RUSAL

The future is aluminium

Annual report \\ 2023

Contents

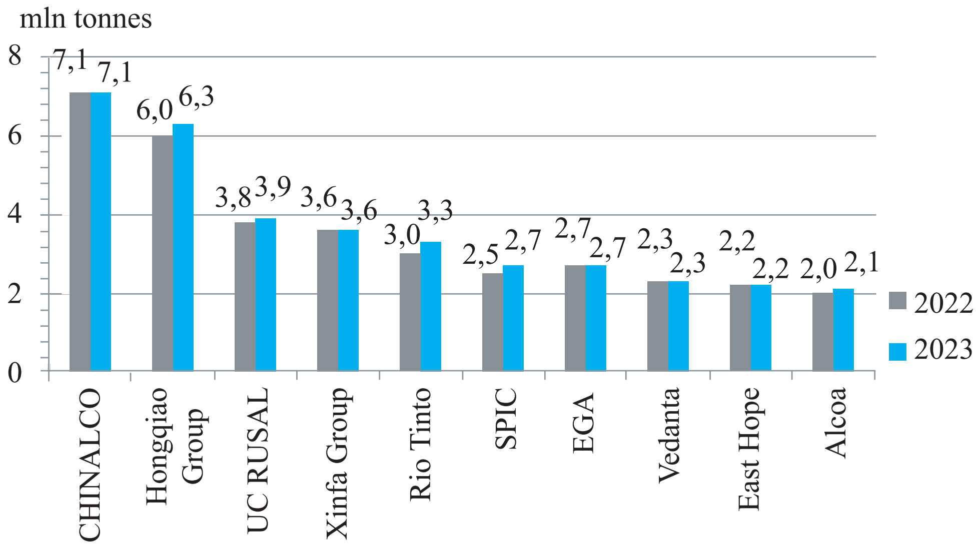
FINANCIAL INDICATORS

USD million (unless otherwise specified)	**2023**	**2022**	**2021**	**2020**	**2019**
Revenue	12,213	13,974	11,994	8,566	9,711
Adjusted EBITDA	786	2,028	2,893	871	966
Adjusted EBITDA Margin	6.4%	14.5%	24.1%	10.2%	9.9%
EBIT	(79)	1,316	2,079	279	87
Share of Profits from Associates and Joint Ventures	752	1,555	1,807	976	1,669
Pre-Tax Profit	244	2,166	3,641	716	1,054
Profit	282	1,793	3,225	759	960
Profit Margin	2.3%	12.8%	26.9%	8.9%	9.9%
Adjusted Net Profit/(Loss)	73	725	1,536	60	(270)
Adjusted Net Profit/(Loss) Margin	0.6%	5.2%	12.8%	0.7%	(2.8%)
Recurring Net Profit	702	2,165	3,298	990	1,273
Basic Earnings Per Share (in USD)	0.019	0.118	0.212	0.050	0.063
Total Assets	21,464	24,631	20,906	17,378	17,814
Equity Attributable to Shareholders of the Company	11,016	12,307	10,524	6,543	6,747
Net Debt	5,779	6,261	4,749	5,563	6,466

Company Position in the Industry

RUSAL is a low-cost vertically integrated aluminium producer with core smelting operations located in Siberia, Russia. In 2023, RUSAL remained among the largest producers of primary aluminium and alloys globally in terms of volume.

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



*Since 2019, Chinalco has consolidated production of Chalco and Yunnan Aluminium 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 centres.

Secured access to green renewable electricity

Electricity is a key component of the aluminium production process. RUSAL's core smelting operations are favourably located close to the Siberian hydropower plants sourcing approximately 94% 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 to become the lowest carbon footprint player in the industry.

Captive raw material supplies

RUSAL's alumina production capacities are located in Russia and abroad. They[1] cover about 65% of the Group's total alumina needs.

Over 85% of RUSAL's alumina refineries'[2] ore needs are covered with supplies from the Group's bauxite and nepheline mining operations. RUSAL's 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's aluminium smelting operations go through regular upgrades. RUSAL has developed its own in-house R&D and engineering centres, and RA-300, RA-400 and EcoSoderberg smelting technologies. A new energy efficient and environmentally friendly RA-550 smelting technology has been designed, and is currently under RUSAL's testing, 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. The pilot electrolysis site has already produced 4,400 tonnes of aluminium with the lowest carbon footprint in the world using the inert anode technology.

1. Taking into account the shutdown of alumina production at the Nikolaev Alumina Plant and the ban of the Australian government on the export of alumina and aluminium ores to Russia.
2. Taking into account the shutdown of alumina production at the Nikolaev Alumina Plant and the ban of the Australian government on the export of alumina and aluminium ores to Russia.

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 (1,547 thousand tonnes per annum out of 4,153 thousand tonnes of total sales in 2023).

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, CIS, China and other Asia).

Growth potential of RUSAL platform

BEMO Project (a joint venture of RUSAL) includes the 3,000 MW BEMO HPP and Boguchansky aluminium smelter in the Krasnoyarsk region of Russia with a capacity of 292 thousand tonnes per year.

One of RUSAL's other major projects is the Taishet aluminium smelter in the Irkutsk region. The first stage of Taishet aluminium smelter was opened in the end of 2021. The production capacity of the first line is 428.5 thousand tonnes.

Implementing environmental initiatives

RUSAL was one of the first Russian companies that joined the UN Global Compact[3]. By following its environmental policy and undertaking to regularly review and update its provisions, the Group has constantly been developing and improving its environmental management system and implementing its principles at all production facilities.

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3. The UN Global Compact is an international corporate social responsibility and sustainability initiative.

Climate goals

In November 2023, the Board approved the updated Climate Strategy until 2035 with a perspective up to 2050. Under the baseline scenario, RUSAL has intentions to reduce greenhouse gas emissions intensity per tonne of metal from all production facilities by at least 23% by 2035, and by at least 47% by 2050, compared to 2018.

Modernisation Project

In June 2021, RUSAL announced an intention to implement the Modernisation Project, which includes the creation of new production facilities on the sites of its existing workshops of aluminium smelters. The intention was to significantly improve the production technology and environmental sustainability of the plants.

As part of the Modernisation Project, Krasnoyarsk, Bratsk, Irkutsk, Novokuznetsk and Volgograd aluminium smelters will partially replace electrolysis cells and infrastructure operating Soderberg production technology with the pre-baked anode technology.

Diversification through investments

As at the Latest Practicable Date, RUSAL owned a 26.39% 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.[4]

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 source of energy for RUSAL's enterprises.

Key facts

In 2023, RUSAL accounted for approximately 5.5% of the world's aluminium output and about 3.8% of the world's alumina production generated from the following facilities located around the world:

- 11 aluminium smelters[5], of which 9 are in Russia, 1 in Sweden and 1 in Nigeria;

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4. Source: www.nornickel.com.
5. 10 aluminium smelters in operation (Alscon in Nigeria has been mothballed).

- 1 plant in Germany producing foundry alloys, slugs and carbon products;
- 8 alumina refineries[6], of which 4 are in Russia, 1 in Ireland, 1 in Jamaica, 1 in Italy and 1 in Guinea;
- 7 bauxite mines, of which 2 are in Russia, 1 in Jamaica, 3 in Guinea and 1 in Guyana;
- 1 nepheline mine in Russia;
- 4 foil mills, of which 3 are in Russia and 1 in Armenia;
- 2 powder plants, all of which are in Russia;
- 2 silicon factories, all of which are in Russia;
- 2 wheels factories situated in Russia.

RUSAL's Shares are listed on the Hong Kong Stock Exchange (stock code: 486) and the Moscow Exchange (ticker: RUAL).

6. 7 alumina refineries in operation (Eurallumina in Italy has been mothballed).

CHAIRMAN'S STATEMENT

Dear Shareholders,

UC RUSAL's 2023 Annual Report is released at a time of high uncertainty and many risks, when the global economy is experiencing what leading analysts called a "soft landing." Over the past year, inflation (which remained at an elevated level in many countries), forced regulators to raise interest rates despite weak economic growth, and geopolitical tensions were accompanied by confrontations in international trade and disruptions in logistic chains. All these factors contributed strongly to a negative market environment and put pressure on commodity market indicators. Low prices inevitably affected corporate financial results in the industry, whereas RUSAL's business efficiency was also influenced by the increased costs for raw and consumable materials.

In this environment and despite all the unprecedented challenges, RUSAL has maintained its position as a reliable partner for all stakeholders and a supplier of products for consumers around the world, staying focused on sustainable development throughout the entire supply chain. The responsibilities of reducing the environmental impact of our operations, protecting the climate and nature, supporting people and developing social infrastructure in cities of responsibility have traditionally been in the centre of the Group's attention. This was confirmed by the world's most trusted business sustainability ratings, EcoVadis Sustainability Rating, which ranked RUSAL among the top 8% of the best global suppliers in terms of the quality of ESG practices.

In 2023, the Board of Directors incorporated these strands of our work in the 2035 Sustainable Development Strategy. Its implementation is based on the 12 priority ESG transformation projects that ensure RUSAL's business is equipped with a sustainable sourcing base and create a long-term competitive advantage for our products and the Group as a whole.

In 2023, RUSAL continued to move towards a low-carbon economy of the future. The Group worked on the adaptation and implementation of the carbon-free smelting technology using inert anode, and introduced ALLOW INERTA™ with the lowest carbon footprint in the primary aluminium industry. The Group also made a significant step in waste-free production, and developed primary foundry alloys for the automotive industry with additional 30% post-consumer scrap.

In addition, RUSAL's production facilities today recycle, reuse or sell to third-party consumers about 80% of the generated industrial by-products and waste, and the Group shall continue to increase this share within one of the Group's transformation projects.

RUSAL continues to adhere to an adaptive, fair, secure and inclusive model of cooperation with all participants in the Group's value chain by paying special attention to people and understanding the role of its team in achieving common goals. During the difficult economic climate, RUSAL retained its employees and implemented all planned social investment projects aimed at improving the quality of life and social development in the Company's cities of responsibility. It was an important step for RUSAL to approve the long-term social investment strategy, as well as the human rights and equal opportunities policies. The scope of these policies covers all of the Group's employees around the world, as well as local communities in the territories of the Group's operations, including indigenous people, business partners and suppliers.

