within the annual cap of USD726 million as approved by the independent shareholders of the Company for such continuing connected transactions for the year ended 31 December 2020. For further details of the sales contract, please also refer to the paragraph headed "(II) The transactions and arrangements summarised below were entered into by members of the Group on or prior to 31 December 2020 and are in relation to transactions for the year ending 31 December 2021 and subsequent years (and not for the year ended 31 December 2020) – F. Primary Aluminium Sales Contract with Glencore".

C Transportation Contracts with the associates of En+

Each of KraMZ-Auto, "KraMZ" Ltd. and JSC Irkutskenergoremont (as transformed into LLC Irkutskenergoremont in course of 2020) is held by En+ as to more than 30% of the issued share capital and therefore is an associate of En+. During the Review Period, En+ holds more than 30% of the issued share capital of each of JSC Otdeleniye Vremennoy Expluatatsii ("**OVE**"), thus OVE is also an associate of En+. Each of KraMZ-Auto, OVE, "KraMZ" Ltd. and JSC Irkutskenergoremont (as transformed into LLC Irkutskenergoremont in course of 2020) is therefore an associate of En+ and a connected person of the Company under the HKSE Listing Rules. Accordingly, the contracts between members of the Group on one part and KraMZ-Auto, OVE, "KraMZ" Ltd. or JSC Irkutskenergoremont (as transformed into LLC Irkutskenergoremont in course of 2020) on the other, as described below, constitute continuing connected transactions for the Company under the HKSE Listing

Rules. Pursuant to these contracts, KraMZ-Auto, OVE, "KraMZ" Ltd. and JSC Irkutskenergoremont (as transformed into LLC Irkutskenergoremont in course of 2020) were to provide various transportation services to members of the Group. All these transportation contracts were concluded on arms-length commercial terms. The consideration for each of these contracts was satisfied in cash via bank transfer or set-off of obligations.

Details of these contracts are set out in the table below:

Service provider (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
KraMZ-Auto	JSC "RUSAL Krasnoyarsk"	01.01.2018	Up to 31.12.2020	Within 10 banking days from the date of receipt of the original invoice, billed on the basis of the signed certificate of rendered services	1.9
KraMZ-Auto	JSC "RUSAL Krasnoyarsk"	01.01.2018	Up to 31.12.2020	Within 10 banking days from the date of receipt of the original invoice, billed on the basis of the signed certificate of rendered services	0.7
KraMZ-Auto	PJSC "RUSAL Bratsk" (Shelekhov)	01.01.2018	Up to 31.12.2020	Within 10 banking days from the date of receipt of the original invoice, billed on the basis of the signed certificate of rendered services	2.9
KraMZ-Auto	PJSC "RUSAL Bratsk" (Shelekhov)	01.01.2018	Up to 31.12.2020	Within 10 banking days from the date of receipt of the original invoice, billed on the basis of the signed certificate of rendered services	0.1
KraMZ-Auto	Sayanogorsk Railcar Repair Works Limited Liability Company (SVRZ)	01.01.2018	Up to 31.12.2020	Within 10 banking days from the date of receipt of the original invoice, billed on the basis of the signed certificate of rendered services	–
KraMZ-Auto	Sayanogorsk Railcar Repair Works Limited Liability Company (SVRZ)	01.01.2018	Up to 31.12.2020	Within 10 banking days from the date of receipt of the original invoice, billed on the basis of the signed certificate of rendered services	–
KraMZ-Auto	PJSC "RUSAL Bratsk"	01.01.2018	Up to 31.12.2020	Within 10 banking days from the date of receipt of the original invoice, billed on the basis of the signed certificate of rendered services	1.7

Service provider (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
KraMZ-Auto	JSC "RUSAL Sayanogorsk"	01.01.2018	Up to 31.12.2020	Within 10 banking days from the date of receipt of the original invoice, billed on the basis of the signed certificate of rendered services	0.3
KraMZ-Auto	JSC "RUSAL Sayanogorsk"	01.01.2018	Up to 31.12.2020	Within 10 banking days from the date of receipt of the original invoice, billed on the basis of the signed certificate of rendered services	1.8
KraMZ-Auto	Limited Liability Company "Russian Engineering Company" (Sayanogorsk)	28.12.2017 (the terms of the contract commenced on 01.01.2018)	Up to 31.12.2020	Payment to be made in two equal installations of 50% of the total amount, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after the receipt from contractor of the original copy of the invoice for the total amount of services performed and accepted by the customer, on the basis of performed works acceptance certificates signed by the parties	–
KraMZ-Auto	"IT-Service" LLC	25.12.2017 (the terms of the contract commenced on 01.01.2018)	Up to 31.12.2020	Payment within 60 days from the date of signing and provision of original invoice	–
KraMZ-Auto	RUSAL SAYANAL JSC	28.12.2017 (the terms of the contract commenced on 01.01.2018)	Up to 31.12.2020	Payment within 10 days after receipt of the VAT invoice	0.1
KraMZ-Auto	RUSAL SAYANAL JSC	28.12.2017 (the terms of the contract commenced on 01.01.2018)	Up to 31.12.2020	Payment within 15 days after receipt of the VAT invoice	–

Service provider (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
KraMZ-Auto	Limited Liability Company "Russian Engineering Company" (Shelekhov)	28.12.2017 (the terms of the additional agreement commenced on 01.01.2018)	Up to 31.12.2020	Payment to be made in two equal installations of 50% of the consideration, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after receipt of the invoice on the basis of performed works acceptance certificates signed by the parties	–
KraMZ-Auto	Limited Liability Company "Russian Engineering Company" (Krasnoyarsk)	18.01.2018	Up to 31.12.2020	Payment to be made in two equal installations of 50% of the total amount, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after the receipt from contractor of the original copy of the invoice for the total amount of services performed and accepted by the customer, on the basis of performed works acceptance certificates signed by the parties	–
KraMZ-Auto	Limited Liability Company "Russian Engineering Company"	01.02.2018 (addendum to the contract dated 28.12.2017)	Up to 31.12.2020	Payment to be made in two equal installations of 50% of the consideration, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after receipt of the invoice on the basis of performed works and acceptance certificates signed by the parties	–

Service provider (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
OVE	RUSAL Sayanogorsk JSC	31.12.2019	Up to 31.12.2020	Payment is made within 10 working days from the date of receipt of the invoice	4.5
OVE	JSC "RUSAL SAYANAL"	31.12.2019	Up to 31.12.2020 If neither party declares its intention to terminate the contract one month before its expiration date, the contract is considered to be extended for each subsequent calendar year on the same terms, and the total term of the contract cannot be longer than three years.	Payment is made within 10 working days from the date of receipt of the invoice	–
"KraMZ" Ltd.	RUSAL Krasnoyarsk JSC	01.01.2020	Up to 31.12.2020	Payment is made monthly within 30 days from the date of signing of the act of the rendered services	–
KraMZ-Auto	JSC "Kremniy"	27.12.2019	Up to 31.12.2020	Payment is made within 60 days after receiving the invoice	–
KraMZ-Auto	LLC "SUAL-PM"	27.12.2019	Up to 31.12.2020	Payment in 10 days after receiving the invoice	–
KraMZ-Auto	"RUSAL ETC" LLC	23.07.2020	Up to 15.01.2021	Payment is made within 10 calendar days after signing the certificate of services rendered and the issued invoice	–
OVE	JSC RUSAL Sayanogorsk	16.11.2020	Up to 31.12.2020	Payment is within 10 working days from the date of receipt of the invoice	–
OVE	JSC RUSAL Sayanogorsk	18.12.2020, the additional agreement to the contract dated 31.12.2019	Up to 31.12.2020	Payment is made within 10 working days from the receipt of the original of invoice	–
Total:					**14.1***

* – The sum of the figures in the tables are different due to rounding

The aggregate consideration for the transportation services provided by the associates of En+ during the year ended 31 December 2020 amounted to USD14.1 million, which was within the maximum aggregate consideration of USD21.810 million for 2020 as disclosed in the announcement dated 21 December 2020.

D Heat Supply Contracts with the associates of En+

Each of the issued share capital of Baykalenergo Joint-Stock Company, Khakass Utility Systems Limited Liability Company, JSC Irkutskenergo Limited Liability Company "Irkutskenergosbyt" and LLC "BEC" is held by En+ (being a substantial shareholder of the Company) as to more than 30%, and is therefore an associate of En+. Each of Baykalenergo Joint-Stock Company, Khakass Utility Systems Limited Liability Company, JSC Irkutskenergo, Limited Liability Company "Irkutskenergosbyt" and LLC "BEC" is thus a connected person of the Company under the HKSE Listing Rules. Accordingly, the contracts below constitute continuing connected transactions of the Company. Pursuant to these contracts, the associates of En+ were to supply heat (including heat energy and heat power in the form of steam and hot water) to members of the Group. All of these heat supply contracts were entered into on arms-length commercial terms. The consideration for each of these contracts was satisfied in cash via bank transfer or set-off of obligations.

Supplier (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
JSC Baykalenergo	Limited Liability Company "RUSALTaishet Aluminium Smelter"	01.02.2018	Up to 31.12.2020	First payment of 35% of the total price no later than the 18th day of the current month; second payment of 50% no later than the last day of the current month; and no later than the 10th day of the month following the settlement month payment for actually consumed thermal power amount with allowance for earlier payments	–
JSC Irkutskenergo	PJSC "RUSAL Bratsk" (Shelekhov)	01.01.2018	Up to 31.12.2020	First payment of 35% of the total price no later than the 18th day of the current month; second payment of 50% no later than the last day of the current month; and the third payment of 15% no later than the 10th day of the month following the settlement month	0.7
JSC Irkutskenergo	PJSC "RUSAL Bratsk" (Shelekhov)	01.01.2018	Up to 31.12.2020	First payment of 35% of the total price no later than the 18th day of the current month; second payment of 50% no later than the last day of the current month; and the third payment of 15% no later than the 10th day of the month following the settlement month	0.3

Supplier (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
Khakass Utility Systems LLC	RUSAL SAYANAL JSC	28.12.2017 (the terms of the contract commenced on 01.01.2018)	Up to 31.12.2020	Payment nolater than the 20th day of the month following the accounting month	0.4
JSC Irkutskenergo	PJSC "RUSAL Bratsk"	01.1.2019, which is an additional agreement to the contract dated 01.01.2013	Up to 31.12.2020	Advance payment at 18 months – 35% of the consideration, at 30 months -50% of the consideration, and the remaining month – 15% of the consideration	–
Limited Liability Company "Irkutskenergosbyt"	Limited Liability Company "United Company RUSAL Anode Plant"	29.8.2019, which is an additional agreement to the original contract dated 22.5.2019 (the terms of this additional agreement commenced on 3.6.2019)	Up to 31 May 2022	On or before the 18th day of the current accounting period, the consumer shall pay 35% of the heat energy cost as approved by the parties; on or before the last day of the current accounting period the consumer shall pay 50% of the heat energy cost as approved by the parties; on or before the 10th day of the month following the accounting period, the consumer shall pay the balance between of actual consumed heat energy as registered by metering instruments readings or based on the calculation if a metering instrument is not available, and the amount already paid by the consumer	–
Baykalenergo JSC	RUSAL Sayanogorsk JSC	31.12.2019	Up to 31 December 2020	Payment to be made monthly no later than the 10th day of the month following the reporting period	–

Supplier (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
Khakass Municipal Systems LLC	RUSAL Sayanogorsk JSC	31.12.2019	Up to 31 December 2020	First payment (85% of the total amount of thermal energy) shall be paid no later than the 20th of the month of the current billing period, based on the invoice. Second payment (the difference between the quantity of thermal energy actually received based on readings of metering devices or by calculation in case of absence of metering devices, and the amount paid by the purchaser) shall be paid no later than the 10th day of the month following the billing period.	3.6
Baykalenergo JSC	RUSAL Sayanogorsk JSC	31.12.2019	Up to 31 December 2020	Payment is made monthly no later than the 10th day of the month following the reporting period	–
Baykalenergo JSC	Limited Liability Company “RUSAL Taishet Aluminium Smelter”	01.01.2020	Up to 31 December 2022	First payment (35% of the planned total cost of heat) shall be paid no later than the 18th of the month. Second payment (50% of the planned total cost of heat) shall be paid no later than the last day of the month. Final payment (for the heat actually consumed, taking into account earlier payments) shall be paid no later than the 10th day of the following month.	0.1
JSC Irkutskenergo	PJSC “RUSAL Bratsk” (Shelekhov)	18.2.2020	Up to 31 December 2022	Payment to be made monthly no later than the 10th day of the month following the reporting period	–

Supplier (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
JSC Irkutskenergo	Joint Stock Company "SibVAMI"	Automatic renewal of the contract dated 28.12.2016 for the period from 01.01.2020 to 30.11.2020	Up to 30.11. 2020	Advance payment of 35% of the total price on the 18th day of the current month and 50% by the last day of the current month, with the remaining 15% being payable by the 10th day of the next month	–
LLC "BEC"	Joint Stock Company "SibVAMI"	19.2.2021 (the term of the contract commenced on 01.12.2020)	Up to 31.12.2023. Agreement is considered to be extended for the next calendar year and on the same terms, if before the end of its validity period, any of the parties declare neither its termination or modification, or the conclusion of the agreement on other terms.	Advance payment of 35% of the total price on the 18th day of the current month and 50% by the last day of the current month, with the remaining 15% being payable by the 10th day of the next month	–
Total:					**5.2***

* – The sum of the figures in the tables are different due to rounding

The aggregate consideration for the heat supply provided by the associates of En+ during the year ended 31 December 2020 amounted to USD5.2 million, which was within the maximum aggregate consideration of USD9.717 million for 2020 as disclosed in the announcement dated 19 February 2021.

E Repair Services Contracts with the associates of En+

Each of the issued share capital of JSC Irkutskenergoremont (as transformed into LLC Irkutskenergoremont in course of 2020), KraMZ-Auto, KraMZ Ltd., JSC "IENC", JSC Baykalenergo and "HPS-engineering" Ltd. is directly or indirectly held by En+ as to more than 30%, each of them is therefore an associate of En+ and thus is a connected person of the Company under the HKSE Listing Rules.

Accordingly, the transactions entered into between members of the Group as customers and JSC Irkutskenergoremont (as transformed into LLC Irkutskenergoremont in course of 2020), KraMZ-Auto, KraMZ Ltd, JSC "IENC", JSC Baykalenergo or "HPS-engineering" Ltd. as contractors constitute continuing connected transactions of the Company under the HKSE Listing Rules. The consideration for the repair services under each of these contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via bank transfer or set-off of obligations.

Details of these transactions are set out in the table below:

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
01.03.2018 (Note 1)	RUSAL Krasnoyarsk JSC	KraMZ-Auto	Up to 31.12.2020	Services for maintenance and repair of cars	Payment is made within 10 banking days from the date of receipt of the original invoice	–
23.12.2019	Societe Anonyme “FRIGUIA” (FRIGUIA SA)	JSC Irkutskenergoremont	Up to 31.12.2020	Works on overhaul of the boiler	15% prepayment to be paid within 5 calendar days from the date of the signing of the contract, and the remaining 85% payable within 30 calendar days from the date of the act of the performed works	1.4
01.01.2020	PJSC “RUSAL Bratsk”	KraMZ-Auto	Up to 31.12.2020	Car maintenance and repair services	Payment is made within 10 business days upon delivery of the services	–
01.01.2020	PJSC “RUSAL Bratsk”	JSC “IENC”	Up to 31.12.2020	Technical maintenance of equipment	Payment is made within 5 days from the receipt of the invoice for the current month	–
27.12.2019	JSC “RUSAL Achinsk”	JSC “Irkutskenergoremont”	Up to 31.12.2020	Services for works on overhaul of the boiler #1	A prepayment of 50% of the consideration is made according to the monthly finance schedule up to the 5th of the month, the final payment of 50% of the consideration is made within 10 days from receipt of the original invoice	1.7

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
01.01.2020	JSC “RUSAL Achinsk”	JSC “Irkutskenergoremont”	Up to 31.12.2020	Maintenance of equipment	A prepayment of 50% of the consideration is made according to the monthly finance schedule up to the 5th of the month, the final payment of 50% of the consideration is made within 10 days from receipt of the original invoice	5.2
13.01.2020	PJSC “RUSAL Bratsk”	JSC “Irkutskenergoremont”	Up to 31.12.2020	Production equipment maintenance and repair works	Payment is made within 60 days of signing of the performed works certificate by the customer based on an invoice	1.5
27.04.2020	Joint stock company “RUSAL Sayanogorsk Aluminium Smelter”	JSC “Baikalenergo”	Up to 31.12.2020	Providing monthly service to fuel oil pumping station of the energy workshop at JSC “RUSAL Sayanogorsk”	Payment to be made within 60 calendar days after receipt of the original invoices corresponding to the certificates of acceptance signed by both parties	0.1
27.04.2020	Joint stock company “RUSAL Sayanogorsk Aluminium Smelter”	JSC “Baikalenergo”	Up to 31.12.2020	Providing monthly service to the external heat networks and industrial plant wiring at JSC “RUSAL Sayanogorsk”	Payment to be made within 60 calendar days after receipt of the original invoices corresponding to the certificates of acceptance signed by both parties	–

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
27.04.2020	JSC RUSAL Achinsk	JSC Irkutskenergoremont	Up to 31.12.2020	Purchase of services for performance of work upon overhaul of the turbine #4	Prepayment of 50% of the consideration is paid according to the monthly financial schedule up to the 5th of the month, the final payment of 50% of the consideration shall be paid within 10 calendar days from receipt of the original invoices	1.3
24.04.2020	Limited Liability Company “Casting and mechanical plant “SKAD”	“KraMZ” Ltd.	Up to 31.12.2020	Equipment repair services (melting furnace inductors and cable-hoses)	Payment to be paid within 30 days after the date of signature of the work completion and acceptance certificate	0.1
14.05.2020	Joint stock company “RUSAL Krasnoyarsk Aluminium Smelter”	KraMZ-Auto	Up to 31.3.2021	Acquisition of equipment repair services	Payment upon delivery within 15 calendar days after signing acts of completion	–
14.05.2020	LLC “K&K” (which was later replaced by LLC Casting and mechanical plant “SKAD”)	“KraMZ” Ltd.	Up to 31.12.2020	Repair and manufacture of electrical equipment	Payment within 30 calendar days after signing the certificate of completion	–
29.06.2020	JSC RUSAL Krasnoyarsk	“HPS-engineering” Ltd.	Up to 31.12.2020	Purchase of works on repair of equipment	Pre-payment for materials up to USD15,000 without VAT within 5 banking days from date of invoice. Payment will be made within 30 calendar days after receipt of the original invoice corresponding to the certificates of acceptance signed by both parties	0.1

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
29.06.2020, the additional agreement to the contract dated 13.01.2020	PJSC "RUSAL Bratsk"	JSC Irkutskenergoremont	Up to 31.12.2020	Production equipment maintenance and repair works	Payment within 60 days of signing of the performed works certificate by the customer based on an invoice	–
23.07.2020	LLC "K&K" (which was later replaced by LLC Casting and mechanical plant "SKAD")	KraMZ-Auto	Up to 31.12.2020	Provision of special-purpose machinery	10 calendar days from receipt of original invoice	–
23.07.2020	JSC "Kremniy"	LLC "Irkutskenergoremont"	Up to 31.12.2020	Transformer repair services	Payment in 60 days after receiving invoice for services provided	–
30.07.2020	JSC RUSAL Achinsk	LLC "Irkutskenergoremont"	Up to 31.12.2020	Acquisition of services for works on overhaul of the boiler #4	A prepayment of 50% of the planned execution of works is made according to the monthly financial schedule up to 5th day of the current month, the final payment of 50% to be paid within 10 calendar days from receipt of the original invoice	1.7
29.10.2020, the additional agreement to the contract dated 13.01.2020	PJSC "RUSAL Bratsk"	JSC Irkutskenergoremont	Up to 31.12.2020	Production equipment maintenance and repair works	Payment within 60 days of signing of the performed works certificate by the customer based on an invoice	–
16.11.2020	JSC Kremniy	LLC Irkutskenergoremont	Up to 31.12.2020	Transformer repair services	Payment within 60 days of signing of the performed works certificate by the customer based on an invoice	–

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
27.11.2020	JSC RUSAL Achinsk	LLC Irkutskenergoremont	Up to 31.12.2020	Service maintenance of equipment at CHPP	Prepayment of 50% of the consideration is made according to the monthly financial schedule up to 5th of the month, the final payment of 50% of the consideration is made within 10 calendar days from the receipt of the originals of the invoices	1.0
27.11.2020	JSC RUSAL Krasnoyarsk	KraMZ-Auto	Up to 31.12.2020	Car repair services	Payment is made within 45 calendar days after receipt of the certificate of services rendered and the issued invoice	–
Total:						**14.1**

Note:

1. This contract was entered into pursuant to a framework agreement dated 24 December 2018 between the Company and En+ under which En+ and its associates agreed to provide repair services to members of the Group, as disclosed in the announcement of the Company dated 27 December 2018.

The aggregate consideration for the repair services provided under these contracts by the associates of En+ during the year ended 31 December 2020 amounted to USD14.1 million which was within the maximum aggregate consideration of USD18.674 million for 2020 as disclosed in the announcement dated 30 November 2020.

F Operation of Ondskaya Hydro Power Station

EuroSibEnergo – Thermal Energy LLC is directly or indirectly held by En+ as to more than 30% of the issued share capital, it is therefore an associate of En+ and thus is a connected person of the Company under the HKSE Listing Rules.

Accordingly, the transactions entered into between members of the Group and EuroSibEnergo – Thermal Energy LLC constitute continuing connected transactions of the Company under the HKSE Listing Rules. The consideration under each of these contracts is determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via bank transfer.

Details of these transactions are set out in the table below:

Member of the Group)	Associate of En+	Date of contract	Subject matter	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
JSC RUSAL Ural	EuroSibEnergo – Thermal Energy LLC	13.12.2018 (addendum to the lease dated 11.11.2016)	Lease of movable and immovable property of Ondskaya Hydro Power Station	From 01.01.2019 to 31.12.2021	50% of the monthly payment to be paid before the 20th of the current lease month; the remaining 50% of the monthly payment to be paid before the 5th of the month following the lease month	3.7
JSC RUSAL Ural	EuroSibEnergo – Thermal Energy LLC	13.12.2018 (addendum to the contract dated 11.11.2016)	Provision of operation and maintenance services in relation to the Ondskaya Hydro Power Station	From 01.01.2019 to 31.12.2021	An advance payment amounting to 50% of the monthly payment will be made by the 30th of the current month and the remaining 50% of the monthly payment will be made within 10 calendar days after the customer and the contractor have signed a bilateral acceptance certificate to confirm that the rendered services meet the terms of the addendum.	2.3
Total:						**5.9***

* – The sum of the figures in the tables are different due to rounding

The aggregate consideration for operation of Ondskaya Hydro Power Station under these contracts by EuroSibEnergo – Thermal Energy LLC during the year ended 31 December 2020 amounted to USD5.9 million which was within the maximum aggregate consideration of USD6,612,121 for 2020 as disclosed in the announcement dated 14 December 2018.

G Connection of electrical grid by the associate of En+

The issued share capital of JSC "IENC" is held by En+ as to more than 30% of the issued share capital and is therefore an associate of En+ and thus is a connected person of the Company under the HKSE Listing Rules.

Accordingly, the transactions entered into between the members of the Group as customer and JSC "IENC" as service provider constitute continuing connected transactions of the Company under the HKSE Listing Rules. The consideration for the electrical grid connection services under the contracts is determined on an arm's length basis. The consideration for the contracts was satisfied in cash via bank transfer.

Details of the transactions are set out in the table below:

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2020 USD million (excluding VAT)
03.10.2017	LLC "RUSAL Taishet Aluminium Smelter"	JSC "IENC"	Up to 01.10.2020, may be extended for the next year if neither party declares its intention to terminate the contract in writing no later than 30 calendar days prior to its expiration	The payment of consideration will be made monthly against the invoices issued by the service provider and the subsequent work acceptance certificates based on stages	–
29.4.2019 an additional agreement to the original contract dated 3.10.2017	"RUSAL Taishet Aluminium Smelter" Limited Liability Company	JSC "IENC"	Up to 31.8.2020 and may be extended until 30.11.2021 if neither party declares its intention to terminate the contract in writing no later than 30 calendar days prior to its expiration	The payment of consideration will be made monthly against the invoices issued and the subsequent work acceptance certificates based on stages	–
14.11.2019	LLC "United Company RUSAL Anode Plant"	JSC "IENC"	Up to 30.09.2021	The payment of consideration shall be made within 15 days after the contract date	–
Total:					**–**

The aggregate consideration for the electrical grid connection services provided under the above contract by the associate of En+ during the year ended 31 December 2020 amounted to nil which was within the maximum aggregate consideration of USD33.528 million for 2020 as disclosed in the announcement dated 30 April 2019.

(II) The transactions and arrangements summarised below were entered into by members of the Group on or prior to 31 December 2020 and are in relation to transactions for the year ending 31 December 2021 and subsequent years (and not for the year ended 31 December 2020):

A Transportation Contracts with the associates of En+

As discussed above, each of KraMZ-Auto and OVE is an associate of En+, and therefore is a connected person of the Company under the HKSE Listing Rules. Accordingly, the transactions entered into between members of the Group on one part, and each of KraMZ-Auto and OVE on the other, constitute continuing connected transactions of the Company under the HKSE Listing Rules.

During 2020, members of the Group, as customers, entered into the following transportation contracts with particulars set out below:

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Transportation services	Estimated consideration for the relevant year payable excluding VAT (USD)	Scheduled termination date	Payment terms
01.01.2021	LLC "SVRZ"	KraMZ-Auto	Transport and transportation services	2021: 15,272 2022: 15,885 2023: 16,520	31 December 2023	Payment is made within 10 calendar days from the receipt of the invoice
01.01.2021	LLC "SVRZ"	KraMZ-Auto	Transport and transportation services	2021: 4,529 2022: 4,710 2023: 4,899	31 December 2023	Payment is made within 10 banking days from the receipt of the invoice
01.01.2021	JSC "Kremniy"	KraMZ-Auto	Transport and transportation services	2021: 11,128	31 December 2021	Payment is made within 30 calendar days from the receipt of the invoice
31.12.2020 (the term of this contract commenced on 01.01.2021)	JSC RUSAL Sayanogorsk	OVE	Services for the transportation and provision of railway transport services	2021: 4,718,180	31 December 2021	Payment is made within 10 working days from the receipt of the original of invoice
01.01.2021	PJSC "RUSAL Bratsk"	KraMZ-Auto	Cargo and special vehicles transportation services	2021: 2,310,094 2022: 2,401,832 2023: 2,497,035	31 December 2023	Payment is made within 10 working days from the receipt of the original of invoice on the basis of the signed certificate of rendered services
01.01.2021	PJSC "RUSAL Bratsk" (Shelekhov)	KraMZ-Auto	Light vehicles and passenger transport transportation services	2021: 275,832 2022: 286,842 2023: 298,291	31 December 2023	Payment is made within 10 working days from the receipt of the original of invoice on the basis of the signed certificate of rendered services

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Transportation services	Estimated consideration for the relevant year payable excluding VAT (USD)	Scheduled termination date	Payment terms
01.01.2021	PJSC "RUSAL Bratsk" (Shelekhov)	KraMZ-Auto	Cargo, special equipment and lifting mechanisms transportation services	2021: 5,501,693 2022: 6,325,092 2023: 6,575,650	31 December 2023	Payment is made within 10 working days from the receipt of the original of invoice on the basis of the signed certificate of rendered services
28.12.2020 (the term of this contract commenced on 01.01.2021)	JSC RUSAL Krasnoyarsk	KraMZ-Auto	Passenger vehicles transportation services	2021: 745,038 2022: 774,246 2023: 805,033	31 December 2023	Payment is made within 10 working days from the receipt of the original of invoice on the basis of the signed certificate of rendered services
28.12.2020 (the term of this contract commenced on 01.01.2021)	JSC RUSAL Krasnoyarsk	KraMZ-Auto	Trucks, passenger vehicles and special vehicles transportation services	2021: 2,187,169 2022: 2,260,613 2023: 2,322,291	31 December 2023	Payment is made within 10 working days from the receipt of the original of invoice on the basis of the signed certificate of rendered services
23.12.2020 (the term of this contract commenced on 01.01.2021)	JSC RUSAL SAYANAL	KraMZ-Auto	Transport and transportation (passenger transportation) services	2021: 27,863 2022: 28,978 2023: 30,137	Up to 31 December 2023	Payment is made within 10 working days from the receipt of the original of invoice on the basis of the signed certificate of rendered services in the absence of motivated objections to the certificate

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Transportation services	Estimated consideration for the relevant year payable excluding VAT (USD)	Scheduled termination date	Payment terms
23.12.2020 (the term of this contract commenced on 01.01.2021)	JSC RUSAL SAYANAL	KraMZ-Auto	Transport and transportation (cargo transportation) services	2021: 133,043 2022: 92,202 2023: 96,429	Up to 31 December 2023	Payment is made within 10 calendar days from the date of receipt of the invoice issued and presented to the charterer on the basis of the certificate of services signed by the parties and in the absence of reasoned objections to the certificate
23.12.2020 (the term of this contract commenced on 01.01.2021)	LLC "SUAL-PM"	KraMZ-Auto	Transport and transportation services	2021: 29,852	Up to 31 December 2021	Payment is made within 10 working days from the receipt of the invoice and the signed certificate of rendered services
23.12.2020 (the term of this contract commenced on 01.01.2021)	JSC RUSAL Sayanogorsk	KraMZ-Auto	Light vehicles transportation services	2021: 184,963 2022: 185,731 2023: 187,087	Up to 31 December 2023	Payment is made within 10 working days from the receipt of the original of invoice on the basis of the signed certificate of rendered services
23.12.2020 (the term of this contract commenced on 01.01.2021)	JSC RUSAL Sayanogorsk	KraMZ-Auto	Passenger bus transportation services	2021: 333,775 2022: 347,126 2023: 361,012	Up to 31 December 2023	Payment is made within 10 working days from the receipt of the original of invoice on the basis of the signed certificate of rendered services

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Transportation services	Estimated consideration for the relevant year payable excluding VAT (USD)	Scheduled termination date	Payment terms
23.12.2020 (the term of this contract commenced on 01.01.2021)	JSC RUSAL Sayanogorsk	KraMZ-Auto	Cargo and special vehicles transportation services	2021: 2,774,431 2022: 2,934,837 2023: 3,049,639	Up to 31 December 2023	Payment is made within 10 working days from the receipt of the original of invoice on the basis of the signed certificate of rendered services
23.07.2020	LLC “RUSAL ETC”	KraMZ-Auto	Transportation of goods	2021: nil	Up to 15 January 2021	Payment is made within 10 calendar days after signing the certificate of services rendered and the issued invoice

The consideration under these transportation contracts is to be paid in cash via bank transfer or set-off of mutual obligations.

B Heat Supply Contracts with the associates of En+

As discussed above, each of JSC Irkutskenergo, LLC “BEC”, Khakass Municipal Systems LLC, Joint-Stock Company “Baykalenergo” and Limited Liability Company “Irkutskenergosbyt” is an associate of En+, and is thus a connected person of the Company under the HKSE Listing Rules.

Accordingly, the transactions entered into between members of the Group on one part and JSC Irkutskenergo, LLC “BEC”, Khakass Municipal Systems LLC, Joint-Stock Company “Baykalenergo” or Limited Liability Company “Irkutskenergosbyt” on the other, as discussed below, constitute continuing connected transactions of the Company under the HKSE Listing Rules.

During 2020 or other years, members of the Group, as purchasers, entered into the following heat supply contracts with particulars set out below:

Date of contract	Purchaser (member of the Group)	Supplier (associate of En+)	Form of heat	Estimated amount of heat to be supplied for the relevant year	Estimated consideration payable for the relevant years excluding VAT (USD)	Payment terms
29.08.2019, which is an additional agreement to the original contract dated 22.05.2019 (the terms of this additional agreement commenced on 03.06.2019 (Note 1)	Limited Liability Company "United Company RUSAL Anode Plant"	Limited Liability Company "Irkutskenergosbyt"	Supply of domestic hot water	Gcal/m2 – 1258.58	2021: 2,768 2022: 1,154	On or before the 18th day of the current accounting period, the consumer shall pay 35% of the heat energy cost as approved by the parties; on or before the last day of the current accounting period the consumer shall pay 50% of the heat energy cost as approved by the parties; on or before the 10th day of the month following the accounting period, the consumer shall pay the balance between of actual consumed heat energy as registered by metering instruments readings or based on the calculation if a metering instrument is not available, and the amount already paid by the consumer

Date of contract	Purchaser (member of the Group)	Supplier (associate of En+)	Form of heat	Estimated amount of heat to be supplied for the relevant year	Estimated consideration payable for the relevant years excluding VAT (USD)	Payment terms
01.01.2020 (Note 1)	Limited Liability Company RUSAL Taishet Aluminium Smelter	JSC Baykalenergo	Thermal energy	Heat: 2021: 4,341.08 Gcal 2022: 4,341.08 Gcal Coolant: 2021: 250.12 m^3 2022: 250.12 m^3	2021: 121,022 2022: 129,444	First payment (35% of the planned total cost of heat) shall be paid no later than the 18th of the month. Second payment (50% of the planned total cost of heat) shall be paid no later than the last day of the month. Final payment (for the heat actually consumed, taking into account earlier payments) shall be paid no later than the 10th day of the following month.
18.02.2020 (Note 2)	PJSC "RUSAL Bratsk" (Shelekhov)	JSC Irkutskenergo	Purchase of heat (water, steam)	Heat: 2021: 15.5 Gcal 2022: 15.5 Gcal	2021: 228 2022: 236	Payment to be made monthly no later than the 10th day of the month following the reporting period.
01.01.2021 (Note 4)	PJSC RUSAL Bratsk	LLC "BEC"	Purchase of heat energy supply in hot water	Heat: 2021: 330 Gcal Chemical purified water: 2021: 559 m^3	2021: 4,476	Advance payment up to the 18th day of the month are to be settled in the amount of 35%, up to the last day of the month – 50%, the balance in fact up to the 10th day of the month following the settlement

Date of contract	Purchaser (member of the Group)	Supplier (associate of En+)	Form of heat	Estimated amount of heat to be supplied for the relevant year	Estimated consideration payable for the relevant years excluding VAT (USD)	Payment terms
01.01.2021 (Note 3)	PJSC RUSAL Bratsk (Shelekhov branch)	LLC "BEC"	Purchase of heat energy in hot water	Heat: 2021: 128 978 Gcal 2022: 128 978 Gcal 2023: 128 978 Gcal Chemical purified water: 2021: 196 202 m^3 2022: 196 202 m^3 2023: 196 202 m^3	2021: 1,765,842 2022: 1,836,476 2023: 1,909,935	The first term of payment is not later than the 18th day of the current month in the amount of 35% of the amount, the second payment period is not later than the last day of the current month in the amount of 50% and the third term payment is not later than the 10th day of the month following the reporting month
01.01.2021 (Note 3)	PJSC RUSAL Bratsk (Shelekhov branch)	LLC "BEC"	Purchase of heat energy in steam	Heat: 2021: 30 382 Gcal 2022: 30 382 Gcal 2023: 30 382 Gcal Chemical purified water: 2021: 42 145 m^3 2022: 42 145 m^3 2023: 42 145 m^3	2021: 561,735 2022: 584,205 2023: 607,573	The first term of payment is not later than the 18th day of the current month in the amount of 35% of the amount, the second payment period is not later than the last day of the current month in the amount of 50% and a third term payment is not later than the 10th day of the month following the reporting month
28.12.2020 (the term of this contract commenced on 01.01.2021) (Note 4)	JSC RUSAL Sayanogorsk	Khakass Municipal Systems LLC	Purchase of thermal energy	Heat: 2021: 360 767 Gcal Chemical purified water: 2021: 1 350 000 m^3	Heat: 2021: 4,360,092 Chemical purified water: 2021: 156,452	First payment (85% of the total amount of thermal energy) shall be paid no later than the 20th day of the month of the current billing period, based on the invoice

Date of contract	Purchaser (member of the Group)	Supplier (associate of En+)	Form of heat	Estimated amount of heat to be supplied for the relevant year	Estimated consideration payable for the relevant years excluding VAT (USD)	Payment terms
28.12.2020 (the term of this contract commenced on 01.01.2021) (Note 4)	JSC RUSAL Sayanogorsk	Baykalenergo JSC	Purchase of thermal energy in hot water	Heat: 2021: 428 Gcal Chemical purified water: 2021: 12 m^3	2021: 13,754	The payment is made monthly, not later than the 20th day of the month following the reporting period
28.12.2020 (the term of this contract commenced on 01.01.2021) (Note 4)	JSC RUSAL Sayanogorsk	Baykalenergo JSC	Purchase of thermal energy in hot water for provision of sports complex	Heat: 2021: 4,198 Gcal Chemical purified water: 2021: 49,825 m^3	2021: 148,708	The payment is made monthly, not later than the 20th day of the month following the reporting period
28.12.2020 (the term of this contract commenced on 01.01.2021) (Note 3)	LLC RUSAL Taishet Aluminium Smelter	Baykalenergo JSC	Purchase of heat	Heat: 2021: 4,341.08 Gcal 2022: 4,341.08 Gcal 2023: 4,341.08 Gcal Coolant: 2021: 250.12 m^3 2022: 250.12 m^3 2023: 250.12 m^3	2021: 14,091 2022: 15,500 2023: 17,050	The first term of payment is not later than the 18th day of the current month in the amount of 35% of the amount, the second payment period is not later than the last day of the current month in the amount of 50% and a third term payment is not later than the 10th day of the month following the reporting month
28.12.2020 (the term of this contract commenced on 01.01.2021) (Note 4)	UC RUSAL Anode Plant LLC	Baykalenergo JSC	Purchase of thermal energy in hot water	Heat: 2021: 1331.9 Gcal	2021: 29,316	The first term of payment is not later than the 18th day of the current month in the amount of 35% of the amount, the second payment period is not later than the last day of the current month in the amount of 50% and a third term payment is not later than the 10th day of the month following the reporting month

Date of contract	Purchaser (member of the Group)	Supplier (associate of En+)	Form of heat	Estimated amount of heat to be supplied for the relevant year	Estimated consideration payable for the relevant years excluding VAT (USD)	Payment terms
28.12.2020 (the term of this contract commenced on 01.01.2021) (Note 3)	JSC RUSAL SAYANAL	Khakass Municipal Systems LLC	Purchase of heat and chemically purified water	Heat: 2021: 34 000 Gcal 2022: 34 000 Gcal 2023: 34 000 Gcal Chemical purified water: 2021: 77 000 m^3 2022: 77 000 m^3 2023: 77 000 m^3	2021: 419,835 2022: 482,812 2023: 555,235	Payment is made no later than on the 10th day of the month following the billing period
19.02.2021 (the term of the contract commenced on 01.12.2020) (Note 5)	Joint Stock Company "SibVAMI"	LLC "BEC"	The acquisition of thermal energy to provide heat and hot water for the building of JSC SibVAMI	2021: 1,870 Gcal 2022: 1,700 Gcal 2023: 1,700 Gcal	2021: 29,018 2022: 29,408 2023: 32,349	Advance payment of 35% of the total price on the 18th day of the current month and 50% by the last day of the current month, with the remaining 15% being payable by the 10th day of the next month

1. The scheduled termination date of the contract is 31 May 2022.
2. The scheduled termination date of the contract is 31 December 2022.
3. The scheduled termination date of the contract is 31 December 2023.
4. The scheduled termination date of the contract is 31 December 2021.
5. The scheduled termination date of the contract is 31 December 2023. Agreement is considered to be extended for the next calendar year and on the same terms, if before the end of its validity period, any of the parties declare neither its termination or modification, or the conclusion of the agreement on other terms.

C Repair Services Contracts with associates of En+

As discussed above, each of KraMZ-Auto and JSC "Irkutsk electronetwork company" is an associate of En+, and is thus a connected person of the Company under the HKSE Listing Rules.

Accordingly, the transaction entered into between a member of the Group on one part and each of KraMZ-Auto or JSC "Irkutsk electronetwork company" on the other, as discussed below, constitute continuing connected transactions of the Company under the HKSE Listing Rules.

During 2020, members of the Group, as customers, entered into the following repair services contracts with particulars set out below:

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Repair services	Scheduled termination date	Estimated consideration payable for the relevant year USD	Payment terms
14.05.2020	Joint stock company "RUSAL Krasnoyarsk Aluminium Smelter"	KraMZ-Auto	Acquisition of equipment repair services	Up to 31 March 2021	2021: 1,985	Payment upon delivery within 15 calendar days after signing acts of completion
28.12.2020 (the terms of the contract commenced 01.01.2021)	PJSC "RUSAL Bratsk"	JSC "Irkutsk electronetwork company"	Technical maintenance of equipment services	Up to 31 December 2021	2021: 576,816	Payment is made within 5 calendar days after receipt of invoice for the current month
9.12.2020	Societe Anonyme "FRIGUIA" (FRIGUIA SA)	LLC Irkutskenergoremont	Works on overhaul of the boiler #5	Up to 31 December 2021	2021: 720,442	15% prepayment to be paid within 5 calendar days from the date of the signing of the contract, and the remaining 85% payable within 30 calendar days from the date of the act of the performed works

The consideration under the repair services contract is to be paid in cash via bank transfer or set-off of mutual obligations.

D Operation of Ondskaya Hydro Power Station with the associate of En+

As discussed above, EuroSibEnergo – Thermal Energy LLC is an associate of En+ and thus is a connected person of the Company under the HKSE Listing Rules. Accordingly, the transactions entered into between members of the Group and EuroSibEnergo – Thermal Energy LLC constitute continuing connected transactions of the Company under the HKSE Listing Rules.

During previous years, a member of the Group, entered into the following contracts with EuroSibEnergo – Thermal Energy LLC with particulars set out below:

Member of the Group	Associate of En+	Date of contract	Subject matter	Term of contract	Payment terms	Estimated consideration payable for the relevant year, excluding VAT (USD)
JSC RUSAL Ural	EuroSibEnergo – Thermal Energy LLC	13.12.2018 (addendum to the lease dated 11.11.2016)	Lease of movable and immovable property of Ondskaya Hydro Power Station	From 01.01.2019 to 31.12.2021	50% of the monthly payment to be paid before the 20th of the current lease month; the remaining 50% of the monthly payment to be paid before the 5th of the month following the lease month	2021: 4,090,909
JSC RUSAL Ural	EuroSibEnergo – Thermal Energy LLC	Addendum dated 13.12.2018	Provision of operation and maintenance services in relation to the movable and immovable property of Ondskaya Hydro Power Station	01.01.2019 to 31.12.2021	Consideration is to be paid monthly in cash via bank transfer	2021: 7,563,636

E Primary Aluminium Sales Contract with the associate of En+

As discussed above, "KraMZ" Ltd. is an associate of En+ and thus is a connected person of the Company under the HKSE Listing Rules. Accordingly, the transactions entered into between members of the Group and "KraMZ" Ltd. constitute continuing connected transactions of the Company under the HKSE Listing Rules.

During 2020, a member of the Group, entered into the following contract with "KraMZ" Ltd. with particulars set out below:

Contractor (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Estimated consideration payable for the year ending 31 December 2021 USD million (excluding VAT)
"KraMZ" Ltd.	JSC "UC RUSAL TH"	25.12.2020, which is an addendum to the original contract dated 14.12.2006	Up to 31.12.2021	100% prepayment	154,444,582

The consideration is to be settled in cash via bank transfer.

F. Primary Aluminium Sales Contract with Glencore

As discussed above, on 17 July 2020, Rusal Marketing GmbH (member of the Group) as the seller, entered into the sales contract in relation to the sale of primary aluminium to Glencore International AG, a subsidiary of Glencore, as the purchaser.

As such, the transactions contemplated under the sales contract constitute continuing connected transactions of the Company under the HKSE Listing Rules, with particulars set out below:

Contractor (associate of Glencore)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Estimated consideration payable for the year ending 31 December 2021 USD million (excluding VAT)
Glencore International AG	Rusal Marketing GmbH	17 July 2020	1 September 2020 to 31 December 2024, which may be extended to 31 December 2025	Payment will be made by the purchaser after despatching the metal from the smelter(s) of the Company according to the payment schedule set out in the sales contract.	2021: USD3,597,000,000, 2022: USD3,764,000,000, 2023: USD3,933,000,000, 2024: USD4,075,000,000 2025: USD2,339,000,000, (Note 1)

Note 1: These are the annual caps for the consideration payable under the sales contract for the relevant years as disclosed in the circular of the Company dated 24 April 2020, as approved by the independent shareholders at the general meeting held on 13 May 2020.

The consideration is to be settled via letter of credit or in cash via bank transfer.

12 AGREEMENTS SUBJECT TO CHANGE OF CONTROL PROVISIONS

The following agreements with the Company contain change of control provisions allowing the other parties under such agreements to cancel their commitments in full and declare (or which action would result in) all outstanding loans immediately due and payable in the relevant event:

(a) The PXF 2019 Facility – as at 31 December 2020, the outstanding nominal value of debt was USD1,085 million and the final maturity of the debt was 7 November 2024.

(b) A term facility agreement dated 29 January 2018 between the Company as borrower and Nordea Bank Abp as lender with a limit up to USD200 million, as of 31 December 2020, the outstanding nominal value of the debt was USD200 million. The facility was fully repaid on 29 January 2021.

(c) Standard Loan Agreements dated 28 April 2020 entered into between the Company as guarantor, UC RUSAL Anode Plant LLC as borrower and UniCredit Bank AG as lender – as of 31 December 2020, the outstanding nominal value of debt was equal to USD10 million and the final maturity of the debt is 01 December 2029.

(d) Up to USD200,000,000 aluminium pre-export finance term facility agreement dated 28 January 2021, between RUSAL as borrower and SOCIÉTÉ GÉNÉRALE as facility agent and security agent – the current outstanding nominal value of debt is USD200 million and the final maturity of the debt is 29 January 2024.

13 MAJOR CUSTOMERS AND SUPPLIERS

Large scale end-customers of the Company include Glencore International AG, JSC "Arkonik SMZ", HAITIAN TONGCHUANG INDUSTRIAL, Boguchansky aluminium smelter and OJSC KUMZ.

The largest customer and the five largest customers of the Group accounted for 15.38% and 28.68%, respectively, of the Group's total sales for the year ended 31 December 2020.

The major suppliers of the Company are PJSC "FGS UES" and LLC "EuroSibEnergo-Hydrogeneration" with respect to electricity and capacity and power supply or transmission, Boguchansky aluminium smelter with respect to primary aluminium supply, LLC "ISO" with respect to repair and maintenance services and OJSC "Russian Railways" with respect to railway transportation.

The amount of purchases from the largest supplier and the five largest suppliers of the Group accounted for 7.38% and 28.70%, respectively, of the Group's total cost of sales for the year ended 31 December 2020.

No Director or their respective associates (as defined in the HKSE Listing Rules) or any Shareholders (which to the knowledge of the Directors own more than 5% of the share capital of the Company) had any interests in the Group's five largest customers at any time during 2020.

14 DIRECTORS

The following individuals served as Directors during the financial year:

Name	Position at year end (unless specified otherwise)
Evgenii Nikitin	Executive Director
Evgenii Vavilov	Executive Director
Evgeny Kuryanov	Executive Director
Marco Musetti	Non-executive Director
Vyacheslav Solomin	Non-executive Director
Vladimir Kolmogorov	Non-executive Director
Elsie Leung Oi-sie	Independent non-executive Director
Dmitry Vasiliev	Independent non-executive Director
Bernard Zonneveld	Independent non-executive Director
Maxim Poletaev	Independent non-executive Director (resigned with effect from 20 April 2020)
Randolph N. Reynolds	Independent non-executive Director
Kevin Parker	Independent non-executive Director
Christopher Burnham	Independent non-executive Director
Nicholas Jordan	Independent non-executive Director
Evgeny Shvarts	Independent non-executive Director (appointed with effect from 20 April 2020)

A. Particulars of appointments of Directors

Executive Directors

Each of the executive Directors has agreed to act as executive Director with effect from their respective dates of appointment, with a term of up to the AGM in the third year after the commencement of the appointment according to the Articles of Association then in effect, which may be terminated in accordance with the terms of applicable legislation. The appointment of each executive Director is subject to the provisions of retirement of Directors under the Charter.

With effect from the Registration Date pursuant to the Charter, any member of the Board of Directors is elected by the GSM for the term until the next AGM and may be re-elected for any number of terms provided such re-election is not contradictory to requirements of the applicable listing rules.

Non-executive Directors and independent non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company with effect from their respective dates of appointment with a term of up to the AGM in the third year after the commencement of the appointment according to the then effective Articles of Association.

Appointment of a non-executive Director and an independent non-executive Director may be terminated in accordance with the Charter. Each of the non-executive Directors and the independent non-executive Directors is entitled to a fixed director's fee.

Paragraph A.4.1 of the HKSE CG Code provides that non-executive Directors should be appointed for a specific term, subject to re-election, and paragraph A.4.2 provides that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least every three years. The Company has addressed these requirements in Article 24.1. of the Charter which provides that each member of the Board is elected by the GSM for the period until the next AGM.

Pursuant to the Charter, the powers of all members of the Board of Directors may be terminated earlier by a resolution of the GSM. The power of the Board of Directors expires at the AGM each year. In case no AGM was held until established deadline, the Board will only have authority to convene and hold the AGM.

Other than the service contract of Mr. Evgenii Nikitin as General Director of the Company which came into force on 25 September 2020 and does not have a fixed term, there are no service contracts with any Directors who may be proposed for re-election at the forthcoming AGM that are not determinable by the Company within one year without payment of compensation (other than statutory compensation if any).

B. Confirmation of independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the HKSE Listing Rules and considers all the independent non-executive Directors to be independent. The Board considers that all independent non-executive Directors are independent by reference to the factors stated in the HKSE Listing Rules.

C. Change of particulars of Directors

Mr. Evgenii Nikitin was appointed as the General Director of JSC "RUSAL Management" in 2019.

Mr. Vyacheslav Solomin was appointed as a chief operating officer of International limited liability company En+ Holding (former En+ Holding Limited) in 2018. He was also appointed as a member of the board of directors of PJSC MMC NORILSK NICKEL in 2019, and appointed as deputy CEO – operating officer of the Moscow branch of International limited liability company En+ Holding in 2020.

Mr. Vladimir Kolmogorov was appointed as the First Deputy CEO for Technical Policy and executive officer of International limited liability company En+ Holding (former En+ Holding Limited) and was appointed as Deputy CEO – executive officer of En+ in 2019.

Mr. Christopher Burnham was appointed as a senior independent director of En+ in 2019.

Dr. Shvarts ceased to be a member of the Strategy Committee of PJSC MMC Norilsk Nickel in 2020 and became a member of Corporate Governance, Nomination and Remuneration Committee. He became a Head of Center for responsible use of natural resources, Institute of Geography, the Russian Academy of Sciences in Moscow (RAS) since 2021, and he was elected to the Academic Board of the Institute of Geography, RAS in 2021.

D. Resignation of Directors

Mr. Maxim Poletaev, independent non-executive Director, tendered his resignation as a Director with effect from 20 April 2020, and ceased to be a member of respective Board committees.

E. Appointment of Directors

Dr. Evgeny Shvarts was appointed as an independent non-executive Director with effect from 20 April 2020.

F. Changes to the composition of Board Committees

Mr. Bernard Zonneveld was appointed as a member of the Audit Committee of the Company with effect from 20 April 2020. Mr. Kevin Parker, an independent non-executive director, was appointed as Chairman of the Audit Committee of the Company with effect from 20 April 2020.

Mr. Bernard Zonneveld was also appointed as Chairman of the Norilsk Nickel Investment Supervisory Committee with effect from 20 April 2020.

Dr. Evgeny Shvarts was appointed as a member of the Health, Safety and Environmental Committee of the Company with effect from 14 May 2020.

Dr. Evgeny Shvarts was appointed as a member of the Norilsk Nickel Investment Supervisory Committee of the Company with effect from 19 June 2020.

15 DIRECTORS' AND GENERAL DIRECTOR'S INTERESTS IN SHARES AND IN SHARES OF ASSOCIATED CORPORATIONS OF THE COMPANY

As at 31 December 2020, none of the Directors or the General Director had any interest or short position, whether beneficial or non-beneficial, in the Shares, underlying Shares and debentures of the Company as recorded in the register required to be kept pursuant to section 352 of the SFO or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code (as incorporated by the Company in the Code for Securities Transactions – for further information, please refer to the section "Corporate Governance Report").

Interests and short positions in underlying the shares and in the underlying shares of the associated corporations of the Company

As at 31 December 2020, none of the Director or the General Director had any interest or short position, whether beneficial or non-beneficial, in the shares, underlying shares and debentures in any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company or the Hong Kong Stock Exchange and entered into the register required to be kept under section 352 of the SFO, or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

16 DIRECTORS' INTERESTS IN BUSINESSES THAT MAY COMPETE WITH THE COMPANY

None of the Director have any interest in business apart from the Company's business that competes or is likely to compete directly or indirectly with the Company's business.

17 SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2020, so far as the Directors are aware based on their understanding and based on notifications made to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register (of interests in shares and short positions as stated on the disclosure of interests forms received) required to be kept by the Company under section 336 of the SFO, the following persons had interests or short positions in the Shares or underlying Shares (unless specified otherwise):

Interests and short positions in Shares

Name of Shareholder	Capacity	Number of Shares held as at 31 December 2020	Percentage of issued share capital as at 31 December 2020
Oleg Deripaska	Beneficiary of a trust (Note 1)	8,641,888,022 (L)	56.88%
	Beneficial owner	1,669,065 (L)	0.01%
	Total	8,643,557,087 (L)	56.89 %
Fidelitas Investments Ltd. ("**Fidelitas Investments**") (Note 1)	Interest of controlled corporation	8,641,888,022 (L)	56.88%
B-Finance Ltd. ("**B-Finance**") (Note 1)	Interest of controlled corporation	8,641,888,022 (L)	56.88%
En+ (Note 1)	Beneficial owner	8,641,888,022 (L)	56.88%
Access Aluminum Holdings Ltd. ("**Access Aluminum**") (Note 2)	Interest of controlled corporation	5,044,554,678 (L) 1,017,931,998 (S) (Note 2)	33.20% 6.70%
Access Industries Holdings LLC ("**Access Holdings**") (Note 2)	Interest of controlled corporation	5,044,554,678 (L) 1,017,931,998 (S) (Note 2)	33.20% 6.70%
Access Industries Holdings (BVI) L.P. ("**Access BVI**")	Interest of controlled corporation	5,044,554,678 (L) 1,017,931,998 (S) (Note 2)	33.20% 6.70%
Access Industries LLC ("**Access Industries**") (Note 2)	Interest of controlled corporation	5,044,554,678 (L) 1,017,931,998 (S) (Note 2)	33.20% 6.70%
GPTC LLC (Note 2)	Interest of controlled corporation	5,044,554,678 (L) 1,017,931,998 (S) (Note 2)	33.20% 6.70%
Zonoville Investments Limited ("**Zonoville**") (Note 2)	Beneficial owner	1,625,652,591 (L) (Note 2)	10.70%
	Other	5,044,554,678 (L) 1,017,931,998 (S)	33.20% 6.70%
TCO Holdings Inc. ("**TCO**") (Note 2)	Interest of controlled corporation	5,044,554,678 (L) 1,017,931,998 (S) (Note 2)	33.20% 6.70%
SUAL Partners (Note 2)	Beneficial owner	3,418,902,087 (L) 1,017,931,998 (S) (Note 2)	22.50% 6.70%
	Other	1,625,652,591 (L) (Note 2)	10.70%
	Total	5,044,554,678 (L) (Note 2)	33.20%
Victor Vekselberg ("**Mr. Vekselberg**") (Note 3)	Beneficiary of a trust	5,044,554,678 (L) (Note 3)	33.20%

(L) Long position
(S) Short position
Notes – see notes on page 145.

Other than the interests disclosed above and the notes set out below, so far as the Directors are aware, as at 31 December 2020, the Company has not been notified of any other notifiable interests or short positions in Shares or underlying Shares. The Company has no information on the interests in Shares in excess of five percent of the issued Shares, other than those disclosed above.

The total number of persons with non-zero balances on personal accounts registered in the register of shareholders of the Company as of the date of the end of the Review Period is 15. The total number of nominee shareholders of the Company is 2 (including 1 foreign nominee holder). An account of a foreign registrar is also opened in the register of shareholders of the Company.

(Note 1)

Based on the disclosure of interests forms available on the Hong Kong Stock Exchange, Mr. Oleg Deripaska was the founder and a beneficiary of a private discretionary trust which held 86.33% of the share capital of Fidelitas International Investments Corp. (formerly Fidelitas Investments Ltd.), which in turn held 99.99% of the share capital of B-Finance, which in turn held 44.95% of the share capital of En+. Each of B-Finance, Fidelitas International Investments Corp. and Mr. Oleg Deripaska was deemed to be interested in the Shares and underlying Shares held by En+ by virtue of the SFO.

As disclosed in the Company's announcement dated 3 February 2020, the transfer pursuant to a securities exchange agreement and certain related agreements entered into by En+ and certain subsidiaries of Glencore was completed, En+ was the registered Shareholder and the legal and beneficial owner of approximately 56.88% of the total issued share capital of the Company as at 31 December 2020.

(Note 2)

Based on the disclosure of interests forms filed on the Hong Kong Stock Exchange, SUAL Partners was owned as to 36.39% by Renova Metals & Mining Ltd ("**Renova Metals**"), which in turn was wholly-owned by Renova Holding Ltd. ("**Renova Holding**"). Renova Holding was controlled by TZ Columbus Services Limited ("**TZC**") as to 100% and TZC was in turn wholly-owned by TCO.

Based on the disclosure of interests forms filed on the Hong Kong Stock Exchange, Zonoville was owned as to 40.32% by Access Aluminum, which in turn was owned as to 98.48% by Access Holdings. Access Holdings was wholly-owned by Access BVI. According to the DI form filed by Access Industries LLC on 23 January 2021, Access BVI was owned as to 67.16% by Access Industries, which in turn was controlled as to 69.70% by GPTC LLC.

Each of Renova Metals, Renova Holding, TZC, TCO, Access Aluminum, Access Holdings, Access BVI, Access Industries and GPTC LLC were deemed to be interested in the Shares held by SUAL Partners and/or Zonoville by virtue of the SFO.

According to the disclosure of interests forms filed on the Hong Kong Stock Exchange as required by the SFO, as of 18 January 2021, SUAL Partners is interested in 4,967,738,987 Shares, representing 32.70% of the issued share capital of the Company. SUAL Partners in the capacity as a beneficial owner has a long position of 3,342,086,396 Shares and as a person making a loan providing security to buy shares described in s317(1)(b) of the SFO has a long position of 1,625,652,591 Shares. SUAL Partners in the capacity as a beneficial owner also has a short position of 1,017,931,998 Shares.

Accordingly, as of 18 January 2021, TCO, Access Aluminum, Access Holdings, Access BVI, Access Industries and GPTC LLC were deemed to be interested in 4,967,738,987 Shares (long position) and 1,017,931,998 Shares (short position), representing 32.70% and 6.70% of the issued share capital of the Company respectively.

The Company was informed that as of 18 March 2021, SUAL Partners holds 21.85% (long position) of the issued share capital of the Company, as 0.14% of its Shares were sold on the open market, while Zonoville holds a 4% interest in the Company.

(Note 3)

The Company has been informed by a representative of SUAL Partners that, according to SUAL Partners' knowledge, Mr. Vekselberg is a beneficiary under certain irrevocable and fully discretionary trust arrangement pursuant to which the trustee under such trust arrangement owned and controlled an indirect interest in approximately 36.39% of the issued shares in SUAL Partners and, Mr. Vekselberg neither owned nor controlled (whether directly or indirectly) any interest in any Shares as at 31 December 2020 and therefore, based on that information, it might be assumed Mr. Vekselberg is not presently required to make any disclosure of interests filings under the SFO.

As of the Latest Practicable Date, none of the Major Shareholders have or will have different voting rights attached to the Shares they hold in the Company.

18 PRE-EMPTIVE RIGHTS

There are no applicable statutory pre-emption rights which apply to the Company and according to the Charter the shareholders shall have no pre-emptive right to purchase the Company's shares, with exception to the pre-emptive right to purchase additional shares and other securities converted to shares placed by the Company by subscription in an amount proportional to the number of Company's shares of this category (type) that they hold.

There are, however, certain restrictions and preferential terms and conditions relating to sales and acquisitions of certain Shares held by the Major Shareholders, that are provided in the Shareholders' Agreement between Major Shareholders. The principal terms of the Shareholders' Agreement between Major Shareholders only are described in Appendix B.

19 EMOLUMENT POLICY

There are no arrangements under which a Director has waived or agreed to waive any emoluments due by the Group.

The aggregate remuneration that the Directors have received (including fees, salaries, bonus, contributions to defined contribution benefit plans (including pension), housing and other allowances, and other benefits in kind) for the financial year ended 31 December 2020 was approximately USD7.3 million. The aggregate remuneration was calculated in accordance with HKSE Listing Rules and included the remuneration received by the Directors from the Group as a whole. Additional information on the remuneration of the Directors and the individuals with the highest emoluments can be found below as well as in notes 9 and 10 to the consolidated financial statements for the year ended 31 December 2020 as disclosed in this Annual Report.

Basis for Compensation of Directors and Senior Management

Remuneration policies of RUSAL are considered by the Remuneration Committee on the basis of an employee's qualifications and performance, as well as the complexity of his or her job. Wages for each employee are generally reviewed annually and revised in accordance with a performance assessment and local labour market conditions. The following was approved by the Board, based on the recommendation of the Remuneration Committee in relation to the compensation of the non-executive Directors and the General Director (Chief Executive Officer prior the Registration Date):

A. Non-Executive Directors

1 Chairman of the Board of Directors

The Chairman of the Board was entitled to receive a chairman's fee of EUR1,000,000 per annum during the last financial year.

2 Non-executive Directors

(a) All non-executive Directors were entitled to receive a EUR215,000 fee per annum.

(b) Each non-executive Director was entitled to receive additional fees for committee assignments at the rate of EUR26,000 per annum for acting as the chairman and EUR18,000 per annum for participating as a member.

B. General Director

For 2020, the annual compensation of the General Director (Chief Executive Officer prior the Registration Date) comprised the following:

(a) RUB72 million per annum base salary, paid monthly;

(b) Annual discretionary bonus at a target level of RUB72 million (equivalent to 100% of the base salary), to be paid within 30 working days after the Remuneration Committee of the Company determines the exact bonus amount, on the basis of the performance results of the General Director and the Company;

(c) Other ancillary benefits and compensations.

No emoluments have been paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the Review Period.

Pursuant to code provision B.1.5 of the HKSE CG Code, the remuneration of the members of the senior management of the Group by band for the year ended 31 December 2020 is set out as below:

	Number of individuals
Nil to HKD7,500,000 (Nil – US$1,000,000)	6
HKD7,500,001 – HKD38,437,250 (USD1,000,001 – USD5,000,000)	7

The total remuneration, including the basic salary, performance-linked salary, incentive-linked salary and bonus of the Directors in 2020 amounted to approximately USD7.3 million. All non-executive Directors are entitled to receive Director's fees and additional fees for being a member of a Board committee or chairing a Board committee. The executive Directors are not entitled to a director's fee, and they are entitled to a salary pursuant to their respective employment with the Group, which is determined with reference to the relevant experience, duties and responsibilities with the Group and bonus is to be paid on the basis of achievement of performance targets.

Directors' remuneration for the year ended 31 December 2020 are as follows:

	Directors' fees	Salaries, allowances, benefits in kind[16]	Discretionary bonuses	Total
	USD thousand	USD thousand	USD thousand	USD thousand
Executive Directors				
Evgenii Nikitin	–	1,537	1,156	2,693
Evgenii Vavilov	–	32	5	37
Evgeny Kuryanov	–	194	14	208
Non-executive Directors				
Marco Musetti	307	–	–	307
Vyacheslav Solomin	308	–	–	308
Vladimir Kolmogorov	246	–	–	246
Independent Non-executive Directors				
Bernard Zonneveld (Chairman)	1,445	–	–	1,445
Christopher Burnham	294	–	–	294
Nicholas Jordan	306	–	–	306
Elsie Leung Oi-Sie	295	–	–	295
Kevin Parker	321			321
Evgeny Svarts (a)	187	–	–	187
Randolph Reynolds	285	–	–	285
Dmitry Vasiliev	338	–	–	338
Maksim Poletaev (b)	63	–	–	63
	4,395	**1,763**	**1,175**	**7,333**

a. Evgeny Svarts was appointed as Independent Non-executive Director in April 2020.

b. Maksim Poletaev was appointed Independent Non-executive Directors in February 2019 and resigned from his position in April 2020.

16 Information include payments received by the Directors from Group as a whole.

Information on the remuneration of five individuals with highest emoluments for the year ended 31 December 2020:

	USD thousand
Salaries	13,301
Discretionary bonuses	24,307
Retirement scheme contributions	3,315
	40,923

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the HKSE Listing Rules are also detailed in note 9 and note 10 to the consolidated financial statements for the year ended 31 December 2020 as disclosed in this Annual Report.

20 PENSION SCHEMES

Information on the Company's pension schemes is set out in note 20(a) to the consolidated financial statements.

21 SUFFICIENCY OF PUBLIC FLOAT

The Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1)(a) of the HKSE Listing Rules. As a result, the Hong Kong Stock Exchange accepted a lower public float percentage of the Company, i.e. the higher of: (i) 10% of the Shares, and (ii) the percentage of public shareholding that equals HK$6 billion at the Listing Date, shall be the minimum percentage of public float of the Company. From the information publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has sufficiently maintained the abovementioned public float.

22 AUDITORS

The consolidated financial statements have been audited by JSC "KPMG" as a sole auditor who, having served for the whole of the financial year, will retire at the forthcoming AGM of the Company.

23 AMENDMENTS TO THE CONSTITUTION

The Charter provides that the Charter can be amended or a new version of the Charter can be approved by the decision of a GSM adopted by three-quarters majority of votes of the Shareholders holding voting shares and participating in the GSM. A notice of holding the GSM is to be given not later than 21 days prior to the GSM.

24 LITIGATION

Details of the litigation in which the Company, its subsidiaries and certain beneficial owners are involved in are set out in notes 20(c) (provisions for legal claims) and 24(c) (legal contingencies) to the consolidated financial statements.

25 SOCIAL INVESTMENTS AND CHARITY

The main goal of the Company's social strategy is to create a favorable social environment for production activities through the implementation of sustainable social investment in a comprehensive socio-economic development of territories where the Company operates, with a wide participation of stakeholders – in this way, the implementation of the Company's contribution to the achievement of the Sustainable Development Goal #11 is aimed at ensuring inclusiveness, safety, resilience and sustainability of cities and human settlements. In 2020, RUSAL allocated more than USD62.5 million to social programmes and charity projects.

26 POST BALANCE SHEET EVENTS

The details of the events subsequent to the balance sheet date up to the date of the Group's and the Company's consolidated financial statements presented in this Annual Report, are disclosed in note 28 to the consolidated financial statements.

27 DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in section 11 (Connected Transactions) above, there has been no contract of significance to the Group, subsisting during or at the end of 2020 in which a Director is or was materially interested, either directly or indirectly.

28 DIRECTORS' INDEMNIFICATION

During the Review Period and as of the date of this Annual Report the Company purchased D&O liability insurance policies to cover the Company for its obligation to the Directors and officers to be indemnified against claims alleging wrongful acts (acts, errors or omissions in their capacity as Directors and/or officers of the Company), subject to the terms and conditions of the policies. The insurance premium under the D&O insurance policy for the Review Period was USD1,140,506.94.

On behalf of the Board

Bernard Zonneveld

Chairman of the Board

9 April 2021

Caring
FOR OUR COMMUNITIES

09.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PRACTICES

The Company adopts internationally recognized standards of corporate governance. The Company and its Board of Directors believe that high quality corporate governance leads to successful business development and increases the investment potential of the Company, providing more security for shareholders, partners and customers as well as reinforcing the Company's internal control systems.

The Company developed and adhered its corporate governance standards, based on the principles of transparent and responsible business operations.

The Company adopted a corporate code of ethics that sets out the Company's values and principles for many of its areas of operations.

The Company and its Board of Directors believe that the Company has complied with the code provisions of the HKSE CG Code during the Review Period, other than as described in paragraphs 3(d) and 3(e) of this Corporate Governance Report.

The Company and the Board of Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders.

With effect from the Registration Date, the Company was registered as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation and changed its legal jurisdiction of incorporation from Jersey to the Russian Federation. As a consequence, the Company's Memorandum and Articles of Association previously governed by Jersey law have been superseded by a new corporate charter (the "**Charter**"), and the Company's name has been changed to United Company RUSAL, international public joint-stock company (UC RUSAL, IPJSC). The Company's ordinary shares remained admitted to the Level One Quotation List of the Moscow Exchange, and on the Main Board of the HKSE.

Following the Registration Date, the Company aims to comply with the applicable Russian Laws, MoEx Listing Rules, as well as the recommendations of the corporate governance code approved by the Board of Directors of the Bank of Russia on 21 March 2014 (the "**Russian CG Code**"). In its corporate governance practices, in addition to HKSE CG Code and the HKSE Listing Rules the Company is also guided by the MoEx Listing Rules.

The Company's corporate governance structure consists of the following key elements: General shareholders meeting, the Board of Directors and the General Director.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by the Company during the Review Period. Report on compliance with the Russian CG Code is indicated in Appendix C of this Annual Report.

2. GENERAL SHAREHOLDERS MEETING

The general shareholders meeting (the "**GSM**") is the supreme management body of the Company, which operates in accordance with the laws of the Russian Federation and the Company's Charter and considers the most significant issues. Voting at the GSM is carried out on a 'one ordinary share – one vote' principle.

The Company shall hold annual GSM (the "**AGM**") once a year. The AGM shall be held not earlier than two months and not later than six months after the end of a reporting year.

The AGM shall resolve on the following matters, inter alia: election of the Board of Directors, internal audit committee; approval of the Company's auditor; approval of annual accounting (financial) statements of the Company; distribution of profits for the reporting year (including the payment (declaration) of dividends, except for the payment (declaration) of interim dividends.

All other GSMs held by the Company are extraordinary GSMs (the "**EGM**").

Matters falling within the competence of the GSM are listed in the Charter and may not be transferred to discretion of the Board of Directors or the General Director.

The GSM is not entitled to consider and make decisions on issues that are not within its competence under the Russian Federal Law "On Joint Stock Companies" and the Charter. As long as the Company's shares are admitted to trading on the HKSE, the GSM competence is also subject to the HKSE Listing Rules requirement (as provided for the Charter).

In 2020, the AGM of the Company was held on 13 May 2020 in a hybrid form due to the COVID-19 pandemic and the resulting restrictions (the "**AGM 2020**"). The AGM 2020 was held prior to the Continuance and was governed by Jersey law and the Articles of Association then in effect. There were no EGMs during the Review Period.

Shareholders' Right

Right to convene an extraordinary general meeting

According to the Charter, Shareholder(s) holding in aggregate not less than 5% of the voting shares of the Company have the right to demand from the Board of Directors the convocation of an EGM. If within the term specified in the existing laws of the Russian Federation and the Charter the decision to convene the EGM or the decision to refuse to convene that meeting is not made by the Board of Directors, the Shareholder shall have the right to (i) submit a matter to arbitration with a request to compel the Company to hold the EGM; or (ii) to convene it on their own.

According to Article 15.4 of the Charter, the Board of Directors shall not be entitled to amend the wordings of items of the agenda, wordings of resolutions on such items of the EGM convened at the request of Shareholder(s) holding at least 5% of the voting shares of the Company.

According to Article 15.5 of the Charter, a resolution to convene the EGM or to reject to convene it shall be adopted by the Board of Directors within 5 days from the date of submission of the request of Shareholder(s) who own(s) at least 5% of the voting shares of the Company.

According to Article 15.6 of the Charter, the EGM convened upon demand of the Shareholder(s) who own(s) at least 5% of the voting shares of the Company shall be held within 40 days from the date of submission of the request to convene the EGM.

Putting forward proposals at general meetings

According to the Charter, Shareholder(s) jointly holding at least 2% of the Company's voting shares may no later than 30 days from the end of the Company's reporting year include issues in the agenda of the AGM.

According to Article 11.4 of the Charter, proposal for additional issues to be included in the agenda of the GSM shall be made in writing containing the wording of the issue, the name of the Shareholder(s) submitting the issue, number and category (type) of the Shares owned by him/her and shall be signed by the Shareholder(s). Proposal on introducing issues to the agenda of the GSM may contain the wording of resolution on each proposed issue.

Company's contact details

Any proposal to convene an EGM, to put forward a proposal at a general meeting and any general enquiries of the Board should be sent to "The Board of Directors c/o the Corporate Secretary, United Company RUSAL, international public joint-stock company, Office 410, 8, Oktyabrskaya street, Kaliningrad, Kaliningrad region, 236006, Russian Federation".

3. BOARD OF DIRECTORS

Board of Directors is a governing body of the Company and according to the Charter it shall consist of fourteen Board members. As at the date of this Report, the Board comprises a combination of three executive, three non-executive and eight independent non-executive Directors.

(a) Board functions and duties

The Board of Directors is responsible for the overall management of the Company. The matters specifically reserved for the Board under the Charter include, inter alia, the following:

- determination of priority areas of the Company's activities
- approval of the Company's strategy and development program, risk management policy, long-term and annual budgets
- convening annual and extraordinary general meeting of the shareholders, approval of GSM agenda
- establishment and dissolution of committees, commissions, councils and other internal bodies of the Board of Directors, approval of their personnel composition and approval of provisions on their work
- preliminary review and approval of the annual report, annual accounting (financial) statements of the Company
- recommendations on the remuneration and compensation paid to the members of the internal audit committee of the Company
- approval of terms and conditions of the contract with the General Director
- approval of transactions with a value exceeding USD75,000,000 (seventy five million)
- recommendations on the amount of the dividend on shares, the procedure for its payment, setting the date on which the persons entitled to receive dividends are determined
- approval of certain internal documents of the Company on the matters that are within the competence of the Board
- approval of the register holder of the Company

Prior to the Continuance, the Board had delegated the day-to-day operation of the Group to executive Directors and the executive committee to ensure effectiveness and appropriateness of functions. The primary role of the executive committee was to assist the Chief Executive Officer and senior management with the day-to-day management of the Group and to assist the Board in formulating and implementing the strategy of the Group and monitoring its performance.

Since the Continuance, the general executive function rests with the office of General Director of the Company that technically replaced the office of the CEO of the Company. The executive committee now functions as an advisory body reporting to the General Director and assisting the General Director and the Board in implementing the strategy of the Group and monitoring its performance as well as with a day-to day business.

(b) Election of Directors

Before the Continuance, at every annual general meeting one-third of the Directors had to retire from office, selected on the basis of the following: first, those who wish to retire and not be re-appointed to office and, second, those who have been longest in office since their last appointment or re-appointment. After the Continuance, authority of every Director expires at the annual general meeting each year and each of them may be subject for re-election, provided such re-election is not contradictory to applicable requirements of the listing rules.

(c) Independent non-executive Directors

The current composition of the Board represents an appropriate mix of Directors which offers sufficient independent checks and balances and an appropriate governance structure for the Company. As at the Latest Practicable Date, 8 out of 14 Directors are independent non-executive Directors.

Both HKSE Listing Rules and MoEx Listing Rules require the composition of the Board of Directors to be balanced and consist of independent directors. The Board believes that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of the Shareholders of the Company. Each of the independent non-executive Directors has undertaken to inform the Hong Kong Stock Exchange and the Securities and Futures Commission as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence. The Board considers that all independent non-executive Directors are independent by reference to the factors stated in the HKSE Listing Rules.

The Board has also recognized that all independent non-executive Directors comply with the independence criteria set out in the Russian CG Code and MoEx Listing Rules, including Dr. Elsie Leung Oi-sie, Mr. Nicholas Jordan and Mr. Christopher Burnham regardless the existence of formal criterion of association with the Company. The Company complies with applicable requirements concerning the number of independent directors on the Board of Directors.

(d) Composition of the Board and attendance at Board meetings and Board committee meetings

During the Review Period, the Board consisted of the Directors listed below and their attendance record for the Board meetings, Board committee meetings and the AGM 2020 is as follows:

	Attendance and number of meetings								
	Board	Corporate Governance and Nominations Committee	Remuneration Committee	Audit Committee	Health, Safety and Environmental Committee	Standing Committee	Marketing Committee	Compliance Committee	AGM 2020
Total meetings in 2020	36	9	6	11	4	59	0	4	1
Personal attendance	8	4	4	9	3	0	0	4	1
Absentee voting	28	5	2	2	1	59	0	0	0
Executive Directors									
Evgenii Nikitin	31	-	-	-	-	-	-	-	1 (via teleconference)
Evgenii Vavilov	34 (See note 1 below)	-	-	-	-	-	-	-	0
Evgeny Kuryanov	36	-	-	-	-	-	-	-	0
Non-executive Directors									
Marco Musetti	34	-	-	-	-	59	-	-	1 (via teleconference)
Vyacheslav Solomin	33	-	-	-	-	59	-	-	1
Vladimir Kolmogorov	34	-	-	-	-	-	-	-	0
Independent non-executive Directors									
Elsie Leung Oi-sie	31	-	6	11	-	-	-	-	1 (via teleconference)
Dmitry Vasiliev	35	9	6	11	4	-	-	-	1 (via teleconference)
Bernard Zonneveld	34	9	-	6 (See note 2 below)	-	59	-	4	1 (via teleconference)
Maxim Poletaev (resigned with effect from 20 April 2020)	3	-	-	3	-	-	-	-	-
Randolph N. Reynolds	35	9	6	-	-	-	-	-	1 (via teleconference)
Kevin Parker	30	-	-	11	4	-	-	4	1 (via teleconference)
Christopher Burnham	23	9	-	-	-	-	-	4	1 (via teleconference)
Nicholas Jordan	19	-	6	-	4	-	-	4	0
Evgeny Shvarts (appointed with effect from 20 April 2020)	21	-	-	-	4	-	-	-	1 (via teleconference)

Notes:

1. During 2020, Mr. Evgenii Vavilov attended 7 Board meetings in person, and 1 Board meeting was attended by his alternate – Mr. Evgeny Kuryanov, and the remaining meetings were held by way of absentee voting
2. Mr. Bernard, Zonneveld became a member of the Audit Committee from 20 April 2020

Biographical details of the Directors are set out in the section headed Profiles of the Board Members, the General Director and Senior Management on pages 88 to 95 of this Annual Report.

Changes in the composition of the Board of Directors that took place in the Review Period are set out in the section headed Report of the Board of Directors on pages 142 to 143 of this Annual Report.

A.6.7 of the HKSE CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings. Certain executive directors, non-executive directors and independent non-executive directors were unable to attend the AGM due to conflicting business schedules.

(e) Board meetings

During 2020, the Board held 36 meetings, with 8 of them in person and 28 in the form of absentee voting.

The schedule for Board meetings for the year 2020 was approved by the Board. The Directors are provided on a timely basis with the relevant documents and copies of the draft resolutions to be considered at that particular meeting.

Key agenda items reviewed by the Board of Directors during the Review period

In 2020, the Board of Directors considered issues connected with, inter alia, 2019 financial results, 2019 Annual Report, transactions with related parties, contracts for purchase of power and capacity, achievement of target KPIs for 2019 by the key executives, results of the Board and Board Committees self-assessment, amendment of terms of the Directors' remuneration, terms of employment of the General Director, terms of employment of the Corporate Secretary, Regulations on the Corporate Secretary, and debt capital market financing.

All Directors are given an opportunity to include matters in the agenda for the Board meeting and have access to the Corporate Secretary to ensure that all Board procedures and all applicable rules are followed. The Board also enables the Directors to seek independent professional advice at the Company's expense in appropriate circumstances.

Self-Assessment of the Board of Directors performance

The Board annually conducts a self-assessment of its activities according to set of criteria and indicators approved by the Board annually by means of questionnaires.

At the Board meeting held on 18 June 2020, the Board considered the results of the self-evaluation process. The key conclusions of the consideration were as follows:

- the Board has appropriate skills and expertise to face issues arising in the course of the Company's business;
- the Board is mostly satisfied with the range of issues discussed at the Board meetings; and
- the Board has the adequate opportunity to have open and constructive deliberations.

While the Board concluded that its' performance in 2020 was adequate, the directors concluded that one of the potential areas of further improvement of the Board's performance in 2021 could be a more active involvement in determination of the Company's strategy.

Board meetings at which Directors have material interests

In relation to compliance with Code Provision A.1.7 of the HKSE CG Code, the Board endeavoured throughout the twelve-month period ended 31 December 2020 to ensure that it did not deal with business by the way of written resolution where a Substantial Shareholder of the Company or a Director had disclosed an interest in a matter to be considered by the Board which the Board determined to be material. As a result, there were only 4 occurrences (out of the 28 written resolutions the Board passed during the period) when urgent business was dealt with by the Board by way of written resolution where a material interest of a Director was stated to have been disclosed. In those instances, the material interest of the Director was a potential conflict of interest by virtue of the fact that the matter being considered relates to the independence or employment contract of the Director.

On those occurrences, the written resolutions were passed by the requisite majority excluding the materially interested Directors.

Of the 8 Board meetings held in the twelve-month period ended 31 December 2020 where one or more Directors had disclosed a material interest, all the independent non-executive Directors were present at all 8 of the Board meetings held.

Of the 8 Board meetings held, there were 8 occasions where independent non-executive Director(s)/non-executive Director(s) might have a material interest in the transaction. On such occurrences, those independent non-executive Director(s)/non-executive Director(s) abstained from voting and the resolutions approving entry into such transactions were passed by the requisite majority excluding those independent non-executive Director(s)/non-executive Director(s) who might have a material interest.

(f) Relationships among members of the Board

Please refer to the section Profiles of the Board Members, the General Director and Senior Management for more information about the relationships among members of the Board.

(g) Shareholders' Agreements

The Shareholders' Agreement with the Company and the Shareholders' Agreement between Major Shareholders only were both entered into on 22 January 2010 and are still in force. For brief details of these shareholders' agreements, please see Appendix A and Appendix B.

(h) Directors' securities transactions

The Company has adopted a Code for Securities Transactions in respect of the Directors of the Company. The Code for Securities Transactions was based on the Model Code as set out in Appendix 10 to the HKSE Listing Rules but it was made more exacting than the required standard set out in Appendix 10. Having made specific enquiry of all Directors, all Directors confirmed that they had fully complied with the required standard set out in the Model Code and the Code for Securities Transactions throughout the Review Period.

The Company has not been notified of any transaction by the Directors in respect of the Company's shares in the Review Period.

The Directors do not directly or indirectly own the Company's shares.