RUSAL is actively adapting to the changing business conditions by developing new markets and products. Against this background, I want to thank the Company's management for their professionalism, courage in decision-making and creativity in overcoming all challenges. I also want to express gratitude to all our employees for their diligence, commitment, and for helping RUSAL remain a reliable supplier of metal, without which it is impossible to imagine the economy of the future. And, of course, I would like to thank our Shareholders and partners who continue to trust and support us, especially during this difficult time. I am sure that our joint experience, knowledge and commitment to success will allow us to overcome all challenges and together make RUSAL the leader of a sustainable and environmentally friendly global aluminium industry.

Bernard Zonneveld
Chairman of the Board

GENERAL DIRECTOR'S REVIEW

Dear Shareholders,

In 2023, RUSAL demonstrated high resilience and adaptability by putting an emphasis on finding new ways of development in difficult external and internal economic conditions.

Technological and environmental modernisations of production facilities remain the main priority for the Company, which are aimed at improving business efficiency and reducing environmental impact. Within the Group's ambitious programme to upgrade our industrial infrastructure, RUSAL received final government permissions and began rebuilding two aluminium smelters in Krasnoyarsk and Bratsk. The scope of the Group's modernisation programme included installing modern gas cleaning equipment, implementing new generation electrolysis technology and many other projects.

RUSAL invests in world-class cutting-edge development projects, as the Company believes that new engineering and digital solutions would help to increase competitiveness and optimise business processes. RUSAL continued to test the unique inert anode technology, which provided an all-time low carbon footprint in metal production. The Group has been actively developing an information and logistics management system from tools utilising artificial intelligence, based on which the Group's IT specialists design and implement high-tech solutions for all stages of aluminium manufacturing. RUSAL is already a leader in the field of artificial intelligence ("**AI**") in the Russian metallurgical industry. This was confirmed by the expert appraisal where in 2023, RUSAL was honoured with the National AI Leaders Award in the 'Industry' category.

The industry today faces an ambitious task to accelerate the transition to a high value-added economy and to create new high value-added products. RUSAL's experts believe that aluminium is one of the key metals of the future, which would be critically needed in advanced technology industries – from batteries and components of solar panel to aircraft parts, building structures and units. To ensure the high pace of market transformation, RUSAL has developed and marketed several innovative materials and products. This included high-strength thin foil for batteries, SAYANA foil with our ALLOW INERTA™ aluminium (which has the world's lowest carbon footprint for aluminium), and foundry alloys with an increased content of aluminium scrap. In addition, the Group's specialists have created several new alloys and pastes with improved consumer characteristics.

Traditionally, RUSAL has been a human-focused company. The Group has always prioritised the well-being of its employees, their families, and the residents of the Group's cities of responsibility by creating comfortable living conditions. This is the Group's constant priority and the basis of its vision. In 2023, the Group continued to invest in the social infrastructure development in the Siberian regions and obtain feedback from the opinions of local communities, which the Group then researched and processed for the RUSAL's Sustainable Cities Index. The development of sports and housing infrastructure, as well as the support for science, education and medicine both remain among the key strands of the Group's social infrastructure development activities. Moreover, despite the difficult market conditions in the industry, at the end of 2023, RUSAL increased compensation to employees and introduced an additional quarterly bonus structure.

In conclusion, I would like to thank all our employees and management for the ambition, professionalism and commitment made to our common values and principles. RUSAL has once again confirmed its leadership status in the global aluminium industry and continues to move forward to achieve the most challenging targets for the benefit of our business, partners and customers.

Evgenii Nikitin
General Director

Priority Areas of Business

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

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

Aluminium

RUSAL owns 11[7] aluminium smelters which are located in three countries: Russia (nine plants), Sweden (one plant) and Nigeria (one plant). The Group's core asset base is located in Siberia, Russia, and accounts for approximately 94% of the Company's aluminium output in 2023. Among those, BrAZ and KrAZ together account for more than half of RUSAL's aluminium production. The Company owns 85% of the smelter located in Nigeria.

During 2023, RUSAL continued to implement the comprehensive programme designed to control costs and optimise production process to strengthen the Group's position as one of the world's most cost-efficient aluminium producers.

The table below[8] provides an overview of RUSAL's aluminium smelters (including capacity) as at 31 December 2023.

7. Ten aluminium smelters in operation (Alscon is mothballed).

8. The table presents total nameplate capacity of the plants, each being a subsidiary of the Company.

Production facility	Location	Percentage holding, %	Nameplate capacity (approved casting capacity for 2023), thousand tonnes	Capacity utilisation rate, %
Siberia				
Bratsk Aluminium Smelter	Russia	100%	1,009	100%
Krasnoyarsk Aluminium Smelter	Russia	100%	1,019	100%
Sayanogorsk Aluminium Smelter	Russia	100%	542	99%
Novokuznetsk Aluminium Smelter	Russia	100%	215	95%
Khakas Aluminium Smelter	Russia	100%	297	103%
Irkutsk Aluminium Smelter	Russia	100%	422	101%
Taishet Aluminium Smelter[9]	Russia	100%	428	26%
Russia (excluding Siberia)				
Kandalaksha Aluminium Smelter	Russia	100%	76	79%
Volgograd Aluminium Smelter	Russia	100%	69	106%
Other countries				
KUBAL	Sweden	100%	128	93%
ALSCON	Nigeria	85%		
Total			**4,205**	**92%**

9. Pre-process inspections and tests began in December 2021.

BEMO

BEMO Project involves construction of the 3,000 MW BEMO HPP and BEMO aluminium smelter in the Krasnoyarsk region in Siberia.

The construction of BEMO aluminium smelter has been divided into two stages (each stage with a capacity of 298 thousand tonnes of aluminium per annum). The first part of the first stage (149 thousand tonnes of aluminium per annum, 168 pots) was launched in 2015; and the second part of the first stage was launched in March 2019. In May 2019, the first stage of the smelter reached its design capacity. In 2023, 300 thousand tonnes of aluminium and alloys were produced, which was two thousand tonnes more than that in 2022.

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

Taishet aluminium smelter

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

On 16 December 2021, the first pots were put into pilot operation.

The project included the construction of an aluminium plant in the city of Taishet, Irkutsk region (Eastern Siberia) with a design production capacity of PK-1 (first series) of 352 electrolyzers or 428.5 thousand tonnes per year. As at the Latest Practicable Date, 166 electrolyzers were in operation.

Alumina

As at 31 December 2023, the Group owned eight alumina refineries. The RUSAL's alumina refineries are located in five countries: Ireland (one refinery), Jamaica (two refineries, one legal entity), Italy (one refinery), Russia (four refineries) and Guinea (one refinery). In addition, the Company has a 20% interest in the QAL alumina refinery located in Australia. The majority of the Group's alumina refineries have ISO 9001 certified quality management systems. Achinsk Alumina Refinery and Aughinish Alumina Refinery are ISO 14001-2015 certified for their environmental management systems. The Urals Aluminium Refinery, Timan Bauxite and Aughinish Alumina Refinery are certified according to standards under ASI Performance Standard and ASI Chain of Custody Standard. Aughinish Alumina Refinery is ISO 50001 certified, which enables the organization to follow a systematic approach in achieving consistent improvements in the energy system including energy efficiency, energy security and energy consumption. As at 31 December 2023, the Achinsk Alumina Refinery was recertified according to ISO 9001, ISO 14001-2015 and ISO 45001-2018 standards, aligning with the high standards for health and safety in the workplace.

RUSAL's alumina refining facilities as at 31 December 2023 are shown in the following table:

Facility	**Location**	**Percentage holding, %**	**Nameplate capacity, thousand tonnes**	**Availability factor, %**
Achinsk Alumina Refinery	Russia	100%	1,069	82%
Bogoslovsky Alumina Refinery	Russia	100%	1,030	96%
Ural Alumina Refinery	Russia	100%	900	102%
PGLZ – Alumina Refinery	Russia	100%	265	92%
Friguia bauxite-alumina complex	Guinea	100%	650	42%
QAL	Australia	20%	3,950	0%
Eurallumina	Italy	100%	1,085	0%
Aughinish Alumina Refinery	Ireland	100%	1,990	69%
Windalco	Jamaica	100%	1,210	38%
Rated capacity, total			**12,149**	**42%**
Capacity per RUSAL			**8,989**	**57%**

Bauxite

The Group operates seven bauxite mining operations. RUSAL's bauxite mining operations are located in four countries: Russia (two mines), Jamaica (one mine), Guyana (one mine) and Guinea (three mines). The availability of a sufficient resource base helps the Group to ensure there are sufficient resources for the potential development of alumina capacities. The Group also sells bauxite to third parties.

RUSAL's bauxite mining facilities, capacities and resources as at 31 December 2023 are shown in the following table:

Facility	Location	Percentage holding, %	Annual capacity, million tonnes	Availability factor, %
Timan Bauxite	Russia	100%	3,500	112%
Severouralsk bauxite mine (SUBR)	Russia	100%	3,000	75%
Kindia	Guinea	100%	3,500	76%
Friguia bauxite-alumina complex	Guinea	100%	2,100	40%
Guyana Bauxite Company[10]	Guyana	90%	1,700	0%
Windalco	Jamaica	100%	4,000	40%
Dian-Dian Bauxite Company	Guinea	100%	4,200	49%
Total nominal capacity			**22,000**	**61%**

10. Mothballed in February 2020.

Facility	Measured ore resources, million tonnes	Indicated ore resources(1), million tonnes	Inferred ore resources, million tonnes	Total ore resources, million tonnes
Timan Bauxite	9.2	149.6	6.9	165.7
Severouralsk bauxite mine (SUBR)	14.6	202.1	144.7	361.4
Kindia Bauxite Company	29.5	66.5	20.4	116.4
Friguia bauxite-alumina complex	25.4	142.7	152.6	320.7
Guyana Bauxite Company	31.2	13.5	0.0	44.7
Windalco(2)	43.7	36.2	0.0	79.9
Dian-Dian Bauxite Company	444.7	111.2	216.6	772.5
Total	**598.3**	**721.8**	**541.2**	**1,861.3**

Notes:

(1) Mineral resources are reported:
- on an attributable basis, based on 100% ownership;
- on a zero moisture basis

Mineral reserve tonnage includes ore resource tonnage.

(2) Windalco's resources include, in particular, 38.1 million tonnes under the Kirkwine SML 161 licence, which was revoked by the Ministry of Transport and Mining of Jamaica in 2019. RUSAL considered these actions illegal and challenged the revocation of the licence in court. The hearing took place in mid-2020. There were no changes in the status of revocation, and the court's decision remained unavailable as at the Latest Practicable Date.