(i) Directors' continuous professional development

Pursuant to Code Provision A.6.5 of the HKSE CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Review Period, all Directors of the Company (namely, Dr. Elsie Leung Oi-sie, Mr. Dmitry Vasiliev, Mr. Bernard Zonneveld, Mr. Marco Musetti, Mr. Evgenii Nikitin, Mr. Evgenii Vavilov, Mr. Vyacheslav Solomin, Mr. Evgeny Kuryanov, Mr. Vladimir Kolmogorov, Mr. Maxim Poletaev (resigned with effect from 20 April 2020), Mr. Randolph N. Reynolds, Mr. Kevin Parker, Mr. Christopher Burnham, Mr. Nicholas Jordan and Dr. Evgeny Shvarts (appointed with effect from 20 April 2020)), received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to salient rules and regulations applicable to the Group were provided to the Directors.

4. CHAIRMAN OF THE BOARD AND GENERAL DIRECTOR

The roles of the Chairman of the Board and the General Director (Chief Executive Officer prior the Continuance) are segregated and are independent to each other.

Chairman of the Board

The Chairman (being Mr. Bernard Zonneveld with effect from 6 March 2019) is chiefly responsible for maintaining the effective operation of the Board. The Chairman is also responsible for chairing Board meetings, briefing Board members on issues discussed at Board meetings and ensuring good corporate governance practices and procedures are established. The Chairman is also responsible for leadership of the Board and for creating the conditions necessary to allow the Board and individual Directors to operate effectively. According to the Charter, the Chairman shall arrange the work of the Board, convene and chair the Board meetings, ensure that the minutes of the meetings of the Board of Directors are properly kept.

General Director – Sole executive body

The role of Chief Executive Officer (being Mr. Nikitin with effect from 23 May 2018) has been primarily concerned with the supervision of the execution of the policies determined by the Board particularly in the areas of production and supply chain, financial management and corporate finance, sales and marketing and others.

After Continuance, the Charter of the Company operates with the concept of General Director who acts as the sole chief executive body of the Company and manage the Company's activities on a day-to-day basis. The General Director enjoys all executive powers that are not within the exclusive authority of the GSM or the Board. Those powers include, inter alia:

- acting on behalf of the Company without a power of attorney (including by representing the Company and entering into transactions on its behalf)
- representing the Company in the Russian Federation and abroad
- ensuring the implementation of the plans for current and future activities of the Company
- preparation of the necessary materials and proposals to the Board of Directors and the GSM and ensures the implementation of their resolutions
- appointment and dismissal of heads of branches and representative offices, approval of the terms of contracts with them
- issuing powers of attorney, authorising their holders to represent the Company
- employment and dismissal of the Company's employees

The Board has assessed the achievement by the General Director of his key performance indicators, which represent the evaluation of the General Director's performance, based on the recommendation of the Remuneration Committee.

Biographical details of the General Director (Mr. Nikitin) are set out in the section headed Profile of the General Director on page 96 of this Annual Report.

The General Director does not directly or indirectly own the Company's shares.

5. BOARD COMMITTEES

As at the date of this Report, the following committees assisted the Board in exercising its functions:

1. Corporate Governance and Nominations Committee
2. Remuneration Committee
3. Audit Committee
4. Health, Safety and Environmental Committee
5. Standing Committee
6. Marketing Committee
7. Norilsk Nickel Investment Supervisory Committee
8. Compliance Committee

Corporate Governance and Nominations Committee

The Company established a corporate governance and nominations committee with written terms of reference in compliance with the HKSE CG Code and the Russian CG Code.

The primary functions of the Corporate Governance and Nominations Committee are, among other things, to develop, review at least once a year and make recommendations to the Board in relation to corporate governance principles and policies of the Company and its consolidated subsidiaries, to oversee corporate governance matters, to review and monitor the training and continuous professional development of Directors, to develop, review and monitor the Company's code of conduct applicable to employees and Directors, reviewing the Company's compliance with the HKSE CG Code set out in Appendix 14 of the HKSE Listing Rules and disclosure in the Corporate Governance Report. The Corporate Governance and Nominations Committee is provided with sufficient resources to discharge its duties and its terms of reference also permit it to obtain access to a legal adviser.

In recommending a candidate for election to the Board, the Corporate Governance and Nominations Committee is required to determine criteria, objectives and procedures for selecting Board members, including factors such as independence (in the case of independent directors), diversity, age, future succession planning, integrity, skills, expertise, experience, knowledge about the Company's business and industry, and willingness to devote adequate time and effort to Board responsibilities. In identifying suitable candidates the Corporate Governance and Nominations Committee is required to use open advertising or the services of external advisers to facilitate the search, consider candidates from a wide range of backgrounds and consider candidates on merit against objective criteria, taking care that appointees have enough time to devote to the position.

The Corporate Governance and Nominations Committee consists exclusively of independent Directors. The members are as follows:

- Mr. Dmitry Vasiliev *(chairman of the committee, independent non-executive Director)*
- Mr. Bernard Zonneveld *(independent non-executive Director)*
- Mr. Randolph N. Reynolds *(independent non-executive Director)*
- Mr. Christopher Burnham *(independent non-executive Director)*

The Corporate Governance and Nominations Committee has held 9 meetings during the Review Period, out of which 5 meetings were held by absentee voting. At these meetings, the Corporate Governance and Nominations Committee considered, amongst other things, the AGM materials, recommendations on nomination of Directors, results of the Board and Board Committees self-assessment process the Regulations on the Corporate Secretary, the issue of appointment of the Corporate Secretary.

The members of the Corporate Governance and Nominations Committee have regularly attended and actively participated in meetings. For the attendance record of the meetings held by the Corporate Governance and Nominations Committee during 2020, please refer to paragraph 3(d) of this Corporate Governance Report.

Diversity

With a view to achieving a sustainable and balanced development, the Company recognises increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The current mix of skills, experience and other diversity criteria of directors, including but not limited to sex, age, nationality and educational background, provides for a balanced composition of the Board.

The Corporate Governance and Nominations Committee also monitors the implementation of the Board diversity policy of the Company.

Remuneration Committee

The Company has established a remuneration committee governed by the written terms of reference in compliance with the HKSE CG Code and the Russian CG Code. The primary functions of the Remuneration Committee are, among other things, to prepare and revise remuneration policy, to make recommendations to the Board on the remuneration package of the Directors, the General Director, the Corporate Secretary and senior management, and to assist the Board in overseeing the administration of the Company's compensation and benefits plans. Remuneration policies are determined on the basis of an employee's qualifications and performance, as well as the complexity of his or her job. Wages for each employee are generally reviewed annually and revised in accordance with a performance assessment and local labour market conditions. The Remuneration Committee consists exclusively of independent non-executive Directors. The members are as follows:

- Dr. Elsie Leung Oi-sie *(chairman of the committee, independent non-executive Director)*
- Mr. Randolph N. Reynolds *(independent non-executive Director)*
- Mr. Nicholas Jordan *(independent non-executive Director)*
- Mr. Dmitry Vasiliev *(independent non-executive Director)*

The Remuneration Committee has held 6 meetings during the Review Period, out of which 2 meetings were in a form of absentee voting. At those meetings, the Remuneration Committee considered, amongst other things, the issues related to achievement of the target KPIs for 2019 by the key executives, amendment of the terms of remuneration of the Directors, employment terms of the General Director, main terms of employment contract of the Corporate Secretary, target KPIs of the General Director for 2021. For details of the Company's emolument policy, please refer to section 19 of the Report of the Board of Directors. The members of the Remuneration Committee have regularly attended and actively participated in meetings. For the attendance record of the meetings held by the Remuneration Committee during 2020, please refer to paragraph 3(d) of this Corporate Governance Report.

Audit Committee

The Company established an audit committee of the Board with written terms of reference in compliance with the HKSE CG Code and the Russian CG Code.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, risk management and internal control systems, and internal audit function, to oversee the audit process and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board. The Audit Committee is assisted by the Company's internal audit function which undertakes both regular and ad hoc reviews of risk management, internal controls and procedures, the results of which are reported to the Audit Committee.

The Audit Committee consists of independent Directors. The current members are as follows:

- Mr. Kevin Parker *(chairman of the committee, independent non-executive Director)*
- Mr. Bernard Zonneveld *(independent non-executive Director) (appointed to the committee with effect from 20 April 2020)*
- Dr. Elsie Leung Oi-sie *(independent non-executive Director)*
- Mr. Dmitry Vasiliev *(independent non-executive Director)*

During the Review Period, the Audit Committee has held 11 meetings, out of which 2 were in a form of absentee voting. The Company's external auditors are regularly invited to attend meetings of the Audit Committee. At the meeting held on 12 March 2020, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2019. At the meeting held on 11 August 2020, members of the Audit Committee reviewed the interim condensed financial information as at and for the three and six months ended 30 June 2020, and at the meeting held on 16 March 2021, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2020. The Audit Committee is of the opinion that such consolidated financial statements have complied with the applicable accounting standards, the HKSE Listing Rules, other legal requirements and that adequate disclosures have been made. Minutes of Audit Committee meetings are taken, recorded and kept.

The Audit Committee reviews the Company's financial and accounting policies and practices, meets the external auditors on a regular basis, and reviews all Connected transactions before the Board's consideration. The Audit Committee also reviews the Company's financial controls, internal control and risk management system, and the Company's internal audit function on a quarterly basis.

The Audit Committee reviewed and concurred with the management confirmation that for the year ended 31 December 2020, the Group's risk management and internal control systems were effective and adequate. The Audit Committee is satisfied that the Company has complied satisfactorily with the requirements of the HKSE CG Code in respect of risk management and internal control systems.

The members of the Audit Committee have regularly attended and actively participated in meetings. For the attendance record of meetings held by the Audit Committee during 2020, please refer to paragraph 3(d) of this Corporate Governance Report.

Health, Safety and Environmental Committee

Health, Safety and Environmental Committee was established by the Board of Directors in order to ensure that the Company undertakes and conducts, in compliance with Company policies, its operations in a socially and environmentally responsible manner, pursuing sustainable business. Primary duties of Health, Safety and Environmental Committee include, inter alia, review of health, safety and environmental audits carried out in terms of both legal and Company requirements and annual report on the health, safety and environmental performance of the Company, as well as preparing recommendations to the Board for the formulation and setting of objectives to be achieved in the field of health, safety and environmental management.

The composition of the Health, Safety and Environmental Committee is as follows:

- Mr. Kevin Parker *(chairman of the committee, independent non-executive Director)*
- Mr. Dmitry Vasiliev *(independent non-executive Director)*
- Mr. Vyacheslav Solomin *(non-executive Director)*
- Mr. Nicholas Jordan *(independent non-executive Director)*
- Dr. Evgeny Shvarts *(independent non-executive Director)*

In 2020, the Health, Safety and Environmental Committee held 4 out of which 1 was in a form of absentee voting. At those meetings, the Committee considered, amongst other things, issues related to achievement of the Company's environmental targets, health and safety report, influence of the COVID-19 pandemic on the Company's operations, and CDP Report.

Norilsk Nickel Investment Supervisory Committee

Norilsk Nickel Investment Supervisory Committee was established, inter alia, in order to coordinate the voting procedures and positions that those persons nominated by the Group to the board of directors of Norilsk Nickel will subsequently take at meetings of the board of directors of Norilsk Nickel.

The following members comprises the Norilsk Nickel Investment Supervisory Committee:

- Mr. Bernard Zonneveld *(chairman of the committee, independent non-executive Director)*
- Mr. Marco Musetti *(non-executive Director)*
- Mr. Vyacheslav Solomin *(non-executive Director)*
- Dr. Evgeny Shvarts *(independent non-executive Director)*

During 2020, there were 38 occurrences when the members of Norilsk Nickel Investment Supervisory Committee considered the matters that are within the competence of the Committee, including the situation around accidents that had occurred at Norilsk Nickel's facilities.

Compliance Committee

The Compliance Committee was established following the removal of the Company from OFAC's SDN list. The primary responsibilities of the Compliance Committee are, inter alia, ensuring the formation of a compliance management system within the Group, taking part in the development of policies and other internal regulations of the Company relating to matters of compliance, and consistently following up on their observance, ensuring that adequate compliance control is in place at the Group, conducting due diligence in the event of any reasonable doubt regarding observance of compliance requirements and the provisions of compliance documents.

The Compliance Committee consists of the following members:

- Mr. Christopher Burnham *(chairman of the committee, independent non-executive Director)*
- Mr. Bernard Zonneveld *(independent non-executive Director)*
- Mr. Kevin Parker *(independent non-executive Director)*
- Mr. Nicholas Jordan *(independent non-executive Director)*

In 2020, the Compliance Committee held 4 meetings and considered the issues related to the formation and development of the Company's compliance system.

Standing Committee

The Company established Standing Committee in order to assist the Board of Directors in different matters, including those, which relate to subsidiaries of the Company with a value exceeding USD75,000,000 (seventy five million).

The current members of the Standing Committee are:

- Mr. Bernard Zonneveld *(chairman of the committee, independent non-executive Director)*
- Mr. Marco Musetti *(non-executive Director)*
- Mr. Vyacheslav Solomin *(non-executive Director)*

In 2020, the Standing Committee held 59 meetings by absentee voting and considered issues related, inter alia, to transactions with independent third parties with a value exceeding USD75,000,000, amendments to paid-in capital of the wholly-owned subsidiaries of the Company, amendments to the constitutive documents of the Company's subsidiaries.

Marketing Committee

The Marketing Committee was established in order to review the Company's marketing strategy, to recommend appointment and removal of marketing directors for aluminium and alumina.

Currently the Marketing Committee consists of Mr. Marco Musetti *(non-executive Director)*.

The Marketing Committee has not held meetings during the Review Period.

6. CORPORATE SECRETARY

Before the Continuance, the Board secretary was responsible for keeping minutes of the Board meetings and the secretary of the Company was responsible for the safe keeping of minutes and resolutions of the Board at the registered office of the Company.

Following the Continuance, according to Company's Charter and taking into account the recommendations set out in the Russian CG Code, the Corporate Secretary has been appointed in order to, among other functions, ensure the operation of the Board of Directors and committees of the Board of Directors. The Corporate Secretary performs the functions of the Board secretary. Biographical details of the Corporate Secretary are set out in the section headed Profiles of the Board Members, the General Director and Senior Management on page 101 of this Annual Report.

7. COMPANY SECRETARY

The Company engages Ms. Aby Wong Po Ying from an external service provider as its Company secretary in Hong Kong to ensure the compliance with the HKSE Listing Rules. The primary contact person in the Company in Hong Kong is Mr. Eugene Choi, authorised representative of the Company acting on behalf of the power of attorney.

8. AUDITORS' REMUNERATION IN RESPECT OF AUDIT AND NON-AUDIT SERVICES

For the year ended 31 December 2020, the total fees paid or payable in respect of audit and non-audit services provided by the Group's external auditor, JSC KPMG, are set out below:

	For the year ended 31 December 2020 USD' 000
Audit services	
Annual audit services	5,300
Annual non-audit services	1,000

The non-audit services mainly comprised tax compliance, interim review service and certain agree-upon-procedure work.

The responsibilities of JSC KPMG with respect to the 2020 consolidated financial statements are set out in the "Independent Auditors' Report" on pages 171 to 172.

External auditor is appointed by the GSM by a simple majority for one year based upon the recommendations of the Company's Audit Committee.

The choice of an audit organization was carried out according to the following criteria:

- the range of services offered;
- business reputation;
- price policy.

The Company selects an auditor (audit organization) through a closed competitive selection on an annual basis. The Company sends a request to submit a proposal for the provision of audit services to leading audit companies ("Big Four"). The main conditions for a closed competitive selection are the compliance of the auditor (audit organization) with the requirements established by applicable law for persons providing audit services, as well as the compliance of the auditor (audit organization) with the list of criteria established by the Company for external auditors. The Company chooses the winner based on the results of consideration of proposals (technical and financial) and presentations of the participants.

The Audit Committee has considered the external audit process as effective based on the provided auditor's report.

9. RESPONSIBILITY STATEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The members of the Board acknowledge that, it is their responsibility to prepare the consolidated financial statements for the year ended 31 December 2020 and to the best of their knowledge, the consolidated financial statements for the year ended 31 December 2020, were prepared in accordance with applicable law and IFRS, and that these consolidated financial statements give true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The consolidated financial statements have been prepared in accordance with IFRS. The reporting responsibility of the external auditors of the Company on the financial statements of the Group are set out in the independent auditors' report on pages 171 and 172 of this Annual Report.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Company's risk management and internal control system (hereinafter referred to as the "**System**") assures that the Company's operations are effective and well aligned with its strategic objectives. The System is designed to determine the nature and extent of risks, to safeguard the assets of the Company, to ensure correct, reliable, complete and timely financial reporting. The System promotes ethical values, good corporate governance and ensures regulatory compliance.

Roles and responsibilities

The System stipulates the following roles and responsibilities:

- Owners of the Company's business processes (hereinafter referred to as "**Process owners**");
- Directorate for Control, Internal Audit and Business Coordination (hereinafter referred to as the "**Directorate for Control**");
- Audit Committee.

Process owners are responsible for running specific business processes in compliance with the System, identifying risks and defining subsequent risk mitigation activities.

The Directorate for Control is responsible for methodological support and independent assessment of the System. The Directorate for Control performs audits and revisions to assess effectiveness and efficiency of business processes and applicable controls. Thus, the System is based on both best practices suggested by Process owners and recommendations from audits and revisions (compliance with the recommendations is also regularly checked).

The Directorate for Control reports the results of audits and revisions, as well as other activities related to internal controls, to the Audit Committee on a quarterly basis. Risk management aspects of the System are covered in the quarterly risk management status reports to the Audit Committee.

The Audit Committee is responsible for oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations.

In accordance with HKSE CG Code provision C.2.1., the Audit Committee reviews the Company's risk management and internal control system on a quarterly basis to ensure its effectiveness and efficiency. The Audit Committee approves the annual schedule of audits and revisions to be performed by the Directorate for Control, though the scope of the Directorate's activities is not limited to scheduled audits – the Audit Committee and the Company's management can initiate additional unscheduled activities.

The Board of Directors approves the risk management policy, reviews the policy's performance results and determines the Company's principles and approaches to risk management, internal control and internal audit. The Board of Directors considers the results of the effectiveness of the risk management and internal control system at least once a year, based on reports provided the Directorate for Control. In 2020 there were no issues identified in the functioning of the risk management and internal control system.

Risk management patters

The Company aims to promote a risk-aware culture among all its employees, including those directly engaged in day-to-day operations. Such attitude to risk management improves risk awareness and enables the Company to respond to changes in the business environment on a timely basis.

However, it is important to note that the System is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement or loss.

The Company faces the following types of risks:

Operational risks are those related to direct or indirect damages incurred within the Company's core operating activities due to inefficient or ineffective business processes, systems or human error.

Financial and market risks are those related to financing the Company's activities and volatility on global markets including commodity prices, interest rates and foreign currency rates.

Corporate risks are those related to business environment affecting financial results of the Company, including political, legal and other risks.

Project risks are those faced by the Company due to implementation of investment projects and minor continuous improvement projects.

All material risks are consolidated in the Company's Risk Register monitored at all management levels. A specific responsible employee is allocated to each risk. The Directorate for Control cross-verifies risk management instruments applied to each material risk.

The Audit Committee and Directorate for Control aim to regularly improve and enhance the Company's internal controls and risk management processes. The results of the Audit Committee's quarterly reviews of the System in 2020 are as follows:

Key elements of procurement controls:

- Control of significant purchases of materials, equipment, transportation and construction services through participation in tender committees;
- Inventory turnover control;
- Non-core assets sales control;
- Cooperation with business-to-business trading platforms;
- Promotion of an ethics hotline for suppliers;
- Introduction of alternative suppliers of ligature to move from sole-source contracts to a more competitive sourcing landscape;
- Development of tools to improve the efficiency of procurement;
- Implementation of IT solutions to inspect all outgoing payments;
- Implementation of counterparty evaluation system.

Key elements of risk management system:

- Quarterly reports on the status of Company's risk management activities to the Audit Committee;
- Risk Management Procedure with the focus on risk mitigation activities;
- On-site risk management trainings for the Aluminium, Alumina and Downstream Divisions covering key smelters;
- Development of business continuity methodology based on identified risks;
- Implementation of automated risk management system (ARMS);
- Independent risk audits of Company's production facilities conducted by Willis Group to mitigate risks and optimize the Company's insurance programs.

Information Disclosure

Since the Company's Listing, it has been subject to requirements relating to continuous disclosure obligations, including determination and disclosure of inside information. The Company has established the disclosure committee with authority to assess whether information constitutes inside information, whether it is subject to immediate disclosure or whether any safe harbor provisions may apply; to determine the timing and format of disclosure; to appoint officers responsible for collection, preliminary analysis and processing of the information within various business subdivisions of the Group; to appoint the Company's authorized representatives to the HKSE; and to decide on trading halts and other issues. At the same time, an internal policy regulating the treatment of inside information was adopted within the Group. The internal control system applied in the Group with respect to inside information ensures that any piece of information that may constitute inside information is promptly escalated to the disclosure committee and, should it constitute inside information, is disclosed.

It is important to note that the Directorate for Control did not identify in the year 2020 any significant violations of operational, financial or compliance controls nor any significant risks such as those that may potentially give rise to uncertainties about ability of the Company to continue to operate as a going concern.

Being a Russian issuer with effect from the Registration Date, the Company is subject to broader disclosure requirements of Russian legislation and MoEx Listing Rules, which are applicable to Russian issuers.

Disclosure of information is made through the tools available to the Company under applicable legislation of HKSE Listing Rules and MoEX Listing Rules in order to insure that all shareholders have equal access to the disclosed information:

Website of the HKSE: *(available in English and Chinese language only)*	https://www.hkexnews.hk https://www.hkexnews.hk/index_c.htm
Interfax newswire and the Company's dedicated page *(available in Russian language only)*	https://www.e-disclosure.ru/portal/company.aspx?id=38288
Company's corporate website *(available in Russian, English and Chinese languages)*	http://rusal.ru/investors/info/moex/ https://rusal.ru/en/investors/info/hkse/ https://rusal.ru/cn/investors/info/hkse/filter/years-is-2020/

11. RELEVANT OFFICERS' SECURITIES TRANSACTIONS

The Company has also adopted a code for securities transactions by relevant officers of the Company (the "Relevant Officers Code"). The Relevant Officers Code was based on Appendix 10 to the HKSE Listing Rules but it was made more exacting. It applies to any employee of the Company or a director or employee of a subsidiary of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. The Relevant Officers Code was adopted by the Board on 9 April 2010.

12. GOING CONCERN

As of 31 December 2020, there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

13. INVESTOR RELATIONS

The Company has established a designated department for investor relations, which is responsible for matters concerning investor relations and has developed its own systems and process for communications with investors. The Company's management also maintains close communication with investors, analysts and the media.

The Memorandum and Articles of Association of the Company was superseded by the Charter on 25 September 2020 after the Continuance.

14. LOANS

In 2020 no loans have been issued by the Company (or any Group company) to members of the Board or the General Director.

Exceeding
INDUSTRY STANDARDS

10.

FINANCIAL
STATEMENTS

FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' responsibilities stated in the auditors' report on the audit of the consolidated financial statements set out on page 171, is made with a view to distinguishing the respective responsibilities of management and those of the auditors in relation to the consolidated financial statements of United Company RUSAL, international public joint-stock company ("UC RUSAL, IPJSC") and its subsidiaries.

Management is responsible for the preparation of the consolidated financial statements for the year ended 31 December 2020 in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, management is responsible for:

- selecting appropriate accounting principles and applying them consistently;
- making judgements and estimates that are reasonable and based on supportable assumptions;
- stating whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in the business for the foreseeable future.

Management, within its competencies, is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other errors.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF INTERNATIONAL PUBLIC JOINT-STOCK COMPANY UNITED COMPANY RUSAL

OPINION

We have audited the consolidated financial statements of International public joint-stock company United Company RUSAL (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the independence requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Audited entity: UC RUSAL IPJSC.

Registration number in the Unified State Register of Legal Entities: No. 1203900011974.

Kaliningrad, Russia.

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registration number in the Unified State Register of Legal Entities: No. 1027700125628.

Member of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). Principal registration number of the entry in the Register of Auditors and Audit Organizations: No. 12006020351.

VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Please refer to the Note 13 in the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has significant property, plant and equipment balance which is material to the consolidated financial statements as at 31 December 2020. Current global market conditions, including fluctuations in LME aluminium prices, market premiums and alumina purchase prices together with their long-term forecasts, may indicate that some property, plant and equipment items may be subject to either impairment loss or reversal of previously recognised impairment loss. This is in particular related to such cash generating units (CGUs) as aluminium and alumina plants and bauxite mines. As at the reporting date management performs valuation of the recoverable amount of the Group's assets and cash generating units as their value in use. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, this is one of the key judgmental areas that our audit is concentrated on.	For aluminium, alumina and bauxite CGUs we evaluated the reasonableness of the expected cash flow forecasts by comparing them with the latest budgets approved by the Board of Directors, externally derived data as well as our own assessments in relation to key inputs such as production levels, forecasted aluminium sales prices, forecasted alumina and bauxite purchase prices, costs inflation, foreign currency exchange rates, discount rates and terminal growth rate. We also considered the historic accuracy of management's forecasts by comparing prior year forecasts to actual results. We used our own valuation specialists to assist us in evaluating the assumptions and methodology used by the Group. In particular, we challenged: – aluminium and alumina smelters and bauxite mines costs projections by comparing them with historical results and industry peers; – the key assumptions for long term revenue and costs growth rates in the forecasts by comparing them with historical results, economic and industry forecasts; and – the discount rates used. Specifically, we recalculated the Group's weighted average cost of capital using market comparable information. We also performed sensitivity analysis on the discounted cash flow forecasts and assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of property, plant and equipment.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditors' report thereon. The Group's Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Andrei Ryazantsev

JSC "KPMG"

Moscow, Russia

16 March 2021

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Revenue	5	8,566	9,711
Cost of sales	6(a)	(7,112)	(8,113)
Gross profit		**1,454**	**1,598**
Distribution expenses	6(b)	(469)	(539)
Administrative expenses	6(b)	(553)	(594)
Impairment of non-current assets	6(b)	(9)	(291)
Net other operating expenses	6(b)	(144)	(87)
Results from operating activities		**279**	**87**
Finance income	7	151	45
Finance expenses	7	(690)	(747)
Share of profits of associates and joint ventures	15	976	1,669
Profit before taxation		**716**	**1,054**
Income tax	8	43	(94)
Profit for the year		**759**	**960**
Attributable to Shareholders of the Company		759	960
Profit for the year		**759**	**960**
Earnings per share			
Basic and diluted earnings per share (USD)	12	**0.050**	**0.063**
Adjusted EBITDA	6(d)	871	966

The consolidated statement of income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 180 to 256.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Profit for the year		759	960
Other comprehensive (loss)/income			
Items that will never be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans	20	2	(9)
		2	**(9)**
Items that are or may be reclassified subsequently to profit or loss:			
Change in fair value of cash flow hedges	21	(53)	34
Disposal of subsidiary		–	4
Foreign currency translation differences for equity-accounted investees	15	(665)	448
Foreign currency translation differences on foreign operations		(247)	101
		(965)	**587**
Other comprehensive (loss)/income for the year, net of tax		(963)	578
Total comprehensive (loss)/income for the year		**(204)**	**1,538**
Attributable to:			
Shareholders of the Company		(204)	1,538
Total comprehensive (loss)/income for the year		**(204)**	**1,538**

There was no significant tax effect relating to each component of other comprehensive income.

The consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 180 to 256.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	31 December 2020 USD million	31 December 2019 USD million
ASSETS			
Non-current assets			
Property, plant and equipment	13	4,855	4,499
Intangible assets	14	2,407	2,557
Interests in associates and joint ventures	15	3,822	4,240
Deferred tax assets	8	199	130
Derivative financial assets	21	20	33
Other non-current assets	17(d)	198	87
Total non-current assets		**11,501**	**11,546**
Current assets			
Inventories	16	2,292	2,460
Short-term investments		163	171
Trade and other receivables	17(a)	1,163	1,351
Dividends receivable		–	430
Derivative financial assets	21	30	75
Cash and cash equivalents	17(c)	2,229	1,781
Total current assets		**5,877**	**6,268**
Total assets		**17,378**	**17,814**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 180 to 256.

	Note	31 December 2020 USD million	31 December 2019 USD million
EQUITY AND LIABILITIES			
Equity	18		
Share capital		152	152
Share premium		15,786	15,786
Other reserves		2,841	2,892
Currency translation reserve		(10,113)	(9,201)
Accumulated losses		(2,123)	(2,882)
Total equity		**6,543**	**6,747**
Non-current liabilities			
Loans and borrowings	19	7,062	7,699
Provisions	20	405	403
Deferred tax liabilities	8	453	465
Derivative financial liabilities	21	28	27
Other non-current liabilities		96	83
Total non-current liabilities		**8,044**	**8,677**
Current liabilities			
Loans and borrowings	19	730	548
Trade and other payables	17(b)	1,836	1,770
Derivative financial liabilities	21	157	27
Provisions	20	68	45
Total current liabilities		**2,791**	**2,390**
Total liabilities		**10,835**	**11,067**
Total equity and liabilities		**17,378**	**17,814**
Net current assets		**3,086**	**3,878**
Total assets less current liabilities		**14,587**	**15,424**

Preliminary reviewed, approved and authorised for issue by the board of directors on 16 March 2021.

Evgenii V. Nikitin
General Director

Alexander V. Popov
Chief Financial Officer

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 180 to 256.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital USD million	Share premium USD million	Other reserves USD million	Currency translation reserve USD million	Accumulated losses USD million	Total equity USD million
Balance at 1 January 2020	**152**	**15,786**	**2,892**	**(9,201)**	**(2,882)**	**6,747**
Profit for the year	–	–	–	–	759	759
Other comprehensive loss for the year	–	–	(51)	(912)	–	(963)
Total comprehensive loss for the year	**–**	**–**	**(51)**	**(912)**	**759**	**(204)**
Balance at 31 December 2020	**152**	**15,786**	**2,841**	**(10,113)**	**(2,123)**	**6,543**
Balance at 1 January 2019	**152**	**15,786**	**2,863**	**(9,750)**	**(3,842)**	**5,209**
Profit for the year	–	–	–	–	960	960
Other comprehensive income for the year	–	–	29	549	–	578
Total comprehensive income for the year	**–**	**–**	**29**	**549**	**960**	**1,538**
Balance at 31 December 2019	**152**	**15,786**	**2,892**	**(9,201)**	**(2,882)**	**6,747**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 180 to 256.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
OPERATING ACTIVITIES			
Profit for the year		759	960
Adjustments for:			
Depreciation	6, 13	564	562
Amortisation	6, 14	6	4
Impairment of non-current assets	6(b)	9	291
Impairment/(reversal of impairment) of trade and other receivables	6(b)	6	(12)
Reversal of impairment of inventories	16	(2)	(16)
Provision/(reversal of pension provision)	20	5	(7)
Provision for legal claims	20	–	14
Change in fair value of derivative financial instruments	7	226	21
Net foreign exchange (gain)/loss	7	(118)	124
Loss on disposal of property, plant and equipment	6(b)	13	22
Interest expense	7	464	602
Interest income	7	(33)	(45)
Income tax (credit)/expense	8	(43)	94
Share of profits of associates and joint ventures	15	(976)	(1,669)
Cash from operating activities before changes in working capital and provisions		**880**	**945**
Decrease in inventories		195	580
Decrease/(increase) in trade and other receivables		201	(210)
(Decrease)/increase in trade and other payables		(135)	586
Decrease in provisions		(7)	(6)
Cash generated from operations before income tax paid		**1,134**	**1,895**
Income taxes paid	8(e)	(43)	(243)
Net cash generated from operating activities		**1,091**	**1,652**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 180 to 256.

	Note	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		11	43
Interest received		26	31
Acquisition of property, plant and equipment		(877)	(811)
Dividends from associates and joint ventures		1,170	1,141
Acquisition of intangible assets		(20)	(37)
Other investments		(191)	(85)
Return from/(contribution to) joint venture		10	(75)
Acquisition of subsidiaries		(1)	(35)
Return of prepayment for investment in associate		–	44
Changes in restricted cash	17(c)	–	30
Net cash generated from investing activities		**128**	**246**
FINANCING ACTIVITIES			
Proceeds from borrowings		491	1,568
Repayment of borrowings		(493)	(1,905)
Refinancing fees and other expenses		(12)	(33)
Interest paid		(465)	(553)
Settlement of derivative financial instruments		(215)	(26)
Net cash used in financing activities		**(694)**	**(949)**
Net increase in cash and cash equivalents		**525**	**949**
Cash and cash equivalents at the beginning of the year	17(c)	1,768	801
Effect of exchange rate fluctuations on cash and cash equivalents		(77)	18
Cash and cash equivalents at the end of the year	**17(c)**	**2,216**	**1,768**

Restricted cash amounted to USD13 million and USD13 million at 31 December 2020 and 31 December 2019, respectively.

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 180 to 256.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. BACKGROUND

(a) Organisation

United Company RUSAL, international public joint-stock company (United Company RUSAL Plc prior to 25 September 2020) ("UC RUSAL IPJSC", the "Company" or "UC RUSAL") was established by the controlling shareholder of RUSAL Limited ("RUSAL") as a limited liability company under the laws of Jersey on 26 October 2006. On 27 January 2010, the Company successfully completed a placing on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and changed its legal form from a limited liability company to a public limited company.

On 23 March 2015, the shares of the Company were admitted to listing on PJSC Moscow Exchange MICEX-RTS ("Moscow Exchange") in the First Level quotation list. The trading of shares on Moscow Exchange commenced on 30 March 2015. There was no issue of new shares.

The extraordinary general meeting of the Company held on 1 August 2019 approved the application by the Company to the regulatory authorities in Russia for continuance as a company with the status of an International Company established under the laws of Russia (the "Redomiciliation"). On 25 September 2020 UC RUSAL changed its domicile to the Russian Federation as UC RUSAL IPJSC.

The Company's registered office as at 31 December 2020 is Oktyabrskaya st. 8, office 410, Kaliningrad, Kaliningrad Region, 236006, Russian Federation (prior to 25 September 2020: s 3rd floor, 44 Esplanade, St Helier, Jersey, JE4 9WG, Channel Islands).

The Company directly or through its wholly owned subsidiaries controls a number of production and trading entities engaged in the aluminium business and other entities, which together with the Company are referred to as "the Group".

The shareholding structure of the Company as at 31 December 2020 and 2019 was as follows:

	31 December 2020	31 December 2019
EN+GROUP IPJSC ("EN+", formerly En+ Group Plc)	56.88%	50.10%
SUAL Partners Limited ("SUAL Partners")	22.10%	22.50%
Zonoville Investments Limited ("Zonoville")	4.00%	4.00%
Amokenga Holdings Limited ("Amokenga Holdings")	–	6.78%
Mr. Oleg V. Deripaska	0.01%	0.01%
Publicly held	17.01%	16.61%
Total	**100.00%**	**100.00%**

At 31 December 2020 and 2019 management considers the immediate parent of the Group to be EN+ GROUP International public joint-stock company (EN+GROUP IPJSC) with the registered office at Oktyabrskaya st. 8, office 34, Kaliningrad, Kaliningrad Region, 236006, Russian Federation.

Based on the information provided by EN+, at the reporting date there is no individual that has an indirect prevailing ownership interest in EN+ GROUP IPJSC exceeding 50%, who could exercise voting rights in respect of more than 35% of EN+ GROUP IPJSC's issued share capital or has an opportunity to exercise control over EN+ GROUP IPJSC. As at 31 December 2020 and 31 December 2019 Mr. Oleg Deripaska beneficially controls and exercises voting rights in respect of 35% of the voting shares of EN+ GROUP IPJSC and cannot exceed his direct or indirect shareholding over 44.95% of the shares of the EN+ GROUP IPJSC.

According to the information disclosed at the Stock Exchange of Hong Kong Limited Zonoville Investments Limited and SUAL Partners Limited are associates. Major ultimate beneficiaries of SUAL Partners are Mr. Victor Vekselberg and Mr. Len Blavatnik.

To the best knowledge of the Company, at the date of approval of these consolidated financial statements the shareholding structure of the Company was as follows:

EN+GROUP IPJSC ("EN+", formerly En+ Group Plc)	56.88%
SUAL Partners Limited ("SUAL Partners")	21.85%
Zonoville Investments Limited ("Zonoville")	4.00%
Mr. Oleg V. Deripaska	0.01%
Publicly held	17.26%
Total	**100.00%**

Related party transactions are disclosed in note 25.

(b) Operations

The Group operates in the aluminium industry primarily in the Russian Federation, Ukraine, Guinea, Jamaica, Ireland, Italy and Sweden and is principally engaged in the mining and refining of bauxite and nepheline ore into alumina, the smelting of primary aluminium from alumina and the fabrication of aluminium and aluminium alloys into semi-fabricated and finished products. The Group sells its products primarily in Europe, Russia, other countries of the Commonwealth of Independent States ("CIS"), Asia and North America.

(c) Business environment in emerging economies

The Russian Federation, Ukraine, Jamaica and Guinea have been experiencing political and economic changes that have affected, and may continue to affect, the activities of enterprises operating in these environments. Consequently, operations in these countries involve risks that typically do not exist in other markets, including reconsideration of privatisation terms in certain countries where the Group operates following changes in governing political powers.

The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. In particular, some Russian entities may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine. The COVID-19 coronavirus pandemic has further increased uncertainty in the business environment (note 1(e)).

The consolidated financial statements reflect management's assessment of the impact of the Russian, Ukrainian, Jamaican and Guinean business environments on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(d) OFAC Sanctions

On 6 April 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated, amongst others, the Company, as a Specially Designated National ("SDN") (the "OFAC Sanctions").

As a result, all property or interests in property of the Company and its subsidiaries located in the United States or in the possession of U.S. Persons were blocked, must have been frozen, and could not be transferred, paid, exported, withdrawn, or otherwise dealt in. Several general licenses were issued at the time of the designation and later on authorizing certain transactions with the Company, its majority shareholder EN+GROUP IPJSC ("EN+", former En+ Group Plc), and with their respective debt and equity.

On 27 January 2019 OFAC announced removal of the Company and En+ from OFAC's SDN List with immediate effect. The removal was subject to and conditional upon the satisfaction of a number of conditions including, but not limited to, corporate governance changes, including, inter alia, overhauling the composition of the Board to ensure that independent directors constitute the majority of the Board, stepping down of the Chairman of the Board, and ongoing reporting and certifications by the Company to OFAC concerning compliance with the conditions for removal.

(e) COVID-19 and going concern

The first months of 2020 have seen significant global market turmoil triggered by the outbreak of the novel coronavirus. Along with other factors, including a sharp decrease in the price of oil, this has resulted in high volatility on the stock market, with a considerable drop of indices, as well as a depreciation of the Russian rouble. As a result of the COVID-19 outbreak in the first half of 2020, aluminium prices continued to deteriorate. This factor had an adverse impact on the revenue and profitability of the Group during second and third quarter of 2020, partially offset by rouble depreciation and decrease in cost of raw materials linked to the oil price. At that period, considering depressed level of aluminium prices, management has been implementing a number of measures including, but not limited to, cost and working capital optimization. By the start of December 2020 aluminium prices have mostly recovered back to the pre-COVID and pre-sanctions level which was also supported by the recovery of the global aluminium demand and production. Considering the current consensus forecast aluminium prices will continue to remain at slightly depressed level compared to spot price as of early December 2020 with subsequent recovery in the long-term. The global demand and production of aluminium is also expected to demonstrate positive trends but may be affected by further COVID-19 developments. At the date of this analysis, the Group continues to assess the impact of the above factors on its financial position and future cash flows and thoroughly monitors all market developments. Considering the currently produced analysis and cash flows forecasts management has concluded that the Group and the Company will continue operations and meet its obligations as they fall due. To mitigate the risks of potential COVID-19 developments on the Group's operations management has implemented and continues to maintain a number of measures including those related to production and supply processes continuity, staff safety, support of local medical infrastructure in areas where the Group operates.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Preparation of these consolidated financial statements is also regulated by Russian Federal Law 208-FZ dated 27 July 2010 "On consolidated financial statements" in all aspects, except for language and functional and presentation currencies, which are regulated by Russian Federal Law 290-FZ dated 3 August 2018 "On international companies and international funds".

The following amended standards and interpretations are effective from 1 January 2020 but did not have a significant impact on the Group's consolidated financial statements:

- *Amendments to References to Conceptual Framework in IFRS Standards;*
- *Definition of Material (Amendments to IAS 1 and IAS 8);*
- *Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4);*
- *Interest Rate Benchmarking Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).*

The Group applied *Definition of a Business (Amendments to IFRS 3)* to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies and details of the Group's acquisition of subsidiary during the year ended 31 December 2020 are set out in notes 14 and 17(d).

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

- *Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);*
- *COVID-19-Related Rent Concessions (Amendment to IFRS 16);*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);*
- *Reference to Conceptual Framework (Amendments to IFRS 3);*
- *Classification of liabilities as current or non-current (Amendments to IAS 1);*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.*

The above new standards, except for *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts*, are not expected to have a significant impact on the Group's consolidated financial statements. The Group is currently assessing the potential impact of *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts* on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost basis except as set out in the significant accounting policies in the related notes below.

(b) Functional and presentation currency

The Company's functional currency is the United States Dollar ("USD") because it reflects the economic substance of the underlying events and circumstances of the Company. The functional currencies of the Group's significant subsidiaries are the currencies of the primary economic environment and key business processes of these subsidiaries and include USD, Russian Roubles ("RUB"), Ukrainian Hryvna and Euros ("EUR"). The consolidated financial statements are presented in USD, rounded to the nearest million, except as otherwise stated herein.

(c) Use of judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported revenue and costs during the relevant period.