Energy assets

BEMO Project

BEMO HPP is the fourth step of the Angara hydroelectric power chain, which is the biggest major project for hydropower plant construction completed in Russia. The construction was suspended in Soviet times due to the lack of financing, and later resumed in May 2006 following the conclusion of their agreement to jointly implement BEMO Project comprising BEMO HPP (the average annual electricity output reaching 17.6 billion kWh) and an aluminium smelter capable of producing 600 thousand tonnes of metal per annum.

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

The hydropower plant started commercial supply to the wholesale electricity and capacity market on 1 December 2012. In 2023, the hydropower plant delivered 19,924 TWh to the wholesale electricity and capacity market, which is lower than its electricity output in 2022 by 0.6%, or 0.116 TWh.

Mining assets

RUSAL's mining assets comprise of 15 mines and mining 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 has been supported by the Group's bauxite and nepheline syenite resource base.

The Group jointly operates two coal mines under Bogatyr Coal LLP with Samruk-Energo, the energy division of Samruk-Kazyna.

Bogatyr Coal

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

Bogatyr Coal produced approximately 42.93 million tonnes of coal in 2023. As at 31 December 2023, the volume of balance coal reserves of 1, 2, 3 layers by LLP Bogatyr Komir was at the level of 1.962 billion tonnes. Bogatyr Coal generated sales of approximately USD247 million in 2022 and USD286 million in 2023. Russian and Kazakh customers contributed to approximately 24% and 76% of their sales, respectively.

Investment in Norilsk Nickel

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 26.39% shareholding stake in Norilsk Nickel as at the Latest Practicable Date. The cost of acquisition was USD13,230 million. The carrying value of investment in Norilsk Nickel comprised 17% of total consolidated assets of RUSAL as at 31 December 2023.

RUSAL's shareholding in Norilsk Nickel allows for significant diversification of earnings through Norilsk Nickel's exposure to PGMs and non-ferrous metals (nickel, copper and cobalt) and broadens RUSAL's strategic opportunities.

Company Profile and Financial Results[11]

Norilsk Nickel's resource base in Taimyr and Kola Peninsulas as at 31 December 2023 consisted of 1,127 million tonnes of Proven and Probable Ore Reserves and 1,826 million tonnes of Measured and Indicated Mineral Resources.

Its key assets are located in Russia (Norilsk region, Kola Peninsula and Trans-Baikal Territory) and Finland (Norilsk Nickel Harjavalta).

11. Production, financial and operational data in this section are derived from https://nornickel.com/.

BUSINESS OVERVIEW

In 2023, Norilsk Nickel produced 209 thousand tonnes of nickel (-5% compared to 2022), 425 thousand tonnes of copper (-2% compared to 2022), 2,692 thousand troy ounces of palladium (-4% compared to 2022) and 664 thousand troy ounces of platinum (+2% compared to 2022).

The output of non-ferrous metals (nickel and copper) in 2023 decreased mainly due to the decrease in mined ore volumes due to testing of the mining machinery from new suppliers and the gradual replacement of the existing equipment fleet, as well as the adjustment on the technological processes at the copper plant to improve the quality of cathodes in order to meet new customers' requirements.

Regarding output of PGM in 2023, palladium output declined, whereas platinum output increased due to changes in PGM ratio in the structure of processed raw materials.

Norilsk Nickel's metal sales remain diversified by regions. In 2023, as compared to 2022, the share of sales in Asia and Russia increased, while the share of sales in Europe, North America and South America decreased:

	Revenue from metal sales	
USD million	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Europe	3,475	7,522
Asia	7,318	4,966
North and South America	1,392	2,335
Russia and the CIS	1,517	1,250
Total	**13,702**	**16,073**

The market value of RUSAL investment in Norilsk Nickel amounted to USD7,273 million as at 31 December 2023, which decreased in comparison with the market value as at 31 December 2022 (USD8,775 million). Significant decrease in the market value of Norilsk Nickel was due to geopolitical tensions and economic restrictions imposed on Russia by a group of countries, the decrease in prices for major metals (especially palladium) and an increase in the tax burden on the Company.

According to IFRS for the year ended 31 December 2023, Norilsk Nickel has the following key financial indicators:

USD million *(unless otherwise specified)*	**Year ended 31 December 2023**	**Year ended 31 December 2022**	**Change (2023/2022)**
Revenue	14,409	16,876	-15%
EBITDA	6,884	8,697	-21%
EBITDA Margin (%)	48%	52%	-4 percentage points
Net Profit	2,870	5,854	-51%
Capital Expenditures	3,038	4,298	-29%
Net Working Capital	3,092	4,003	-23%
Net Debt[12]	8,093	9,835	-18%
Net Debt/EBITDA (1x)	1.2x	1.1x	+0.1x

Capital expenditures decreased by 29% to USD3,038 million in 2023 as compared to 2022, which was driven by the optimization of settlements with contractors as well as the rescheduling of investment projects caused by redesign of investment projects due to voluntary self-sanctions imposed by foreign suppliers of equipment and technologies.

Net working capital decreased by 23% to USD3,092 million in 2023 as compared to 2022 mainly due to RUB depreciation (against USD) and partial sale of previously accumulated stocks of finished metal products.

12. The calculation of Net Debt includes lease obligations: USD520 million in 2023 and USD233 million in 2022.

Company's Strategy and Key Investment Projects

In 2022 and 2023, Norilsk Nickel did not present an updated strategy to the investors (the last updated strategy 'Navigating the Transition to a Net Zero World' was presented on 29 November 2021).

Taking into account the information announced by the management of Norilsk Nickel via media interviews, press releases, as well as the information presented in the annual report of Norilsk Nickel for the year ended 31 December 2022, the Group can conclude the following:

- Norilsk Nickel has been implementing its strategy with moderate growth and sustainable development;
- the implementation of a number of strategic initiatives for sustainable development continued, in particular, the reduction of sulphur dioxide emissions, clean-up and collection of legacy waste in the Norilsk area, preserving biodiversity, reduction of workplace injuries, and reconstruction of the housing and social infrastructure in Norilsk;
- the implementation of a number of key investment projects continued, in particular, the Sulphur Program (reduction of sulphur dioxide emissions), "Southern Cluster" (increasing production), modernization of the Talnakh Concentrator (third stage – increasing ore processing capacity by eight million tonnes per year), modernization of energy infrastructure (increasing long-term reliability), and development of logistics infrastructure;
- plans have been in place to invest in the creation of new production facilities for deeper processing of Norilsk Nickel metals; and
- several large investment projects were to be redesigned, taking into account new circumstances (e.g. substitution of import technological equipment, searching for new contractors, building alternative supply chains, etc.). In particular, the Sulphur Program at the copper plant, the construction of a new concentrator (on the basis of Norilsk Concentrator), and the construction of a new copper refinery line (on the basis of the Kola MMC).

Corporate governance

On 10 December 2012, the key shareholders of Norilsk Nickel entered into an agreement (the "**Agreement**") to improve the existing corporate governance and transparency of the Norilsk Nickel Group, maximise profitability and shareholder value, and settle the disagreements of RUSAL and Interros in relation to the Norilsk Nickel Group. The Agreement expired on 1 January 2023.

On 26 January 2023, by the decision of the board of directors of Norilsk Nickel, the financial control service was liquidated. Representatives of UC RUSAL disagreed with this decision, since the service was an independent internal control institute and contributed significantly to the improvement of the economic efficiency of Norilsk Nickel's business processes.

Dividends and share split

After the expiration of the Agreement, the only document that regulates dividend payments is the Dividend Policy Regulation (the "**Regulation**"), according to which the total amount of annual dividends on shares of Norilsk Nickel is to be at least 30% of EBITDA. In addition, according to the Regulation, it is not recommended to pay dividends if it is economically unjustified (e.g. insufficient profit, insufficient cash flow, non-fulfilment of the investment programme, exceeding target debt level, etc.).

On 6 June 2023, at the annual general meeting of Norilsk Nickel, a resolution not to pay dividends for 2022 financial year was approved.

On 7 December 2023, at the extraordinary general meeting of Norilsk Nickel, a resolution to pay interim dividends for the nine months of 2023 in the amount of RUB915.33 per share (according to UC RUSAL's shareholding in Norilsk Nickel, the dividend payment to UC RUSAL was approximately RUB37 billion) was approved. In addition, at the same extraordinary general meeting of Norilsk Nickel, a resolution to the split of shares of Norilsk Nickel with a ratio of 1 to 100 was also approved.

Corporate Strategy and Development Prospects

The Group is the largest producer of aluminium and aluminium products, including VAP (wire rod, billets and slabs) and downstream products (foil, extrusions, car wheels and powders), in the world (excluding China). Maximum vertical integration across the entire value chain is one of the Group's key goals: the Group owns bauxite and nepheline mining assets, as well as plants for the production of alumina from mined raw materials. The Group also controls assets for the production of raw materials which are used as alloying additives in the production of aluminium and aluminium products (including silicon and magnesium), which helps to mitigate risk exposure of the Group's supply chain to external factors and hence the management of cost levels of the Group's own production.

Turning RUSAL into the world's largest producer of low-carbon aluminium, with a high market share in downstream products, is the major goal of the Group's strategy until 2030. To reach this goal, the Group has been implementing a number of projects across its value chain:

1. ensuring raw material security by supplying the Group's own raw materials for aluminium production:
    a. ensure diversification of ore sources through the development of new ore fields;
    b. achieve 100% or higher self-sufficiency rate in the Group's alumina resources for aluminium smelting;
    c. supply its own fluxes at least 100% of demand to satisfy all requirements for aluminium production;
    d. supply its own anodes at least 100% of demand to satisfy all requirements for aluminium production;
    e. supply own alloying additives to satisfy at least 80% of requirements for aluminium production;
2. expanding production capacities:
    a. expand primary aluminium production capacities;
    b. expand casthouse capacities for value-added products;
    c. develop downstream production capacities, including the expansion of aluminium wheel production;

3. developing and ramping up technologies for production of aluminium and alloys:

    a. enhance the Group's proprietary RA-400 aluminium smelting technology;

    b. start commercial operation of the inert anode technology;

    c. ramp up the technology for VAPs from the aluminium-scandium alloy;

    d. develop additive technologies;

4. achieving net zero greenhouse gases emissions by 2050 (including carbon credits) and cutting at least 23% of the Group's greenhouse gases emissions by 2035 (from 2018 greenhouse gases emission levels):

    a. increase recycle content in VAP production, using the scrap collection and scrap stocking capacities developed by the Group; and

    b. implement environmental modernisation measures, which will not only result in 10% to 15% of power cost savings, but will also eliminate benzapyrene emissions and reduce fluoride emissions well below the established limits.

Sustainable Development Strategy

RUSAL is one of the first Russian companies who joined the UN Global Compact as early as 2002, and the Group launched its non-financial reporting covering environmental, social and corporate governance performance from 2005.

RUSAL's ESG Strategy today, at a new stage of the Group's evolution, has been about further business transformation aiming at creating by 2035 a new class of assets in the nonferrous metallurgy sector – future fit to meet the low carbon and circular economy demands, carbon neutral by 2050 and reasonably well balanced between primary and secondary material sourcing, based on sustainable value chain and progressive technological solutions.

ESG transformation of the business has been focused on a number of priority projects aiming at minimising the Company operations' environmental footprint, promoting social development and sustainable living in the cities where the Company operates, and further improvement of the corporate governance of the Company. Successful delivery of the priority projects addresses expectations of the key stakeholders who redefine material factors for the Company's sustainability on a regular basis, and brings significant contribution to help achieving seven out of 17 UN Sustainable Development Goals, namely: SDG 3 "Good Health and Well-being", SDG 8 "Decent Work and Economic Growth", SDG 11 "Sustainable Cities and Communities", SDG 12 "Responsible Consumption and Production", SDG 13 "Climate Action", SDG 15 "Life on Land", and SDG 17 "Partnership for the Goals".

Sustainability and climate performance recognition

RUSAL has aimed to take an active part in international processes of sustainable development, and implemented the best global practices and international standards bringing operations and production in line with the sustainable development principles.

RUSAL's sustainability and climate performance have widely been recognised with reliable global and national ratings like e.g., CDP Climate (A-, highest across the aluminium sector, 2021), Forbes Russia's 2023 Top Employer Rating ("platinum", one of the highest across the mining and metallurgy sector), RBC 2023 Best Russian Employers Rating (top 25 among all sectors) or EcoVadis Sustainability Rating (level corresponding to a "silver award", or top 8% of the global suppliers, 2023).

Since late 2015, RUSAL joined the ASI. ASI is a global non-profit standard setting and certification organisation in the area of responsible management of aluminium production and use. ASI's main commitment is to maximise the contribution of aluminium to the sustainable development of society.

As part of its interaction and work with ASI, a number of RUSAL's representatives have joined the ASI Standards Committee and regularly participate in working groups focused on the topics of nature positive, climate change, human rights, and circular economy aiming at ASI Standards upgrade and update.

Implementing ASI Standards[13] that cover the entire value chain – from ore mining to aluminium production – has been one of RUSAL's tools for adapting the best world practices of sustainable development. As at 31 December 2023, 13 RUSAL production and office sites have been successfully re-audited against the new versions of the ASI Performance Standard and the ASI Chain of Custody Standard. Also, five new enterprises underwent certification audits for the first time, namely Novokuznetsk aluminium smelter, Volgograd aluminium smelter, Taishet aluminium smelter, Aluminium Rheinfelden Alloys, and Rheinfelden Semis. Thus, the certification scope has included 18 sites covering all of the Group's aluminium smelters, two alumina refineries, two downstream plants, an alloys and semi-finished products plant, a mining asset and the corporate headquarters.

In 2023, RUSAL's achievements were highlighted by the Coalition of Carbon Pricing Leaders in the annual CPLC Leadership Report 2022/2023. Special attention was paid to RUSAL's own technologies for reducing carbon emissions – the technology of inert anodes and the technology of carbon capture and sequestration used in the production of alumina.

Environmental Policy and Goals

Operating on five continents and being involved in the metal production and processing, mining and power generation industries, RUSAL believes it has a shared responsibility for addressing regional and global environmental issues and finding innovative approaches to solve them. The Group sees its environmental protection activities as an inherent part of its business, as well as its contribution to sustainable development.

According to the environmental policy adopted by the Board (the "**Environmental Policy**"), the Group keeps embedding green economy principles into its operations aiming at the rational consumption of primary natural resources and building the circular economy, decreasing its environmental footprint and bringing it to the carbon neutrality (as a balance of greenhouse gases emissions and absorption) by 2050, rehabilitation of disturbed lands and assistance in biodiversity conservation.

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13. The ASI Performance Standard requirements cover 11 groups of criteria ranging from business ethics, corporate governance, environmental performance, and human rights to social practices. The ASI Chain of Custody Standard was developed to support businesses in the aluminium value chain that aim to provide their customers and stakeholders with independent assurance behind the responsible production and sourcing of aluminium.

Any management decisions at all levels across all of the Group's operations systematically follow the core sustainability principles:

- *Measurability and Evaluation:* establish, measure and evaluate environmental indicators and assess compliance with environmental legislation in the countries where RUSAL operates and with voluntary environmental commitments assumed by the Group;
- *Risk Management:* define and assess environmental risks, set targets and plan work taking into account environmental risk management issues;
- *Prevention:* apply the best available technologies and methods to prevent pollution and minimise risks of environmental accidents and other negative impacts on the environment;
- *Compliance:* comply with environmental and climate regulatory requirements of the countries where RUSAL operates, as well as comply with voluntary environmental and climate commitments assumed by the Group;
- *Transparency:* openly demonstrate the Group's environmental performance and plans, among other channels, through public reports issued by the Company and the dialogue with key stakeholders, including in the regions where RUSAL operates;
- *Expertise:* train employees, suppliers and contractors of the Group about environmental and climate factors and risks relevant to their business areas to give them a better understanding of their opportunities and accountability, as well as of environmental consequences should such requirements not be met; and
- *Partnership:* establish environmental and climate requirements when selecting suppliers and contractors and assist them in complying with those requirements.

Key directions of the Environmental Policy implementation include:

- rational consumption of the primary natural resources (resource efficiency) and building the circular economy;

- consequent reduction of the Group's environmental footprint through cutting off air pollutant emissions, waste water discharges, safe treatment of post-industrial waste, as well as elimination of resistant organic matters, ozone depleting substances and other hazardous chemicals;
- reaching the carbon neutrality (as a balance of greenhouse gases emissions and absorption) by 2050; and
- rehabilitation of the disturbed lands and assistance in the maintenance of biodiversity.

By following the Environmental Policy and being committed to undertaking regular reviews and updates of its provisions, the Group has tasked itself to constantly develop and improve its environmental management system and implement its principles at all production facilities, including all those operating and those still under construction.

The Board and management of RUSAL ensures effective environmental management of the activities, risks and opportunities. Most of RUSAL's aluminium smelters and downstream production sites are certified as compliant with the standard ISO 14001 "Environmental management systems".

Environmental Performance

Environmental charges for air emissions, discharges of polluted substances into water objects and for waste disposal amounted to USD12.6 million in 2021, USD11.4 million in 2022 and USD10.5 million in 2023[14].

There were no significant environmental pollution incidents reported at any of the Group's sites or facilities during the year ended 31 December 2023.

14. The assessment of environmental payments for 2023 is preliminary, since the deadline for submitting a Declaration of Payment for negative environmental impact in the Russian Federation is 10 March 2024 (clause 8 of Article 16.4 of the Federal Law No.7 – FZ "On Environmental Protection").

Climate Goals

RUSAL adopted its first set of climate goals as early as 2007 within the framework of its safe future strategy and, due to consecutive efforts to achieving those goals, brought overall direct greenhouse gas emissions from its aluminium production down by 53%.

In 2015, when the Paris Agreement was effected by the United Nations, the Company published a new set of climate goals by 2025, including the ambition to purchase at least 95% of electricity for aluminium smelters from hydroelectric power plants and other sources of carbon-free generation, which had been already met by 2022 with more than 99% of electricity for aluminium production sourced from either carbon-less or low-carbon energy (primarily, from hydro energy).

In 2017, after more than ten years of efforts on decarbonisation, the Group launched its own low carbon aluminium brand, ALLOW brand, on the global market (less than 2.3 tonnes of CO_2 equivalent per tonne of aluminium[15], which is approximately 4 to 5 times lower than industry average). Carbon footprint of our ALLOW brand aluminium undergoes independent audit tracing back to every aluminium smelter on an annual basis. Between 2017 and 2022, such independent audits were conducted by reliable international organisations.

Since 2017, the Group has applied its internal carbon price to have all newly developed projects assessed.

In November 2023, the Board adopted the actualised set of climate goals addressing the decarbonisation. RUSAL aims at decreasing the carbon intensity across all operations by not less than 23% (Scopes 1 and 2) by 31 December 2035, and by not less than 47% by 31 December 2050 (CO_2 equivalent per tonne of metal versus the 2018 baseline, carbon credits excluded).

15. Scopes 1 (direct emissions from aluminium production) and 2 (non-direct energy emissions), according to 2022.

Compliance Policy

The Company has introduced and maintained a system of internal compliance control aimed at ensuring compliance with regulatory requirements and effective management of compliance risks, including sanctions, corruption, conflict of interest, personal data dissemination and antitrust risks. Main elements of the system include implementation of the following measures:

1. Internal regulatory control includes: the Code of Ethics, the Compliance Policy, the Anti-Corruption Policy, the Gifts and Hospitality Policy, the Charity and Sponsorship Policy, the Sanctions Policy, the Business Partner Code and the Whistleblowing Policy. These documents define the core values and basic principles of the compliance function, internal control procedures and the functioning of the compliance system components. In 2023, a new policy – the Gifts and Hospitality Policy – has also been developed to mitigate corruption risks within the Group which covers the sensitive area of employees presenting and receiving gifts, hospitality expenses, and hosting and participating in communication and entertainment events. Moreover, in 2023, the Compliance Functioning Regulations and the Counterparty Compliance Accreditation Regulations were revised and updated. The updated documents reflect the full range of compliance procedures aimed at minimising the Group's compliance risks. The Whistleblowing Policy provides whistleblowing channels for external parties to raise concerns in relation to possible improprieties in any matter related to the Group. The Board has delegated authority to the Compliance Committee to review the Group's internal compliance control system periodically and receive updates on matters concerning implemented and planned improvements on the said system and whistleblowing disclosures.

2. The risk assessment system enables the analysing of the causes, sources, possible damage and probability of risk occurrence, as well as the development of risk mitigation measures.