Management bases its judgements and estimates on historical experience and various other factors that are believed to be appropriate and reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year relate to:

- measurement of recoverable amount of property, plant and equipment (note 13) and goodwill (note 14);
- measurement of net realizable value of inventories (note 16);
- measurement of recoverable amount of investments in associates and joint ventures (note 15);
- estimates in respect of legal proceedings, restoration and exploration, taxation and pension reserve (note 20);
- measurement of fair value of derivative financial instruments (note 21);
- measurement of expected credit losses on financial assets (note 17).

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items in a foreign currency are measured based on historical cost and translated using the exchange rate at the date of transaction. Foreign currency differences arising on retranslation are recognised in the statement of income, except for differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which is recognised in the other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated from their functional currencies to USD at the exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates approximating exchange rates at the dates of the transactions.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income and presented in the currency translation reserve in equity. For the purposes of foreign currency translation, the net investment in a foreign operation includes foreign currency intra-group balances for which settlement is neither planned nor likely in the foreseeable future and foreign currency differences arising from such a monetary item are recognised in the statement of comprehensive income.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount of the currency translation reserve is transferred to the statement of income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of income.

4. SEGMENT REPORTING

(a) Reportable segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance and for which discrete consolidated financial information or statements are available.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group has four reportable segments, as described below, which are the Group's strategic business units. These business units are managed separately and the results of their operations are reviewed by the CEO on a regular basis.

Aluminium. The Aluminium segment is involved in the production and sale of primary aluminium and related products.

Alumina. The Alumina segment is involved in the mining and refining of bauxite into alumina and the sale of alumina.

Energy. The Energy segment includes the Group companies and projects engaged in the mining and sale of coal and the generation and transmission of electricity produced from various sources. Where the generating facility is solely a part of an alumina or aluminium production facility it is included in the respective reportable segment.

Mining and Metals. The Mining and Metals segment includes the equity investment in PJSC MMC Norilsk Nickel ("Norilsk Nickel").

Other operations include manufacturing of semi-finished products from primary aluminium for the transportation, packaging, building and construction, consumer goods and technology industries; and the activities of the Group's administrative centres. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2020 and 2019.

The Aluminium and Alumina segments are vertically integrated whereby the Alumina segment supplies alumina to the Aluminium segment for further refining and smelting with limited sales of alumina outside the Group. Integration between the Aluminium, Alumina and Energy segments also includes shared servicing and distribution.

(b) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of income tax assets and corporate assets. Segment liabilities include trade and other payables attributable to the production and sales activities of the individual segments. Loans and borrowings are not allocated to individual segments as they are centrally managed by the head office.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments excluding impairment.

The measure used for reporting segment results is the statement of income before income tax adjusted for items not specifically attributed to individual segments, such as finance income, costs of loans and borrowings and other head office or corporate administration costs. The segment profit or loss is included in the internal management reports that are reviewed by the Group's CEO. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment revenue), the carrying value of investments and share of profits/(losses) of associates and joint ventures, depreciation, amortisation, impairment and additions of non-current segment assets used by the segments in their operations. Inter-segment pricing is determined on a consistent basis using market benchmarks.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

(i) Reportable segments

Year ended 31 December 2020

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	7,158	811	–	–	7,969
Inter-segment revenue	217	2,429	–	–	2,646
Total segment revenue	**7,375**	**3,240**	**–**	**–**	**10,615**
Segment profit	**365**	**213**	**–**	**–**	**578**
Reversal of impairment/(impairment) of non-current assets	74	(59)	–	–	15
Share of profits of associates and joint ventures	–	–	76	930	1,006
Depreciation/amortisation	(350)	(183)	–	–	(533)
Non-cash (expense)/income other than depreciation	(2)	6	–	–	4
Capital expenditure	(611)	(238)	–	–	(849)
Non-cash additions/(disposals) to non-current segment assets related to site restoration	6	(39)	–	–	(33)
Segment assets	6,987	2,572	–	–	9,559
Interests in associates and joint ventures	–	–	662	3,122	3,784
Total segment assets					**13,343**
Segment liabilities	(854)	(668)	(13)	–	(1,535)
Total segment liabilities					**(1,535)**

Year ended 31 December 2019

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	8,082	984	–	–	9,066
Inter-segment revenue	232	2,881	–	–	3,113
Total segment revenue	**8,314**	**3,865**	**–**	**–**	**12,179**
Segment profit	**275**	**456**	**–**	**–**	**731**
Impairment of non-current assets	(153)	(42)	–	–	(195)
Share of profits of associates and joint ventures	–	–	82	1,587	1,669
Depreciation/amortisation	(378)	(158)	–	–	(536)
Non-cash income other than depreciation	9	10	–	–	19
Capital expenditure	(553)	(250)	–	–	(803)
Non-cash disposals to non-current segment assets related to site restoration	(3)	(8)	–	–	(11)
Segment assets	6,912	2,656	–	–	9,568
Interests in associates and joint ventures	–	–	699	3,462	4,161
Total segment assets					**13,729**
Segment liabilities	(966)	(614)	(11)	–	(1,591)
Total segment liabilities					**(1,591)**

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	Year ended 31 December 2020 USD million	Year ended 31 December2019 USD million
Revenue		
Reportable segment revenue	10,615	12,179
Elimination of inter-segment revenue	(2,646)	(3,113)
Unallocated revenue	597	645
Consolidated revenue	**8,566**	**9,711**

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Profit		
Reportable segment profit	578	731
Impairment of non-current assets	(9)	(291)
Share of profits of associates and joint ventures	976	1,669
Finance income	151	45
Finance expenses	(690)	(747)
Unallocated expenses	(290)	(353)
Consolidated profit before taxation	**716**	**1,054**

	31 December 2020 USD million	31 December 2019 USD million
Assets		
Reportable segment assets	13,343	13,729
Unallocated assets	4,035	4,085
Consolidated total assets	**17,378**	**17,814**

	31 December 2020 USD million	31 December 2019 USD million
Liabilities		
Reportable segment liabilities	(1,535)	(1,591)
Unallocated liabilities	(9,300)	(9,476)
Consolidated total liabilities	**(10,835)**	**(11,067)**

(iii) Geographic information

The Group's operating segments are managed on a worldwide basis, but operate in four principal geographical areas: the CIS, Europe, Africa and the Americas. In the CIS, production facilities operate in Russia and Ukraine. In Europe, production facilities are located in Italy, Ireland and Sweden. African production facilities are represented by bauxite mines and an alumina refinery in Guinea. In the Americas the Group operates one production facility in Jamaica and a trading subsidiary in the United States of America.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset. Unallocated specified non-current assets comprise mainly goodwill and interests in associates and joint ventures.

Revenue from external customers	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Russia	2,139	2,290
Turkey	956	1,051
Netherlands	727	985
China	615	118
Japan	471	440
USA	469	649
Poland	337	456
South Korea	329	577
Greece	236	188
Italy	225	570
Germany	190	220
Taiwan	185	53
France	164	209
Sweden	144	158
Norway	134	203
Other countries	1,245	1,544
	8,566	**9,711**

Specified non-current assets	31 December 2020 USD million	31 December 2019 USD million
Russia	7,331	7,357
Ireland	606	655
Guinea	225	230
Ukraine	229	158
Unallocated	3,110	3,146
	11,501	**11,546**

5. REVENUE

Accounting policies

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

The details of significant accounting policies in relation to the Group's various goods and services are set out below:

Sales of goods: comprise sale of primary aluminium, alloys, alumina, bauxite and other products. Customers obtain control of the goods supplied when the goods are delivered to the point when risks are transferred based on Incoterms delivery terms stated in the contract. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 60 days or in advance. Under certain Group sale contracts the final price for the goods shipped is determined a few months later than the delivery took place. Under current requirements the Group determines the amount of revenue at the moment of recognition based on estimated selling price at the date of the invoice issued. At price finalisation the difference between estimated price and actual one is recognised as other revenue.

Rendering of transportation services: as part of sales of goods the Group also performs transportation to the customer under contract terms. In certain cases the control for goods delivered is transferred to customer at earlier point than the transportation is completed. In these cases rendering of transportation services from when the control of goods has transferred is considered as a separate performance obligation.

Rendering of electricity supply services: The Group is involved in sales of energy to 3rd and related parties. Invoices are issued once a month at the end of month and paid within 30 days. Revenue is recognised over time during the month of energy supply.

Disclosures

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Revenue from contracts with customers	**8,566**	**9,711**
Sales of products	**8,397**	**9,529**
Sales of primary aluminium and alloys	7,088	8,019
Sales of alumina and bauxite	534	668
Sales of foil and other aluminium products	381	410
Sales of other products	394	432
Provision of services	**169**	**182**
Supply of energy	111	118
Provision of transportation services	8	10
Provision of other services	50	54
Total revenue by types of customers	**8,566**	**9,711**
Third parties	7,796	6,530
Related parties – companies capable of exerting significant influence	317	2,727
Related parties – companies related through parent company	141	140
Related parties – associates and joint ventures	312	314
Total revenue by primary regions	**8,566**	**9,711**
Europe	3,574	4,805
CIS	2,486	2,669
America	624	799
Asia	1,829	1,381
Other	53	57

The Group's customer base is diversified and includes only one major customer – Glencore International AG (a member of Glencore International) – with whom transactions have exceeded 10% of the Group's revenue. In 2020 revenue from sales of primary aluminium and alloys to this customer amounted to USD1,259 million (2019: USD2,325 million).

Revenue from sale of primary aluminium and alloys relates to aluminium segment (Note 4). Revenue from sales of alumina and bauxite relates to alumina segment which also includes sale of other products. Revenue from sale of foil and other aluminium products and other products and services relates mostly to the revenue of non-reportable segments.

6. COST OF SALES AND OPERATING EXPENSES

(a) Cost of sales

	Year ended 31 December 2020 USD million	Year ended 31 December2019 USD million
Cost of alumina, bauxite and other materials	**(2,924)**	**(3,388)**
Third parties	*(2,898)*	*(3,300)*
Related parties – companies capable of exerting significant influence	*(15)*	*(54)*
Related parties – companies related through parent company	*(11)*	*(34)*
Purchases of primary aluminium	**(605)**	**(516)**
Third parties	*(129)*	*(49)*
Related parties – companies related through parent company	*(11)*	*(13)*
Related parties – associates and joint ventures	*(465)*	*(454)*
Energy costs	**(1,868)**	**(2,054)**
Third parties	*(1,094)*	*(1,235)*
Related parties – companies capable of exerting significant influence	*(27)*	*(5)*
Related parties – companies related through parent company	*(721)*	*(782)*
Related parties – associates and joint ventures	*(26)*	*(32)*
Personnel costs	**(512)**	**(499)**
Depreciation and amortisation	**(542)**	**(548)**
Change in finished goods	**7**	**(453)**
Other costs	**(668)**	**(655)**
Third parties	*(529)*	*(502)*
Related parties – companies related through parent company	*(28)*	*(30)*
Related parties – associates and joint ventures	*(111)*	*(123)*
	(7,112)	**(8,113)**

(b) Distribution, administrative and other operating expenses, and impairment of non-current assets

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Transportation expenses	(388)	(438)
Personnel costs	(272)	(325)
Consulting and legal expenses	(82)	(79)
Charitable donations	(63)	(31)
Taxes other than on income	(42)	(30)
Packaging materials	(33)	(43)
Security	(31)	(31)
Depreciation and amortisation	(28)	(18)
Repair and other services	(20)	(24)
Loss on disposal of property, plant and equipment	(13)	(22)
Impairment of non-current assets	(9)	(291)
Auditors' remuneration	(6)	(6)
(Impairment)/reversal of impairment of trade and other receivables	(6)	12
Short-term lease and variable lease payments	(3)	(17)
Provision for legal claims	–	(14)
Other expenses	(179)	(154)
	(1,175)	**(1,511)**

(c) Personnel costs

Accounting policies

Personnel costs comprise salaries, annual bonuses, annual leave and cost of non-monetary benefits. Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group are also members of retirement schemes operated by local authorities. The Group is required to contribute a certain percentage of their payroll to these schemes to fund the benefits. The Group's total contribution to those schemes charged to the statement of income during the years presented is shown below.

The Group's net obligation in respect of defined benefit pension and other post-retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Where there is a change in actuarial assumptions, the resulting actuarial gains and losses are recognised directly in other comprehensive income.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the statement of income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses.

Disclosures

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Contributions to defined contribution retirement plans	155	176
Contributions to defined benefit retirement plans	5	3
Total retirement costs	160	179
Wages and salaries	624	645
	784	**824**

(d) EBITDA and operating effectiveness measures

Adjusted EBITDA is the key non-IFRS financial measure used by the Group as reference for assessing operating effectiveness.

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Results from operating activities	279	87
Add:		
Amortisation and depreciation	570	566
Impairment of non-current assets	9	291
Loss on disposal of property, plant and equipment	13	22
Adjusted EBITDA	**871**	**966**

7. FINANCE INCOME AND EXPENSES

Accounting policies

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and changes in the fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in the statement of income using the effective interest method, except for borrowing costs related to the acquisition, construction and production of qualifying assets which are recognised as part of the cost of such assets.

Foreign currency gains and losses are reported on a net basis. Foreign exchange gain on loans and borrowing for the year ended 31 December 2020 equalled to USD291 million (31 December 2019: loss in the amount of USD213 million).

Disclosures

	Year ended 31 December 2020 USD million	Year ended 31 December2019 USD million
Finance income		
Interest income on third party loans and deposits	33	44
Interest income on loans to related parties – *companies related through parent company*	–	1
Net foreign exchange gain	118	–
	151	**45**
Finance expenses		
Interest expense on bank loans and bonds wholly repayable within 5 years and other bank charges	(437)	(576)
Interest expense on bank loans and bonds wholly repayable after 5 years	(13)	–
Other finance costs	(2)	(13)
Change in fair value of derivative financial instruments (refer to note 21)	(226)	(21)
Net foreign exchange loss	–	(124)
Interest expense on provisions	(3)	(8)
Leases interest costs	(9)	(5)
	(690)	**(747)**

8. INCOME TAX

Accounting policies

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of income and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liability. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

Disclosures

(a) Income tax (credit)/expense

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Current tax		
Current tax for the year	43	162
Deferred tax		
Origination and reversal of temporary differences	(86)	(68)
Actual tax (credit)/expense	**(43)**	**94**

As part of Company's redomiciliation described in note 1(a) it has completed the winding up of its operations in Cyprus, registered a new branch in Russia and starting from 1 January 2020 has been considered a Russian tax resident with an applicable corporate tax rate of 20% (2019: 12.5% and Cyprus tax resident). Subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For subsidiaries domiciled in Russia, the applicable tax rate is 20%; in Ukraine of 18%; Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 21.4% and Italy of 27.9%. For the Group's subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary's tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rate is 11.91% for Swiss subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the year ended 31 December 2019 were the same as for the year ended 31 December 2020 except for tax rates for subsidiaries domiciled in Switzerland which amounted to 9.55% and 14.35% accordingly.

	Year ended 31 December 2020		Year ended 31 December 2019	
	USD million	%	USD million	%
Profit before taxation	**716**	**100**	**1,054**	**100**
Income tax at tax rate applicable to the tax residence of the Company	143	20	132	13
Effect of different income tax rates	(42)	(6)	25	2
Effect of changes in investment in Norilsk Nickel	(186)	(26)	(154)	(15)
Change in unrecognised deferred tax assets	191	27	31	3
Effect of reversal/accrual of impairment	(30)	(4)	79	7
Other non-deductible taxable items	(119)	(17)	(21)	(1)
Income tax related to prior periods, including provision	–	–	2	–
Actual tax (credit)/expense	**(43)**	**(6)**	**94**	**9**

(b) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following temporary differences:

	Assets		Liabilities		Net	
	31 December 2020 USD million	31 December 2019 USD million	31 December 2020 USD million	31 December 2019 USD million	31 December 2020 USD million	31 December 2019 USD million
Property, plant and equipment	62	77	(572)	(580)	(510)	(503)
Inventories	61	97	(15)	(13)	46	84
Trade and other receivables	33	26	(23)	(19)	10	7
Derivative financial assets/(liabilities)	8	7	(6)	(8)	2	(1)
Tax loss carry-forwards	173	66	–	–	173	66
Others	458	328	(433)	(316)	25	12
Deferred tax assets/(liabilities)	795	601	(1,049)	(936)	(254)	(335)
Set-off of deferred taxation	(596)	(471)	596	471	–	–
Net deferred tax assets/(liabilities)	**199**	**130**	**(453)**	**(465)**	**(254)**	**(335)**

Movement in deferred tax assets/(liabilities) during the year

	1 January 2019 USD million	Recognised in profit or loss USD million	Foreign currency translation USD million	31 December 2019 USD million
Property, plant and equipment	(519)	10	6	(503)
Inventories	40	44	–	84
Trade and other receivables	8	(1)	–	7
Derivative financial assets/(liabilities)	(2)	1	–	(1)
Tax loss carry-forwards	41	25	–	66
Others	23	(11)	–	12
Total	**(409)**	**68**	**6**	**(335)**

	1 January 2020 USD million	Recognised in profit or loss USD million	Foreign currency translation USD million	31 December 2020 USD million
Property, plant and equipment	(503)	(2)	(5)	(510)
Inventories	84	(38)	–	46
Trade and other receivables	7	3	–	10
Derivative financial assets/(liabilities)	(1)	3	–	2
Tax loss carry-forwards	66	107	–	173
Others	12	13	–	25
Total	**(335)**	**86**	**(5)**	**(254)**

Recognised tax losses expire in the following years:

Year of expiry	31 December 2020 USD million	31 December 2019 USD million
Without expiry	173	66
	173	**66**

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2020 USD million	31 December 2019 USD million
Deductible temporary differences	946	834
Tax loss carry-forwards	301	212
	1,247	**1,046**

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom. Tax losses expire in the following years:

Year of expiry	31 December 2020 USD million	31 December 2019 USD million
Without expiry	300	210
From 2 to 5 years	–	2
Up to one year	1	–
	301	**212**

(d) Unrecognised deferred tax liabilities

Retained earnings of the Group's subsidiaries where dividend distributions are subject to taxation included USD1,254 million and USD1,361 million as at 31 December 2020 and 31 December 2019, respectively, for which deferred taxation has not been provided because remittance of the earnings has been indefinitely postponed through reinvestment and, as a result, such amounts are considered to be permanently invested. It was not practicable to determine the amount of temporary differences relating to investments in subsidiaries where the Group is able to control the timing of reversal of the difference. Reversal is not expected in the foreseeable future. For other subsidiaries in the Group, including the significant trading companies, the distribution of dividends does not give rise to taxes.

(e) Current taxation in the consolidated statement of financial position represents:

	31 December 2020 USD million	31 December 2019 USD million
Net income tax receivable/(payable) at the beginning of the year	5	(105)
Income tax for the year	(43)	(162)
Income tax paid	43	220
Dividend withholding tax	–	57
Translation difference	(1)	(5)
	4	**5**
Represented by:		
Current tax liabilities (note 17(b))	(11)	(16)
Prepaid income tax (note 17(a))	15	21
Net income tax receivable	**4**	**5**

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulations are as follows:

Year ended 31 December 2020

	Directors' fees USD thousand	Salaries, allowances, benefits in kind USD thousand	Discretionary bonuses USD thousand	Total USD thousand
Executive Directors				
Evgenii Nikitin	–	1,537	1,156	2,693
Evgenii Vavilov	–	32	5	37
Evgeny Kuryanov	–	194	14	208
Non-executive Directors				
Marco Musetti	307	–	–	307
Vyacheslav Solomin	308	–	–	308
Vladimir Kolmogorov	246	–	–	246
Independent Non-executive Directors				
Bernard Zonneveld (Chairman)	1,445	–	–	1,445
Christopher Burnham	294	–	–	294
Nicholas Jordan	306	–	–	306
Elsie Leung Oi-Sie	295	–	–	295
Kevin Parker	321	–	–	321
Evgeny Svarts (a)	187	–	–	187
Randolph Reynolds	285	–	–	285
Dmitry Vasiliev	338	–	–	338
Maksim Poletaev (b)	63	–	–	63
	4,395	**1,763**	**1,175**	**7,333**

Year ended 31 December 2019

	Directors' fees USD thousand	Salaries, allowances, benefits in kind USD thousand	Discretionary bonuses USD thousand	Total USD thousand
Executive Directors				
Evgenii Nikitin	–	1,437	1,104	2,541
Evgenii Vavilov	–	51	7	58
Evgeny Kuryanov (c)	–	381	13	394
Sergei Popov (d)	–	7	–	7
Non-executive Directors				
Marco Musetti	217	–	–	217
Vyacheslav Solomin	196	–	–	196
Vladimir Kolmogorov (e)	104	–	–	104
Timur Valiev (f)	70	–	–	70
Independent Non-executive Directors				
Bernard Zonneveld (Chairman)	675	–	–	675
Christopher Burnham (g)	243	–	–	243
Nicholas Jordan (g)	181	–	–	181
Elsie Leung Oi-Sie	202	–	–	202
Kevin Parker (g)	185	–	–	185
Maksim Poletaev (b)	180	–	–	180
Randolph Reynolds (g)	267	–	–	267
Dmitry Vasiliev	224	–	–	224
Philippe Bernard Henri Mailfait (h)	12	–	–	12
Jean-Pierre Thomas (h)	36	–	–	36
	2,792	**1,876**	**1,124**	**5,792**

a. Evgeny Svarts was appointed as Independent Non-executive Director in April 2020.

b. Maksim Poletaev was appointed Independent Non-executive Directors in February 2019 and resigned from his position in April 2020.

c. Evgeny Kuryanov was appointed as Executive Director in February 2019.

d. Sergei Popov was resigned from his position as a member of the Board of Directors in February 2019.

e. Vladimir Kolmogorov was appointed as Non-executive Directors in May 2019.

f. Timur Valiev was resigned from his position as a member of the Board of Directors in May 2019.

g. Christopher Burnham, Nicholas Jordan, Kevin Parker and Randolph Reynolds were appointed as Independent Non-executive Directors in February 2019.

h. Philippe Bernard Henri Mailfait and Jean-Pierre Thomas were resigned from their positions as a members of the Board of Directors in January 2019.

The remuneration of the executive directors disclosed above includes compensation received starting from the date of the appointment and/or for the period until their termination as a member of the Board of Directors.

Executive directors remuneration for the year ended 31 December 2020 includes contributions to the state pension funds in the following amounts: Mr. Nikitin – USD243 thousand, Mr. Vavilov – USD5 thousand, Mr. Kuryanov – USD21 thousand. The comparative information for the year ended 31 December 2019 is restated accordingly. Executive directors remuneration for the year ended 31 December 2019 includes contributions to the state pension funds in the following amounts: Mr. Nikitin – USD231 thousand, Mr. Vavilov – USD3 thousand, Mr. Kuryanov – USD9 thousand, Mr. Popov – USD nil thousand. There are no retirement scheme contributions for non-executive directors.

10.INDIVIDUALS WITH HIGHEST EMOLUMENTS

	Year ended 31 December 2020 USD thousand	Year ended 31 December 2019 USD thousand
Salaries	13,301	19,211
Discretionary bonuses	24,307	14,406
Retirement scheme contributions	3,315	3,368
	40,923	**36,985**

The emoluments of the other individuals with the highest emoluments are within the following bands:

	Year ended 31 December 2020 Number of individuals	Year ended 31 December 2019 Number of individuals
HK$30,500,001 – HK$31,000,000 (US$3,900,001 – US$4,000,000)	1	–
HK$32,000,001 – HK$32,500,000 (US$4,100,001 – US$4,200,000)	–	1
HK$36,500,001 – HK$37,000,000 (US$4,700,001 – US$4,800,000)	1	–
HK$37,500,001 – HK$38,000,000 (US$4,800,001 – US$4,900,000)	1	–
HK$52,000,001 – HK$52,500,000 (US$6,700,001 – US$6,800,000)	–	1
HK$55,500,001 – HK$56,000,000 (US$7,100,001 – US$7,200,000)	–	1
HK$56,000,001 – HK$56,500,000 (US$7,200,001 – US$7,300,000)	–	1
HK$90,000,001 – HK$90,500,000 (US$11,600,001 – US$11,700,000)	–	1
HK$100,000,001 – HK$100,500,000 (US$12,850,001 – US$12,950,000)	1	–
HK$112,000,001 – HK$112,500,000 (US$14,400,001 – US$14,500,000)	1	–

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years presented.

The remuneration for the year ended 31 December 2020 includes contributions to the state pension funds. The comparative information for the year ended 31 December 2019 is restated accordingly.

11. DIVIDENDS

No dividends were declared and paid by the Company during the year ended 31 December 2020 and the year ended 31 December 2019.

The Company is subject to external capital requirements (refer to note 22(f)).

12. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of shares in issue during the years ended 31 December 2020 and 31 December 2019. Weighted average number of shares:

	Year ended 31 December 2020	Year ended 31 December 2019
Issued ordinary shares at beginning of the year	15,193,014,862	15,193,014,862
Effect of treasury shares	–	–
Weighted average number of shares at end of the year	**15,193,014,862**	**15,193,014,862**
Profit for the year, USD million	**759**	**960**
Basic and diluted earnings per share, USD	**0.050**	**0.063**

There were no outstanding dilutive instruments during the years ended 31 December 2020 and 2019.

13. PROPERTY, PLANT AND EQUIPMENT

Accounting policies

(i) Recognition and measurement

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of periodic relining of electrolysers is capitalised and depreciated over the expected production period.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within gain/(loss) on disposal of property, plant and equipment in the statement of income.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

(iii) Exploration and evaluation assets

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activities include:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the statement of income.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Exploration and evaluation expenditure is capitalised as exploration and evaluation assets when it is expected that expenditure related to an area of interest will be recouped by future exploitation, sale, or, at the reporting date, the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves. Capitalised exploration and evaluation expenditure is recorded as a component of property, plant and equipment at cost less impairment losses. As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where there are indicators of potential impairment, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but which require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the statement of income.

Exploration and evaluation assets are transferred to mining property, plant and equipment or intangible assets when development is sanctioned.

(iv) Stripping costs

Expenditure relating to the stripping of overburden layers of ore, including estimated site restoration costs, is included in the cost of production in the period in which it is incurred.

(v) Mining assets

Mining assets are recorded as construction in progress and transferred to mining property, plant and equipment when a new mine reaches commercial production.

Mining assets include expenditure incurred for:

- Acquiring mineral and development rights;
- Developing new mining operations.

Mining assets include interest capitalised during the construction period, when financed by borrowings.

(vi) Depreciation

The carrying amounts of property, plant and equipment (including initial and any subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated mine or mineral lease, if shorter. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The property, plant and equipment is depreciated on a straight-line or units of production basis over the respective estimated useful lives as follows:

–	Buildings	30 to 50 years;
–	Plant, machinery and equipment	5 to 40 years;
–	Electrolysers	4 to 15 years;
–	Mining assets	units of production on proven and probable reserves;
–	Other (except for exploration and evaluation assets)	1 to 20 years.

Disclosures

	Land and buildings USD million	Machinery and equipment USD million	Electro-lysers USD million	Other USD million	Mining assets USD million	Construction in progress USD million	Total USD million
Cost/Deemed cost							
Balance at 1 January 2019	**3,528**	**6,393**	**2,544**	**201**	**443**	**1,786**	**14,895**
Additions	10	44	131	1	13	688	887
Acquired through business combination	4	–	–	–	–	2	6
Disposals	(10)	(140)	(8)	(51)	(2)	(21)	(232)
Transfers	110	275	42	8	4	(439)	–
Foreign currency translation	40	50	4	–	35	43	172
Balance at 31 December 2019	**3,682**	**6,622**	**2,713**	**159**	**493**	**2,059**	**15,728**
Balance at 1 January 2020	**3,682**	**6,622**	**2,713**	**159**	**493**	**2,059**	**15,728**
Additions	67	4	120	–	31	765	987
Acquired through business combination	10	8	–	1	–	2	21
Disposals	(11)	(85)	–	(3)	(10)	(11)	(120)
Transfers	52	284	43	121	1	(501)	–
Foreign currency translation	(65)	(73)	(8)	(10)	(48)	(66)	(270)
Balance at 31 December 2020	**3,735**	**6,760**	**2,868**	**268**	**467**	**2,248**	**16,346**
Accumulated depreciation and impairment losses							
Balance at 1 January 2019	1,918	4,653	2,210	153	377	1,125	10,436
Depreciation charge	89	320	144	3	2	–	558
Impairment loss/(reversal) of impairment loss	106	76	32	(5)	39	(17)	231
Disposals	(3)	(99)	(5)	(4)	(1)	–	(112)
Transfers							
Foreign currency translation	27	35	4	–	34	16	116
Balance at 31 December 2019	**2,137**	**4,985**	**2,385**	**147**	**451**	**1,124**	**11,229**
Balance at 1 January 2020	2,137	4,985	2,385	147	451	1,124	11,229
Depreciation charge	97	303	156	14	1	–	571
Impairment loss/(reversal) of impairment loss	(29)	27	3	(3)	21	(60)	(41)
Disposals	(4)	(78)	–	(2)	(3)	–	(87)
Foreign currency translation	(42)	(55)	(8)	(3)	(46)	(27)	(181)
Balance at 31 December 2020	**2,159**	**5,182**	**2,536**	**153**	**424**	**1,037**	**11,491**
Net book value							
At 31 December 2019	**1,545**	**1,637**	**328**	**12**	**42**	**935**	**4,499**
At 31 December 2020	**1,576**	**1,578**	**332**	**115**	**43**	**1,211**	**4,855**

Depreciation expense of USD536 million (2019: USD544 million) has been charged to cost of goods sold, USD3 million (2019: USD4 million) to distribution expenses and USD25 million (2019: USD14 million) to administrative expenses.

During the year ended 31 December 2020 interest expense of USD10 million was capitalised in the course of active construction at several projects (2019: USD26 million).

Included into construction in progress at 31 December 2020 and 2019 are advances to suppliers of property, plant and equipment of USD149 million and USD124 million, respectively.

The carrying value of property, plant and equipment subject to lien under loan agreements was USD28 million as at 31 December 2020 (31 December 2019: USD44 million), refer to note 19.

(vii) Impairment

In accordance with the Group's accounting policies, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal.

Value in use is also generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), bauxite reserve estimate, operating costs, restoration and rehabilitation costs and future capital expenditure.

Bauxite reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The Group determines ore reserves under the Australasian Code for Reporting of Mineral Resources and Ore Reserves September 1999, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves.

Management identified several factors that indicated that for a number of Group's cash-generating units previously recognised impairment loss may require reversal and for a number of cash-generating units impairment loss shall be recognised. These include significant decrease of aluminium and alumina prices during the year as result of LME depreciation and overall market instability. Despite LME recovery during last quarter of 2020, market forecasts demonstrate slightly depressed level of prices compared to the spot prices as at reporting date. In aluminium production, the Group benefited from decrease in cash cost due to depreciation of Russian rouble against USD as almost all aluminium plants of the Group are located in Russia. For alumina cash generating units, major influence was on the part of favourable dynamics in prices of energy resources being a significant part of cash cost. Bauxite cash generating units incurred more or less stable sale price and cash cost of bauxite.

Based on results of impairment testing as at 31 December 2020, management has concluded that a reversal of previously recognised impairment loss relating to property, plant and equipment should be recognised in these consolidated financial statements in respect of Taishet aluminium smelter (aluminium smelter under construction) and Mykolaiv alumina refinery in the amount of USD158 million.

Based on results of impairment testing as at 31 December 2019, management has concluded that a reversal of previously recognised impairment loss relating to property, plant and equipment should be recognised in these consolidated financial statements in respect of Aughinish and Cobad cash generating units in the amount of USD363 million. Additionally, management has concluded that an impairment loss in respect of KAZ, VgAZ, BAZ and UAZ, KUBAL, Kremny and Windalco cash generating units, in the amount of USD545 million should be recognised in these consolidated financial statements.

For the purposes of impairment testing the recoverable amount of each cash generating unit was determined by discounting expected future net cash flows of the cash generating unit. Assumptions used to determine the recoverable amount of the cash generating units are the same as disclosed in note 14(vi). Values assigned to key assumptions and estimates used to measure the units' recoverable amount was based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The risk factors related to future COVID-19 uncertainties have been incorporated into the discount rates applied. The pre-tax discount rates applied to the above mentioned cash generating units, estimated in nominal terms based on an industry weighted average cost of capital, are presented in the table below.

	Year ended 31 December 2020	Year ended 31 December 2019
Taishet aluminium smelter	11.8%	10.7%
Mykolaiv alumina refinery	18.7%	16.0%
Kubikenborg Aluminium (KUBAL)	19.8%	11.1%
Windalco	27.0%	18.6%
BAZ and UAZ (Bogoslovsk and Ural aluminium smelters)	15.0%	12.5%
KAZ (Kandalaksha aluminium smelter)	15.5%	12.5%
VgAZ (Volgograd aluminium smelter)	14.8%	12.0%
Compagnie de Bauxites de Dian-Dian (Cobad)	20.0%	20.0%
Aughinish Alumina	11.9%	12.0%

The results of impairment testing are particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in the decrease in the recoverable amount of aluminium plants of the Group and would lead to the impairment in the total amount of up to 5% of carrying amount of property, plant and equipment of the Group;
- A 5% reduction in the projected aluminium sales volumes would have resulted in the decrease in the recoverable amount of aluminium plants of the Group and would lead to the impairment in the total amount of up to 3% of carrying amount of property, plant and equipment of the Group;
- A 5% increase in the projected level of electricity costs in the aluminium production would have resulted in the decrease in the recoverable amount of aluminium plants of the Group but would not lead to an impairment of property, plant and equipment of the Group;
- A 5% increase in the projected level of alumina prices would have resulted in the decrease in the recoverable amount of aluminium plants of the Group, would have resulted in the increase in the recoverable amount of alumina plants of the Group and would not lead to an impairment of property, plant and equipment of the Group;
- A 1% increase in each of the discount rates applied would have resulted in the decrease in the recoverable amount of all cash generating units by 11% but would not lead to an impairment of property, plant and equipment of the Group;
- A 10% appreciation of Russian rouble would have resulted in the decrease in the recoverable amount of all Russian-based plants of the Group by 26% but would not lead to an impairment of property, plant and equipment of the Group.

Additionally, management identified specific items of property, plant and equipment that are no longer in use and therefore are not considered to be recoverable amounting to USD117 million at 31 December 2020 (2019: USD49 million). These assets have been impaired in full. No further impairment of property, plant and equipment or reversal of previously recorded impairment was identified by management.

(viii) Leases

The Group assesses whether a contract is or contains a lease based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for the leases of properties in which Group acts as a lessee, the Group does not separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options, the assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

In determining the enforceable period (i.e. the maximum lease term), the Group considers whether both it and the lessor has a right to terminate the lease without permission from the other party and, if so, whether that termination would result in more than an insignificant penalty. If a more than insignificant penalty exists, then the enforceable period extends until the point at which a no more than an insignificant penalty exists.

The Group leases many assets, including land, properties and production equipment. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability as required by IFRS 16.

The cost comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group presents right-of-use assets as part of property plant and equipment, the same line item as it presents underlying assets of the same nature that it owns. Additions to right-of-use assets were in the amount of USD67 million during the year ended 31 December 2020 (31 December 2019: USD6 million). The carrying amounts of right-of-use assets are presented below.

Property, plant and equipment	Land and buildings USD Million	Machinery and equipment USD Million	Total USD Million
Balance at 1 January 2020	17	13	30
Balance at 31 December 2020	57	6	63

Total depreciation charges related to the right-of-use assets for the year ended 31 December 2020 amount to USD19 million (31 December 2019: USD10 million).

USD2 million of right-of-use assets have been impaired during the year ended 31 December 2020 (31 December 2019: USD8 million). The Group's total cash outflow for leases was in the amount of USD28 million for the year ended 31 December 2020 (31 December 2019: USD13 million).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

In accordance with IFRS 16 variable payments which do not depend on index or rate, e.g. which do not reflect changes in market rental rates, should not be included in the measurement of lease liability. In respect of municipal or federal land leases where lease payments are based on cadastral value of the land plot and do not change until the next revision of that value or the applicable rates (or both) by the authorities, the Group has determined that, under the current revision mechanism, the land lease payments cannot be considered as either variable that depend on index or rate or in-substance fixed, and therefore these payments are not included in the measurement of the lease liability. Future cash outflows to which the Group is potentially exposed that are not recognised in right-to-use assets and are not reflected in the measurement of lease liabilities and which arise from variable lease payments not linked to index or rate are in the amount of USD61 million as at 31 December 2020 (31 December 2019: USD45 million).

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group presents lease liabilities as part of other payables and other non-current liabilities in the statement of financial position depending on the period to which future lease payments relate. Total non-current part of lease liabilities as at 31 December 2020 amounted to USD49 million (31 December 2019: USD25 million).

Total interest costs on leases recognised for the year ended 31 December 2020 amount to USD9 million (31 December 2019: USD5 million).

The Group does not recognise right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The expense relating to short-term leases in the amount of USD9 million is included in cost of sales or administrative expenses depending on type of underlying asset for the year ended 31 December 2020 (31 December 2019: USD23 million).

When the Group is an intermediate lessor the sub-leases are classified with reference to the right-of the use asset arising from the head lease, not with reference to the underlying asset.

14.INTANGIBLE ASSETS

Accounting policies

(i) Goodwill

On the acquisition of a subsidiary, an interest in a joint venture or an associate or an interest in a joint arrangement that comprises a business, the identifiable assets, liabilities and contingent liabilities of the acquired business (or interest in a business) are recognised at their fair values unless the fair values cannot be measured reliably. Where the fair values of assumed contingent liabilities cannot be measured reliably, no liability is recognised but the contingent liability is disclosed in the same manner as for other contingent liabilities.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Goodwill arises when the cost of acquisition exceeds the fair value of the Group's interest in the net fair value of identifiable net assets acquired. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Goodwill is not amortised but is tested for impairment annually. For this purpose, goodwill arising on a business combination is allocated to the cash-generating units expected to benefit from the acquisition and any impairment loss recognised is not reversed even where circumstances indicate a recovery in value.

When the fair value of the Group's share of identifiable net assets acquired exceeds the cost of acquisition, the difference is recognised immediately in the statement of income.

In respect of associates or joint ventures, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and joint venture and the investment as a whole is tested for impairment whenever there is objective evidence of impairment. Any impairment loss is allocated to the carrying amount of the interest in the associate and joint venture.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use and capitalised borrowing costs. Other development expenditure is recognised in the statement of income when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of income when incurred.

(v) Amortisation

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- software 5 years;
- other 2-8 years.

The amortisation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Disclosures

	Goodwill USD million	Other intangible assets USD million	Total USD million
Cost			
Balance at 1 January 2019	2,750	573	3,323
Additions	–	41	41
Disposals	–	(23)	(23)
Foreign currency translation	127	7	134
Balance at 31 December 2019	**2,877**	**598**	**3,475**
Balance at 1 January 2020	2,877	598	3,475
Additions	33	20	53
Disposals	–	(48)	(48)
Foreign currency translation	(188)	(9)	(197)
Balance at 31 December 2020	**2,722**	**561**	**3,283**
Amortisation and impairment losses			
Balance at 1 January 2019	(449)	(465)	(914)
Amortisation charge	–	(4)	(4)
Balance at 31 December 2019	**(449)**	**(469)**	**(918)**
Balance at 1 January 2020	(449)	(469)	(918)
Amortisation charge	–	(6)	(6)
Disposals	–	48	48
Balance at 31 December 2020	**(449)**	**(427)**	**(876)**
Net book value			
At 31 December 2019	**2,428**	**129**	**2,557**
At 31 December 2020	**2,273**	**134**	**2,407**

The amortisation charge is included in cost of sales in the consolidated statement of income.

Goodwill recognised in these consolidated financial statements as at 31 December 2019 initially arose on the formation of the Group in 2000 – 2003. The amount of goodwill was principally increased in 2007 as a result of the acquisition of certain businesses of SUAL Partners and Glencore.

Goodwill additions for the year ended 31 December 2020 relate to acquisition of PGLZ LLC (note 17(d)) and was determined as the difference between the consideration paid and the fair value of acquired assets and liabilities.

(vi) Impairment

For the purposes of impairment testing, the entire amount of goodwill is allocated to the aluminium segment of the Group's operations, except for goodwill arisen from PGLZ LLC acquisition (Note 17). The aluminium segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount represents value in use as determined by discounting the future cash flows generated from the continuing use of the plants within the Group's aluminium segment.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to goodwill.

At 31 December 2020, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2019 and performed an impairment test for goodwill at 31 December 2020 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.8 million metric tonnes of primary aluminium, of 8.5 million metric tonnes of alumina and of 15.7 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;
- Aluminium sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD1,919 per tonne for primary aluminium in 2021, USD1,906 in 2022, USD1,927 in 2023, USD1,955 in 2024, USD2,003 in 2025. Alumina prices were derived from the same sources as aluminium prices at USD295 per tonne for alumina in 2021, USD304 in 2022, USD307 in 2023, USD318 in 2024, USD335 in 2025. Operating costs were projected based on the historical performance adjusted for inflation;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB73.2 for one USD in 2021, RUB71.9 in 2022, RUB71.2 in 2023, RUB72.5 in 2024, RUB74.1 in 2025. Inflation of 3.8%-4.1% in RUB and 1.5%-2.2% in USD was assumed in determining recoverable amounts;
- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 11.4%;
- A terminal value was derived following the forecast period assuming a 2.0% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium and alumina price levels would result in a decrease in the recoverable amount by 33% but would not lead to an impairment;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 25% decrease in the recoverable amount but would not lead to an impairment;
- A 1% increase in the discount rate would have resulted in a 11% decrease in the recoverable amount but would not lead to an impairment.

Based on results of impairment testing of goodwill, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2020.