3. The compliance procedures implemented are highly automated and contribute to the identification, mitigation or prevention of compliance risks at the operational and management levels of the Group's operations. All counterparties undergo know-your-client ("**KYC**") procedures, and all Group transactions are monitored for key risk factors based on the electronic document management system. In 2023, compliance procedures were supplemented by an automated system for the control of goods whose turnover is restricted by various export and import control measures.

4. The Compliance Directorate regularly organises training and communications, both face-to-face and online, to ensure that policies and procedures are readily available and that the Group's employees at all levels are well-informed. In 2023, special attention was paid to sanctions and anti-corruption risks. Training was conducted at all levels of management – from top management to local compliance officers of the enterprises. Furthermore, the internal corporate media (newspaper, radio, television, corporate portal) throughout the year provided information on compliance news, including the Company's accession to the Anti-Corruption Charter of Russian Business; new internal documents regulating the compliance function; the importance and significance of compliance culture; and the Company's chief executive officer's addresses on compliance matters.

   In 2023, the Group established a new system for the exchange of information on compliance risks, allowing for prompt communication of information on new sanctions and restrictions to the employees concerned, as well as receiving feedback from them on the assessment of the significance and mitigation measures for the relevant risks.

5. The "SignAL" Helpline provides information on possible violations, including corruption and conflict of interest, on a 24/7 confidential basis. Every report received is followed up with checks, investigations and measures to prevent similar incidents.

6. The Group's compliance system is subject to continuous internal monitoring by the Compliance Business Unit. Based on the results of this procedure, continuous improvements are made to optimise the compliance function. In 2023, for instance, based on the results of internal monitoring, new conflict of interest control measures were introduced, the KYC questionnaire and the anti-corruption clause included in contracts with counterparties were therefore updated. In addition, the Group conducts internal and external audits of the compliance system on an annual basis to analyse its efficiency. In 2023, the Company was certified with the international standard ISO 37301:2021. In 2023, the Company also underwent an audit for compliance with the provisions of the international standard ISO 37001:2016 "Anti-corruption Management Systems – Requirements and Recommendations for Application" of the Anti-Corruption Rating of Russian Business, following which, UC RUSAL IPJSC was assigned a rating class AAA (Companies with a very high level of anti-corruption).

The Company operates an internal compliance committee and a Compliance Committee under the Board. Monitoring results and reporting on the results of the compliance system functioning are regularly compiled and communicated to the management bodies.

Compliance Committee

The Compliance Committee was established in order to develop the Group's system for managing compliance with applicable regulatory requirements and obligations, to improve control over compliance risks and ensure appropriate business processes and procedures, to develop a position and approaches on material issues of the Group's operations in order to eliminate compliance risks, and to coordinate and evaluate the compliance system performance.

Composition of the Compliance Committee:

- Christopher Burnham (committee Chairman, independent non-executive Director);
- Kevin Parker (independent non-executive Director);
- Bernard Zonneveld (independent non-executive Director).

In 2023, the Compliance Committee held three meetings addressing issues related to the development of the compliance system in the Group, the performance of the Compliance Business Unit, as well as providing recommendations on strengthening the role of compliance procedures in the Group's operations.

Social Investments and Charity

Making a significant contribution to the achievement of RUSAL's long-term sustainable business development goals, the UN Sustainable Development Goal (SDG) 11: Sustainable Cities and Communities, and Russia's National Development Goals. The goals cover areas such as population conservation, human health and wellbeing, opportunities for self-realisation and talent development, and comfortable and safe living environment. The Group's social investments, namely RUSAL's Sustainable Cities, were implemented in 2023 as part of one of the 12 key projects of RUSAL's Sustainable Development Strategy 2035.

The Group's social investments are primarily focused on achieving a social effect associated with the development and emergence of new infrastructures, services, and opportunities that make cities more attractive to people, and are also directed towards supporting and creating entities and businesses that professionally contribute to the integrated social and economic development of cities with stakeholder involvement.

Due to the methodology developed for the RUSAL's Sustainable Cities Index, the Group was able to develop and implement a unified approach to identifying priority areas for the development of social sphere in the Group's cities of responsibility that are most in need of social investment in 2023. For the period from 2024 to 2026, priority areas of social investments were identified in more than 20 cities, districts and settlements in RUSAL's Sustainable Cities Index, with due regard for the opinions and needs of employees, current social investments in the cities, upgrade plans for production facilities and the development of production, and opportunities for the Group to implement its problem-solving influence in this area.

In 2023, the Group implemented the following significant social programmes under the "RUSAL's Sustainable Cities" transformation project, grouped in the areas of developing "Values", "Environment" and "Potential" in the Group's cities of responsibility:

1. Values (programmes aimed at increasing trust, social solidarity, intensifying public and volunteer initiatives, developing responsible and conscious consumption):

Programme for the development of the corporate and city-wide volunteer movement "Helping is Easy"

The programme is aimed at increasing the level of employee involvement in addressing social and environmental issues in the cities of responsibility of RUSAL and En+ through participation in volunteer events and implementation of the projects developed by the Group. The programme provides for the formation of an active corporate volunteer community at the Group's production facilities, the organisation of urban volunteer and charity events, support for employee initiatives, and training for all those interested in volunteering and social design topics. Key components of the programme include urban environmental actions to plant greenery and clean up cities, social volunteering projects to help corporate volunteers reach out to vulnerable population groups, donor events and campaigns to join the bone marrow donor register, a grant competition for RUSAL and En+ employees, and educational events (volunteering schools, forums).

In 2023, the following activities were performed under the programme:

- Interregional environmental campaign Green Wave with the participation of over a thousand corporate volunteers from 18 cities, which resulted in the planting of 2,176 tree and shrub saplings;
- Corporate environmental campaign River's Day with the participation of 2,000 volunteers and their families. As a result of the campaign, 37 tonnes of household waste were removed from coastal areas in 15 settlements;

- A series of urban charity events: Energy of Our Hearts sports festival in Achinsk, “Give-help Games” charity festival in Novokuznetsk and Irkutsk, the “World Jam” event in Kamensk-Uralsky, and the charitable “White Cross-country Running” in Krasnoturyinsk with the participation of RUSAL volunteers, schoolchildren and students, enterprising citizens and representatives of local business communities. As part of the events, donations from residents were collected for the benefit of regional charities and social institutions, with the total amount of RUB1,045,721;
- The New Year Marathon charity event brought together 1,000 employees from 28 cities, and charitable assistance was provided to the children, adult and elderly people living under care at 122 residential social institutions;
- Under the “Inspire and Act” project competition in 2023, the employees of RUSAL and EN+ implemented 51 volunteer projects worth a total of RUB2.7 million. More than 2,000 people received assistance under the charity projects of corporate volunteers aimed at supporting lonely children and adults permanently residing in social institutions, as well as helping veterans of the Group’s production facilities;
- 320 RUSAL employees joined blood and bone marrow donation campaigns in Achinsk, Krasnoyarsk and Kamensk-Uralsky;
- As part of the “Alternative Future” Subprogramme aimed at systemic interaction of corporate volunteers with orphans and children without parental care, 53 role-playing games were conducted in eight social institutions with a view to providing career guidance and forming soft skills and meta-skills for successful socialisation. The programme is implemented in partnership with the “Midday” Social Development Foundation. In 2023, 93 corporate volunteers game technicians and 246 children participated in the programme. Tours of the Group’s production facilities were arranged for 41 children from orphanages, and 128 children took part in the volunteer corporate events initiated by RUSAL;
- As part of the programme, two boxes for collecting clothes and rags were installed in the Group’s office building in Krasnoyarsk and at the Krasnoyarsk aluminium smelter’s gatehouse. From June to December 2023, the Group collected two tonnes of items which then were donated to local non-profit organisations. In 2024, such boxes are planned to be installed at the Group’s production facilities in Novokuznetsk, Kamensk-Uralsky and in the Group’s office building in Moscow;

- In-person training was organised for 130 employees of RUSAL and En+ involved in the implementation of social volunteering projects as part of the Forum named "Strategy 2035. The Role of Business in the Sustainable Future of Siberia". The forum was held in Krasnoyarsk with support from RUSAL and En+ in partnership with other member companies of the National ESG Alliance; and
- In 2023, 19 projects were implemented by non-profit organisations and social sphere institutions providing support to vulnerable population groups in ten territories of RUSAL's responsibility that received Group's funding upon completion of the "Support Matters" Grant Competition held in 2022. Thanks to the Group's support, more than 4,800 persons under care received meaningful social services, and successful practices of non-profit organisations gained the necessary incentives for further development.

2. Environment (programmes aimed at creating or improving social infrastructure, enhancing the quality of urban environment and improving the environmental situation, involving local communities in decision-making on infrastructure development of cities):

"RUSAL's City" Integrated Social and Economic Development Programme

The programme is aimed at supporting socially significant initiatives of municipalities to develop the urban and socio-cultural environment in partnership and taking into account their integration into regional and federal projects as part of achieving Russia's national development goals.

In 2023, the Group continued to implement projects supported upon completion of the "RUSAL City" competition for the development of open public spaces held in 2020. The aggregate amount of funding for project implementation (including RUSAL's funds and co-financing from the federal and regional budgets) during the period from 2020 to 2023 was RUB344.4 million. This became possible thanks to the Group's support. During phase one, RUSAL supported the development of design concepts and preparation of municipal application documents for participation in the "All-Russia Contest of the Best Projects for Creating a Comfortable Urban Environment in Small Towns and Historical Settlements" and the Krasnoyarsk Regional Contest Among the Best Projects for Creating a Comfortable Urban Environment, and subsequently the Group ensured the development of design documentation for the winning projects of the above contests within tight deadlines.

The following projects were completed in 2023:

- "Improvement of the Turya River water area" in Krasnoturyinsk, Sverdlovsk Region;
- "Urban Park" in the city of Shelekhov, Irkutsk Region;
- "Landscaping of the pedestrian park area on Krupskaya Street" in Bratsk, Irkutsk Region;
- "Landscaping of Kirovskaya Alley Street" in Kandalaksha, Murmansk Region.

The implementation of the "Cultural Environment" project in Severouralsk, Sverdlovsk Region, began in 2023, and is scheduled for completion in 2024 due to the seasonality of the work.

In 2023, as part of "New Tools for Urban Infrastructure Development" programme area, the Group decided to provide financial support for the project to create a multifunctional centre "New Life to an Old Village" (a 100-seat leisure centre) in the village of Karabula, Boguchansky District. The project initiative qualifies for a federal subsidy under the Russian state programme of culture development on a competitive basis. The Group ensured the development of design and estimate documentation to be submitted to the Boguchansk District Administration to apply for a regional subsidy for the centre construction in 2024.

"RUSAL's Sustainable Cities" grant competition for social impact projects

In 2023, "RUSAL's Sustainable Cities" pilot grant competition was launched for the first time to support non-profit organisations, social entrepreneurs, governmental and municipal social institutions. The main objectives of the competition were to identify and support the best projects aimed at quality environment changes in the Group's cities of responsibility and to increase the level of local community's involvement and participation in addressing actual social problems and developing the urban environment.

The grant competition concept, geography and priority areas were determined on the basis of the "Index of Quality of Life and Sustainable Development of RUSAL's Cities" ("**RUSAL's Sustainable Cities Index**"). The competition was held in 11 of the Group's cities of responsibility with the lowest final Index scores in five priority areas: health, education, society, public safety and work/life balance.

A total of 89 project applications were received. Nine projects in seven cities of responsibility received support. The total grant fund amounted to more than RUB24 million. The projects are planned to be implemented by November 2024. After project implementation, the cities of responsibility are expected to see social effects associated with the development of supplementary education and pre-profile training, up-grading of public spaces and the emergence of new health care services.

In 2024, it is planned to expand the geography of the competition and increase the amount of grants up to RUB5 million.

Programme to support animal shelters in RUSAL's cities of responsibility

In 2023, the programme was implemented in the cities of Volgograd ("DvorNyashki" Charitable Fund for Animal Protection) and Sayanogorsk (Public Organisation "Cat and Dog" Sayanogorsk City Animal Protection Society), with more than 300 animals in their care. The shelters were selected based on the requirements related to the availability of material and technical resources, proximity to RUSAL's production facilities, experience of interacting with corporate volunteers and the readiness of the animal protection organisation to develop its activities.

As a result of the programme, the Group managed to improve the infrastructure of animal shelters, elaborate a development strategy and organise expert support for animal protection organisations, improve performance of attracting additional resources and successful finding of responsible owners for animals in animal shelters through charitable volunteer campaigns involving more than 700 people.

"Sustainable Development of Responsibility Cities" Social Investment Programme

The programme is aimed at quality environment changes in the cities of responsibility to increase residents' satisfaction with the quality of the social services through the implementation of agreements on social and economic cooperation between the Company and regional and municipal authorities as well as initiatives of the Group's facilities in response to requests from local residents and non-profit organisations.

In 2023, RUSAL entered into 18 agreements on social and economic cooperation with municipal and regional authorities and social institutions in 15 cities and districts amounted to a total of RUB646.4 million, on the basis of which more than 90 projects and activities worth over RUB575 million were financed. In total, taking into account the financing of projects covered by the agreements on social and economic cooperation of previous periods, the total amount of investments implemented under the agreements reached RUB2.1 billion.

In 2023, RUSAL provided support to 166 newly launched and ongoing social infrastructure development projects in 24 cities of responsibility worth over RUB2.5 billion.

For example, in March 2023, the "Atmosphere" Centre for Leisure and Self-Realisation was opened in Sayanogorsk. The infrastructure designed for the Centre with a system of equipped co-workings of different types (office/conference room, sewing room, beauty salon, lecture room, personal counselling office, coffee shop) became a space for work and shared experience of entrepreneurs and pro-active citizens, a base for creation and development of women's business projects. The "Atmosphere" Centre has enabled 79 residents to provide services on an ongoing basis.

Implementation of the large-scale project for construction of sports centres continued. Following the 2023 results, sports centres were opened in the cities of Bratsk, Sayanogorsk and Taishet. Seven more sports centres are under construction and are scheduled to open in 2024 in Achinsk, Volgograd, Divnogorsk, Krasnoturyinsk, Krasnoyarsk, Severouralsk and Shelekhov.

In 2023, large-scale projects continued, including:

- reconstruction of Gorky Park in Krasnoyarsk;
- reconstruction of a building in Taishet to accommodate a branch of the Irkutsk National Research Technical University; and
- creation and development of Metallurgy educational and operational clusters in the Irkutsk Region within the framework of "Professional Education" federal project.

3. Potential (programmes focused on building long-term competitive advantages and strengthening the resource base of cities of responsibility to make them more attractive by improving their transport accessibility and mobility, improving the quality of educational services and developing Russia's scientific, educational and cultural potential and enhancing citizens' access to exercising their rights at the local level):

Scholarship programme

Scholarship programmes of RUSAL and EN+ are aimed at supporting talented students studying in secondary and higher vocational educational institutions in the areas of metallurgy, energy, pedagogy and medicine. In 2023, the geography of the programme expanded to include St. Petersburg, Tikhvin in the Leningrad Region and Severouralsk in the Sverdlovsk Region. The programme covered 56 educational institutions of higher and vocational education (208 specialities/training areas) in 21 cities of 11 regions of Russia. A total of 700 applications were received from scholarship applicants in 2023 and 177 students were recognised as winners of the competition and scholarship holders of the programme.

A system of material and non-material incentives developed for students under the programme provides Group companies with a transparent and effective mechanism for solving the problem of hunting qualified technical specialists in the energy and metallurgy sectors for their production assets and with skilled medical and pedagogical staff in the social sphere of their cities of responsibility.

“School of Urban Change” programme

The programme provides training for urban change leaders in the fundamentals of social design, corporate volunteering and urban environment development.

In 2023, the programme held 31 educational events bringing together a total of 997 participants, including five distance learning courses: Social Design, Social Entrepreneurship, Corporate Volunteering, Communities and Public Spaces and Eco Action Time.

In March 2023, an intensive course named “Creating. Fulfilling. Evaluating” in partnership with the metallurgical company, EVRAZ, was held. The intensive course was focused on creating, implementing and evaluating social impact projects. The intensive course was held in a live stream format on the first day and face-to-face session in Novokuznetsk on the second day. More than 600 participants from 24 cities of Russia, including both novice and experienced planners, representatives of municipal institutions of social sphere, city administrations, non-profit organisations as well as urban activists and social entrepreneurs, took part in the intensive course.

During the launch of “RUSAL’s Sustainable Cities” pilot grant competition, a series of online educational meetings were hosted for potential applicants for the grant competition in five areas: education, health, work-life balance, safety, and society. Webinars were held for grant recipients on information support in project implementation and follow up were also held.

For further information on the ESG of the Group, please refer to the Sustainability Report by accessing the website of the Hong Kong Stock Exchange and the Company’s website at https://rusal.ru/en/sustainability/under section Sustainability reports.

New super-high amperage and energy-efficient pots

The Group actively develops environment-friendly and energy-efficient pots. The RA-550 super-high amperage pots are successfully used in the pilot potroom of the Sayanogorsk Aluminium Smelter (SAZ), demonstrating high indicators of energy efficiency (energy consumption of less than 12,800 kW.h per tonne), productivity (current output of over 95%) and environmental sustainability (fluorine emissions of less than 0.15 kg per tonne). Several expert assessments, including pot delining, have confirmed a long service life. For digital transformation of the control systems, tests were conducted and computer-automated process control tools were implemented – a Big Data-based autonomous parameter control system, a dynamic digital process twin (virtual cell) and others. With its unique bus and cathode design, it achieves high process stability at ultra-high amperage. Additional efforts have been taken to create design solutions aimed at reducing construction costs.

Using bulk carbon materials (as opposed to aluminosilicate materials) in the lining, it ensures high levels of environmental sustainability and efficiency during the pot rebuild process.

A technological solution has been developed to recover copper from waste collector bars after disconnecting RA-550 pots for rebuild with a recovery rate of approximately 63% (approximately 400 kg of copper per pot). The technical solution developed allows for recycling of ferrous and non-ferrous scrap metals separately.

To continue the development of superpower pots, construct new capacities with low CAPEX and OPEX, and achieve optimal environmental performance, the Group has developed the RA-800+ technology, which is based on a fundamentally new innovative busbar design that efficiently compensates for the magnetic field. Applying RA-800+ technology results in a 10-12% reduction in specific capital expenditure compared to RA-550.

Successful tests of the technical solutions of the RA-550 project are being adapted for the Company's operational pots with pre-baked anodes. Energy-efficient and environmentally friendly anode designs have been tested and implemented at RUSAL's superpower pots in Sayanogorsk, Krasnoyarsk and Irkutsk. These technical solutions have not only reduced electricity consumption by 500-900 kW.h per tonne of aluminium, but also improved gas purification efficiency, reducing emissions into the pot operating space by 30%.

The Group continues its programme of converting existing pot designs to low-cost, energy-efficient solutions with environment-friendly lining using bulk carbon materials with following recycling. The benefits of bulk materials are detailed in the section about RA-550 technology. To date, over 4,900 pots (72% of UC RUSAL's fleet) have been converted to the energy-efficient design, and more than 4,600 pots have been fitted with environment-friendly lining made of bulk carbon materials. The renewed pots have not only confirmed the environmental benefits of the lining, but also the economic efficiency.

A fundamentally new pot technology is being developed as part of a project aimed at significantly reducing power consumption by 2,000 kWh per tonne compared to the best existing global counterparts. New materials for the production of cathode blocks are being developed, along with a pot design that reduces the volume of unfinished metal production by 70%, and an energy-efficient reduction technology with ultra-low inter-pole distance and, consequently, low electricity consumption – 10,500-11,000 kWh per tonne of aluminium.

To enhance control systems and maintain the high performance of the developed technologies, tools utilising artificial intelligence are being actively implemented to increase the degree of autonomous technology management.

Information and logistics management systems from tools utilising artificial intelligence are being developed and implemented for the movement of raw materials and supplies in aluminium production.

Environmental approach

At the Krasnoyarsk aluminium smelter (KrAZ), which has successfully transitioned to the EcoSoderberg technology, new environmental solutions are being implemented:

- Machine vision systems are being actively deployed. Scaling such systems in potrooms allows for a twofold reduction in the time taken to depressurise a pot (when the hood is open). In 2023, the machine vision system was awarded a national prize in the "Company Awards" category for its contribution to the development of artificial intelligence technologies. This technology for operating anodes allows for a reduction in the consumption of anode material – carbon.
- Filters with a doubled fume capture surface are used in the fume cleaning systems.
- Enhanced designs of fume removal systems for carbon monoxide afterburning in exhaust gases are being introduced.
- The EcoSoderberg technology is further developed by improving the machine vision system that monitors the surface of the superstructures and deviations in the anode shaping process.
- Environment-friendly pitches are being developed and tested, which allow for a reduction in benz(a)pyrene emissions in Soderberg operations to trace levels and bring these emissions as close as possible to the level of pre-baked anodes.