At 31 December 2019, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2018 and performed an impairment test for goodwill at 31 December 2019 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.8 million metric tonnes of primary aluminium, of 8.2 million metric tonnes of alumina and of 15.4 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;
- Aluminium sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD1,802 per tonne for primary aluminium in 2020, USD1,860 in 2021, USD1,952 in 2022, USD2,028 in 2023, USD2,099 in 2024. Alumina prices were derived from the same sources as aluminium prices at USD301 per tonne for alumina in 2020, USD311 in 2021, USD322 in 2022, USD341 in 2023, USD349 in 2024. Operating costs were projected based on the historical performance adjusted for inflation;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB65.8 for one USD in 2020, RUB65.4 in 2021, RUB63.9 in 2022, RUB63.0 in 2023, RUB63.6 in 2024. Inflation of 4.0%-4.6% in RUB and 1.7%-2.1% in USD was assumed in determining recoverable amounts;
- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 11.3%;
- A terminal value was derived following the forecast period assuming a 1.7% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium and alumina price levels would result in a decrease in the recoverable amount by 44% and would lead to an impairment in amount USD1,241 million;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 21% decrease in the recoverable amount but would not lead to an impairment;
- A 1% increase in the discount rate would have resulted in a 11% decrease in the recoverable amount but would not lead to an impairment.

Based on results of impairment testing of goodwill, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2019.

15. INTERESTS IN ASSOCIATES AND JOINT VENTURES

Accounting policies

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In accordance with the Group's accounting policies, each investment in an associate or joint venture is evaluated every reporting period to determine whether there are any indications of impairment after application of the equity method of accounting. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an investment in an associate or joint venture is measured at the higher of fair value less costs to sell and value in use.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to investments in associates or joint venture. In addition to the considerations described above the Group may also assess the estimated future cash flows expected to arise from dividends to be received from the investment, if such information is available and considered reliable.

Disclosures

	31 December 2020 USD million	31 December2019 USD million
Balance at the beginning of the year	4,240	3,698
Group's share of profits, impairment and reversal of impairment	976	1,669
Return of prepayment	(11)	(41)
Acquisition of investments	–	75
Dividends	(718)	(1,609)
Foreign currency translation	(665)	448
Balance at the end of the year	**3,822**	**4,240**
Goodwill included in interests in associates	2,034	2,428

The following list contains only the particulars of associates and joint ventures, all of which are corporate entities, which principally affected the results or assets of the Group.

Name of associate/joint venture	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest		Principal activity
			Group's effective interest	Group's nominal interest	
PJSC MMC Norilsk Nickel	Russian Federation	158,245,476 shares, RUB1 par value	27.82%	27.82%	Nickel and other metals production
Queensland Alumina Limited	Australia	2,212,000 shares, AUD2 par value	20%	20%	Production of alumina under a tolling agreement
BEMO project	Cyprus, Russian Federation	BOGES Limited, BALP Limited-10,000 shares EUR1.71 each	50%	50%	Energy/Aluminium production

The summary of the consolidated financial statements of associates and joint ventures for the year ended 31 December 2020 is presented below:

	PJSC MMC Norilsk Nickel		Queensland Alumina Limited		BEMO project		Other joint ventures	
	Group share	100%	Group share	100%	Group share	100%	Group share	100%
Non-current assets	5,206	12,147	199	777	1,420	2,680	238	402
Current assets	2,381	8,559	35	181	132	255	48	96
Non-current liabilities	(2,959)	(10,619)	(92)	(359)	(945)	(1,890)	(95)	(190)
Current liabilities	(1,506)	(5,412)	(142)	(478)	(67)	(134)	(31)	(62)
Net assets	**3,122**	**4,675**	**–**	**121**	**540**	**911**	**160**	**246**

	PJSC MMC Norilsk Nickel		Queensland Alumina Limited		BEMO project		Other joint ventures	
	Group share	100%	Group share	100%	Group share	100%	Group share	100%
Revenue	4,325	15,545	123	617	364	728	134	268
Profit from continuing operations	930	3,634	–	(20)	51	52	(5)	50
Other comprehensive income	(562)	(699)	–	1	(95)	(189)	(8)	(20)
Total comprehensive income	**368**	**2,935**	**–**	**(19)**	**(44)**	**(137)**	**(13)**	**30**

The summary of the consolidated financial statements of associates and joint ventures for the year ended 31 December 2019 is presented below:

	PJSC MMC Norilsk Nickel		Queensland Alumina Limited		BEMO project		Other joint ventures	
	Group share	100%	Group share	100%	Group share	100%	Group share	100%
Non-current assets	5,868	12,899	163	535	1,528	2,942	252	464
Current assets	1,829	6,575	33	169	151	302	44	87
Non-current liabilities	(2,726)	(9,765)	(64)	(202)	(1,012)	(2,024)	(69)	(139)
Current liabilities	(1,509)	(5,422)	(132)	(373)	(83)	(166)	(33)	(67)
Net assets	**3,462**	**4,287**	**–**	**129**	**584**	**1,054**	**194**	**345**

	PJSC MMC Norilsk Nickel		Queensland Alumina Limited		BEMO project		Other joint ventures	
	Group share	100%	Group share	100%	Group share	100%	Group share	100%
Revenue	3,774	13,563	124	620	365	729	165	330
Profit from continuing operations	1,587	5,966	–	4	49	(128)	33	62
Other comprehensive income	383	484	–	(1)	61	123	4	2
Total comprehensive income	**1,970**	**6,450**	**–**	**3**	**110**	**(5)**	**37**	**64**

(a) PJSC MMC Norilsk Nickel

The Group's investment in Norilsk Nickel is accounted for using equity method and the carrying value as at 31 December 2020 and 31 December 2019 amounted USD3,122 million and USD3,462 million, respectively. The market value amounted USD14,123 million and USD13,586 million as at 31 December 2020 and 31 December 2019, respectively, and is determined by multiplying the quoted bid price per share on the Moscow Exchange on the year-end date by the number of shares held by the Group.

(b) Queensland Alumina Limited ("QAL")

The carrying value of the Group's investment in Queensland Alumina Limited as at both 31 December 2020 and 31 December 2019 amounted to USD nil million. At 31 December 2020 management has not identified any impairment reversal indicators relating to the Group's investment in QAL and as a result no detailed impairment testing was performed in relation to this investment.

(c) BEMO project

The carrying value of the Group's investment in BEMO project as at 31 December 2020 and 31 December 2019 amounted USD540 million and USD584 million, respectively.

For the purposes of impairment testing, the BEMO project was separated into two cash generating units – the Boguchansky Aluminium Smelter ("BoAZ') and the Boguchansky Hydro Power Plant ("BoGES"). The recoverable amount was determined by discounting the expected future net cash flows of each cash generating unit.

At 31 December 2020 management has not identified any impairment indicators relating to the Group's investment in BoGES as well as any impairment reversal indicators relating to investments in BoAZ and as a result no detailed impairment testing was performed in relation to this investment.

At 31 December 2020, accumulated losses of USD443 million (2019: USD651 million) related to impairment charges at BoAZ have not been recognised because the Group's investment has already been fully written down to USD nil million.

Summary of the additional financial information of the Group's effective interest in BEMO project for the year ended 31 December 2020 and 31 December 2019 is presented below (all in USD million):

	31 December 2020 USD million	31 December 2019 USD million
Cash and cash equivalents	30	60
Current financial liabilities	(43)	(41)
Non-current financial liabilities	(859)	(929)
Depreciation and amortisation	(17)	(17)
Interest income	1	3
Interest expense	(15)	(18)
Income tax expense	(13)	(12)

16.INVENTORIES

Accounting policies

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is determined under the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The production costs include mining and concentrating costs, smelting, treatment and refining costs, other cash costs and depreciation and amortisation of operating assets.

The Group recognises write-downs of inventories based on an assessment of the net realisable value of the inventories. A write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact the carrying value of the inventories and the write-down of inventories charged to the statement of income in the periods in which such estimate has been changed.

Disclosures

	31 December 2020 USD million	31 December 2019 USD million
Raw materials and consumables	1,033	1,134
Work in progress	598	672
Finished goods and goods held for resale	799	792
	2,430	2,598
Provision for inventory obsolescence	(138)	(138)
	2,292	**2,460**

Inventories at 31 December 2020 and 31 December 2019 are stated at cost.

Inventory with a carrying value of USD738 million was pledged under existing trading contracts at 31 December 2020 (31 December 2019: USD383 million).

The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Carrying amount of inventories sold	6,446	7,006
Write off of inventories	2	16
	6,448	**7,022**

17. NON-DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policies

Non-derivative financial instruments comprise investments in securities, trade and other receivables (excluding prepayments and tax assets), cash and cash equivalents, loans and borrowings and trade and other payables (excluding advances received and tax liabilities).

Non-derivative financial instruments except for trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs. Trade and other receivables are recognised at transaction price.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The details of significant accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains such classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Group's financial assets most fall within category of financial assets measured at amortised cost. The only exception is derivative financial assets measured at fair value through profit or loss (note 21), cash flow hedges accounted through other comprehensive income (note 21) and other investments measured at fair value through profit or loss (note 17(d)). The same applies to the Group's financial liabilities.

Disclosures

(a) Trade and other receivables

	31 December 2020 USD million	31 December 2019 USD million
Trade receivables from third parties	429	502
Impairment loss on trade receivables	(23)	(30)
Net trade receivables from third parties	**406**	**472**
Trade receivables from related parties, including:	**70**	**124**
Related parties-companies capable of exerting significant influence	*50*	*82*
Impairment loss on trade receivables from related parties-companies capable of exerting significant influence	*(1)*	*(1)*
Net trade receivables from related parties-companies capable of exerting significant influence	*49*	*81*
Related parties-companies related through parent company	*13*	*16*
Related parties-associates and joint ventures	*8*	*27*
VAT recoverable	325	402
Impairment loss on VAT recoverable	(24)	(28)
Net VAT recoverable	**301**	**374**
Advances paid to third parties	105	121
Impairment loss on advances paid	(2)	(2)
Net advances paid to third parties	**103**	**119**
Advances paid to related parties, including:	**67**	**47**
Related parties-companies capable of exerting significant influence	*1*	–
Related parties-companies related through parent company	–	*1*
Related parties-associates and joint ventures	*66*	*46*
Prepaid expenses	**8**	**5**
Prepaid income tax	**15**	**21**
Prepaid other taxes	**29**	**26**
Other receivables from third parties	170	158
Impairment loss on other receivables	(9)	(10)
Net other receivables from third parties	**161**	**148**
Other receivables from related parties, including:	**3**	**15**
Related parties-companies related through parent company	*18*	*15*
Impairment loss on other receivables from related parties-companies related through parent company	*(15)*	–
Net other receivables to related parties-companies related through parent company	*3*	*15*
	1,163	**1,351**

All of the trade and other receivables are expected to be settled within one year or are repayable on demand.

(i) Ageing analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as of the reporting dates:

	31 December 2020 USD million	31 December 2019 USD million
Current (not past due)	385	463
1-30 days past due	77	99
31-60 days past due	2	30
61-90 days past due	1	–
More than 90 days past due	11	4
Amounts past due	91	133
	476	**596**

Ageing analysis is performed based on number of days receivable is overdue. Trade receivables are on average due within 60 days from the date of billing. The receivables that are neither past due nor impaired (i.e. current) relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. The Group does not hold any collateral over these balances. Further details of the Group's credit policy are set out in note 22(e).

(ii) Impairment of trade receivables

Under IFRS 9, loss allowances are measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due, but additional analysis is conducted for each such receivable and assessment is updated accordingly.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset in case of long-term assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables are presented as part of net other operating expenses.

The following analysis provides further detail about the calculation of ECLs related to trade receivables. The Group uses an allowance matrix to measure the ECLs of trade receivables from the customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. The ECLs were calculated based on actual credit loss experience over the past two years. The Group performed the calculation of ECL rates separately for the customers of each key trading company of the Group. Exposures within each trading company were not further segmented except for individually significant customers which bear specific credit risk depending on the repayment history of the customer and relationship with the Group.

The following table provides information about determined ECLs rates for trade receivables both as at 1 January 2020 and 31 December 2020.

	Weighted-average loss rate		
	1 January 2020	31 December 2020	Credit-impaired
Current (not past due)	1%	1%	No
1-30 days past due	4%	4%	No
31-60 days past due	11%	10%	No
61-90 days past due	80%	71%	No
More than 90 days past due	92%	86%	Yes

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for credit losses during the period is as follows:

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Balance at the beginning of the year	(31)	(39)
Reversal of impairment	7	8
Balance at the end of the year	**(24)**	**(31)**

The Group has concluded that there is no material impact of COVID-19 related matters described in note 1(e) on the expected credit losses assessment as at 31 December 2020.

(b) Trade and other payables

	31 December 2020 USD million	31 December 2019 USD million
Accounts payable to third parties	**547**	**474**
Accounts payable to related parties, including:	**96**	**92**
Related parties – companies capable of exerting significant influence	*3*	*3*
Related parties – companies related through parent company	*44*	*43*
Related parties – associates and joint ventures	*49*	*46*
Advances received	**860**	**518**
Advances received from related parties, including:	**–**	**392**
Related parties – companies capable of exerting significant influence	*–*	*392*
Other payables and accrued liabilities to third parties	**159**	**147**
Other payables and accrued liabilities to related parties, including:	**4**	**4**
Related parties – companies related through parent company	*4*	*4*
Current tax liabilities	**11**	**16**
Other taxes payable	**159**	**127**
	1,836	**1,770**

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis as at the reporting date. Ageing analysis is performed based on number of days payable is overdue.

	31 December 2020 USD million	31 December 2019 USD million
Current	529	497
Past due 0-90 days	93	58
Past due 91-120 days	8	1
Past due over 120 days	13	10
Amounts past due	114	69
	643	**566**

(c) Cash and cash equivalents

	31 December 2020 USD million	31 December 2019 USD million
Bank balances, USD	1,027	1,310
Bank balances, RUB	467	83
Bank balances, EUR	94	116
Bank balances, other currencies	33	20
Short-term bank deposits	595	228
Securities	–	11
Cash and cash equivalents in the consolidated statement of cash flows	**2,216**	**1,768**
Restricted cash	13	13
	2,229	**1,781**

As at 31 December 2020 and 31 December 2019 included in cash and cash equivalents was restricted cash of USD13 million and USD13 million, respectively, pledged under a Swiss Law Pledged Agreement with BNP Paribas (Suisse) SA.

(d) Other non-current assets

	31 December 2020 USD million	31 December 2019 USD million
Long-term deposits	111	–
Investments in equity securities measured at fair value through profit and loss	74	–
Prepayment for subsidiary acquisition (note 26)	–	71
Other non-current assets	13	16
	198	87

In September 2020 the Group obtained control of PGLZ LLC (note 26) by acquiring 99.9% of its shares. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue and has concluded that the acquired set is a business. Total consideration paid amounted to USD71 million and was paid in cash as at 1 January 2020. Fair value of acquired assets and liabilities amounted to USD24 million from which USD21 million related to property, plant and equipment (note 13).

18. EQUITY

(a) Share capital

	31 December 2020		31 December 2019	
	USD	Number of shares	USD	Number of shares
Ordinary shares at the end of the year, authorised	200 million	20 billion	200 million	20 billion
Ordinary shares at 1 January	151,930,148	15,193,014,862	151,930,148	15,193,014,862
Ordinary shares at the end of the year of USD0.01 each, issued and paid	**151,930,148**	**15,193,014,862**	**151,930,148**	**15,193,014,862**

(b) Other reserves

The acquisition of RUSAL Limited by the Company has been accounted for as a non-substantive acquisition. The consolidated share capital and share premium represent only the share capital and share premium of the Company and the share capital and other paid in capital of RUSAL Limited prior to the acquisition has been included in other reserves.

In addition, other reserves include the cumulative unrealised actuarial gains and losses on the Group's defined post retirement benefit plans, the effective portion of the accumulative net change in fair value of cash flow hedges and the Group's share of other comprehensive income of associates.

(c) Distributions

Following Company's redomiciliation in September 2020 (note 1(a)), the Company may distribute dividends from retained earnings and profit for the reporting period in compliance with the current legislation of the Russian Federation and the provisions of its Charter.

(d) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations and equity accounted investees. The reserve is dealt with in accordance with the accounting policies set out in note 3(e).

(e) Movement in components of equity within the Company

USD million	Share capital	Reserves	Total
Balance at 1 January 2019	**152**	**14,152**	**14,304**
Profit for the year	–	1,594	1,594
Other comprehensive loss	–	(3)	(3)
Balance at 31 December 2019	**152**	**15,743**	**15,895**
Balance at 1 January 2020	**152**	**15,743**	**15,895**
Profit for the year	–	785	785
Balance at 31 December 2020	**152**	**16,528**	**16,680**

19. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk refer to notes 22(c)(ii) and 22(c)(iii), respectively.

	31 December 2020 USD million	31 December 2019 USD million
Non-current liabilities		
Secured bank loans	4,603	4,951
Unsecured bank loans	22	202
Bonds	2,437	2,546
	7,062	**7,699**
Current liabilities		
Secured bank loans	270	223
Unsecured bank loans	403	202
Bonds	1	55
Accrued interest	56	68
	730	**548**

(a) Loans and borrowings

Terms and debt repayment schedule as at 31 December 2020

	TOTAL USD million	2021 USD million	2022 USD million	2023 USD million	2024 USD million	2025 USD million	2026-2028 USD million
Secured bank loans							
Variable							
USD – 3M Libor + 3.0%	2,097	–	–	–	180	424	1,493
USD – 3M Libor + 2.1%	1,073	–	358	359	356	–	–
USD – 3M Libor + 1.5%	192	192	–	–	–	–	–
USD – 3M Libor + 1.35%	68	68	–	–	–	–	–
RUB – Key Rate + 1.9%	1,433	–	–	–	123	289	1,021
Fixed							
RUB – 8.75%	10	10	–	–	–	–	–
	4,873	**270**	**358**	**359**	**659**	**713**	**2,514**
Unsecured bank loans							
Variable							
USD – 1M Libor + 2.4%	200	200	–	–	–	–	–
EUR – 6M Euribor + 0.67%	10	1	1	1	1	1	5
RUB – other	15	2	10	3	–	–	–
Fixed							
USD – 2.97%	200	200	–	–	–	–	–
Total	**5,298**	**673**	**369**	**363**	**660**	**714**	**2,519**
Accrued interest	56	56	–	–	–	–	–
Total	**5,354**	**729**	**369**	**363**	**660**	**714**	**2,519**

As at 31 December 2020 and 31 December 2019 rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and its ultimate customers, were assigned to secure the syndicated Pre-Export Finance Term Facility Agreement (PXF) dated 25 October 2019.

As at 31 December 2020 the Group through its subsidiaries has outstanding REPO loans backed by Norilsk Nickel shares in number of 1,123,968, in the amount of USD260 million and maturing in June 2021.

As at 31 December 2020 and 31 December 2019 the secured bank loans are secured by certain pledges of shares of a number of Group subsidiaries, 25% +1 share of Norilsk Nickel (Group's associate) and property, plant and equipment with a carrying amount of USD28 million and USD44 million, respectively.

The nominal value of the Group's loans and borrowings was USD5,329 million at 31 December 2020 (31 December 2019: USD5,612 million).

Terms and debt repayment schedule as at 31 December 2019

	TOTAL USD million	2020 USD million	2021 USD million	2022 USD million	2023 USD million	2024 USD million
Secured bank loans						
Variable						
USD – 3M Libor + 3.75%	2,089	–	332	396	556	805
USD – 3M Libor + 2.25%	1,070	–	–	356	357	357
USD – 3M Libor + 1.65%	210	210	–	–	–	–
Fixed						
RUB – 9.15%	1,780	–	–	289	610	881
RUB – 8.75%	25	13	12	–	–	–
	5,174	**223**	**344**	**1,041**	**1,523**	**2,043**
Unsecured bank loans						
Variable						
USD – 1M Libor + 2.4%	200	–	200	–	–	–
Fixed						
USD – 3.6%	200	200	–	–	–	–
RUB – 5%	4	2	2	–	–	–
Total	**5,578**	**425**	**546**	**1,041**	**1,523**	**2,043**
Accrued interest	68	68	–	–	–	–
Total	**5,646**	**493**	**546**	**1,041**	**1,523**	**2,043**

On 25 October 2019 the Group entered into new five-year sustainability-linked pre-export finance facility for USD1,085,000,000. The interest rate is subject to a sustainability discount or premium depending on the Company's fulfilment of the sustainability key performance indicators (KPI). The proceeds were used to partly refinance the principal outstanding under the existing up to USD2 billion pre-export finance facility.

As at 31 December 2019 the Group through its subsidiaries has outstanding REPO loans backed by Norilsk Nickel shares in number of 1,017,000, in the amount of USD210 million and maturing in June 2020.

During the year ended 31 December 2019 the Group made a principal repayment in total amounts of USD1,700 million and RUB32,769 million (USD512 million) under the syndicated Pre-Export Finance Term Facility Agreement (PXF) and credit facilities with Sberbank and Gazprombank, respectively.

(b) Bonds

On 20 March 2020 the Group repaid Panda bonds issuance (the first tranche) and redeemed bonds with notional value CNY320 million (USD46 million).

On 9 June 2020 placement of the exchange-traded rouble bonds of PJSC RUSAL Bratsk series BO-002P-01 in the amount of RUB10 billion with a coupon rate 6.5% was completed and the exchange-traded rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in June 2023. In addition to the placement, the Group entered into a cross-currency interest rate swaps, which resulted in the exchange-traded rouble bonds exposure in the amount of RUB10 billion being translated into US-dollar exposure with the maturity of 3 years and the interest rate of 2.90%. As at 31 December 2020 cross-currency interest rate swap in respect of rouble bonds issued during the year ended 31 December 2019 and the year ended December 2020 were in force which resulted in the exchange-traded rouble bonds exposure being translated in full amount into US-dollar exposure with the maturity of 3-3.5 years and the interest rate of 2.90%-4.69%. Total foreign exchange gain on bonds for the year ended 31 December 2020 accounted in other comprehensive income as part of cash flow hedge result amounted to USD167 million.

As at 31 December 2020 27,751 series 08 bonds, 37,817 series BO-01 bonds, 15,000,000 series BO-001P-01 bonds, 15,000,000 series BO-001P-02 bonds, 15,000,000 series BO-001P-03 bonds, 15,000,000 series BO-001P-04 bonds, 10,000,000 series BO-002P-01 bonds were outstanding (traded in the market).

The closing market price at 31 December 2020 was RUB 988, RUB 980, RUB 1,033, RUB 1,037, RUB 1,029 and RUB 1,020, RUB 999 per bond for the seven tranches, respectively.

In July 2020 Rusal launched the tender offer and purchased from investors and redeemed Eurobonds for the total amount of USD88.5 million.

On 4 September 2020 the Group repaid and redeemed the second tranche of Panda Bonds with notional value CNY20 million (USD3 million).

20. PROVISIONS

Accounting policies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

Disclosures

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Total
Balance at 1 January 2019	54	348	3	20	425
Provisions made during the year	7	43	14	–	64
Provisions reversed during the year	(10)	(25)	–	–	(35)
Actuarial loss	9	–	–	–	9
Provisions utilised during the year	(4)	(2)	–	(20)	(26)
Foreign currency translation	4	7	–	–	11
Balance at 31 December 2019	**60**	**371**	**17**	**–**	**448**
Non-current	**56**	**347**	**–**	**–**	**403**
Current	**4**	**24**	**17**	**–**	**45**
Balance at 1 January 2020	60	371	17	–	448
Provisions made during the year	9	57	–	–	66
Provisions reversed during the year	(1)	(23)	–	–	(24)
Actuarial gain	(2)	–	–	–	(2)
Provisions utilised during the year	(4)	(3)	–	–	(7)
Foreign currency translation	(7)	(1)	–	–	(8)
Balance at 31 December 2020	**55**	**401**	**17**	**–**	**473**
Non-current	**51**	**354**	**–**	**–**	**405**
Current	**4**	**47**	**17**	**–**	**68**

(a) Pension liabilities

Group subsidiaries in the Russian Federation

The Group voluntarily provides long-term and post-employment benefits to its former and existing employees including death-in-service, jubilee, lump sum upon retirement, material support for pensioners and death-in-pension benefits. Furthermore, the Group provides regular social support payments to some of its veterans of World War II.

The above employee benefit programs are of a defined benefit nature. The Group finances these programs on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries in Ukraine

Due to legal requirements, the Ukrainian subsidiaries are responsible for partial financing of the state hardship pensions for those of its employees who worked, or still work, under severe and hazardous labour conditions (hardship early retirement pensions). These pensions are paid until the recipient reaches the age of entitlement to the State old age pension (55-60 years for female (dependent on year of birth) and 60 years for male employees). In Ukraine, the Group also voluntarily provides long-term and post-employment benefits to its employees including death-in-service, lump sum benefits upon retirement and death-in-pension benefits.

The above employee benefit programs are of a defined benefit nature. The Group finances these programs on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries outside the Russian Federation and Ukraine

At its Guinean entities the Group provides a death-in-service benefit and lump-sum benefits upon disability and old-age retirement.

At its Guyana subsidiary, the Group provides a death-in-service benefit.

At its Italian subsidiary (Eurallumina) the Group only provides lump sum benefits upon retirement, which relate to service up to 1 January 2007.

In Sweden (Kubikenborg Aluminium AB), the Group provides defined benefit lifelong and temporary pension benefits. The lifelong benefits are dependent on the past service and average salary level of the employee, with an accrual rate that depends on the salary bracket the employee is in. The liability relates only to benefits accrued before 1 January 2004.

The number of employees in all jurisdictions eligible for the plans as at 31 December 2020 and 2019 was 48,548 and 46,581, respectively. The number of pensioners in all jurisdictions as at 31 December 2020 and 2019 was 43,422 and 41,699, respectively.

The Group expects to pay under the defined benefit retirement plans an amount of USD4 million during the 12 month period beginning on 1 January 2021.

Actuarial valuation of pension liabilities

The actuarial valuation of the Group and the portion of the Group funds specifically designated for the Group's employees were completed by a qualified actuary, Robert van Leeuwen AAG, as at 31 December 2020, using the projected unit credit method as stipulated by IAS 19.

The key actuarial assumptions (weighted average, weighted by DBO) are as follows:

	31 December 2020 % per annum	31 December 2019 % per annum
Discount rate	5.7	6.4
Expected return on plan assets	N/A	N/A
Future salary increases	7.1	8.4
Future pension increases	3.6	5.1
Staff turnover	4.7	4.7
Mortality	USSR population table for 1985, Ukrainian population table for 2000	USSR population table for 1985, Ukrainian population table for 2000
Disability	70% Munich Re for Russia; 40% of death probability for Ukraine	70% Munich Re for Russia; 40% of death probability for Ukraine

As at 31 December 2020 and 31 December 2019 the Group's obligations were fully uncovered as the Group has only wholly unfunded plans.

(b) Site restoration

The mining, refining and smelting activities of the Group can give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation works can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration. The extent of work required and the associated costs are dependent on the requirements of law and the interpretations of the relevant authorities.

The Group provides for site restoration obligations when there is a specific legal or constructive obligation for mine reclamation, landfill closure (primarily comprising red mud basin disposal sites) or specific lease restoration requirements. The Group does not record any obligations with respect to decommissioning of its refining or smelting facilities and restoration and rehabilitation of the surrounding areas unless there is a specific plan to discontinue operations at a facility. This is because any significant costs in connection with decommissioning of refining or smelting facilities and restoration and rehabilitation of the surrounding areas would be incurred no earlier than when the facility is closed and the facilities are currently expected to operate over a term in excess of 50-100 years due to the perpetual nature of the refineries and smelters and continuous maintenance and upgrade programs resulting in the fair values of any such liabilities being negligible.

Costs included in the provision encompass obligated and reasonably estimable restoration and rehabilitation activities expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate restoration and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are specific to the country in which the operation is located. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of restoration and rehabilitation activities is amortised over the estimated economic life of the operation on a units of production or straight-line basis. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised as part of finance expenses.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the statement of income. Changes to the capitalised cost result in an adjustment to future amortisation charges. Adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include revisions to estimated reserves, resources and lives of operations; developments in technology; regulatory requirements and environmental management strategies; changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates; and movements in general interest rates affecting the discount rate applied.

The site restoration provision recorded in these consolidated financial statements relates primarily to mine reclamation and red mud basin disposal sites at alumina refineries and is estimated by discounting the risk-adjusted expected expenditure to its present value based on the following key assumptions:

	31 December 2020	31 December 2019
Timing of inflated cash outflows	2021: USD47 million 2022-2026: USD21 million 2027-2036: USD101 million after 2036: USD312 million	2020: USD23 million 2021-2025: USD209 million 2026-2035: USD99 million after 2035: USD161 million
Risk free discount rate after adjusting for inflation[(a)]	0.73%	1.96%

(a) the risk free rate for the year 2019-2020 represents an effective rate, which comprises rates differentiated by years of obligation settlement and by currencies in which the provisions were calculated

At each reporting date the Directors have assessed the provisions for site restoration and environmental matters and concluded that the provisions and disclosures are adequate.

(c) Provisions for legal claims

In the normal course of business the Group may be involved in legal proceedings. Where management considers that it is more likely than not that proceedings will result in the Group compensating third parties a provision is recognised for the best estimate of the amount expected to be paid. Where management considers that it is more likely than not that proceedings will not result in the Group compensating third parties or where, in rare circumstances, it is not considered possible to provide a sufficiently reliable estimate of the amount expected to be paid, no provision is made for any potential liability under the litigation but the circumstances and uncertainties involved are disclosed as contingent liabilities. The assessment of the likely outcome of legal proceedings and the amount of any potential liability involves significant judgement. As law and regulations in many of the countries in which the Group operates are continuing to evolve, particularly in the areas of taxation, sub-soil rights and protection of the environment, uncertainties regarding litigation and regulation are greater than those typically found in countries with more developed legal and regulatory frameworks.

The Group's subsidiaries are subject to a variety of lawsuits and claims in the ordinary course of its business. As at 31 December 2020, there were several claims filed against the Group's subsidiaries contesting breaches of contract terms and non-payment of existing obligations. Management has reviewed the circumstances and estimated that the amount of probable outflow related to these claims should not exceed USD17 million (31 December 2019: USD17 million). The amount of claims, where management assesses outflow as possible approximates USD21 million (31 December 2019: USD21 million).

At each reporting date the Directors have assessed the provisions for litigation and claims and concluded that the provisions and disclosures are adequate.

(d) Tax provisions

The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets, including those arising from carried forward tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and is not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions. Assumptions are also required about the application of income tax legislation. These estimates and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of income.

The Group generally provides for current tax based on positions taken (or expected to be taken) in its tax returns. Where it is more likely than not that upon examination by the tax authorities of the positions taken by the Group additional tax will be payable, the Group provides for its best estimate of the amount expected to be paid (including any interest and/or penalties) as part of the tax charge.

At the reporting date management has assessed the provisions for taxation and concluded that the provisions and disclosures are adequate.

21. DERIVATIVE FINANCIAL ASSETS/ LIABILITIES

Accounting policies

The Group enters, from time to time, into various derivative financial instruments to manage its exposure to commodity price risk, foreign currency risk and interest rate risk.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variation in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

The measurement of fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Changes in the fair value therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in the statement of comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of a derivative is recognised in the statement of income.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to the statement of income in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the statement of income.

Changes in the fair value of separated embedded derivatives and derivative financial instruments not designated for hedge accounting are recognised immediately in the statement of income.

Disclosures

	31 December 2020 USD million		31 December 2019 USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Petroleum coke supply contracts and other raw materials	31	43	39	36
Forward contracts for aluminium and other instruments	19	9	21	18
Cross currency swap (note 19(b))	–	133	48	–
Total	**50**	**185**	**108**	**54**
Non-current	**20**	**28**	**33**	**27**
Current	**30**	**157**	**75**	**27**

Derivative financial instruments are recorded at their fair value at each reporting date. Fair value is estimated in accordance with Level 3 of the fair value hierarchy based on management estimates and consensus economic forecasts of relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. The following significant assumptions were used in estimating derivative instruments:

	2021	2022	2023	2024	2025
LME Al Cash, USD per tonne	1,991	2,029	2,077	2,122	2,164
Platts FOB Brent, USD per barrel	51	50	50	49	–

The movement in the balance of Level 3 fair value measurements of derivatives is as follows:

	31 December 2020 USD million	31 December 2019 USD million
Balance at the beginning of the year	54	11
Unrealised changes in fair value recognised in statement of income (finance (expense)/income) during the period	(226)	(21)
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	(53)	34
Realised portion of electricity, coke and raw material contracts and cross currency swap	90	30
Balance at the end of the year	**(135)**	**54**

During the year 2020 there have been no changes in valuation techniques used to calculate the derivative financial instruments compared to prior year.

Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results for the derivative instruments are not particularly sensitive to any factors other than the assumptions disclosed above.

The Group entered into various petroleum coke supply contracts and other raw materials where the price of coke is determined with reference to the Brent oil price, to the LME aluminium price and average monthly aluminium quotations. The Group also sells products to various third parties at prices that are influenced by changes in London Metal Exchange aluminium prices. From time to time the Group enters into forward sales and purchase contracts for a portion of its anticipated primary aluminium sales and purchases to reduce the risk of fluctuating prices on these sales. During the year ended 31 December 2020 the Group recognised a total net loss of USD226 million in relation to the above contracts (31 December 2019: loss of USD21 million).

Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period are fully attributable to cross currency swap (note 19(b)).

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Fair values

Management believes that the fair values of short-term financial assets and liabilities approximate their carrying amounts.

The methods used to estimate the fair values of the financial instruments are as follows:

Trade and other receivables, cash and cash equivalents, current loans and borrowings and trade and other payables: the carrying amounts approximate fair value because of the short maturity period of the instruments.

Long-term loans and borrowings, other non-current liabilities: the fair values of other non-current liabilities are based on the present value of the anticipated cash flows and approximate carrying value, other than Eurobonds and RUSAL Bratsk bonds issued.

Derivatives: the fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Option-based derivatives are valued using Black-Scholes models and Monte-Carlo simulations. The derivative financial instruments are recorded at their fair value at each reporting date.

The following table presents the fair value of Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined by IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group as at 31 December 2020

	Note	Carrying amount				Fair value			
		Derivatives USD million	Loans and receivables USD million	Other financial assets/ (liabilities) USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets measured at fair value									
Petroleum coke supply contracts and other raw materials	21	31	–	–	**31**	–	–	31	**31**
Forward contracts for aluminium and other instruments	21	19	–	–	**19**	–	–	19	**19**
Other non-currents assets	17	–	–	74	**74**	74	–	–	**74**
		50	**–**	**74**	**124**	**74**	**–**	**50**	**124**
Financial assets not measured at fair value*									
Trade and other receivables	17	–	941	–	**941**	–	941	–	**941**
Other non-current assets	17	–	–	124	**124**	–	124	–	**124**
Short-term investments		–	163	–	**163**	–	163	–	**163**
Cash and cash equivalents	17	–	2,229	–	**2,229**	–	2,229	–	**2,229**
		–	**3,333**	**124**	**3,457**	**–**	**3,457**	**–**	**3,457**
Financial liabilities measured at fair value									
Cross-currency swaps	21	(133)	–	–	**(133)**	–	–	(133)	**(133)**
Petroleum coke supply contracts and other raw materials	21	(43)	–	–	**(43)**	–	–	(43)	**(43)**
Forward contracts for aluminium and other instruments	21	(9)	–	–	**(9)**	–	–	(9)	**(9)**
		(185)	**–**	**–**	**(185)**	**–**	**–**	**(185)**	**(185)**
Financial liabilities not measured at fair value*									
Secured bank loans and company loans	19	–	–	(4,929)	**(4,929)**	–	(4,766)	–	**(4,766)**
Unsecured bank loans	19	–	–	(425)	**(425)**	–	(426)	–	**(426)**
Unsecured bond issue	19	–	–	(2,438)	**(2,438)**	(972)	(1,574)	–	**(2,546)**
Trade and other payables	17	–	–	(976)	**(976)**	–	(976)	–	**(976)**
		–	**–**	**(8,768)**	**(8,768)**	**(972)**	**(7,742)**	**–**	**(8,714)**

* The Group considers that the carrying amounts of short-term trade receivables and payables are a reasonable approximation of fair values.

The Group as at 31 December 2019

	Note	Carrying amount				Fair value			
		Derivatives USD million	Loans and receivables USD million	Other financial liabilities USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets measured at fair value									
Petroleum coke supply contracts and other raw materials	21	39	–	–	**39**	–	–	39	**39**
Forward contracts for aluminium and other instruments	21	21	–	–	**21**	–	–	21	**21**
Cross currency swaps	21	48	–	–	**48**	–	–	48	**48**
		108	**–**	**–**	**108**	**–**	**–**	**108**	**108**
Financial assets not measured at fair value*									
Trade and other receivables	17	–	1,133	–	**1,133**	–	1,133	–	**1,133**
Dividends receivable		–	430	–	**430**	–	430	–	**430**
Short-term investments		–	171	–	**171**	–	171	–	**171**
Cash and cash equivalents	17	–	1,781	–	**1,781**	–	1,781	–	**1,781**
		–	**3,515**	**–**	**3,515**	**–**	**3,515**	**–**	**3,515**
Financial liabilities measured at fair value									
Petroleum coke supply contracts and other raw materials	21	(36)	–	–	**(36)**	–	–	(36)	**(36)**
Forward contracts for aluminium and other instruments	21	(18)	–	–	**(18)**	–	–	(18)	**(18)**
		(54)	**–**	**–**	**(54)**	**–**	**–**	**(54)**	**(54)**
Financial liabilities not measured at fair value*									
Secured bank loans and company loans	19	–	–	(5,242)	**(5,242)**	–	(5,396)	–	**(5,396)**
Unsecured bank loans	19	–	–	(404)	**(404)**	–	(407)	–	**(407)**
Unsecured bond issue	19	–	–	(2,601)	**(2,601)**	(1,002)	(1,700)	–	**(2,702)**
Trade and other payables	17	–	–	(860)	**(860)**	–	(860)	–	**(860)**
		–	**–**	**(9,107)**	**(9,107)**	**(1,002)**	**(8,363)**	**–**	**(9,365)**

* The Group considers that the carrying amounts of short-term trade receivables and payables are a reasonable approximation of fair values.

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, bonds and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a risk management group within its Department of Internal Control, which is responsible for developing and monitoring the Group's risk management policies. The Department reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the Group's Internal Audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

(i) Commodity price risk

During the years ended 31 December 2020 and 2019, the Group has entered into certain long term electricity contracts and other commodity derivatives contracts in order to manage its exposure of commodity price risks. Details of the contracts are disclosed in notes 21 and 25(c).

(ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates (refer to note 19). The Group's policy is to manage its interest costs by monitoring changes in interest rates with respect to its borrowings.

The following table details the interest rate profile of the Group's borrowings at the reporting date.

	31 December 2020		31 December 2019	
	Effective interest rate %	USD million	Effective interest rate %	USD million
Fixed rate loans and borrowings				
Loans and borrowings	0.01%-9.00%	2,648	0.01%-9.15%	4,610
		2,648		**4,610**
Variable rate loans and borrowings				
Loans and borrowings	0.67%-6.22%	5,088	3.58%-5.86%	3,569
		5,088		**3,569**
		7,736		**8,179**

The following table demonstrates the sensitivity to cash flows from interest rate risk arising from floating rate non-derivative instruments held by the Group at the reporting date in respect of a reasonably possible change in interest rates, with all other variables held constant. The impact on the Group's profit before taxation and equity and retained profits/accumulated losses is estimated as an annualised input on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for all years presented.

	Increase/decrease in basis points	Effect on profit before taxation for the year USD million	Effect on equity for the year, net of income tax USD million
As at 31 December 2020			
Basis percentage points	+100	(51)	(41)
Basis percentage points	-100	51	41
As at 31 December 2019			
Basis percentage points	+100	(36)	(35)
Basis percentage points	-100	36	35

(iii) Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily USD but also the Russian Rouble, Ukrainian Hryvna and Euros. The currencies in which these transactions primarily are denominated are RUB, USD and EUR.

Borrowings are primarily denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD but also RUB and EUR. This provides an economic hedge.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances or entering into currency swap arrangements.

The Group's exposure at the reporting date to foreign currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is set out in the table below. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are ignored.

As at 31 December	USD-denominated vs. RUB functional currency		RUB-denominated vs. USD functional currency		EUR-denominated vs. USD functional currency		Denominated in other currencies vs. USD functional currency	
	2020 USD million	2019 USD million	2020 USD million	2019 USD million	2020 USD million	2019 USD million	2020 USD million	2019 USD million
Non-current assets	–	–	–	3	1	–	–	8
Trade and other receivables	1	1	582	662	64	55	31	43
Cash and cash equivalents	1	26	508	84	104	124	25	35
Derivative financial assets	–	–	31	40	–	–	–	–
Loans and borrowings	(260)	–	(1,433)	(1,980)	–	–	–	–
Provisions	–	–	(78)	(66)	(27)	(26)	(12)	(14)
Derivative financial liabilities	–	–	(32)	(11)	(6)	–	–	–
Non-current liabilities	–	–	(1)	(1)	(6)	(6)	–	–
Income taxation	–	–	(2)	(2)	–	–	(6)	(8)
Short-term bonds	–	–	(1)	(7)	–	–	–	(49)
Trade and other payables	–	–	(404)	(351)	(49)	(42)	(88)	(74)
Net exposure arising from recognised assets and liabilities	**(258)**	**27**	**(830)**	**(1,629)**	**81**	**105**	**(50)**	**(59)**

Foreign currency sensitivity analysis

The following tables indicate the instantaneous change in the Group's profit before taxation (and accumulated losses) and other comprehensive income that could arise if foreign exchange rates to which the Group has significant exposure at the reporting date had changed at that date, assuming all other risk variables remained constant.

Year ended 31 December 2020

	Change in exchange rates	USD million Effect on profit before taxation for the year	USD million Effect on equity for the year
Depreciation of USD vs. RUB	15%	(86)	(86)
Depreciation of USD vs. EUR	10%	8	8
Depreciation of USD vs. other currencies	5%	(3)	(3)

Year ended 31 December 2019

	Change in exchange rates	USD million Effect on profit before taxation for the year	USD million Effect on equity for the year
Depreciation of USD vs. RUB	15%	(248)	(248)
Depreciation of USD vs. EUR	10%	11	11
Depreciation of USD vs. other currencies	5%	(3)	(3)

Results of the analysis as presented in the above tables represent an aggregation of the instantaneous effects on the Group entities' profit before taxation and other comprehensive income measured in the respective functional currencies, translated into USD at the exchange rates ruling at the reporting date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the reporting date. The analysis excludes differences that would result from the translation of other financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for all years presented.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The group policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its operating and financial commitments.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies, controlled by the shareholder which is a beneficial owner of the Group at the reporting date, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

The following tables show the remaining contractual maturities at the reporting date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest the Group can be required to pay.

31 December 2020

	Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	876	–	–	–	876	876
Trade and other payables to related parties	100	–	–	–	100	100
Bonds, including interest payable	153	1,251	1,356	–	2,760	2,438
Loans and borrowings, incl. interest payable	864	553	2,214	2,670	6,301	5,354
Other contractual obligations	69	45	–	–	114	–
	2,062	**1,849**	**3,570**	**2,670**	**10,151**	**8,768**

31 December 2019

	Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	764	–	–	–	764	764
Trade and other payables to related parties	96	–	–	–	96	96
Bonds, including interest payable	219	161	2,720	–	3,100	2,601
Loans and borrowings, including interest payable	775	878	5,215	–	6,868	5,646
Other contractual obligations	69	67	–	–	136	–
	1,923	**1,106**	**7,935**	**–**	**10,964**	**9,107**

At 31 December 2020 and 31 December 2019 the Group's contractual undertaking to provide loans under the loan agreement between the Group, PJSC RusHydro and BoAZ is included at maximum exposure for the Group in the liquidity risk disclosure above.

(e) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The majority of the Group's third party trade receivables represent balances with the world's leading international corporations operating in the metals industry. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Goods are normally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables. The details of impairment of trade and other receivables are disclosed in note 17. The extent of the Group's credit exposure is represented by the aggregate balance of financial assets and financial guarantees and loan commitments given.

At 31 December 2020 and 2019, the Group has certain concentration of credit risk as 7% and 19.3% of the total trade receivables were due from the Group's five largest customers. With respect to credit risk arising from guarantees, the Group's policy is to provide financial guarantees only to wholly-owned subsidiaries, associates and joint ventures.

(f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries were subject to externally imposed capital requirements in the both years presented in these consolidated financial statements.

(g) Master netting or similar agreements

The Group may enter into sales and purchase agreements with the same counterparty in the normal course of business. The related amount receivable and payable do not always meet the criteria for offsetting in the statement of financial position. This is because the Group may not have any currently legally enforceable right to offset recognised amounts, because the right to offset may be enforceable only on the occurrence of future events.

There are no financial instruments that meet the offsetting criteria in the statement of financial position for the year ended 31 December 2020 and 31 December 2019.

23. COMMITMENTS

(a) Capital commitments

The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 31 December 2020 and 31 December 2019 approximated USD516 million and USD337 million, respectively. These commitments are due over a number of years.

(b) Purchase commitments

Commitments with third parties for purchases of alumina, bauxite, other raw materials and other purchases in 2021-2034 under supply agreements are estimated from USD3,256 million to USD4,644 million at 31 December 2020 (31 December 2019: USD3,257 million to USD4,135) depending on the actual purchase volumes and applicable prices.

Commitments with related parties for purchases of primary aluminium, alloys and other purchases in 2021-2030 under supply agreements are estimated from USD4,741 million to USD6,964 million at 31 December 2020 (31 December 2019: USD5,134 million to USD8,636 million) depending on the actual purchase volumes and applicable prices. Electricity purchase commitments are disclosed in note 25.

(c) Sale commitments

Commitments with third parties for sales of alumina and other raw materials in 2021-2034 are estimated from USD865 million to USD1,375 million at 31 December 2020 (31 December 2019: from USD962 million to USD1,292 million) and will be settled at market prices at the date of delivery. There are no commitments with related parties for sales of alumina as at 31 December 2020. Commitments with related parties for sales of alumina in 2020-2024 approximated from USD413 million to USD771 million at 31 December 2019.

Commitments with related parties for sales of primary aluminium and alloys in 2021 are estimated from USD391 million to USD436 million at 31 December 2020 (31 December 2019: from USD567 million to USD797 million). Commitments with third parties for sales of primary aluminium and alloys in 2021-2025 are estimated to range from USD7,738 million to USD11,602 million at 31 December 2020 (31 December 2019: from USD1,720 million to USD2,559 million).

(d) Social commitments

The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services, recreation and other social needs of the regions of the Russian Federation where the Group's production entities are located. The funding of such assistance is periodically determined by management and is appropriately capitalised or expensed as incurred.

24. CONTINGENCIES

(a) Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant local, regional and federal authorities. Notably recent developments in the Russian environment suggest that the authorities in this country are becoming more active in seeking to enforce, through the Russian court system, interpretations of the tax legislation, in particular in relation to the use of certain commercial trading structures, which may be selective for particular tax payers and different to the authorities' previous interpretations or practices. Different and selective interpretations of tax regulations by various government authorities and inconsistent enforcement create further uncertainties in the taxation environment in the Russian Federation.

Both as at 31 December 2020 and 31 December 2019 management considers that there are no tax positions taken by the Group where it is reasonably possible (though less than 50% likely) that additional tax may be payable upon examination by the tax authorities or in connection with ongoing disputes with tax authorities.

(b) Environmental contingencies

The Group and its predecessor entities have operated in the Russian Federation, Ukraine, Jamaica, Guyana, the Republic of Guinea and the European Union for many years and certain environmental problems have developed. Governmental authorities are continually considering environmental regulations and their enforcement and the Group periodically evaluates its obligations related thereto. As obligations are determined, they are recognised immediately. The outcome of environmental liabilities under proposed or any future legislation, or as a result of stricter enforcement of existing legislation, cannot reasonably be estimated. Under current levels of enforcement of existing legislation, management believes there are no possible liabilities, which will have a material adverse effect on the financial position or the operating results of the Group. However, the Group anticipates undertaking significant capital projects to improve its future environmental performance and to bring it into full compliance with current legislation.

(c) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated financial statements (refer to note 20). As at 31 December 2020 the amount of claims, where management assesses outflow as possible approximates USD21 million (31 December 2019: USD21 million).

(d) Other contingent liabilities

In September 2013 the Group and PJSC RusHydro entered into an agreement with BoAZ to provide loans, if the latter is unable to fulfil its obligations under its credit facilities. The aggregate exposure under the agreement is limited to RUB16.8 billion (31 December 2020 and 2019 USD227 million and USD272 million, respectively) and is split between the Group and PJSC RusHydro in equal proportion.

25.RELATED PARTY TRANSACTIONS

(a) Transactions with management and close family members

Management remuneration

Key management received the following remuneration, which is included in personnel costs (refer to note 6(c)):

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Salaries and bonuses	65	66
	65	**66**

Key management remuneration for the year ended 31 December 2020 includes contributions to the state pension funds. The comparative information for the year ended 31 December 2019 is restated accordingly.

(b) Transactions with associates and joint ventures

Sales to associates and joint ventures are disclosed in note 5, purchases from associates and joint ventures are disclosed in note 6, accounts receivable from associates and joint ventures as well as accounts payable to associates and joint ventures are disclosed in note 17.

(c) Transactions with other related parties

The Group transacts with other related parties, the majority of which are companies related through parent company or under the control of SUAL Partners Limited or its controlling shareholders or Glencore International Plc which is a shareholder of Amokenga Holdings (note 1(a)) or entities under its control.

Sales to related parties for the year are disclosed in note 5, purchases from related parties are disclosed in note 6, accounts receivable from related parties as well as accounts payable to related parties are disclosed in note 17, commitments with related parties are disclosed in note 23, directors remuneration in notes 9 and 10 and other transactions with shareholders are disclosed in note 11.

Other purchases of assets and other non-operating expenses from related parties are the following:

	Year ended 31 December 2020 USD million	Year ended 31 December 2019 USD million
Related parties – companies capable of exerting significant influence	3	1
Related parties – companies related through parent company	18	11
Related parties – associates and joint ventures	2	3
	23	**15**

Electricity contracts

In November 2016, the Group entered into the new long-term electricity contracts to supply several Group's smelters from En+ subsidiaries over the years 2016-2026. Purchases will be made under a price formula close to market prices. The volumes committed under the long-term electricity contracts are as follows:

Year	2021	2022	2023	2024	2025	2026
Mln kWh	37,598	37,598	37,598	37,701	37,598	25,194
Mln USD	390	390	390	391	390	255

(d) Related parties balances

At 31 December 2020, included in non-current assets are balances of related parties-associates and joint ventures of USD4 million (31 December 2019: USD2 million). At 31 December 2020, included in non-current liabilities are balances of related parties-associates and joint ventures of USD12 million (31 December 2019: USD11 million).

At 31 December 2020, included in current assets as short-term investments are balances of related parties – companies related through parent company of USD50 million (31 December 2019: companies related through parent company of USD50 million).

(e) Pricing policies

Prices for transactions with related parties are determined on a case by case basis but are not necessarily at arm's length.

The Group has entered into three categories of related-party transactions: (i) those entered into on an arm's length basis, (ii) those entered into on non-arm's length terms but as part of a wider deal resulting from arms' length negotiations with unrelated third parties, and (iii) transactions unique to the Group and the counterparty.

(f) Connected transactions

Not all the related party transactions and balances disclosed above meet the definition of connected transactions as per Chapter 14 of the Listing Rules of Hong Kong Stock Exchange. For particulars of the continuing connected transactions please refer to the Report of the Board of Directors section of the Annual Report of the Company for the year ended 31 December 2020.

26. PARTICULARS OF SUBSIDIARIES

As at 31 December 2020 and 2019, the Company has direct and indirect interests in the following subsidiaries, which principally affected the results, assets and liabilities of the Group:

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
Compagnie Des Bauxites De Kindia S.A.	Guinea	29 November 2000	2,000 shares of GNF 25,000 each	100.0%	Bauxite mining
Friguia SA	Guinea	9 February 1957	758,966,200,000 GNF	100.0%	Alumina
JSC RUSAL Achinsk	Russian Federation	20 April 1994	4,188,531 shares of RUB1 each	100.0%	Alumina
Mykolaiv Alumina Refinery Company Ltd	Ukraine	16 September 2004	1,524,126,720 UAH	100.0%	Alumina
JSC RUSAL Boxitogorsk Alumina	Russian Federation	27 October 1992	1,012,350 shares of RUB1 each	100.0%	Alumina
Eurallumina SpA	Italy	21 March 2002	10,000,000 shares of EUR1.55 each	100.0%	Alumina
PJSC RUSAL Bratsk	Russian Federation	26 November 1992	5,505,305 shares of RUB0.2 each	100.0%	Smelting
JSC RUSAL Krasnoyarsk	Russian Federation	16 November 1992	85,478,536 shares of RUB20 each	100.0%	Smelting
JSC RUSAL Novokuznetsk	Russian Federation	26 June 1996	53,997,170 shares of RUB0.1 each	100.0%	Smelting
JSC RUSAL Sayanogorsk	Russian Federation	29 July 1999	208,102,580,438 shares of RUB0.068 each	100.0%	Smelting
RUSAL RESAL LLC	Russian Federation	15 November 1994	charter fund of RUB67,706,217.29	100.0%	Processing
JSC RUSAL SAYANAL	Russian Federation	29 December 2001	59,902,661,099 shares of RUB0.006 each	100.0%	Foil
CJSC RUSAL ARMENAL	Armenia	17 May 2000	36,699,295 shares of AMD 1,000 each	100.0%	Foil
RUS-Engineering LLC	Russian Federation	18 August 2005	charter fund of RUB 1,751,832,184	100.0%	Repairs and maintenance
JSC Russian Aluminium	Russian Federation	25 December 2000	23,124,000,000 shares of RUB1 each	100.0%	Holding company
Rusal Global Management B.V.	Netherlands	8 March 2001	charter fund of EUR25,000	100.0%	Management company
JSC United Company RUSAL Trading House	Russian Federation	15 March 2000	163,660 shares of RUB100 each	100.0%	Trading
Rusal America Corp.	USA	29 March 1999	1,000 shares of USD0.01 each	100.0%	Trading
RS International GmbH	Switzerland	22 May 2007	1 share with nominal value of CHF 20,000	100.0%	Trading
Rusal Marketing GmbH	Switzerland	22 May 2007	Capital quota of CHF2,000,000	100.0%	Trading
RTI Limited	Jersey	27 October 2006	978,492,901 shares of USD1 each	100.0%	Trading

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
Alumina & Bauxite Company Limited	British Virgin Islands	3 March 2004	231,179,727 shares of USD1 each	100.0%	Trading
JSC Bauxite-Timana	Russian Federation	29 December 1992	44,500,000 shares of RUB10 each	100.0%	Bauxite mining
JSC Severo-Uralsky Bauxite Mine	Russian Federation	24 October 1996	10,506,609 shares of RUB275.85 each	100.0%	Bauxite mining
JSC RUSAL Ural	Russian Federation	26 September 1996	2,542,941,932 shares of RUB1 each	100.0%	Primary aluminum and alumina production
SUAL-PM LLC	Russian Federation	20 October 1998	charter fund of RUB56,300,959	100.0%	Aluminum powders production
JSC Kremniy	Russian Federation	3 August 1998	320,644 shares of RUB1,000 each	100.0%	Silicon production
RUSAL-Kremniy-Ural LLC	Russian Federation	1 March 1999	charter fund of RUB8,763,098	100.0%	Silicon production
UC RUSAL Alumina Jamaica Limited	Jamaica	26 April 2001	1,000,000 shares of JMD1 each	100.0%	Alumina
Kubikenborg Aluminium AB	Sweden	26 January 1934	25,000 shares of SEK 1,000 each	100.0%	Smelting
RFCL Limited (RFCL S.ar.l prior to 28.08.2020)	Cyprus	13 March 2013	90,000,000 RUB	100.0%	Finance services
International LLC AKTIVIUM (Aktivium B.V. prior to 06.12.2019)	Russian Federation	28 December 2010	215,458,134,321 shares of RUB1 each	100.0%	Holding and investment company
Aughinish Alumina Ltd	Ireland	22 September 1977	1,000 shares of EUR2 each	100.0%	Alumina
LLC RUSAL Energo	Russian Federation	26 December 2005	715,000,000 RUB	100.0%	Electric power
Limerick Alumina Refining Ltd.	Ireland	30 March 1995	54,019,819 shares of USD1 each	100.0%	Alumina
JSC RUSAL Management	Russian Federation	26 December 2018	1,000,000 shares of RUB1 each	100.0%	Management company
RUSAL Taishet LLC	Russian Federation	11 September 2006	Charter fund of RUB 12,158,878,747.58	100.0%	Smelting
UC RUSAL Anode Plant LLC	Russian Federation	09 April 2008	Charter fund of RUB1,064,280,000	100.0%	Anodes
RUSAL Products GmbH	Switzerland	27 December 2017	Charter fund of CHF20,000	100.0%	Trading
Casting and mechanical plant "SKAD" Ltd.	Russian Federation	29 August 2002	Charter fund of RUB 468,458,663.94	80.0%	Other aluminum production
"PGLZ" LLC	Russian Federation	04 April 2016	Charter fund of RUB 119,500,000	99.9%	Alumina

Trading entities are engaged in the sale of products to and from the production entities.

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 DECEMBER 2020

	31 December 2020 USD million	1 January 2020 USD million
ASSETS		
Non-current assets		
Investments in subsidiaries	19,833	19,449
Loans to related parties	1,187	1,346
Total non-current assets	**21,020**	**20,795**
Current assets		
Loans to related parties	1,258	1,050
Other receivables	167	343
Cash and cash equivalents	23	23
Total current assets	**1,448**	**1,416**
Total assets	**22,468**	**22,211**
EQUITY AND LIABILITIES		
Equity		
Share capital	152	152
Reserves	16,528	15,743
Total equity	**16,680**	**15,895**
Non-current liabilities		
Loans and borrowings	5,514	6,188
Total non-current liabilities	**5,514**	**6,188**
Current liabilities		
Loans and borrowings	223	92
Trade and other payables	51	36
Total current liabilities	**274**	**128**
Total liabilities	**5,788**	**6,316**
Total equity and liabilities	**22,468**	**22,211**
Net current assets/(liabilities)	**1,174**	**1,288**
Total assets less current liabilities	**22,194**	**22,083**

28. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 28 January 2021 the Group entered into new three-year sustainability-linked pre-export finance facility for up to USD200 million. The interest rate is subject to a sustainability discount or premium depending on the Company's fulfilment of the sustainability key performance indicators (KPI). The proceeds were used to refinance the principal outstanding under the existing debt.

In December 2020 Taishet signed a 15 years syndicated loan agreement for up to RUB 45bln with VTB and Gazprombank to finance project construction, including refinancing of own expenses made in 2020. Drawdowns commenced in February 2021 and shall be made further on in accordance with the disbursement schedule.

STATEMENT OF RESPONSIBILITY FOR THIS ANNUAL REPORT

I, Evgenii Nikitin, declare, to the best of my knowledge, that the financial statements contained in this Annual Report have been prepared in accordance with applicable accounting principles and give a true and fair view of the business, results of operations and financial condition of the Company and the other entities to which the financial statements apply, and that the management report (comprising the Business Overview, Management Discussion and Analysis, Report of the Board of Directors and Corporate Governance Report sections) of this Annual Report presents a fair review of developments in the business, results of operations and financial conditions of the Company and the other entities to which the financial statements apply, as well as a description of the main risks and uncertainties that they are facing.

Evgenii Nikitin
General Director
9 April 2021

FORWARD LOOKING STATEMENTS

This Annual Report contains certain statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “seeks”, “expects”, “intends”, “forecasts”, “targets”, “may”, “will”, “should”, “could” and “potential” or, in each case, their negative or other variations, or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include, but are not limited to, statements regarding the Group’s intentions, beliefs or current expectations concerning, among other things, the Group’s business, results of operations, financial position, liquidity, prospects, growth, strategies and the bauxite, alumina and aluminium industries.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and of the actual results of the Group’s operations, financial position and liquidity, and the development of the markets and the industries in which the Group operates may differ materially from the development of those same industries as described in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if the Group’s results of operations, financial position and liquidity, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- materially adverse changes in economic or industry conditions generally or in the markets served by the Group;
- changes in the supply and demand for and the price of aluminium, alumina, aluminium products and other products;
- fluctuations in inflation, interest rates and exchange rates;
- the Group’s ability to repay pursuant to or comply with the terms of its credit facility agreements, or obtain further financing, refinancing or otherwise waiver of forbearance in respect of the Group’s payment obligations under its facility of financing;
- changes in the costs of the materials required for the Group’s production of aluminium and alumina;
- changes in the Group’s operating costs, including the costs of energy and transportation;
- changes in the Group’s capital expenditure requirements, including those relating to the Group’s potential environmental liabilities or the ability of the Group to fund its capital expenditure requirements through borrowing or otherwise;
- the Group’s ability to successfully and timely implement any of its business strategies;
- the Group’s ability to obtain or extend the terms of the licences necessary for the operation of the Group’s business;

- developments in, or changes to, laws, regulations, governmental policies, taxation or accounting standards or practices affecting the Group's operations;
- the Group's ability to recover its reserves or develop new resources and reserves;
- the Group's success in accurately identifying future risks to its business and managing the risks of the aforementioned factors; and
- other future events, risks, uncertainties, factors and assumptions discussed in the consolidated financial statements and other sections of this Annual Report.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Annual Report reflect the Group management's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth, strategies and the bauxite, alumina and aluminium industries. Investors should specifically consider the factors identified in this Annual Report, which could cause actual results to differ, before making any investment decision. Subject to the requirements of the applicable listing rules and except as may be required by applicable law, the Company undertakes no obligation to revise any forward-looking statements that appear in this Annual Report to reflect any change in the Company's expectations, or any events or circumstances, that may occur or arise after the date of this Annual Report.

All forward-looking statements in this Annual Report are qualified by reference to this cautionary statement.

GLOSSARY

"Achinsk Alumina Refinery", **"RUSAL Achinsk"**, **"JSC RUSAL Achinsk"** or **"AGK"** means Joint Stock Company "RUSAL Achinsk Alumina Refinery", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"Adjusted EBITDA" for any period means the results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment.

"Adjusted EBITDA margin" is calculated as Adjusted EBITDA to revenue for the relevant period.

"Adjusted Net Profit" for any period is defined as the net profit adjusted for the net effect from share in the results of Norilsk Nickel, the net effect of embedded derivative financial instruments, the difference between effective and nominal interest rate charge on restructured debt and net effect of non-current assets impairment.

"AGM" means annual general shareholders meeting that the Company shall hold once a year between two and six months after the end of a reporting year.

"AGM 2020" means the AGM that the Company held on 13 May 2020.

"Agreed Subsidiaries" means an agreed list of subsidiaries of the Company, as defined in the Shareholders' Agreement between Major Shareholders only.

"Alpart" means Alumina Partners of Jamaica.

"ALSCON" means Aluminium Smelter Company of Nigeria Plc, a company incorporated in Nigeria and in which the Company indirectly holds a 85% interest.

"Aluminium Division" means the Company's division comprising the smelters located in Russia and Sweden.

"Aluminium price per tonne quoted on the LME" or **"LME aluminium price"** represents the average daily closing official LME spot prices for each period.

"Amokenga Holdings" means Amokenga Holdings Limited, a company incorporated in Bermuda and which is a wholly owned subsidiary of Glencore.

"Annual Report" means this annual report dated 9 April 2021.

"Articles of Association" means the articles of association of the Company, conditionally adopted on 24 November 2009, effective on the Listing Date and subsequently amended on 22 November 2017, which was superseded by the Charter on 25 September 2020 after the Continuance.

"Associate(s)" has the meaning ascribed to such expression in the HKSE Listing Rules.

"Audit Committee" means the audit committee of the Board.

"Aughinish Alumina Refinery" means Aughinish Alumina Limited, a company incorporated in Ireland, which is an indirect wholly-owned subsidiary of the Company.

"BAZ" or **"Bogoslovsk Alumina Refinery"** means Bogoslovsky aluminium smelter, a branch of RUSAL Ural JSC.

"BEMO" means the companies comprising the Boguchanskoye Energy and Metals Complex.

"BEMO HPP" or **"BOGES"** means the Boguchanskaya hydro power plant.

"BEMO Project" means the Boguchanskoye Energy & Metals project involving the construction of the BEMO HPP and the Boguchansky aluminium smelter as described at pages 25 and 27 of this Annual Report.

"Board" means the board of Directors of the Company.

"Boguchansky aluminium smelter" or **"BEMO aluminium smelter"** or **"BoAZ"** means the aluminium smelter project involving the construction of a 600 thousand tpa greenfield aluminium smelter on a 230 hectare site, located approximately 8 km to the south-east of the settlement of Tayozhny in the Krasnoyarsk region, and approximately 160 km (212 km by road) from the BEMO HPP, as described at pages 25 and 27 of this Annual Report.

"Bratsk aluminium smelter" or **"RUSAL Bratsk"** or **"BrAZ"** or PJSC **"RUSAL Bratsk"** means Public Joint Stock Company "RUSAL Bratsk Aluminium Smelter", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"Boxitogorsk Alumina Refinery" or **"JSC RUSAL Boxitogorsk Alumina"** means Joint Stock Company "RUSAL Boxitogorsk Alumina", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"C.B.K" or **"Kindia"** means Compagnie des Beauxites de Kindia, located in Guinea.

"HKSE CG Code" means the corporate governance code setting out, among others, the principles of good corporate governance practices as set out in Appendix 14 to the HKSE Listing Rules (as amended from time to time).

"General Director" (prior to the Registration Date referred to as "CEO" or "Chief Executive Officer") means the General Director of the Company (from 25 September 2020 onwards).

"Chairman" or **"Chairman of the Board"** means the chairman of the Board.

"Charter" means the new corporate charter of the Company which became effective on the Registration Date.

"Chief Financial Officer" means the chief financial officer of the Company.

"CIS" means the Commonwealth of Independent States.

"JSC Kremniy" means a company incorporated under the laws of the Russian Federation and a subsidiary of the Company.

"Code for Securities Transactions" means the Code for Securities Transactions by Directors of the Company adopted by the Board on 9 April 2010 and based on Appendix 10 to the HKSE Listing Rules.

"Company" or **"UC RUSAL"** or **"UC RUSAL, IPJSC"** means United Company RUSAL, international public joint-stock company (UC RUSAL, IPJSC) (formerly United Company RUSAL Plc) 俄鋁, a company incorporated under the laws of Jersey with limited liability and continued in the Russian Federation as an international company. The full Company name in Russian is Международная компания публичное акционерное общество "Объединённая Компания "РУСАЛ"", and the abbreviated company name in Russian is МКПАО "ОК РУСАЛ".

"Connected person(s)" has the meaning ascribed to such expression in the HKSE Listing Rules.

"Connected transaction(s)" has the meaning ascribed to such expression in the HKSE Listing Rules.

"Continuance" means the Company's continuance out of Jersey to the Russian Federation which became effective on 25 September 2020.

"Controlling Shareholder" has the meaning ascribed to such expression in the HKSE Listing Rules.

"Corporate Governance and Nominations Committee" means the corporate governance and nominations committee established of the Board.

"Covenant EBITDA" has the meaning given to it in the PXF Facility 2019.

"Crispian" means Crispian Investment Limited, a company incorporated in Cyprus, to the best knowledge and belief of the Directors affilated with Mr. Roman Abramovich.

"Directors" means the directors of the Company.

"EBITDA" means earnings before interest, taxes, depreciation, and amortisation.

"EGM" means extraordinary general shareholders meeting that the Company may hold.

"En+" means EN+ GROUP International public joint-stock company, a company registered in accordance with the procedure established by the laws of the Russian Federation, in accordance with the Federal Law of the Russian Federation "On International Companies", and which is a Shareholder of the Company.

"EPCM" means Engineering, Procurement, Construction and Management.

"EUR" means Euros, the lawful currency of the relevant member states of the European Union that have adopted the Euro as their currency.

"Eurallumina" means the alumina refinery located in Portoscuso, on the southwest coast of Sardinia, Italy. During the year ended 31 December 2006, the Group entered into an agreement with Rio Tinto Aluminium Ltd and acquired a 56.2% interest in Eurallumina, the remaining 43.8% interest in Eurallumina was owned by Glencore and was acquired by the Group as part of the acquisition of SUAL and Glencore Businesses during the year ended 31 December 2007.

"Euronext Paris" means the Professional Segment of Euronext Paris.

"financial year" means the financial year ended 31 December 2020.

"Friguia Alumina Refinery" means Friguia S.A., a company incorporated in Guinea, which is an indirect wholly owned subsidiary of the Company.

"Gazprombank" means "Gazprombank" (Joint – Stock Company).

"GBP" means Pounds Sterling, the lawful currency of the United Kingdom.

"Glencore" means Glencore Plc, a public company incorporated in Jersey and listed on the London Stock Exchange, with a secondary listing on the Johannesburg Stock Exchange, which was an indirect shareholder of the Company. Pursuant to the press release issued by En+ on 28 January 2019, En+ announced that it had entered into a securities exchange agreement and certain other related agreements with certain subsidiaries of Glencore, pursuant to which Glencore shall transfer the 8.75% of the Company's shares to En+ in consideration for En+ issuing new GDRs to Glencore representing approximately 10.55% of the enlarged share capital of En+. As announced by the Company on 3 February 2020, the aforementioned share swap was completed and Glencore ceased to have any shareholding in the Company.

"Glencore Businesses" means the alumina and aluminium businesses of Glencore.

"GWh" means gigawatts hours.

"Group" or **"RUSAL Group"** or "**RUSAL**" means the Company and its subsidiaries from time to time, including a number of production, trading and other entities controlled by the Company directly or through its wholly owned subsidiaries.

"GSM" means the general shareholders meeting, being the supreme management body of the Company.

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC.

"HKD" means Hong Kong dollars, the lawful currency of Hong Kong.

"HKSE Listing Rules" means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time).

"Hong Kong Companies Ordinance" means the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended from time to time).

"Hong Kong Stock Exchange" or **"HKSE"** means The Stock Exchange of Hong Kong Limited.

"IFRS" means the International Financial Reporting Standards.

"Indicated Mineral Resource" or **"Indicated"** means the part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

"Inferred" means a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

"Interros" means Interros International Investments Limited.

"Irkutsk aluminium smelter" or **"IrkAZ"** means a branch of RUSAL Bratsk in Shelekhov.

"IPO" means the initial public offering of the Company on the Hong Kong Stock Exchange and Euronext Paris.

"JORC" means Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists & the Minerals Council of Australia.

"Joint Stock Company "Boksit Timana"", "JSC "Boksit Timana"", **"Boksit Timana"** or **"Timan Bauxite"** means Joint Stock Company 'Boksit Timana', a company incorporated under the laws of the Russian Federation, which is a non-wholly owned subsidiary of the Company.

"JSC Irkutskenergo" means Irkutsk Public Joint Stock Company of Energetics and Electrification, a power generating company controlled by En+ as to more than 30% of its issued share capital.

"JSC "RUSAL SAYANAL"" or **"SAYANAL"** or **"Sayanal"** means Joint-Stock Company RUSAL SAYANAL, a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"JSC 'UC RUSAL TH'" or **"RUSAL TH"** means Joint-stock company 'United Company RUSAL Trading House', a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"kA" means kilo-amperes.

"Kandalaksha aluminium smelter" means Kandalaksha Aluminium Smelter, a branch of RUSAL Ural JSC.

"Khakas aluminium smelter" or **"KhAZ"** means Closed Joint Stock Company "Khakas Aluminium Smelter", being merged with Sayanogorsk Aluminum Smelter since July 30, 2015.

"KPIs" means key performance indicators.

"KraMZ" or **""KraMZ"** Ltd." means Limited liability company 'Krasnoyarsk metallurgical plant' ("KraMZ" Ltd.), a company incorporated in the Russian Federation.

"KraMZ-Auto" means KraMZ-Auto LLC, a company incorporated in the Russian Federation.

"Krasnoyarsk aluminium smelter", **"RUSAL Krasnoyarsk"** or **"KrAZ"** means Joint Stock Company "RUSAL Krasnoyarsk Aluminium Smelter", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"Krasnoyarskaya HPP" means JSC Krasnoyarsk Hydro-Power Plant, a hydroelectric power station controlled by En+ as to more than 30% of its issued share capital.

"kt" means kilotonnes.

"KUBAL" means Kubikenborg Aluminium AB, a company incorporated in Sweden, which is an indirect wholly-owned subsidiary of the Company.

"KUMZ JSC" or **"OAO KUMZ"** means Kamensk-Uralsky Metallurgical Works Joint Stock Company, a company incorporated under the laws of the Russian Federation.

"kWh" means kilowatt hour.

"K&K" means Limited liability company "K&K" (LLC "K&K") being merged with SKAD since 16 September 2020.

"Latest Practicable Date" means 9 April 2021, being the date of this Annual Report.

"LIBOR" means in relation to any loan:

(a) the applicable screen rate (being the British Bankers' Association Interest Settlement Rate for dollars for the relevant period, displayed on the appropriate page of the Reuters screen); or

(b) (if no screen rate is available for dollars for the interest period of a particular loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the agent at its request quoted by the reference banks to leading banks in the London interbank market, as of the specified time (11:00 a.m. in most cases) on the quotation day (generally two business days before the first day of that period unless market practice differs in the Relevant Interbank Market, in which case the quotation day will be determined by the agent in accordance with market practice in the Relevant Interbank Market) for the offering of deposits in dollars and for a period comparable to the interest period for that loan.

"Listing" means the listing of the Shares on the Hong Kong Stock Exchange.

"Listing Date" means the date on which the Shares were listed on the Hong Kong Stock Exchange, being 27 January 2010.

"LLP Bogatyr Komir" or **"Bogatyr Coal"** Limited Liability Partnership means the joint venture between the Company and Samruk-Energo producing coal described at page 28 of this Annual Report.

"LME" means the London Metal Exchange.

"LTIFR" means the Lost Time Injury Frequency Rate which was calculated by the Group as a sum of fatalities and lost time injuries per 200,000 man-hours.

"Major Shareholders" means En+, SUAL Partners, Glencore (until it ceased to be a Shareholder on 3 February 2020) and Onexim (until it ceased to be a Shareholder on 16 January 2018).

"Major Shareholders' Shares" means the Shares held by the Major Shareholders and their respective wholly owned subsidiaries.

"Management Company" or **"RUSAL Management Company"** means a subsidiary of the Group retained for accounting, general management, administration and secretarial functions.

"Market Council" means the non-commercial organization formed as a result of a non-commercial partnership, which is intended to unite energy market participants and major consumers of electrical energy through membership of that body. The council is intended to ensure the proper functioning of commercial market infrastructure and effective exchanges between the wholesale and retail electrical energy markets. Additionally, it is intended to promote investment in the electrical energy industry by creating a healthy market and even playing field for participants of both the wholesale and retail electrical energy markets, when drafting new rules and regulations concerning the electrical energy industry, and facilitate self-regulation of the wholesale and retail trade in electrical energy, power and other products and services which is permissible in the wholesale and retail electrical energy markets. The council's aim is to ensure the security of energy supply in the Russian Federation, unity within the economic space, economic freedom and competition in the wholesale and retail electrical energy markets, by striking a balance between the interests of suppliers and buyers and the needs of society in general in terms of having a reliable and stable source of electrical energy.

"Measured Mineral Resource" or **"Measured"** means a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

"Memorandum" means the memorandum of association of the Company conditionally adopted on 26 December 2009, and effective on the Listing Date, and subsequently amended on 22 November 2017.

"Moscow Exchange" or **"MOEX"** means Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (short name "Moscow Exchange").

"MoEx Listing Rules" means the Rules Governing the Listing of Securities on the Moscow Exchange (as amended from time to time).

"Mineral Resource" means a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

"Model Code" means the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HKSE Listing Rules.

"mt" means million tonnes.

"MW" means megawatt.

"Net Debt" is calculated as Total Debt less cash and cash equivalents as at 31 December 2020.

"Nadvoitsy aluminium smelter" or **"NAZ"** means Nadvoitsy Aluminium Smelter, a branch of RUSAL Ural JSC.

"Nikolaev Alumina Refinery" or **"NGZ"** means Mykolaiv Alumina Refinery Company Limited, a company incorporated under the laws of the Ukraine, which is an indirect wholly-owned subsidiary of the Company.

"Norilsk Nickel" means PJSC "MMC "NORILSK NICKEL", a company incorporated under the laws of the Russian Federation.

"Novokuznetsk aluminium smelter" or **"NkAZ"** or **"RUSAL Novokuznetsk"** means Joint Stock Company "RUSAL Novokuznetsk Aluminium Smelter", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"OFAC" means the Office of Foreign Assets Control of the Department of the U.S. Treasury.

"OFAC Sanctions" means the designation by OFAC of certain persons and certain companies into the SDN List.

"OHSAS 18001" means Occupational Health and Safety Specification (OHSAS) 18001.

"Onexim" means Onexim Holdings Limited, a company incorporated in Cyprus. According to disclosure of interests notices filed with the Company on 21 February 2018 pursuant to Part XV of the SFO, Onexim sold its entire shareholding in the Company (which represented approximately 6% shareholding in the issued share capital of the Company) and ceased to be a shareholder of the Company on 16 February 2018.

"Ore Reserves" means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

"PM Krasnoturyinsk" means SUAL-PM-Krasnoturyinsk, a branch of LLC 'SUAL-PM'.

"PRC" means The People's Republic of China.

"Probable Ore Reserve" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

"Proved Ore Reserve" means the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

"Prospectus" means the Company's prospectus for the Listing dated 31 December 2009. The Prospectus is available on the Company's website under the link https://rusal.ru/investors/info/docs/PROSPECTUS.pdf

"PXF Facility 2019" means up to USD1,085,000,000 Aluminium Pre-Export Finance Term Facility Agreement dated 25 October 2019, among inter alias, RUSAL as Borrower and ING Bank N.V. as Facility Agent and Security Agent and Natixis as Offtake Agent.

"QAL" means Queensland Alumina Limited, a company incorporated in Queensland, Australia, in which the Company indirectly holds a 20% equity interest.

"JSC Russian Aluminium" means Joint Stock Company "RUSSIAN ALUMINIUM", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"Registration Date" means 25 September 2020, the date when the Company was registered as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, changed its jurisdiction of incorporation from Jersey to the Russian Federation, changed its corporate name from UC RUSAL Plc to UC RUSAL, IPJSC and when its Memorandum of association and Articles of Association governed by Jersey laws were superseded by the Charter.

"related party" of an entity means a party who is:

(a) directly, or indirectly through one or more intermediates, a party which:

  i. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

  ii. has an interest in the entity that gives it significant influence over the entity; or

  iii. has joint control over the entity;

(b) an associate of the entity;

(c) a joint venture in which the entity is a venturer;

(d) a member of the key management personnel of the entity or its parent;

(e) a close member of the family of any individual referred to in (a) or (b) above;

(f) an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) above;

(g) a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

"related party transaction" means a transfer of resources, services or obligations between related parties, regardless of whether the price is charged.

"Recurring Net Profit" for any period means Adjusted Net Profit plus the Company's effective share of Norilsk Nickel's profits, net of tax.

"Relevant Officer" means any employee of the Company or a director or employee of a subsidiary of the Company.

"Relevant Officers Code" means the code for Securities Transactions by Relevant Officers of the Company.

"Remuneration Committee" means the remuneration committee of the Board.

"Review Period" means the period commencing from 1 January 2020 and ending on 31 December 2020.

"Risk Map" means a systematic list of all risks of the Company with a description of the each risk, probability of its occurrence, financial assessment of the risk, consequences of its occurrence, responsible persons and risk control procedures.

"RSPP" means the Russian Union of Industrialists and Entrepreneurs.

"RUB" or **"Ruble"** means Rubles, the lawful currency of the Russian Federation.

"RUSAL ARMENAL" CJSC or **"RUSAL ARMENAL"** or **"ARMENAL"** means Closed Joint Stock Company "RUSAL ARMENAL", an indirect wholly-owned subsidiary of the Company.

"RUSAL Global" means "RUSAL Global Management B.V.", a company incorporated under the laws of the Netherlands.

"RUSAL RESAL" means Limited Liability Company "RUSAL RESAL", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"RUSAL-Sayana Foil" LLC or **"Sayana Foil"** means Limited Liability Company "RUSAL-Sayana Foil", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"RUSAL Ural JSC" means Joint Stock Company 'United Company RUSAL Ural Aluminium', formerly JSC "Siberian-Urals Aluminium Company" (official short name JSC "SUAL"), a company incorporated under the laws of the Russian Federation, an indirect wholly-owned subsidiary of the Company.

"RUS-Engineering" means RUS-Engineering LLC, a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"RusHydro" means PJSC "RusHydro" ("Public Joint-Stock Company Federal Hydro-Generating Company – RusHydro"), a company organized under the laws of the Russian Federation, which is an independent third party.

"Russian CG Code" corporate governance code approved by the Board of Directors of the Bank of Russia on 21 March 2014.

"R&D" means research and development or the Research and Development Centres operated by the Company, as the context requires.

"Samruk-Energo" means Samruk-Energo, a company incorporated in Kazakhstan, which is an independent third party.

"Samruk-Kazyna" means the Kazakhstan state controlled national welfare fund.

"Sayanogorsk aluminium smelter", **"RUSAL Sayanogorsk"** or **"SAZ"** means Joint Stock Company "RUSAL Sayanogorsk", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"Sberbank" means Sberbank of Russia.

"SDN List" means the Specially Designated Nationals List published by OFAC. U.S. persons are generally prohibited from dealing with assets of persons designated in the SDN List which are subject to the U.S. jurisdiction, subject to certain exemptions and exclusions set out in licenses issued by OFAC.

"SFO" means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time).

"Share(s)" means the ordinary share(s) with nominal value of USD0.01 each in the share capital of the Company. From 25 September 2020 onwards, means ordinary share(s) with nominal value of RUB 0.656517 each in the share capital of the Company.

"Shareholder(s)" means the holders of Shares.

"Shareholders' Agreement between Major Shareholders only" means the shareholders' agreement dated 22 January 2010 between the Major Shareholders.

"Shareholders' Agreement with the Company" means the shareholders' agreement dated 22 January 2010 between the Major Shareholders and the Company.

"Shareholding Changes in 2019" means the following changes to the shareholding in the Company which has been notified to the Company:

En+ announced in its press release dated 28 January 2019 that it had entered into a securities exchange agreement and certain other related agreements with certain subsidiaries of Glencore pursuant to which Glencore shall transfer 8.75% of Shares to En+ (of which En+ announced on 1 February 2019 that approximately 2% has been transferred, and En+ announced on 3 February 2020 that the remaining 6.75% has been transferred) in consideration for En+ issuing new global depositary receipts to Glencore representing approximately 10.55% of the enlarged share capital of En+.

Based on the disclosure of interests notice filed with the Company, the interests of Glencore decreased to approximately 6.78% in the issued share capital of the Company on 31 January 2019. The Company understands that this was due to the transfer of approximately 2% Shares pursuant to the aforementioned securities exchange agreement following the removal of En+ from the SDN List on 27 January 2019.