The Group continued installing self-designed state-of-the-art fume treatment centres at its aluminium smelters. RUSAL has developed and implemented an innovative gas removal system based on the adsorption of fluorine by alumina using a unique adsorber reactor, which ensures that the captured fluorine can be returned to the process.

To ensure the availability of raw materials and confirm the status of the EcoSoderberg as an environment-friendly technology, the developed technology of producing eco-pitch with oil ingredients and low content of coke chemical products was implemented. The volume was increased to 45 thousand tonnes per year. The application of the new 100% petroleum pitch technology was confirmed.

To achieve the best environmental performance in the aluminium industry and reduce the carbon footprint, testing of promising pot designs with inert anodes continues at the KrAZ's pilot site.

The Group developed our own technology and design documentation for fume treatment for inert anode pots. Unique developments in exhaust gas adsorption and alumina transport have been applied. All project and detailed design documentation has been developed using BIM technologies.

The Company has been continuously striving to achieve its strategic waste management goal of reducing the scope of waste generated during the repair of metallurgical equipment and disposed of in landfills. The unique and cost-efficient innovative technology of reprocessing worn-out refractory lining into a composite barrier mixture (CBM) for building pots stands out favourably from known methods worldwide due to its simplicity and cost-efficiency. In 2023, the Group mastered the production of CBM from scrap bricks of pot lining and casting ladles, and successfully built and launched a trial pot using it.

Product engineering

Additional efforts have been made to expand the involvement of recycled aluminium in the manufacturing of wheels. This initiative is a continuation of measures aimed at reducing production costs of wheels while maintaining the quality of castings. Using remelted alloys results in a finished product with a lower carbon footprint.

In the pursuit of further developing low-carbon products, RUSAL has mastered the production of Primary Equivalent Foundry Alloys (**"PEFA"**) casting alloys, which are AlSi7Mg type foundry alloys made using post-consumer scrap. These products are in high demand among major automotive OEMs, as they align with current trends in eco-friendly materials.

INNOVATIONS AND SCIENTIFIC PROJECTS

UC RUSAL has completed the development of MaxiFlow 2.0-branded 6060 type billet alloys, which are a further advancement of its innovative solutions for extrusion plants. By optimising the casting and thermal processing technology, the Group achieved an additional increase in the extrusion speed of 5-10%.

Additionally, the range of branded alloys has been expanded to include 6061 MaxiDiForge billets. These ingots are designed for use in forging technology, reducing the load on equipment during die-forging operations by up to 15%, thereby reducing waste and increasing tool durability. The 6061 alloy is extensively used in the production of various components for the automotive industry.

The development of a heat-resistant intermetallic material based on aluminium for manufacturing parts using selective laser melting technology (3D printing) has been completed. The alloy maintains high strength up to 400°C, with its characteristics surpassing those of similar aluminium alloys by more than twice in heat tests.

Research has been underway to develop new formulations of pigment pastes for a variety of applications.

Implementation of Scandium-containing 1581 alloy has been successfully trialled in small-scale shipbuilding, as confirmed by appropriate tests. As a result, the weight of a small vessel was reduced by 10% compared to a design using the 5083 alloy. Currently, a number of larger ships are being constructed, extensively utilising the 1581 alloy.

In the electrical engineering field, a pilot batch of aluminium cable made from RUSAL's 8XXX series alloy has been produced for electric charging stations. This cable, as part of the cable-connector assembly, is undergoing operational testing and will soon be available in the market for using in electric charging station designs.

On the ExtruFORM line, the production of 3103 and 4043 alloys wire rod (for welding wire) using a combined rolling-extrusion method has been successfully implemented. The production of wire rod from these alloys will enable Russian consumers to be supplied with domestic materials.

Innovations and research projects in the alumina production

The Group has executed several projects aimed at enhancing the efficiency of existing alumina plants. Pilot samples have been introduced in projects aimed at reducing the consumption of reagents, steam, and fuel in alumina refineries:

- At the Achinsk Alumina Refinery, an industrial system has been installed to supply diluted soda liquor to gland assemblies of pumps, reducing the consumption of evaporated soda liquor by introducing an alkaline agent; and
- at JSC RUSAL Krasnoturyinsk ("**BAZ**"), a project has been completed that developed solutions to prevent bauxite ore from getting stuck in bins of wet mills. It helps save energy (steam and electricity) and ensures a continuous supply of bauxite during challenging weather conditions, thereby reducing the risk of not meeting production targets.

Plans are in place to replicate these developments across the Company's alumina refineries.

The development of an innovative technology to boost the productivity of green liquors is ongoing. Pilot testing of the technology has been conducted at the Ewarton alumina refinery.

At BAZ, laboratory tests were conducted to refine the technology for preparing and dosing seed charges with a high specific surface area. A 5% increase in the productivity of aluminate liquor has been confirmed. A methodology and procedure for extracting active aluminium hydroxide from aluminate liquors in alumina production have been developed.

Computational Fluid Dynamics method offers the ability to assess the pros and cons of equipment operation, enabling to find efficient solutions through proper flow management within devices. In 2023, calculations using this method revealed that an airlift design for a decomposer in alumina production with an increasing upward internal cross-section would outperform the conventional design.

Technical solutions have been developed to enhance the performance of deep cone thickeners and reduce specific soda losses with red mud slurry at the Ewarton alumina refinery.

The mill's production capacity was a variable that depends on the current quality of raw materials and other factors. It had no physical measurement methods. At BAZ, a promising method of indirectly monitoring the load of bauxite grinding ball mills was tested using vibro-acoustic sensors and an automated system that analyses their signal spectrum. The tests validated the method's feasibility when supported by other measurement tools and a data analysis system.

In 2023, RUSAL began developing a prototype of a coordinated measurement system in alumina production, aimed at enhancing the accuracy of direct process measurements, enabling the creation of secondary soft sensors, and enriching the information environment of alumina facilities with improved data.

Efforts are ongoing to update and refine mathematical models of both domestic and international alumina refineries using SysCad software. RUSAL actively uses mathematical models of smelters and refineries for technological and economic evaluations of know-how implementations, project activities, and production upgrades. In 2023, a comprehensive update of the mathematical model for the Ewarton alumina refinery was completed.

Modernisation and development

The Group continues to invest in its key areas of growth:

1) environmental modernisation;
2) enhancing raw material self-sufficiency;
3) cutting costs and boosting production efficiency; and
4) developing new product types demanded by the market.

Environmental modernisation of aluminium smelters

As part of the Group's environmental modernisation strategy, positive conclusions have been received from the Main State Expert Review Board of Russia on the environmental modernisation projects for the Krasnoyarsk and Bratsk aluminium smelters. Construction permits have been obtained. Early preparatory and construction and installation works are actively underway. Main process equipment has been contracted. Development of detailed design is in progress.

The Company has developed its own design for the process crane loading unit (PCU) for RA-550, "Dry" and "Wet" gas removal system, dense phase system and process control systems. This is for the environmental re-equipment of BrAZ and KrAZ, marking the first time the Group has achieved technological self-sufficiency in the technologies and projects it implements.

INNOVATIONS AND SCIENTIFIC PROJECTS

Raw material independence

To ensure a continuous supply of high-quality pre-baked anodes from our own production to the Siberian aluminium smelters, and to reduce the cost of primary aluminium, the Group continued to implement a key investment project: the construction of the Taishet Anode Plant. It will produce approximately 400 thousand tonnes of pre-baked anodes per year.

During the Review Period, the erection of the frames for the main process buildings and structures was completed. Work was ongoing on the construction of enclosing structures, internal building structures, and engineering structures. The delivery and installation of main process equipment continued across all operational areas.

At the Sayanogorsk aluminium smelter, the second stage of the pre-baked anode production modernisation was successfully completed. This included the sequential modernisation of three bake furnaces, each with a capacity of 160,000 tonnes of pre-baked anodes per year. As part of the import substitution programme, equipment was purchased, installed, and started up, that enabled the production of a range of "green" anode block sizes, including those for pots of the Taishet aluminium smelter.

Reduction of costs and growth of production efficiency

A comprehensive programme continued to deploy the EcoSoderberg production process across the aluminium smelters of the Group:

- All pots with self-baking anodes were switched to the new technology at KrAZ.
- Upgrades were underway in 14 potlines at the Bratsk aluminium smelter, with 139 upgraded in 2023;
- The Irkutsk, Novokuznetsk and Volgograd aluminium smelters have transitioned to large-scale implementation of advanced technology in their potrooms. In 2023, 44 pots were upgraded at IrkAZ, 106 at NkAZ, and 14 at VgAZ.
- In 2023, approximately 77% of pots with self-baking anodes have been converted to the EcoSoderberg technology.

Implementing the EcoSoderberg technology allowed us to reduce atmospheric emissions to levels compliant with environmental legislation, decrease electricity consumption, significantly reduce work in progress, and extend the life of pots.

INNOVATIONS AND SCIENTIFIC PROJECTS

To optimise production processes and reduce consumption of electricity and raw materials (alumina, anode paste, fluoride salts), the long-term programme for the retrofitting of automated control systems for aluminium smelter reduction facilities continues.

As part of the Group's import substitution strategy, the Group has developed and was testing a process control system for reduction plant on a Russian platform.

The unified technological Digital Ecosystem, AlecSys, was actively being developed at the Group's smelters and refineries.

RUSAL ETC continued to expand using technology and production management utilising artificial intelligence, developing collaborations with leading universities in the country and expanding projects. The Group has been developing models based on artificial intelligence to manage the reduction technology based on inert anodes. Based on computer vision technology, the Group implemented the 'Container Addressable Storage System' and 'Railcar Loading Control System' projects at KrAZ, and have begun replication at SAZ. The Group was developing the 'Automatic Quantitative Analysis of Microstructure System' to automate laboratory research at the plant, and the 'Melting Preparation Quality Control System' for casting productions. Replicating the video environmental monitoring system at BrAZ was ongoing.

RUSAL continued to develop an integrated control system for the coke calcination area at KrAZ. This used models based on artificial intelligence to provide input recommendations, with the aim of managing the quality of calcined coke.