Based on the disclosure of interests notice filed with the Company, the interests of En+ increased to approximately 56.88% in the issued share capital of the Company on 3 February 2020.

"Shareholding Changes in 2018" means the following change to the shareholding in the Company which has been notified to the Company:

According to disclosure of interests notices filed with the Company on 21 February 2018 pursuant to Part XV of the SFO, Onexim sold its entire shareholding in the Company (which represented approximately 6% shareholding in the issued share capital of the Company) and ceased to be a shareholder of the Company on 16 February 2018.

"SKAD" means Limited Liability Company "Casting and mechanical plant 'SKAD' (the short official name is "Casting and mechanical plant 'SKAD' Ltd."), a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"South Ural Cryolite Plant" or **"Cryolite"** means Joint-Stock Company "South Ural Cryolite Plant", an indirect non wholly-owned subsidiary of the Company.

"Standing Committee" means the standing committee of the Board.

"STIP" means the Company's Short-Term Incentive Program.

"Limited Liability Company 'United Company RUSAL Ural Silicon'" or **"LLC RUSAL Silicon Ural"** means RUSAL Silicon Ural LLC (formerly SU-Silicon LLC), an indirect non wholly-owned subsidiary of the Company.

"SUAL Partners" means SUAL Partners Limited, a company incorporated under the laws of the Bahamas, which is a Substantial shareholder of the Company.

"Substantial shareholder(s)" has the meaning ascribed to such expression under the HKSE Listing Rules.

"SUAL – PM" or **"LLC 'SUAL-PM'"** means SUAL-PM LLC, an indirect wholly-owned subsidiary of the Company.

"SDN List" means the Specially Designated Nationals List published by OFAC. U.S. persons are generally prohibited from dealing with assets of persons designated in the SDN List which are subject to the U.S. jurisdiction, subject to certain exemptions and exclusions set out in licenses issued by OFAC.

"North Urals" means JSC Sevuralboksitruda, a company incorporated in Russia, which is an indirect wholly-owned subsidiary of the Company.

Limited Liability Company "RUSAL Taishet Aluminium Smelter", **"RUSAL Taishet" LLC**, **"Taishet"**, **"Taishet aluminium smelter"** or **"TAZ"** means Limited Liability Company "RUSAL Taishet Aluminium Smelter", a company incorporated in Russia, which is an indirect wholly-owned subsidiary of the Company.

"Taishet Anode plant" or **"Taishet Anode shop"** means the new anode shop which is a project currently being implemented not far from the town of Taishet in the Irkutsk region of the Russian Federation.

"total attributable alumina output" is calculated based on pro rata share of the Group's ownership in corresponding alumina refineries.

"total attributable bauxite output" is calculated based on pro rata shares of the Group's ownership in corresponding bauxite mines and mining complexes, including the total production of Timan and Bauxite Co. De Guyana., notwithstanding that minority interests in these subsidiaries are held by third parties.

"Total Debt" means the Company's loans and borrowing at the end of the period.

"Total Net Debt" has the meaning given to it in the PXF Facility 2019.

"tpa" means tonnes per annum.

"TSA" means Trading System Administrator of Wholesale Electricity Market Transactions.

"UC RUSAL Anode Plant LLC" means Limited Liability Company United Company RUSAL Anode Plant, a company incorporated in Russia, which is an indirect wholly-owned subsidiary of the Company.

JSC "Ural Foil" or **"Ural Foil"** means Joint-Stock Company "Ural Foil", a company incorporated in Russia, which is an indirect wholly-owned subsidiary of the Company.

"Urals aluminium smelter", **"Urals Alumina Refinery"**, **"UAZ"** means Urals Aluminium Smelter, a branch of RUSAL Ural JSC.

"US" means the United States of America.

"USD" or **"US dollar"** means United States dollars, the lawful currency of the United States of America.

"U.S. Treasury" means the Treasury of the United States of America.

"VAP" means value added products. VAP include wire rod, foundry alloys, billets, slabs, high purity and other VAP.

"VAT" means value added tax.

"VEB" means State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)".

"Volgograd aluminium smelter" or **"VgAZ"** means Volgograd Aluminium Smelter, a branch of RUSAL Ural JSC.

"Volkhov aluminium smelter" or **"VAZ"** means Volkhov Aluminium Smelter, a branch of RUSAL Ural JSC.

"Wholesale Electricity Market" means the wholesale market for the sale of electrical energy and power within the confines of the "Russian United Energy System" in the unified economic space of the Russian Federation. Large suppliers and purchasers of electrical energy and power participate in this market, as well as other participants which have obtained the status of wholesale market participants and act in accordance with the Wholesale Electricity Market Rules.

"Wholesale Electricity Market Rules" means the regulatory act (passed according to the Decree of the Government of the Russian Federation of 27 December 2010 №1172 "On approval of the Rules for the wholesale electricity and capacity market and on amending some acts of the Government of the Russian Federation on the organization of the functioning of the wholesale electricity and capacity market" as specified in the Federal law N 35-FZ "On the Electric Energy Industry" dated 26 March 2003), which regulates the sale of electrical energy and power in the Wholesale Electricity Market.

"Windalco" means West Indies Alumina Company, a company incorporated in Jamaica, in which the Company indirectly holds a 100% interest.

"Working Capital" means trade and other receivables and inventories less trade and other payables.

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APPENDIX A
Principal Terms of the Shareholders' Agreement with the Company

APPENDIX A

PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT WITH THE COMPANY

The principal terms of the Shareholders' Agreement with the Company are described below. Unless otherwise stated, references to En+, SUAL Partners, Glencore and Onexim are deemed to include reference to other entities controlled by those Major Shareholders (other than any member of the Group).

RIGHT OF FIRST REFUSAL – BAUXITE, ALUMINA, ALUMINIUM

The Major Shareholders must offer the Company a right of first refusal in respect of any assets or development opportunities related to the production of bauxite, alumina or aluminium ("Industrial Assets") that they wish to acquire where such Industrial Asset or a group of related Industrial Assets has a value in excess of an amount determined by reference to the prevailing LME (high grade premium aluminium three month offer side) price of aluminium at the time of the proposed acquisition. If that LME price is USD1,500 per tonne or less then the trigger value is USD500 million, if it is USD4,500 or more then the trigger price is USD1 billion and if it is between these two prices then the trigger price is prorated on a straight line basis.

Major Shareholders must disclose to the Company any opportunity which has come to their (or their associates') respective attentions to acquire Industrial Assets of whatever value.

RELATIONSHIP BETWEEN THE COMPANY AND THE MAJOR SHAREHOLDERS

Each Major Shareholder must ensure that any contract between it or any of its associates and any member of the Group is entered into on an arms' length commercial basis and on terms that are not unfairly prejudicial to the interests of any Major Shareholder or the Group.

If there is a dispute between a Major Shareholder or any of its associates and the Company, that Shareholder will not, and will procure that any Directors appointed by it will not, do anything to prevent or hinder the Company's handling of the dispute.

The Major Shareholders agree to act in good faith in relation to the Group and in a manner that is not unfairly prejudicial to the interests of the Shareholders generally, and that the Group will be operated in accordance with the corporate governance standards set out in the HKSE CG Code.

TERMINATION FOR PARTICULAR SHAREHOLDERS

Under the Shareholders' Agreement with the Company, upon any Major Shareholder ceasing to hold at least 3% of the total Shares in issue, for whatever reason, it shall lose all of its rights and obligations under the Shareholders' Agreement with the Company.

EFFECT OF SHAREHOLDING CHANGES

As a result of the Shareholding Changes in 2018 and Shareholding Changes in 2019, Onexim and Glencore ceased to have any rights under the Shareholders' Agreement with the Company.

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APPENDIX B
Principal Terms of the Shareholders' Agreement between Major Shareholders only

APPENDIX B

PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT BETWEEN MAJOR SHAREHOLDERS ONLY

The principal terms of the Shareholders' Agreement between Major Shareholders only are described below. Unless otherwise stated, references to En+, SUAL Partners, Glencore and Onexim are deemed to include reference to other entities controlled by those Major Shareholders (other than any member of the Group).

BOARD OF THE COMPANY

For as long as En+ holds at least 30% of the Major Shareholders' Shares, the Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Board shall consist of a minimum of 16 and a maximum of 18 Directors and that Directors proposed for nomination or removal under the Articles of Association or otherwise by the shareholders of the Company will be appointed to or removed from the Board to achieve the following:

- For as long as En+ holds at least 40% of the Major Shareholders' Shares, Directors representing at least 50% of the Board shall be Directors proposed by En+ (excluding independent Directors), one of whom shall be the Vice Chairman of the Board. For as long as En+ holds at least 30% of the Major Shareholders' Shares, En+ shall have the right to nominate for appointment and removal the CEO. The number of Directors (other than independent Directors) that En+ is entitled to propose for nomination to and removal from the Board shall reduce by one for as long as its shareholding, as a percentage of the Major Shareholders' Shares, is between 35% and 40%, and by two for as long as such percentage is between 30% and 35%. In addition, En+ shall be entitled to propose for nomination and removal two independent Directors for as long as it holds at least 40% of the Major Shareholders' Shares and one independent Director for as long as that percentage remains between 10% and 40%. En+ shall have the right to veto the appointment of any independent Director nominated by SUAL Partners on the grounds set out in the Shareholders' Agreement between Major Shareholders only.
- For as long as SUAL Partners holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue), SUAL Partners shall have the right to propose for nomination and removal three Directors, one of whom shall be independent, and to veto the appointment of any independent Director nominated by En+ on the grounds set out in the Shareholders' Agreement between Major Shareholders only.
- For as long as En+ holds less than 30% of the Major Shareholders' Shares, the Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Board shall consist of between 15 and 19 directors comprising:
  - four independent Directors, to be nominated in accordance with the rights of proposal of En+ and SUAL Partners described above (if relevant) and, to the extent required, by the Corporate Governance and Nominations Committee; and
  - Directors (other than independent Directors) who shall be proposed for nomination and removal by the Major Shareholders in proportion to their respective holdings of Shares from time to time.

BOARDS OF SUBSIDIARIES

The Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Directors proposed for nomination or dismissal by the shareholders of the Company will be appointed to or removed from the boards of the Agreed Subsidiaries to achieve the following:

- The board of each of RUSAL Global and RUSAL America Corp. shall comprise:
  - four directors proposed by En+, for as long as the shareholding of En+ as a percentage of the Major Shareholders' Shares is at least 40%, provided that the number of directors to be proposed by En+ shall be three where such percentage is between 30% and 40%, shall be two where it is between 20% and 30% and shall be one where it is less than 20%; and
  - one director proposed by SUAL Partners, for as long as in each case SUAL Partners holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue).
- The board of each other Agreed Subsidiary shall comprise:
  - three directors proposed by En+ for as long as the shareholding of En+ as a percentage of the Major Shareholders' Shares is at least 40%, provided that the number of directors to be proposed by En+ shall be two where such percentage is between 20% and 40% and shall be one where it is less than 20%; and
  - one director proposed by SUAL Partners, for as long as SUAL Partners holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue).

COMMITTEES OF THE BOARD

The Major Shareholders have agreed to procure, so far as they are able, that certain committees of the Board are to be established, as follows:

- An audit committee, remuneration committee and corporate governance and nominations committee, each to be established in accordance with the requirements of the HKSE CG Code.
- A health, safety and environmental committee, whose composition, functions and terms of reference are to be determined from time to time by the Board, a marketing committee and a standing committee.
- Summaries of the functions of these committees are set out in "Corporate Governance Report".

VETO RIGHTS

- The Major Shareholders have agreed to exercise their voting rights with a view to giving the Major Shareholders effective veto rights as set out below, by procuring that Directors proposed by them for appointment vote against any resolution in respect of which a Major Shareholder has exercised its "veto":
  - Each of En+ and SUAL Partners is given a right of veto in relation to any related party transaction (or amendment to or renewal of an existing related party transaction).
  - Each of En+ and SUAL Partners is given a right of veto in respect of any matter proposed to be undertaken by the Company or any of its subsidiaries which would require a special resolution were the Company or the relevant subsidiary incorporated in England and Wales (e.g., alteration of Articles of Association; change of name; re-registration of a private company as a public company; re-registration of an unlimited company as limited; re-registration of a public company as a private company; offer to issue shares or rights to subscribe for shares other than pro rata to existing shareholders by disapplying statutory pre-emption rights; reduction of share capital; to give, revoke, renew or vary the authority for the Company to purchase (off market) shares in itself; and to redeem or purchase own shares out of capital).
  - The Company does not believe that these veto rights will have any material impact on the operation of the Company.

MATTERS INCONSISTENT WITH THE SHAREHOLDERS' AGREEMENT BETWEEN MAJOR SHAREHOLDERS ONLY

The Major Shareholders have agreed that they shall use their voting and other rights available to them to procure that no resolutions are passed or actions taken or refrained from being taken by the Company or any other member of the Group to the extent that they would be inconsistent with the terms of the Shareholders' Agreement between Major Shareholders only.

KRAMZ/OAO KUMZ SUPPLY AGREEMENTS AND AGREEMENTS WITH GLENCORE

- The Major Shareholders have agreed to use their voting and other rights available to them to procure that all Board and shareholder approvals and resolutions which are required under the HKSE Listing Rules in respect of the supply agreement entered into between the Group and OAO KUMZ, and the supply agreement entered into between the Group and KraMZ group of companies, are passed in accordance with those laws and rules.
- If the entry into, amendment of or exercise of any rights under any agreements between the Group and Glencore approved by the Board require Shareholder approval under the HKSE Listing Rules, the Major Shareholders have agreed to use their voting and other rights available to them to procure that such approvals and resolutions are passed in accordance with those laws and rules.

DIVIDEND POLICY

The Major Shareholders have agreed to procure compliance by the Group with a dividend policy, to the extent permissible under the terms of the credit facility agreements, under which not less than 50% of the annual consolidated net profits of the Group in each financial year are distributed to Shareholders within four months after the end of the relevant financial year, subject to any applicable legislation.

RIGHTS OF FIRST REFUSAL – SUAL PARTNERS SHARES

- Subject to certain exceptions, if SUAL Partners wishes to sell any of its holding of Shares in an onmarket transaction, it must serve notice on En+, offering it a right of first refusal. The price at which En+ will be entitled to acquire the Shares offered by SUAL Partners is the volume weighted average price per Share for the three trading days prior to the date on which the relevant notice is sent by SUAL Partners.
- SUAL Partners will not be obliged to offer En+ a right of first refusal in respect of Shares sold by it to the extent that:
  - the aggregate number of Shares sold in any one trading day by SUAL Partners does not exceed 20% of the daily average trading volume for the 30 trading days immediately preceding that trading day; and
  - the aggregate number of Shares sold within the above limits does not in any period of four months exceed 0.5% of the total Shares in issue at the time of the relevant sale.

SHARE PLACING

To the extent that the Company proposes to undertake a bookbuild placing or underwritten offering of Shares of in excess of 1% of the issued share capital of the Company, the Major Shareholders have agreed to use their voting and other rights to procure that the Major Shareholders are also entitled to sell a pro rata proportion of their Shares as part of such placing or offering.

NO MANDATORY OFFER

The Major Shareholders have agreed not to acquire or dispose of any voting rights which would be exercisable at a general meeting of the Company, if such acquisition or disposal would trigger a mandatory obligation under the Hong Kong Codes on Takeovers and Mergers and Share Repurchases to make an offer for Shares and have undertaken to indemnify each other in the event of a breach of such undertaking.

TERMINATION FOR PARTICULAR SHAREHOLDERS

The Shareholders' Agreement between Major Shareholders only shall terminate in respect of the relevant Major Shareholder in the following circumstances:

— Upon SUAL Partners ceasing to hold at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue) SUAL Partners (as the case may be) shall lose their rights to propose Directors for nomination to the Board, and upon such shareholdings falling below 50% of the relevant minimum shareholding stated above they shall lose their respective veto rights as described above.

— Upon En+ ceasing to hold at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue), it shall lose any rights to propose Directors for nomination to the Board, and upon such shareholding falling below 50% of the relevant minimum shareholding stated above, it shall lose its veto rights as described above.

— Upon any Major Shareholder ceasing to hold at least 3% of the total Shares in issue, for whatever reason, it shall lose all of its rights and obligations under the Shareholders' Agreement between Major Shareholders only.

EFFECT OF SHAREHOLDING CHANGES

As a result of the Shareholding Changes in 2018, the Shareholders' Agreement among Major Shareholders has terminated in respect of Onexim from the date it ceased to be a Shareholder on 16 January 2018 and Onexim ceased to have any rights or obligations under the Shareholders' Agreement between Major Shareholders only.

Starting 3 February 2020, upon completion of the share swap contemplated by the securities exchange agreement entered into between En+ and Glencore on 28 January 2019, Glencore ceased to have any rights under the Shareholders' Agreement between Major Shareholders only.

20 YEARS

MOVING
FORWARD

13.

APPENDIX C
Report on Compliance With the Russian Corporate Governance Code

APPENDIX C

REPORT ON COMPLIANCE WITH

THE RUSSIAN CORPORATE GOVERNANCE CODE

This report on compliance with the Russian CG Code was considered by the Board of Directors of United Company RUSAL, international public joint-stock company ("the Company") on 9 April 2021 (Minutes of the Meeting of the Board of Directors No. 210401 dated 9 April 2021).

The Board believes that the Company currently complies with the majority of principles and recommendations of the Russian CG Code. The Board of Directors confirms that the data provided in this Report contain complete and accurate information on the Company's compliance with the Russian CG Code for 2020.

Majority of the cases when the criteria are partially met or not met results, inter alia, from the fact that a significant part of the requirements applicable to Russian public companies began to apply to the Company only from 25 September 2020. Taking into account the need to achieve a balance and compliance with all the requirements applicable to the Company whose shares are traded simultaneously on the Moscow and Hong Kong Stock Exchanges, the assessment, development and implementation of a number of documents and practices requires additional time. Explanation of the key reasons, factors and (or) circumstances due to which the Company does not comply or does not fully comply with the principles of corporate governance enshrined in the Russian CG Code, a description of the mechanisms and tools of corporate governance that are used by the Company instead of those recommended by the Russian CG Code, the planned (proposed) actions and measures to improve the model and practice of corporate governance are contained below in the 5th column of the table of this report.

The compliance assessment against the recommendations of the CG Code is presented below using the table template included in the Bank of Russia's Letter No. IN-06-52/8 dated 17 February 2016 and follows the filling out guidelines described in the letter. The result is based on our self-assessment, taking into account the existing integrated data on the Company's approach to incorporating Russian CG Code requirements and the reasons for non-compliance (following the "comply or explain" principle).

The Company confirms its commitment to high standards of corporate governance.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
1.1.	The company will ensure equal and fair treatment of all shareholders when they exercise their right to participate in the management of the company.			
1.1.1.	The company creates the most favourable conditions for the shareholders to participate in the general meeting, conditions for the development of a reasonable position on the issues on the agenda of the general meeting, coordination of their actions, as well as the opportunity to express their opinion on the issues under consideration.	1. The company's internal document approved by the general meeting of shareholders and regulating the procedures for holding the general meeting is publicly available. 2. The company provides an available means of communication with the company, such as a 'hotline', e-mail or an Internet forum, which allows the shareholders to express their opinions and send questions regarding the agenda in the course of the preparation for the general meeting. These actions were taken by the company before each general meeting held during the reporting period.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is not met. The Company was registered in the Russian Federation on 25 September 2020 ("Redomiciliation Date") as an international company. The General meeting of Company's shareholders did not approve a separate internal document regulating the procedures for holding the general meeting of shareholders since the laws applicable for most part of the reporting period did not require the Company to adopt such documents, the relevant procedures were set forth in the Articles of Association then in effect. In 2020, the Company did not hold any general meetings of shareholders in accordance with Russian law. General meetings of shareholders are regulated by the charter of the Company, subject to Russian and Hong Kong law and the listing rules. Given the unprecedented nature of the simultaneous listing of the Company's Shares on the Moscow Exchange and the Hong Kong Stock Exchange, the lack of an established practice of holding general meetings by international companies in accordance with Russian and Hong Kong requirements, the Company is analysing applicable requirements with a view to develop and adopt an internal document governing the procedures for holding a general meeting taking into account the requirements of the applicable regulations and the expectations of the Company's investors from various jurisdictions. Criterion 2 is met.
1.1.2.	The procedure for notification of the general meeting and submission of materials for the general meeting provides the shareholders with the opportunity to properly prepare for the participation in the general meeting.	1. The notice of the general meeting of shareholders is posted (published) on the website at least 30 days prior to the date of the general meeting. 2. The notice of the meeting indicates the place of the meeting and the documents required for the access to the premises. 3. The shareholders were provided with access to the information on who had proposed the issues on the agenda and who had nominated candidates to the company's board of directors and the company's internal audit commission.	V Compliant ☐ Partially compliant ☐ Non-compliant	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
1.1.3.	During the preparation and holding of the general meeting, the shareholders had the opportunity to freely and timely receive information on the meeting and materials for the meeting, put questions to the company's executive bodies and the members of the company's board of directors, and communicate with each other.	1. During the reporting period, the shareholders were given the opportunity to put questions to the members of the company's executive bodies and the members of the company's board of directors before and during the annual general meeting. 2. The position of the board of directors (including the separate opinions included in the minutes) on each item on the agenda of the general meetings held during the reporting period was included in the materials for the general meeting of shareholders. 3. The company provided the eligible shareholders with access to the list of persons entitled to participate in the general meeting, starting from the date of its receipt by the company, in all cases of holding general meetings in the reporting period.	V Compliant Partially compliant Non-compliant	Criterion 3 was formally not applicable to the Company prior to the Redomiciliation Date, since the list of persons entitled to participate in the general meeting of shareholders of the Company was not required under Jersey law. At the same time, under Jersey law, any person had the right to see the list of shareholders included in the registry on the date of the registry closing, and entitled to participate in the general meeting. For the period from the Redomiciliation Date to the end date of the reporting period, no lists of persons entitled to participate in the general meeting of shareholders of the Company were issued, and no general meetings were held.
1.1.4.	The exercise of the shareholder's right to request the convening of the general meeting, to nominate candidates for the management bodies and to make proposals for the inclusion in the agenda of the general meeting was not associated with unjustified difficulties.	1. During the reporting period, the shareholders had the opportunity to submit proposals for the inclusion in the agenda of the annual general meeting within at least 60 days after the end of the relevant calendar year. 2. In the reporting period, the company did not refuse to accept proposals for the agenda or candidates for the company's bodies due to typos and other insignificant shortcomings in the shareholder's proposal.	V Compliant Partially compliant Non-compliant	
1.1.5.	Each shareholder had the opportunity to freely exercise the right to vote in the simplest and most convenient way.	1. The company's internal document (internal policy) contains provisions according to which each participant of the general meeting may, before the end of the relevant meeting, request a copy of the ballot filled in by the participant and certified by the counting commission.	Compliant Partially compliant V Non-compliant	Criterion 1 was not met since this principle was not formally established in any internal document of the Company. Subject to the requirements applicable to the Company during the reporting period, each shareholder was given an opportunity to freely exercise the right to vote in person at the meeting venue or via the Internet or by appointing a proxy with voting instructions. The Company is assessing the possibility of adopting an internal document allowing each participant of a general meeting to request a copy of the ballot filled in by such participant and certified by the counting committee before the end of the relevant meeting, subject to the requirements of Russian and Hong Kong regulations. The adoption of such document will be possible after the assessment is complete.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
1.1.6.	The procedure established by the company for conducting the general meeting provides an equal opportunity for all persons present at the meeting to express their opinions and ask questions.	1. When holding general meetings of shareholders in the form of a meeting (physical presence of shareholders) during the reporting period, sufficient time was provided for reports on the issues on the agenda and for discussing these issues. 2. Candidates for the company's management and control bodies were available for answers to the questions from the shareholders at the meeting at which their candidacies were put to the vote. 3. When making decisions related to the preparation and holding of general meetings of shareholders, the board of directors considered the use of telecommunications facilities to provide the shareholders with remote access for the participation in general meetings in the reporting period.	☐ Compliant V Partially compliant ☐ Non-compliant	Criteria 1 and 3 were met during the reporting period. With regard to criterion 2, it should be noted that one general meeting of shareholders was held during the reporting period (on 13 May 2020). No other general meetings of shareholders were held in the reporting period. At the time of the general meeting of shareholders held on 13 May 2020, the requirements of Jersey law were applicable to the Company. Half of the candidates for election to the Board of Directors were available to answer questions from Shareholders at the annual general meeting of shareholders.
1.2.	The shareholders are given an equal and fair opportunity to share the company's profits by receiving dividends.			
1.2.1.	The company developed and implemented a transparent and comprehensible mechanism for determining the amount of dividends and their payment.	1. The dividend policy was developed by the company, approved by the board of directors and disclosed. 2. If the company's dividend policy uses the results of the company's financial statements to determine the amount of dividends, the relevant provisions of the dividend policy take into account the consolidated results of financial statements.	V Compliant ☐ Partially compliant ☐ Non-compliant	
1.2.2.	The company does not make a decision to pay dividends if such decision, formally not violating the restrictions established by law, is economically unjustified and may lead to misrepresentation of the company's activities.	1. The company's dividend policy contains clear indications of the financial/economic circumstances under which the company will not pay dividends.	V Compliant ☐ Partially compliant ☐ Non-compliant	
1.2.3.	The company acts without prejudice to the dividend rights of the existing shareholders.	1. In the reporting period, the company acted without prejudice to the dividend rights of the existing shareholders.	V Compliant ☐ Partially compliant ☐ Non-compliant	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
1.2.4.	The company seeks to exclude the use by its shareholders of other methods of obtaining profit (income) at the company's expense, in addition to dividends and liquidation value.	1. In order for the shareholders to exclude other methods of obtaining profit (income) at the company's expense, in addition to dividends and liquidation value, the company's internal documents establish control mechanisms that ensure timely identification and approval of transactions with persons affiliated (related) to significant shareholders (persons entitled to votes attached to voting shares), in cases where the law does not formally recognise such transactions as related party transactions.	☐ Compliant ☐ Partially compliant V Non-compliant	Formally, criterion 1 is not met. Since the Company is a holding structure, transactions with persons affiliated (related) to significant shareholders (if any) were entered into, as a rule, by subsidiaries of the Company. In cases where the law does not formally recognise such transactions as related-party transactions, control procedures that ensure the timely identification and procedure for approving transactions with persons affiliated (related) to significant shareholders (persons entitled to votes attributable to voting shares) have been implemented at the level of subsidiaries. The Company is assessing the possibility and viability of duplicating existing control procedures by formalising them in the internal documents of the Company itself.
1.3.	The corporate governance system and practice ensure equal conditions for all shareholders holding shares of the same category (type), including minority shareholders and foreign shareholders, and equal treatment of them by the company.			
1.3.1.	The company created conditions for fair treatment of each shareholder by the company's management bodies and controlling persons, including conditions that ensure the prohibition of abuse by major shareholders in relation to minority shareholders.	1. During the reporting period, the procedures for managing potential conflicts of interest among significant shareholders are effective, and the board of directors paid appropriate attention to conflicts among shareholders, if any.	V Compliant ☐ Partially compliant ☐ Non-compliant	
1.3.2.	The company does not take actions that lead or may lead to an artificial redistribution of corporate control.	1. Quasi-treasury shares did not exist or did not participate in voting during the reporting period.	V Compliant ☐ Partially compliant ☐ Non-compliant	
1.4.	Shareholders are provided with reliable and effective methods of accounting for the rights to shares, as well as the possibility of free disposal of their shares without any hindrance			
1.4.1.	Shareholders are provided with reliable and effective methods of accounting for the rights to shares, as well as the possibility of free disposal of their shares without any hindrance.	1. The quality and reliability of the activities carried out by the company's registrar to maintain the register of securities holders correspond to the needs of the company and its shareholders.	V Compliant ☐ Partially compliant ☐ Non-compliant	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.1.	The board of directors carries out strategic management of the company, determines the main principles and approaches to the organisation of the risk management and internal control system in the company, exercises control over the activities of the company's executive bodies, and performs other key functions.			
2.1.1.	The board of directors is responsible for making decisions related to the appointment and dismissal of executive bodies, including in connection with the improper performance of their duties. The board of directors also monitors that the company's executive bodies act in accordance with the company's approved development strategy and main activities.	1. The board of directors has the powers stipulated in the articles of association to appoint, dismiss and determine the terms and conditions of contracts with respect to members of the executive bodies. 2. The board of directors reviewed the report(s) of the sole executive body and members of the collegiate executive body on the implementation of the company's strategy.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is partially met. In accordance with Company's charter, approved by more than 90% of the votes of Shareholders, the General Director of the Company is appointed by the decision of the general meeting of shareholders of the Company. In accordance with the Company's charter, the Board of Directors determines the terms of a contract with the sole executive body. Criterion 2 is partially met. The Board of Directors regularly reviewed the reports of the General Director on the Company's activities, containing, among other things, information on the achievement of the Company's strategic goals. At the same time, during the reporting period, the Board of Directors did not review a separate report on the implementation of the Company's strategy.
2.1.2.	The board of directors sets the main guidelines for the company's long-term activities, evaluates and approves the company's key performance indicators and main business goals, evaluates and approves the company's strategy and business plans for its main activities.	1. During the reporting period, the board of directors considered issues related to the implementation and updating of the strategy, the approval of the company's financial and economic plan (budget), as well as the review of the criteria and indicators (including interim ones) for the implementation of the company's strategy and business plans.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is partially met, since the Board of Directors did not consider issues related to updating the Company's strategy. During the reporting period, the Board of Directors considered issues related to the approval of Company's budget, and the results of implementation of the Company's business plan.
2.1.3.	The board of directors determines the principles and approaches to the organisation of the risk management and internal control system at the company.	1. The board of directors determined the principles and approaches to the organisation of the risk management and internal control system at the company. 2. The board of directors assessed the company's risk management and internal control system during the reporting period.	☐ Compliant V Partially compliant ☐ Non-compliant	Prior to the Redomiciliation Date, the powers of the Board of Directors with regard to determining the principles and approaches to organising the Company's risk management and internal control system, as well as regarding the assessment of this system, were delegated to the Audit Committee of the Board of Directors (the Company's articles of association allowed such delegation of powers). The Audit Committee considered issues related to the above mentioned system on a regular basis and informed the Board of Directors on the outcome of such consideration.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.1.4.	The board of directors determines the company's policy on remuneration and/ or reimbursement of expenses (compensation) to members of the company's board of directors, executive bodies and other key executives.	1. The company developed and implemented the policy(ies) approved by the board of directors on remuneration and reimbursement of expenses (compensations) to members of the company's board of directors, executive bodies and other key executives. 2. During the reporting period, the board of directors considered issues related to this policy(ies).	☐ Compliant ☐ Partially compliant V Non-compliant	Criteria 1 and 2 are not met, since the Company has not elaborated a separate document policy on regulation of remuneration and reimbursement of expenses (compensation) of members of the Board of Directors, executive bodies of the Company and other key executives of the Company. During the reporting period, the Board of Directors made decisions on issues related to the remuneration and reimbursement of expenses (compensation) to members of the Board of Directors, executive bodies of the Company. The Company is assessing the viability of formalisation such policy taking into account all applicable requirements.
2.1.5.	The board of directors plays a key role in preventing, identifying and resolving internal conflicts between the company's bodies, shareholders and employees.	1. The board of directors plays a key role in preventing, identifying and resolving internal conflicts. 2. The company established the system for identifying transactions involving conflicts of interest and the system of measures aimed at resolving such conflicts.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is met. Criterion 2 is partially met. The Company has created and implemented a system for identifying transactions with connected and related parties, which allows to detect a potential conflict of interest. Such issues are considered at the meetings of the Board of Directors of the Company.
2.1.6.	The board of directors plays a key role in ensuring the company's transparency, timely and complete disclosure of information by the company, and easy access of the shareholders to the company's documents.	1. The board of directors approved the regulations on the information policy. 2. The company identified the persons responsible for implementing the information policy.	V Compliant ☐ Partially compliant ☐ Non-compliant	
2.1.7.	The board of directors exercises control over the company's corporate governance practices and plays a key role in the company's substantial corporate events.	1. During the reporting period, the board of directors considered the matter of the corporate governance practices at the company.	V Compliant ☐ Partially compliant ☐ Non-compliant	
2.2.	The board of directors is accountable to the company's shareholders.			
2.2.1	Information on the work of the board of directors is disclosed and provided to the shareholders.	1. The company's annual report for the reporting period includes information on the attendance of meetings of the board of directors and committees by specific directors. 2. The annual report contains information on the main results of the evaluation of the work of the board of directors conducted in the reporting period.	V Compliant ☐ Partially compliant ☐ Non-compliant	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.2.2	The chairman of the board of directors is available for the communication with the company's shareholders.	1. The company has a transparent procedure that provides the shareholders with the opportunity to send questions and their positions related thereto to the chairman of the board of directors.	V Compliant Partially compliant Non-compliant	
2.3.	The board of directors is an effective and professional management body of the company, capable of making objective independent judgments and making decisions that meet the interests of the company and its shareholders.			
2.3.1.	Only persons who have an impeccable business and personal reputation and possess the knowledge, skills and experience necessary for making decisions within the competence of the board of directors and required for the effective performance of its functions are elected members of the board of directors.	1. The company's procedure for evaluation of the performance of the board of directors includes, inter alia, an assessment of the professional qualifications of the members of the board of directors. 2. During the reporting period, the board of directors (or its nomination committee) evaluated candidates for the board of directors in terms of their necessary experience, knowledge, business reputation, lack of conflicts of interest, etc.	V Compliant Partially compliant Non-compliant	
2.3.2.	Members of the company's board of directors are elected through a transparent procedure that allows shareholders to obtain sufficient information on the candidates to form an idea of their personal and professional qualities.	1. In all cases of holding the general meeting of shareholders during the reporting period, the agenda of which included the issues of the election of the board of directors, the company provided the shareholders with the biographical data of all candidate members of the board of directors, the results of evaluation of the candidates conducted by the board of directors (or its nomination committee), as well as information on whether the candidate meets the criteria of independence, in accordance with recommendations 102-107 of the Russian CG Code and the written consent of the candidates to the election to the board of directors.	V Compliant Partially compliant Non-compliant	No information on compliance of the candidate to the Board of Directors with the independence criteria in accordance with recommendations 102-107 of the Russian CG Code and no written consent of the candidates for election to the Board of Directors were provided to the participants of the general meeting of shareholders in 2020, as the only general meeting of shareholders of the Company in 2020 was held on 13 May 2020, i.e. prior to the Redomiciliation Date (at that time, the Company was a legal entity registered in Jersey, and the provisions of the Russian CG Code were not applicable to it). Therefore, criterion 1 is not applicable to the Company. As part of the completion of the redomiciliation procedure, the Board of Directors of the Company duly considered and adopted a decision to recognise Dr. Elsie Leung Oi-sie, Mr. Christopher Burnham and Mr. Nicholas Jordan as independent directors in accordance with the recommendation 102 – 107 of the Russian CG Code.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.3.3.	The composition of the board of directors is balanced, including in terms of the qualifications of its members, their experience, knowledge and business qualities, and enjoys the trust of the shareholders.	1. As part of the procedure for the evaluation of the performance of the board of directors conducted during the reporting period, the board of directors analysed its needs in the field of professional qualifications, experience and business skills.	V Compliant Partially compliant Non-compliant	
2.3.4.	The quantitative composition of the company's board of directors makes it possible to organise the activities of the board of directors in the most effective way, including the possibility of forming committees of the board of directors, and also provides substantial minority shareholders of the company with the opportunity to elect the candidate to the board of directors for whom they vote.	1. As part of the procedure for evaluation of the performance of the board of directors conducted during the reporting period, the board of directors considered the issue of whether the quantitative composition of the board of directors met the needs of the company and the interests of its shareholders.	Compliant Partially compliant V Non-compliant	Criterion 1 is not met by the Company, since during the reporting period the Board of Directors did not consider the issue of whether the quantitative composition of the Board of Directors meets the needs of the Company and the interests of shareholders as part of the procedure for evaluation of the performance of the Board of Directors. The number of members of the Board of Directors is determined in the charter approved by the decision of the general meeting of shareholders of the Company and the decision of the Board of Directors. In accordance with the charter, the determination of the number of members of the Board of Directors falls within the competence of the general meeting of shareholders of the Company.
2.4.	The board of directors includes a sufficient number of independent directors.			
2.4.1.	An independent director is a person who has sufficient professionalism, experience and independence to form his or her own position, is able to make objective and bona fide judgments, independent from the influence of the company's executive bodies, specific groups of shareholders or other interested parties. It should also be noted that under normal conditions, a candidate (an elected member of the board of directors) who is associated with the company, its substantial shareholder, the company's substantial counterparty or competitor or associated with the state may not be considered independent.	1. During the reporting period, all independent members of the board of directors met all the independence criteria specified in recommendations 102-107 of the Russian CG Code, or were recognised as independent by the decision of the board of directors.	V Compliant Partially compliant Non-compliant	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.4.2.	The candidates to the board of directors are evaluated for their compliance with the independence criteria, and the independent members of the board of directors are regularly reviewed for their compliance with the independence criteria. When conducting such assessment, the content will prevail over the form.	1. During the reporting period, the board of directors (or the nomination committee of the board of directors) formed an opinion on the independence of each candidate to the board of directors and submitted the corresponding opinion to the shareholders. 2. During the reporting period, the board of directors (or the nomination committee of the board of directors) considered at least once the independence of the current members of the board of directors, whom the Company indicates in the annual report as independent directors. 3. The company developed procedures determining the necessary actions to be taken by a member of the board of directors when such member ceases to be independent, including the obligations to timely notify the board of directors thereof.	V Compliant Partially compliant Non-compliant	
2.4.3.	Independent directors constitute at least one-third of the elected members of the board of directors.	1. Independent directors constitute at least one-third of the members of the board of directors.	V Compliant Partially compliant Non-compliant	
2.4.4.	Independent directors play a key role in preventing internal conflicts at the company and carrying out significant corporate actions by the company.	1. Independent directors (who do not have a conflict of interest) pre-evaluate significant corporate actions related to a possible conflict of interest, and the results of such evaluation are provided to the board of directors.	Compliant V Partially compliant Non-compliant	Criterion 1 is partially met, since the Company's charter does not provide for the concept of "significant corporate actions". The charter provides for a special procedure aimed at preventing risks associated with transactions and corporate actions that involve a conflict of interest: in accordance with clause 23.5 of the charter, a member of the Board of Directors is obliged to promptly inform other members of the Board of Directors about the nature and extent of his/her interest, if he/she has a material interest of any nature (direct or indirect, including, but not limited to, his/her relationship with any of his/her close associates) in a transaction, arrangement or contract with the Company which is significant for the Company's business and the interest of such Board member is material.. Independent directors actively participate in the Board of Directors' review of key issues, including significant transactions.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.5.	The chairman of the board of directors contributes to the most effective implementation of the functions assigned to the board of directors.			
2.5.1.	An independent director was elected as a chairman of the board of directors, or a senior independent director was chosen from among the elected independent directors to coordinate the work of the independent directors and interact with the chairman of the board of directors.	1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors. 2. The role, rights and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is met. An independent director was elected as the Chairman of the Board of Directors The Company has implemented this approach as it meets the needs of the Company and is aimed at organising the effective work of the Board of Directors, providing an efficient system of checks and balances at the level of the Board of Directors. Criterion 2 is not formally met, since the Company has no separate internal document in place defining the role, rights and obligations of the Chairman of the Board of Directors. Currently, the role, rights and obligations of the Chairman of the Board of Directors are defined by in the Company's charter. The Company is assessing the possibility of adopting the relevant internal document.
2.5.2.	The chairman of the board of directors ensures a constructive environment at meetings, free discussion of issues included in the agenda of the meeting, and control over the implementation of decisions taken by the board of directors.	1. The performance of the chairman of the board of directors was evaluated as part of the procedure for evaluating the effectiveness of the board of directors in the reporting period.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not formally met, since the performance of the Chairman of the Board of Directors was not evaluated separately as part of the procedure for evaluating the effectiveness of the Board of Directors. In the reporting period the assessment of the Board effectiveness was carried prior to the Redomiciliation Date.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.5.3.	The chairman of the board of directors takes the necessary measures to provide the members of the board of directors with the information necessary for making decisions on the issues on the agenda in a timely manner.	1. The duty of the chairman of the board of directors to take measures to ensure the timely provision of materials to the members of the board of directors on the issues on the agenda of the meeting of the board of directors is set out in the company's internal documents.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not formally met, since there is no internal document that establish the obligation of the Chairman of the Board of Directors to take measures to ensure the timely provision of materials on the agenda of the Board of Directors' meeting to members of the Board of Directors. However, despite the fact that this obligation is not formally established in any internal documents, in practice, the Chairman of the Board of Directors takes such measures. According to the Company's charter, the Chairman of the Board of Directors organizes the work of the Board of Directors. The Company is assessing the possibility of adopting the relevant internal document.
2.6.	The members of the board of directors act in good faith and reasonably in the interests of the company and its shareholders on the basis of sufficient information, with due diligence and care.			
2.6.1.	The members of the board of directors make decisions taking into account all available information, without conflict of interest, subject to equal treatment of the company's shareholders, within the framework of normal business risk.	1. The company's internal documents set out that a member of the board of directors shall notify the board of directors if the member has a conflict of interest in relation to any issue on the agenda of the meeting of the board of directors or the committee of the board of directors, prior to the discussion of the relevant issue on the agenda. 2. The company's internal documents provide that a member of the board of directors shall abstain from voting on any issue in which the member has a conflict of interest. 3. The company established the procedure allowing the board of directors to receive professional advice on issues within its competence at the company's expense.	☐ Compliant V Partially compliant ☐ Non-compliant	Criteria 1 and 2 are not formally met, since the Company has no separate internal document in place to regulate these issues. The issues under consideration are partially regulated by the Company's charter: In accordance with clause 23.5 of the Company's charter, a member of the Board of Directors is obliged to promptly inform other members of the Board of Directors about the nature and extent of his/her interest, if he/she has a material interest of any nature (direct or indirect, including, but not limited to, his/her relationship with any of his/her close associates) in a transaction, arrangement or contract with the Company which is significant for the Company's business. A member of the Board of Directors does not vote when the Board of Directors makes a decision with respect to any contract, arrangement or any proposal he/she or any close associate of him/her has a significant degree of interest in, except as set forth in the charter. Criterion 3 is met.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.6.2.	The rights and obligations of the members of the board of directors are clearly formulated and laid down in the company's internal documents.	1. The company adopted and published an internal document clearly determining the rights and obligations of the members of the board of directors.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not formally met because the Company has no separate internal document in place determining the rights and obligations of members of the Board of Directors. The rights and obligations of members of the Board of Directors are determined by the Company's charter, as well as letters of appointment, provided to each member of the Board of Directors after appointment in accordance with Jersey law practice. The Company is assessing the possibility of adopting the relevant internal document.
2.6.3.	The members of the board of directors have sufficient time to perform their duties.	1. Individual attendance at meetings of the board of directors and committees, as well as the time spent for the preparation for participation in meetings, was taken into account by the evaluation procedure of the board of directors in the reporting period. 2. In accordance with the company's internal documents, the members of the board of directors are obliged to notify the board of directors of their intention to join the management bodies of other organisations (other than controlled and dependent organisations of the company), as well as of the fact of such appointment.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is met. With regard to criterion 2, the Company explains that it has been registered in the Russian Federation since 25 September 2020, and as of 31 December 2020 the Company has no document in place regulating the activities of the Board of Directors, except for the charter. In order to prevent conflict of interest, the Company's charter include provisions on the obligation of a member of the Board of Directors to promptly inform other members of the Board of Directors about the nature and extent of his/her interest. The Company is assessing the possibility of adopting the relevant internal document.
2.6.4.	All members of the board of directors have equal access to the company's documents and information. The newly elected members of the board of directors are provided with sufficient information about the company and the work of the board of directors as soon as possible.	1. In accordance with the company's internal documents, the members of the board of directors are entitled to have access to documents and make requests concerning the company and its controlled organisations, and the company's executive bodies are obliged to provide relevant information and documents. 2. The company has an official orientation programme for newly elected members of the board of directors.	☐ Compliant V Partially compliant ☐ Non-compliant	With regard to criterion 1, the Company explains that formally, it has no internal document in place granting the right to the members of the Board of Directors to receive access to documents and make inquiries regarding the Company and its controlled entities, and providing for respective obligation of the Company's executive bodies to provide relevant information and documents. Criterion 2 is met.
2.7.	Meetings of the board of directors, preparation for and participation of the members of the board of directors in such meetings ensure the effective functioning of the board of directors.			
2.7.1.	Meetings of the board of directors are held as necessary, taking into account the scope of activities and the tasks the company faces at specific times.	1. The board of directors held at least six meetings in the reporting year.	V Compliant ☐ Partially compliant ☐ Non-compliant	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.7.2.	The company's internal documents set out the procedure for preparing and holding meetings of the board of directors, which provides the members of the board of directors with the opportunity to properly prepare for the meeting.	1. The company approved an internal document defining the procedure for preparing and holding meetings of the board of directors. The document stipulates, among other things, that, as a rule, notification of the meeting will be made at least 5 days before the date of the meeting.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not formally met because during the period from the Redomiciliation Date to the end of the reporting period the Company has not approved an internal document to establish the procedure for preparing and holding meetings of the Board of Directors. The Company's charter contains general provisions for holding meetings of the Board of Directors.
2.7.3.	The form of the meeting of the board of directors is determined taking into account the importance of the issues on the agenda. The most important issues are resolved at meetings held in person.	1. The company's articles of association or internal document provide that the most important issues (according to the list given in recommendation 168 of the Russian CG Code) will be considered at meetings of the board of directors held in person.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not met. The Company has been registered on the territory of the Russian Federation since 25 September 2020, and as of 31 December 2020 the Company has not approved any internal document according to which the most important issues (according to the list given in recommendation 168 of the Russian CG Code) should be considered at meetings of the Board of Directors held in person. The Company's charter also do not contain the relevant provisions either. Despite this, in practice, the most important issues are considered at meetings of the Board of Directors held in person. The Company is assessing the possibility of adopting the relevant internal document..
2.7.4.	Resolutions on the most important issues of the company's activities are approved at a meeting of the board of directors by a special majority or a simple majority of votes of all elected members of the board of directors.	1. The company's articles of association provide that resolutions on the most important issues set out in recommendation 170 of the Russian CG Code will be approved at a meeting of the board of directors by a special majority of at least three-quarters of the votes, or by a simple majority of all elected members of the board of directors.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is partially met. The Company's charter does not provide for resolutions on the most important issues set out in recommendation 170 of the Russian CG Code to be approved at meetings of the Board of Directors by a qualified majority of at least three-quarters of the votes, or by a simple majority of all elected members of the Board of Directors. However, according to clause 26.3 of the Company's charter, resolutions at meetings of the Board of Directors are approved by votes of at least ten members of the Board of Directors participating in a meeting, except for individual resolutions on issues provided for by this clause of the charter, on which resolutions are approved by a simple majority of the members of the Board of Directors participating in a meeting.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.8.	The board of directors establishes committees for preliminary consideration of the most important issues of the company's activities.			
2.8.1.	The audit committee consisting of independent directors was established for the preliminary consideration of issues related to the control of the company's financial and economic activities.	1. The board of directors formed an audit committee consisting of independent directors only. 2. The company's internal documents define the tasks of the audit committee, including, inter alia, the tasks contained in recommendation 172 of the Russian CG Code. 3. At least one member of the audit committee, who is an independent director, has experience and knowledge in the preparation, analysis, evaluation and audit of accounting (financial) statements. 4. Meetings of the audit committee were held at least once a quarter during the reporting period.	V Compliant Partially compliant Non-compliant	
2.8.2.	The remunerations committee, consisting of independent directors and headed by an independent director who is not the chairman of the board of directors, was established for the preliminary consideration of issues related to the formation of the effective and transparent remuneration practices.	1. The board of directors established the remunerations committee consisting of independent directors only. 2. The chairman of the remunerations committee is an independent director who is not the chairman of the board of directors. 3. The company's internal documents define the tasks of the remunerations committee, including, inter alia, the tasks contained in recommendation 180 of the Russian CG Code.	V Compliant Partially compliant Non-compliant	
2.8.3.	The nomination committee (the committee for appointments and personnel), most members of which are independent directors, was established for the preliminary consideration of issues related to the implementation of personnel planning (succession planning), professional composition and performance of the board of directors.	1. The board of directors established the nomination committee (or its tasks specified in recommendation 186 of the Russian CG Code are implemented within the framework of another committee), the majority of whose members were independent directors. 2. The company's internal documents define the tasks of the nomination committee (or the relevant committee with combined functions), including, inter alia, the tasks contained in recommendation 186 of the Russian CG Code.	V Compliant Partially compliant Non-compliant	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.8.4.	Given the scope of activities and the level of risk, the company's board of directors made sure that the composition of its committees fully met the company's objectives. Additional committees were either formed or were not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.).	1. During the reporting period, the company's board of directors considered the issue of whether the composition of its committees is sufficient for the tasks of the board of directors and the company's objectives. Additional committees were either formed or were not deemed necessary.	V Compliant Partially compliant Non-compliant	
2.8.5.	The composition of the committees is designed so as to allow for a comprehensive discussion of the issues under consideration in advance, taking into account different views.	1. The committees of the board of directors are headed by independent directors. 2. The company's internal documents (policies) provide for that persons who are not members of the audit committee, the nomination committee and the remunerations committee may attend committee meetings only at the invitation of the chairman of the relevant committee.	V Compliant Partially compliant Non-compliant	
2.8.6.	The chairmen of the committees regularly inform the board of directors and its chairman about the work of their committees.	1. During the reporting period, the chairmen of the committees regularly reported on the work of the committees to the board of directors.	V Compliant Partially compliant Non-compliant	
2.9.	The board of directors ensures that the quality of the work of the board of directors, its committees and members of the board of directors is assessed.			
2.9.1.	The assessment of the quality of the work of the board of directors is aimed at determining the degree of effectiveness of the board of directors, committees and members of the board of directors, the compliance of their work with the company's development needs, at encouraging the work of the board of directors and at identifying the areas in which their work might be improved.	1. The self-evaluation or external evaluation of the work of the board of directors conducted during the reporting period included the evaluation of the work of the committees, individual members of the board of directors and the board of directors as a whole. 2. The results of the self-evaluation or external evaluation of the board of directors conducted during the reporting period were reviewed at a meeting of the board of directors held in person.	V Compliant Partially compliant Non-compliant	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.9.2.	The work of the board of directors, committees and members of the board of directors is evaluated on a regular basis at least once a year. An external organisation (advisor) is engaged to conduct an independent evaluation of the quality of the work of the board of directors at least once every three years.	1. During the last three reporting periods, the company engaged an external organisation (advisor) at least once to conduct an independent assessment of the quality of the work of the board of directors.	☐ Compliant ☐ Partially compliant ☑ Non-compliant	Criterion 1 is not met, since during the previous three years, no external organisation has been engaged to assess the performance of the Board of Directors. The performance of the Board of Directors, committees and members of the Board of Directors is assessed on a regular basis once a year. The Corporate Governance and Nominations Committee conducts an annual detailed formalized self-assessment or external assessment of the performance of the Board of Directors and its members, as well as the committees of the Board of Directors. If necessary, the committee will engage independent professional consultants to carry out its duties.
3.1.	The company's corporate secretary performs effective ongoing interaction with shareholders, coordinates the company's actions to protect the rights and interests of shareholders, and provides support to the effective work of the board of directors.			
3.1.1.	The corporate secretary has sufficient knowledge, experience and qualification to perform the duties assigned to the corporate secretary, an impeccable reputation and enjoys the trust of shareholders.	1. The company adopted and disclosed an internal document – the regulations on the corporate secretary. 2. The company's website and the annual report provide biographical information on the corporate secretary, with the same level of detail as for the members of the company's board of directors and executive management.	☐ Compliant ☑ Partially compliant ☐ Non-compliant	In the reporting period criterion 1 was partially met, criterion 2 was not met. Prior to the Redomicilation Date, the Company did not have a positon of corporate secretary. At the same time, the Russian CG Code was not applicable to the Company prior to the Redomicilation Date. Since the Redomiciliation Date, the Company has appointed corporate secretary and approved regulations on the corporate secretary. As of the date of this report the Company criteria 1 and 2 are met.
3.1.2.	The corporate secretary has sufficient independence from the company's executive bodies and the necessary powers and resources to perform the tasks assigned to the corporate secretary.	1. The board of directors approves the appointment, dismissal and additional remuneration of the corporate secretary.	☑ Compliant ☐ Partially compliant ☐ Non-compliant	
4.1.	The level of remuneration paid by the company is sufficient to attract, motivate and retain persons with the necessary competence and qualifications for the company. Remuneration is paid to the members of the company's board of directors, executive bodies and other key executives in accordance with the remuneration policy adopted by the company.			

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
4.1.1.	The level of remuneration provided by the company to the members of the board of directors, executive bodies and other key executives creates sufficient motivation for their effective work, allowing the company to attract and retain competent and qualified specialists. At the same time, the company avoids a level of remuneration, higher than necessary, as well as an unjustifiably large gap between the remuneration levels of these persons and the company's employees.	1. The company adopted an internal document(s) – the policy(ies) on remuneration of the members of the board of directors, executive bodies and other key executives, which clearly define(s) the approaches to remuneration payable to these persons.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not formally met, since the Company has no internal document – policy to regulate remuneration of members of the Board of Directors, executive bodies, and other key executives of the Company. Approaches to remuneration of members of the Board of Directors and the General Director of the Company are determined by the relevant resolutions adopted by the Board of Directors prior to the Redomiciliation Date.
4.1.2.	The company's remuneration policy was developed by the remunerations committee and approved by the company's board of directors. The board of directors, with the support of the remunerations committee, exercises control over the introduction and implementation of the remuneration policy at the company, and, if necessary, reviews and makes adjustments thereto.	1. During the reporting period, the remunerations committee reviewed the remuneration policy(ies) and its (their) implementation practice and, if necessary, made the relevant recommendations to the board of directors.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not formally met, since the Company has no separate internal document – policy on remuneration. During the reporting period, the Remuneration Committee revised the approach to remuneration of members of the Board of Directors and committees and provided its recommendations to the Board of Directors.
4.1.3.	The company's remuneration policy contains transparent mechanisms for determining the amount of remuneration payable to the members of the company's board of directors, executive bodies and other key executives, as well as regulates all types of payments, benefits and privileges granted to these persons.	1. The company's remuneration policy(ies) contain(s) transparent mechanisms for determining the amount of remuneration payable to the members of the company's board of directors, executive bodies and other key executives, as well as regulate(s) all types of payments, benefits and privileges granted to these persons.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not formally met, since the Company has no separate internal document – policy to regulate remuneration of members of the Board of Directors, executive bodies, and other key executives of the Company. The decisions adopted by the authorised management bodies of the Company establish the amount of remuneration for the Chairman and members of the Board of Directors, chairmen of committees and members of committees of the Board of Directors and the sole executive body, and determined the grounds for bonuses.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
4.1.4.	The company determines the policy of reimbursement of expenses (compensation), specifying the list of expenses to be reimbursed, and the level of service which the members of the company's board of directors, executive bodies and other key executives may claim. This policy may be an integral part of the company's remuneration policy.	1. The company's remuneration policy(ies) or other internal documents establish the rules for reimbursement of expenses of the members of the company's board of directors, executive bodies and other key executives.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is partially met, since the Company does not have a remuneration policy. The rules for reimbursement of the expenses of members of the Board of Directors and executive bodies are determined by the decisions of the Board of Directors of the Company, taken prior to the Redomiciliation Date. The rules for reimbursement of the expenses of other employees of the Company are established by the decisions of the authorised management bodies of the Company.
4.2.	The remuneration system for the members of the board of directors ensures that the financial interests of the directors are aligned with the long-term financial interests of the shareholders.			
4.2.1.	The company pays a fixed annual remuneration to the members of the board of directors. The company does not pay remuneration for participation in specific meetings of the board of directors or committees of the board of directors. The company does not apply forms of short-term motivation and additional financial incentives to the members of the board of directors.	1. A fixed annual remuneration was the only monetary form of remuneration for the members of the board of directors for their work on the board of directors during the reporting period.	V Compliant ☐ Partially compliant ☐ Non-compliant	
4.2.2.	Long-term ownership of the company's shares mostly contributes to the alignment of the financial interests of the members of the board of directors and the long-term interests of the shareholders. At the same time, the company does not condition the right to sell shares by achieving certain performance indicators, and the members of the board of directors do not participate in option programmes.	1. If the internal document(s) – the company's remuneration policy(ies) stipulate(s) that shares are to be provided to the members of the board of directors, clear rules of ownership of shares by members of the board of directors, aimed at encouraging long-term ownership of such shares, will be adopted and disclosed.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not applicable to the Company, since the Company does not have a unified remuneration policy stipulating that Company's shares may be provided to members of the Board of Directors.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
4.2.3.	The company does not provide for any additional payments or compensation in the event of early termination of powers of the members of the board of directors in connection with the transfer of control over the company or other circumstances.	1. The company does not provide for any additional payments or compensation in the event of early termination of powers of the members of the board of directors in connection with the transfer of control over the company or other circumstances.	V Compliant Partially compliant Non-compliant	
4.3.	The system of remuneration payable to the members of the company's executive bodies and other key executives provides for the dependence of remuneration on the result of the company's work and their personal contribution to achieving this result.			
4.3.1.	Remuneration payable to the members of the company's executive bodies and other key executives is determined so as to ensure a reasonable and justified ratio of the fixed part of the remuneration and the variable part of the remuneration depending on the company's performance and the employee's personal (individual) contribution to the final result.	1. In the reporting period, annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key executives of the company. 2. During the latest assessment of the system of remuneration of members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies efficient ratio of the fixed and variable parts of remuneration. 3. The company has in place a procedure that guarantees return to the company of bonus payments illegally received by members of executive bodies and other key executives of the company.	Compliant V Partially compliant Non-compliant	The Company partially meets criterion 1, since list of persons belonging to the category of key executives of the Company was not approved in the reporting period. The annual performance indicators approved by the Board of Directors were taken into account in determining the variable remuneration of the General Director of the Company. Criterion 2 was not met, since during the reporting period, the Board of Directors did not assess the effectiveness of the ratio of the fixed part of remuneration and the variable part of remuneration of the members of executive bodies and other key executives of the Company. Criterion 3 is not met, as the Company does not have a procedure in place to ensure the return to the Company of bonuses wrongfully received by members of executive bodies and other key executives of the Company.
4.3.2.	The company implemented a long-term incentive programme for the members of the company's executive bodies and other key executives using the company's shares (options or other derivative financial instruments, the underlying asset of which is the company's shares).	1. The company implemented a long-term incentive programme for the members of the company's executive bodies and other key executives using the company's shares (financial instruments based on the company's shares). 2. The long-term incentive programme for the members of the company's executive bodies and other key executives provides that the right to sell shares and other financial instruments used in this programme arises no earlier than three years after the date of their provision. At the same time, the right to sell shares is conditioned by the achievement of certain performance indicators by the company.	Compliant Partially compliant V Non-compliant	The long-term incentive programs that existed in the Company were terminated in accordance with the terms of the respective plans. The feasibility of introducing new programs is being assessed by the Company.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
4.3.3.	The amount of compensation (the "golden parachute") paid by the company in the event of early termination of powers to the members of the executive bodies or key executives at the initiative of the company and in the absence of unfair actions on their part does not exceed the double amount of the fixed part of the annual remuneration.	1. The amount of compensation (the "golden parachute") paid by the company in the event of early termination of powers to the members of the executive bodies or key executives at the initiative of the company and in the absence of unfair actions on their part did not exceed the double amount of the fixed part of the annual remuneration in the reporting period.	V Compliant Partially compliant Non-compliant	
5.1.	The company established an effective risk management and internal control system aimed at providing reasonable confidence in achieving the company's goals.			
5.1.1.	The company's board of directors determined the principles and approaches to the organisation of the risk management and internal control system at the company.	1. The functions of the company's various management bodies and business units in the risk management and internal control system are clearly defined in the company's internal documents/ relevant policy approved by the board of directors.	V Compliant Partially compliant Non-compliant	
5.1.2.	The company's executive bodies ensure the establishment and maintenance of the effective risk management and internal control system in the company.	1. The company's executive bodies ensured the distribution of functions and powers in relation to risk management and internal control among the heads of business units and departments accountable to them.	V Compliant Partially compliant Non-compliant	
5.1.3.	The company's risk management and internal control system ensures an objective, fair and clear view of the current state and prospects of the company, the integrity and transparency of the company's reporting, and the reasonableness and acceptability of the risks taken by the company.	1. The company approved the anti-corruption compliance policy. 2. The company has arranged for accessible means of notifying the board of directors or the audit committee of the board of directors about violations of the laws, internal procedures, and the company's code of ethics.	V Compliant Partially compliant Non-compliant	
5.1.4.	The company's board of directors takes the necessary measures to ensure that the company's risk management and internal control system complies with the principles and approaches to its organisation determined by the board of directors and effectively functions.	1. During the reporting period, the board of directors or the audit committee of the board of directors conducted an evaluation of the effectiveness of the company's risk management and internal control system. Information on the main results of this evaluation is included in the company's annual report.	V Compliant Partially compliant Non-compliant	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
5.2.	The company organises conducting of an internal audit for a systematic independent evaluation of the reliability and effectiveness of the risk management and internal control system and corporate governance practices.			
5.2.1.	The company established a separate structural unit or engaged an independent external organisation to conduct an internal audit. The functional and administrative accountability of the internal audit unit are differentiated. The internal audit unit is functionally subordinate to the board of directors.	1. In order to conduct an internal audit, the company established a separate structural internal audit unit that is functionally accountable to the board of directors or the audit committee, or engaged an independent external organisation with the same principle of accountability.	☐ Compliant ☐ Partially compliant V Non-compliant	The Company was registered as an international company in accordance with the laws of the Russian Federation on 25 September 2020. A separate structural unit for internal audit was established in the Company after 31 December 2020. During the period from 25 September 2020 to 31 December 2020 the Company had an internal subdivision reporting to the Board of Directors, the functions of which also provided for the functions of internal audit.
5.2.2.	The internal audit unit evaluates the effectiveness of the internal control system, assesses the effectiveness of the risk management system, as well as the corporate governance system. The company applies generally accepted standards of internal audit.	1. During the reporting period, the effectiveness of the internal control and risk management system was evaluated as part of the internal audit. 2. The company uses generally accepted approaches to internal control and risk management.	V Compliant ☐ Partially compliant ☐ Non-compliant	
6.1.	The company and its activities are transparent to shareholders, investors and other concerned parties.			
6.1.1.	The company developed and implemented an information policy that ensures effective information interaction between the company, shareholders, investors and other concerned parties.	1. The company's board of directors approved the company's information policy developed subject to the recommendations of the Russian CG Code. 2. The board of directors (or one of its committees) considered issues related to the company's compliance with its information policy at least once during the reporting period.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is partially met. Prior to the Registration Date, the Board of Directors approved the communication policy of the Company, which ensures effective communication between the Company, shareholders, investors and other concerned parties. At the same time, the Russian CG Code was not applicable to the Company prior to the Redomiciliation Date. Criterion 2 is not met by the Company. The Company was registered in accordance with the legislation of the Russian Federation as an international company on 25 September 2020. During the period from Redomiciliation Date to the 31 December 2020 the Board of Directors did not consider this issue.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
6.1.2.	The company discloses information on the corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Russian CG Code.	1. The company discloses information on the company's corporate governance system and the general principles of corporate governance applied by the company, including by disclosure on the company's website. 2. The company discloses information on the members of the executive bodies and the board of directors, the independence of the members of the board of directors and their membership in the committees of the board of directors (in accordance with the definition of the Russian CG Code). 3. If there is a person controlling the company, the company publishes a memorandum of the controlling person regarding the plans of this person in relation to the company's corporate governance.	☐ Compliant V Partially compliant ☐ Non-compliant	Criteria 1 and 2 are fully met. Criterion 3 is not met, since there is not any controlling entity's memorandums regarding the plans of the controlling entity in relation to corporate governance in the Company. Non-compliance with this criterion within the period prior to the Redomiciliation Date is due to the fact that at that time, the personal law of the Company was Jersey law, according to which this criterion was not applicable to the Company.
6.2.	The company timely discloses complete, up-to-date and reliable information on the company in order to enable the company's shareholders and investors to make informed decisions.			
6.2.1.	The company discloses information in accordance with the principles of regularity, consistency and efficiency, as well as availability, reliability, completeness and comparability of disclosed data.	1. The company's information policy defines approaches to and criteria for determining information that can have a substantial impact on the company's valuation and the value of its securities, and procedures for ensuring timely disclosure of such information. 2. If the company's securities are traded in foreign organised markets, the material information is disclosed in the Russian Federation and in such markets on a synchronous and equivalent basis during the reporting year. 3. If foreign shareholders own a substantial number of shares in the company, then during the reporting year, the information was disclosed not only in Russian, but also in one of the most commonly used foreign languages.	☐ Compliant V Partially compliant ☐ Non-compliant	The Company fully meets Criteria 1 and 2. With regard to criterion 1, there is a disclosure policy at the Group level that regulates the centralized disclosure of information in accordance with the applicable requirements. As of the date of this report, the Company is developing the amendments to the procedure on internal control over insider information.
6.2.2.	The company avoids a formal approach by disclosure of information and discloses material information on its activities, even if the disclosure of such information is not provided for by law.	1. During the reporting period, the company disclosed annual and semi-annual financial statements prepared in accordance with IFRS standards. The company's annual report for the reporting period includes the annual financial statements prepared in accordance with IFRS standards, together with the auditor's report. 2. The company discloses full information on the company's capital structure in accordance with Recommendation 290 of the Russian CG Code in the annual report and on the Company's website in the Internet.	☐ Compliant V Partially compliant ☐ Non-compliant	The Company fully meets the criterion 1. The Company partially meets criterion 2, since the requirements of the Russian CG Code for disclosure of information on the structure of share capital were not applicable to the Company. Nevertheless, in the reporting period, the Company disclosed information on the capital structure in the annual report and on the Company's website in accordance with the applicable requirements.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
6.2.3.	The annual report, being one of the most important tools for information interaction with the shareholders and other concerned parties, contains information that allows to evaluate the company's annual performance.	1. The company's annual report contains information on key aspects of the company's operating activities and its financial results. 2. The company's annual report contains information on the environmental and social aspects of the company's activities.	V Compliant Partially compliant Non-compliant	
6.3.	The company provides information and documents as requested by the shareholders in accordance with the principles of equal and unhindered access.			
6.3.1.	Information and documents as requested by the shareholders are provided by the company in accordance with the principles of equal and unhindered access.	1. The company's information policy defines an unhindered procedure for providing the shareholders with access to information, including information on legal entities controlled by the company, as requested by the shareholders.	Compliant V Partially compliant Non-compliant	Criterion 1 is partially met. The Company's communication policy, which was approved by the Board of Directors prior to the Redomiciliation Date, defines an unhindered procedure for providing shareholders with access to information. Currently, the Company provides shareholders with access to information in accordance with the charter.
6.3.2.	When the company provides information to its shareholders, a reasonable balance is ensured between the interests of specific shareholders and the interests of the company itself, which is interested in maintaining the confidentiality of important commercial information that may have a substantial impact on its competitiveness.	1. During the reporting period, the company did not refuse to satisfy the shareholders' requests for information, or such refusals were reasoned. 2. In cases defined by the company's information policy, the shareholders are warned about the confidential nature of the information and assume the obligation to maintain its confidentiality.	Compliant V Partially compliant Non-compliant	Criterion 1 is met. The Company does not meet criterion 2, since the cases in which shareholders are warned about the confidential nature of information and assume the obligation to maintain its confidentiality are not defined in the Company's communication policy. Nevertheless, clause 5.5.3 of the Company's charter stipulates that the shareholders of the Company are obliged to comply with the confidentiality regime with respect to the Company's information that constitutes a trade secret.
7.1.	Actions that significantly affect or may affect the structure of the company's share capital and its financial condition and, accordingly, the position of its shareholders (substantial corporate actions) are carried out on fair terms that ensure compliance with the rights and interests of the shareholders, as well as other concerned parties.			

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
7.1.1.	Substantial corporate actions include the following: reorganisation of the company, acquisition of 30 percent or more of the company's voting shares (takeover), substantial transactions, increase or decrease in the company's registered capital, listing and delisting of the company's shares, as well as other actions that may lead to a substantial change in the rights of the shareholders or violation of their interests. The company's charter define a list (criteria) of transactions or other actions that are substantial corporate actions, and consideration of such actions is within the competence of the company's board of directors.	1. The company's articles of association define the list of transactions or other actions that are substantial corporate actions and the criteria for determining them. Making decisions on substantial corporate actions falls within the competence of the board of directors. In those cases where the implementation of these corporate actions is directly referred by law to the competence of the general meeting of shareholders, the board of directors provides the shareholders with appropriate recommendations. 2. The company's articles of association specify at least the following substantial corporate actions: reorganisation of the company, acquisition of 30 percent or more of the company's voting shares (takeover), closing of major transactions by the company, increase or decrease in the company's registered capital, listing and delisting of the company's shares.	☐ Compliant V Partially compliant ☐ Non-compliant	Criteria 1 and 2 are partially met, since the Company's charter does not provide for the concept of "significant corporate actions". However, most of the significant corporate actions listed in the Russian CG Code fall within the competence of the general meeting of shareholders or the Board of Directors of the Company.
7.1.2.	The board of directors plays a key role in making resolutions or making recommendations regarding substantial corporate actions, and the board of directors relies on the position of the company's independent directors.	1. The company provides for the procedure under which independent directors declare their position on substantial corporate actions before their approval.	☐ Compliant ☐ Partially compliant V Non-compliant	Criterion 1 is not formally met, since the Company does not have a separate internal document, according to which the independent directors declare their position on significant corporate actions (or on any material transactions referred to in clause 7.1.1 above). At the same time, the independent directors play a key role in decisions-making process of the Board of Directors as 8 out of the 14 members of the Board of Directors are independent directors.
7.1.3.	When carrying out substantial corporate actions affecting the rights and legitimate interests of the shareholders, equal conditions are ensured for all shareholders, and if statutory mechanisms to protect shareholder rights are not sufficient, additional measures are provided for the protection of the rights and legitimate interests of the shareholders. In this case, the company is guided not only by compliance with the statutory formal requirements but also by the corporate governance principles set out in the Russian CG Code.	1. The company's charter, taking into account the specifics of the company's activities, establish lower threshold for classifying the company's transactions as substantial corporate actions than those provided for by law. 2. During the reporting period, all substantial corporate actions were approved prior to their implementation.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is not formally met, since the Company's charter does not provide for the concept of "significant corporate actions". However, the Company's charter stipulates that consideration of any transactions with value up to USD 75 mln is within the competence of the Board of Directors, which is a lower threshold than the statutory minimum criteria for classifying the company's transactions as significant corporate actions. During the reporting period, all significant corporate actions went through the approval procedure prior to their implementation in accordance with the requirements applicable to the Company at corresponding time.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
7.2.	The company ensures the procedure for implementing substantial corporate actions that allows its shareholders to receive full information on such actions in a timely manner, provides them with the opportunity to influence the implementation of such actions, and guarantees compliance and an adequate level of protection of their rights when implementing such actions.			
7.2.1.	Information on the substantial corporate actions is disclosed with an explanation of the reasons, conditions and consequences of such actions.	1. During the reporting period, the company disclosed detailed information on the company's substantial corporate actions in a timely manner, including the grounds and terms of realization of such actions.	V Compliant Partially compliant Non-compliant	
7.2.2.	The rules and procedures related to the company's substantial corporate actions are set out in the company's internal documents.	1. The company's internal documents provide for the procedure for engaging an independent appraiser to determine the value of property to be disposed of or acquired under a major transaction or a interested-party transaction. 2. The company's internal documents provide for the procedure for engaging an independent appraiser to assess the cost of the acquisition and buyback of the company's shares. 3. The company's internal documents provide for an expanded list of grounds on which the members of the company's board of directors and other persons provided for by law are considered as interested in the company's transactions.	Compliant V Partially compliant Non-compliant	Criterion 1 is not applicable to the Company, criteria 2 and 3 are partially met, since the Company is not subject to the provisions of Federal Law No. 208-FZ dated 26 December 1995 "On Joint-Stock Companies" ("JSC Law") regarding the approval of interested-party transactions and major transaction, as well as buyback of shares at the shareholders' request. However, internal documents and procedures stipulate the need to engage an independent appraiser (independent financial advisor) to carry out the required evaluations. Internal documents regulate an extended list of grounds on which persons are recognized as interested parties in respect of the Company's transactions. Meanwhile, the provisions of the JSC Law regarding the approval of interested-party transactions are not applicable for the Company. At the same time, the Company's charter provide for the obligation of a member of the Board of Directors to report on the nature and extent of his/her interest. A member of the Board of Directors does not vote (and is not counted in the quorum) when the Board of Directors makes a decision with respect to any contract, arrangement or any proposal he/she or any close associate of him/her has a significant degree of interest in.


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APPENDIX D

Information on material transactions concluded by the Company and its significant subsidiaries in 2020

APPENDIX D

INFORMATION ON MATERIAL TRANSACTIONS CONCLUDED BY THE COMPANY AND ITS SIGNIFICANT SUBSIDIARIES IN 2020

According to Clause 1.1 of Article 4 of the Federal Law No. 290-FZ dated 3 August 2018 “On International Companies and International Funds” (as amended) and in accordance with Article 35.3 of the Charter, the provisions of Chapters X and XI of Federal Law No. 208-FZ of December 26, 1995 “On Joint Stock Companies” (concerning requirements for approval of major transactions and interested party transactions respectively) are not applicable to the Company. Accordingly, the Company does not disclose in its annual reports information on entrance into major and interested party transactions.

In the reporting year since the Registration Date, the Company and subsidiaries which are of material importance to the Company entered into the following material transactions:

Transaction № 1	
Date of entry into the transaction	18.12.2020
Value of the transaction	RUB89,067,853,791
Parties of the transaction	“RUSAL Taishet” LLC – the Borrower VTB Bank (public joint stock company) – the Arranger, the Original Lender, the Facility Agent Gazprombank (joint stock company) – the Arranger, the Original Lender and the Security Agent
Type and subject matter of the transaction	Syndicated Loan Agreement dated December 18, 2020 (hereinafter, the ‘Agreement’) between “RUSAL Taishet” LLC, VTB Bank (public joint stock company) and Gazprombank (joint stock company). The transaction constitutes a major transaction for “RUSAL Taishet’ LLC (the value of the transaction amounted to 178.83% of the book value of assets of “RUSAL Taishet’ LLC as of 31 December 2019).
Website address for the purposes of disclosure of information via Interfax (e-Disclosure)	https://www.e-disclosure.ru/portal/event.aspx?EventId=wEj8ZC6WdUm6hv9HBvKZvQ-B-B

Transaction № 2	
Date of entry into the transaction	03.12.2020
Value of the transaction	RUB217,507,914,251
Parties of the transaction	IC "Aktivium" – the Pledgor PJSC "Sberbank" – the Bank UC RUSAL, IPJSC – the Beneficiary (the Borrower)
Type and subject matter of the transaction	Additional Agreement №9 to the Securities Pledge Agreement № 5327-ZAL-1/ZAL-2 dated September 30, 2010 The transaction constitutes a major transaction for IC "Aktivium" (the value of the transaction amounted to 84.6% of the book value of assets of IC "Aktivium" as of the end date of the last completed reporting period preceding the transaction).
Website address for the purposes of disclosure of information via Interfax (e-Disclosure)	https://www.e-disclosure.ru/portal/event.aspx?EventId=qiBWo7bIGku0MUrp6I9cIQ-B-B

Transaction № 3	
Date of entry into the transaction	03.12.2020
Value of the transaction	RUB257,115,640,000.00
Parties of the transaction	IC "Aktivium" – the Surety PJSC "Sberbank" – the Bank UC RUSAL, IPJSC – the Beneficiary (the Borrower)
Type and subject matter of the transaction	Amendment agreement №2 to the Suretyship Agreement №6481-ПОР-6 dated 26.12.2019 The transaction constitutes a major transaction for IC "Aktivium" (the value of the transaction amounted to 100% of the book value of assets of IC "Aktivium" as of the end date of the last completed reporting period preceding the transaction).
Website address for the purposes of disclosure of information via Interfax (e-Disclosure)	https://www.e-disclosure.ru/portal/event.aspx?EventId=R6uGVdsXqU6QUlYnf6q0KQ-B-B

Transaction № 4	
Date of entry into the transaction	03.12.2020
Value of the transaction	RUB65,578,200,150.9152
Parties of the transaction	RUSAL Sayanogorsk – the Surety PJSC "Sberbank" – the Bank UC RUSAL, IPJSC – the Beneficiary (the Borrower)
Type and subject matter of the transaction	Amendment agreement №5 to the Suretyship Agreement №6481-ПОР-3 dated 31.08.2017 The transaction constitutes a major transaction for RUSAL Sayanogorsk (the value of the transaction amounted to 194% of the book value of assets of RUSAL Sayanogorsk as of the end date of the last completed reporting period preceding the transaction).
Website address for the purposes of disclosure of information via Interfax (e-Disclosure)	https://www.e-disclosure.ru/portal/event.aspx?EventId=8wcxI3BrsUOpo74v7E3z4A-B-B

Transaction № 5	
Date of entry into the transaction	03.12.2020
Value of the transaction	RUB158,159,188,599.0640
Parties of the transaction	RUSAL Krasnoyarsk – the Surety PJSC "Sberbank" – the Bank UC RUSAL, IPJSC – the Beneficiary (the Borrower)
Type and subject matter of the transaction	Amendment agreement №5 to the Suretyship Agreement №6481-ПОР-1 dated 31.08.2017. The transaction constitutes a major transaction for RUSAL Krasnoyarsk (the value of the transaction amounted to 272% of the book value of assets of RUSAL Krasnoyarsk as of the end date of the last completed reporting period preceding the transaction).
Website address for the purposes of disclosure of information via Interfax (e-Disclosure)	https://www.e-disclosure.ru/portal/event.aspx?EventId=m-CMHyqh7ukG3csy2F7VVAA-B-B

Transaction № 6	
Date of entry into the transaction	03.12.2020
Value of the transaction	RUB150,444,106,227.74
Parties of the transaction	RUSAL Bratsk – the Surety PJSC "Sberbank" – the Bank UC RUSAL, IPJSC – the Benficiary (the Borrower)
Type and subject matter of the transaction	Amendment agreement №5 to the Suretyship Agreement №6481-ПОР-2 dated 31.08.2017 The transaction constitutes a major transaction for RUSAL Bratsk (the value of the transaction amounted to 138% of the book value of assets of RUSAL Bratsk as of the end date of the last completed reporting period preceding the transaction).
Website address for the purposes of disclosure of information via Interfax (e-Disclosure)	https://www.e-disclosure.ru/portal/event.aspx?EventId=7PrM05hSZ0WtY25cBLe83g-B-B

Transaction № 7	
Date of entry into the transaction	03.12.2020
Value of the transaction	RUB339,328,189,124.54 (at the rate of the Bank of Russia as of 3 December 2020)
Parties of the transaction	UC RUSAL, IPJSC – the Borrower PJSC Sberbank of Russia – the Lender
Type and subject matter of the transaction	Supplementary Agreement No. 6 dated December 3, 2020 to loan agreement № 6481 dated 31.08.2017 between UC RUSAL, IPJSC and PJSC Sberbank of Russia The transaction constitutes a material transaction for UC RUSAL, IPJSC (the value of the transaction amounted to 26% of the book value of assets of UC RUSAL, IPJSC as of the end date of the last completed reporting period preceding the transaction).
Website address for the purposes of disclosure of information via Interfax (e-Disclosure)	https://www.e-disclosure.ru/portal/event.aspx?EventId=DR7khQAolUKAuvabs3XIVA-B-B

INFORMATION ON THE COMPANY

UNITED COMPANY RUSAL, INTERNATIONAL PUBLIC JOINT-STOCK COMPANY

俄鋁

(Incorporated under the laws of Jersey with limited liability and continued in the Russian Federation as an international company)

BOARD OF DIRECTORS

Executive Directors

Mr. Evgenii Nikitin (General Director)

Mr. Evgeny Kuryanov

Mr. Evgenii Vavilov

Non-executive Directors

Mr. Marco Musetti

Mr. Vyacheslav Solomin

Mr. Vladimir Kolmogorov

Independent non-executive Directors

Dr. Elsie Leung Oi-sie

Mr. Dmitry Vasiliev

Mr. Bernard Zonneveld (Chairman of the Board)

Dr. Evgeny Shvarts

Mr. Randolph N. Reynolds

Mr. Kevin Parker

Mr. Christopher Burnham

Mr. Nicholas Jordan

REGISTERED OFFICE IN RUSSIA

Office 410, 8, Oktyabrskaya street,

Kaliningrad region,

Kaliningrad 236006,

Russian Federation

PLACE OF BUSINESS IN HONG KONG

3806 Central Plaza

18 Harbour Road

Wanchai Hong Kong

HONG KONG COMPANY SECRETARY

Ms. Aby Wong Po Ying

3806 Central Plaza

18 Harbour Road

Wanchai Hong Kong

AUDITORS

JSC KPMG

Public Interest Entity Auditor recognised in accordance with the Financial Reporting Council Ordinance

10 Presnenskaya Naberezhnaya

Moscow, 123112

Russian Federation

AUTHORISED REPRESENTATIVES

Mr. Evgenii Nikitin

Ms. Aby Wong Po Ying

Mr. Eugene Choi

PRINCIPAL SHARE REGISTRAR

Joint Stock Company "Interregional Registration Center"

Podsosensky pereulok, 26, str.2, Moscow, 105062, Russian Federation

HONG KONG BRANCH SHARE REGISTRAR

Link Market Services (Hong Kong) Pty Limited

Suite 1601, 16/F.

Central Tower 28 Queen's Road Central

Hong Kong

AUDIT COMMITTEE MEMBERS

Mr. Kevin Parker (chairman)

Dr. Elsie Leung Oi-sie

Mr. Dmitry Vasiliev

Mr. Bernard Zonneveld

CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE MEMBERS

Mr. Dmitry Vasiliev (chairman)

Mr. Bernard Zonneveld

Mr. Randolph N. Reynolds

Mr. Christopher Burnham

REMUNERATION COMMITTEE MEMBERS

Dr. Elsie Leung Oi-sie (chairman)

Mr. Dmitry Vasiliev

Mr. Randolph N. Reynolds

Mr. Nicholas Jordan

PRINCIPAL BANKERS

Sberbank

ING N.V.

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COMPANY WEBSITE

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UC RUSAL, IPJSC

APPROVAL OF THE REPORT

This Annual Report was approved by the Board of Directors of the Company on 9 April 2021 (Minutes No. 210401 dated 9 April 2021). In accordance with the requirements of the Hong Kong Stock Exchange, the annual report must be disclosed by 30 April 2021 (subject to clause 35.5 of the Company's Charter). Approval of the Annual Report by the General Meeting of Shareholders is scheduled for June 2021 (the final date of the meeting will be disclosed in due course).

RUSAL

20 YEARS

MOVING FORWARD

ANNUAL REPORT
2020

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