To reduce power consumption and improve the performance of alumina refineries, several measures were taken in 2023:

- A project to launch a new cyclone calcination furnace was in its final stages at BAZ. This will lessen the environmental and climatic impact by reducing dust, NOx and CO_2 emissions, and will also decrease the cost of BAZ's alumina through reduced gas usage for calcination and lower repair costs.
- At UAZ, technological projects were implemented to enhance efficiency of the vacuum cooling unit of section No. 3 and the slurry cooling unit of section No. 6 of the Precipitation and Evaporation Shop to reducing energy consumption.

INNOVATIONS AND SCIENTIFIC PROJECTS

Developing new product types demanded by the market

In 2023, RUSAL initiated its own industrial production of master alloys using its proprietary technology. The demand for AlMn60 and AlSr10 master alloys at UC RUSAL's aluminium smelters were fully met. Master alloys AlCe10, AlTi5, AlCr10, AlNi20, AlMo5/10, AlSiP, AlCo2,5, AlSi20, AlCu33/50, AlFe10 were developed, their production processes were mastered, and they were successfully tested. The technology of involving secondary aluminium into the production of master alloys was mastered and implemented.

The requirement for moulds for slabs was fully met by the Group's own production. The production of casting moulds for billets was mastered. A technology for repairing existing casting moulds using gas-dynamic spraying was developed.

The modernisation of the cooling systems for billets on three Hertwich homogenisation lines at the Sayanogorsk and Novokuznetsk aluminium smelters was completed. The installation of additional cooling at a rate of at least 400 OC per hour after the homogenisation kilns allows for producing ingots that can undergo high-speed extrusion Maxiflow.

The new AGK industrial module continued to produce high-margin products using RUSAL's proprietary technology:

- VOGA flame retardant for using in cable insulation and fireproof compounds;
- GAM aggregate and flame retardant for using on acrylic surfaces and in various polymer materials; and
- GAK product for using as raw materials for petrochemical catalysts.

In 2023, over 2,000 tonnes of products were sold. Efforts to expand the range of products and their market continued.

Research and testing of technologies for producing other high-margin products were ongoing:

- Ground low-alkali alumina, as a raw material for refractories.
- Ground aluminium hydroxide, as a raw material for laminated flooring.

Overview of Trends in the Aluminium Industry and Business Environment

Global aluminium demand

In 2023, global economic uncertainty, high inflation and the constant threat of recession continued putting pressure on the demand for aluminium consumption. Geopolitical tensions were affecting the world and the global economy, disrupting the supply chains and the end markets.

In 2023, the average LME aluminium price dropped by USD455 per tonne to USD2,225 per tonne, its lowest point was USD2,069 per tonne in August 2023, after reaching USD2,636 per tonne in mid-January 2023.

However, aluminium consumption increased despite all the above headwinds in 2023 to 70.2 million tonnes[16], up 1.7% from the previous year. In China, consumption increased to 42.8 million tonnes[16], which is 4.9% higher than last year's figure. China's decarbonization efforts have increased demand for aluminium, which is a key material for renewable energy-related manufacturing, ranging from electric vehicles to solar panels. Aluminium consumption in the rest of the world (the world excluding China, the "**RoW**") in 2023 contracted 2.8% year-on-year and amounted to 27.4 million tonnes[16], showing the figures, previously seen in 2015 and 2016. The demand was supported mainly by sectors with a particular focus on green transformation, namely the automotive and electrical industries. Only these two areas contributed to consumption growth in 2023.

The largest end-use sector of aluminium consumption is the automotive industry. In 2023, almost 25.5% of the global consumption[16] came from this industry. A global emphasis on sustainability and environmental awareness is fueling the rapid growth of the electric vehicle ("**EV**") industry, with many countries setting ambitious goals to phase out internal combustion engine vehicles and promote electric vehicle production. Global sales of fully electric or battery electric vehicles ("**BEVs**") and plug-in hybrid vehicles ("**PHEVs**") rose 31% in 2023, down from 60% growth in 2022, according to the analysis from the market research firm Rho Motion. BEVs accounted for 9.5 million out of the 13.6 million electric vehicles sold around the world in 2023, with PHEVs accounting for the rest. The EV share of global vehicle sales should come in 2024 at about 20% (BEVs, 14%), up from about 17% in 2023[17].

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16. CRU. Aluminium long term outlook, December 2023, UC Rusal analysis.
17. Global electric car sales rose 31% in 2023 – Rho Motion | Reuters.

The second largest consumption sector remains to be the construction industry, which accounts for 21.4% of global consumption[19]. The construction industry continued to disappoint with year-to-date sales, commencement of work and construction in progress recorded negative growth in most countries. High borrowing costs and uncertainty over monetary policy weighed on aluminium demand.

Aluminium consumption in the packaging sector in 2023 accounted for 16.1% of global consumption[19]. The packaging sector showed a year-on-year decline of -5.1% due to weakening consumer demand caused by high inflation.

The second growing aluminium consumption sector in 2023 was the electrical sector. Consumption in this sector in 2023 amounted for 15% of global consumption[19]. Global renewable energy capacity grew by the fastest pace recorded in the last 20 years in 2023, which could put the world within reach of meeting a key climate target by the end of the decade, according to the International Energy Agency ("**IEA**"). Additions to the world's renewable energy grew by 50% last year to 510 gigawatts (GW) in 2023, the 22nd year in a row that renewable capacity additions set a new record, according to figures from the IEA.

Global aluminium supply

The worldwide supply of primary aluminium was up by 3.5% year-on-year in 2023 to 70.5 million tonnes. RoW production was up by 0.9% to 29.0 million tonnes due to production restart and capacity expansions in South America and India. Nonetheless, around 1.1 million tonnes of aluminium production in Europe was frozen due to high power cost in previous years.

Aluminium production in China increased by 3.4% year-on-year in 2023 to 41.5 million tonnes and is expected to grow further in 2024 due to the expected growth in new capacity. In China, the industry recorded around 1.5 million tonnes of net capacity increase by end of 2023, as a result of the creation of 3.9 million tonnes of new capacity and additional restart of previously closed production, notwithstanding the fact that 2.4 million tonnes were closed due to temporal supply cuts in certain provinces. By end of 2023, China had 45.3 million tonnes of installed aluminium capacity.

Overall, the global aluminium market was roughly balanced in 2023.

China shipped out a low volume of unwrought aluminium and alloy to the RoW in 2023 as compared to the same period of last year due to weak demand in the RoW. China's exports of unwrought aluminium, alloy and semis dropped by 14.0% year-on-year to 5.7 million tonnes in 2023. At the same time, China's imports of unwrought aluminium and alloy rose significantly during 2023 by 58.8% year-on-year to 2.7 million tonnes. China will increase its import of primary metal in upcoming years as its production is reaching its capacity limit and to fulfill the healthy demand in aluminium.

During 2023, aluminium inventories in the LME after rising in high volatility trading in the five months ended 31 May 2023 were trended mostly downward until mid-December; and it surged by 120 thousand tonnes to 566 thousand tonnes by the end of the year, in particular, the Russian metal supply accounted for 90% of the total LME inventories as at the end of 2023. Metal held outside of LME warehouses (off-warrant reported stocks) wavered during the year and rose by 142 thousand tonnes to 439 thousand tonnes at the end of November 2023.

Overall, regional aluminium premiums were mostly dropping during the 11 months ended 30 November 2023 due to the downward price pressure from increased supply and weakening global spot demand. In December 2023, premiums stabilised approximately at 18.80 cent per pound for U.S. Midwest aluminium premium, and began to rise in Europe amid wide contango, sanctions against Russian aluminium and risks of supply chain disruption in the Middle East. By the end of 2023, European P1020 Duty Unpaid premium at warehouse Rotterdam stood at level of USD145 per tonne.

Business future developments

Geopolitical tensions, since February 2022, significantly increased volatility on the commodities and currency markets. In present circumstances any forecast or outlook made or previously made may very rapidly become irrelevant due to ongoing developments on the market and therefore the stakeholders should exercise due caution when making their analysis or decision. Management constantly evaluates the current situation and prepares forecasts taking into account different scenarios of the events and conditions development. The Group is also revising supply and sales chains, ensuring an optimal equity and debt ratio, searching for resolutions of logistic difficulties, as well as the ways to service its obligations in order to adapt the current economic changes to maintain the continuance of the Group's operations.

Aluminium Production Results

The Group's primary aluminium production for the year ended 31 December 2023 was stable as compared to the previous year and totalled 3,848 thousand tonnes.

Production facility	**Percentage holding**	**Year ended December 31**		**Change compared to previous year**
(thousand tonnes)	**(%)**	**2023**	**2022**	**(%)**
Russia (Siberia)				
Bratsk aluminium smelter	100%	1,005	1,005	0.0%
Krasnoyarsk aluminium smelter	100%	1,014	1,017	(0.3%)
Sayanogorsk aluminium smelter	100%	538	539	(0.2%)
Novokuznetsk aluminium smelter	100%	204	213	(4.2%)
Irkutsk aluminium smelter	100%	425	424	0.3%
Khakas aluminium smelter	100%	304	306	(0.6%)
Taishet aluminium smelter	100%	112	78	43.6%
Russia (excluding Siberia)				
Kandalaksha aluminium smelter	100%	57	64	(10.9%)
Volgograd aluminium smelter	100%	69	70	(1.4%)
Nadvoitsy aluminium smelter	100%			
Other country(ies)				
KUBAL (Sweden)	100%	119	120	(0.8%)
Total – RUSAL		**3,848**	**3,835**	**0.4%**

Production

- BrAZ, NkAZ, IrkAZ and VgAZ continued pot retrofitting switching them to the EcoSoderberg technology. In 2023, 225 pot cells were retrofitted. In total, 1,414 pots out of 2,062 have been switched to the EcoSoderberg technology since 2015.
- In 2023, three dry GTC (IrkAZ – one piece, BrAZ – one piece, NkAZ – one piece) were put into operation. 20 dry GTCs were put into operation since the start of retrofitting.
- In March 2023, RUSAL Sayanogorsk commissioned anode baking furnace No 2 after retrofitting with a design capacity of 182.5 thousand tonnes per year.
- In 2023, the commissioning of the Taishet aluminium smelter continued. 85 RA-400 pot cells were commissioned. By the end of 2023, the total count of pot cells stood at 166 pieces.

Energy efficiency

- 451 energy efficient pots of various types were commissioned at smelters of the Aluminium Division in 2023.
- By implementing energy saving measures, specific total energy consumption at the Aluminium Division's smelters in 2023 decreased by 452 kWh per tonne compared to 2013 (the year when the project was initiated).

Increase in production of alloys

- IrkAz: production of Silafont and Castasil brand alloys was mastered.
- KrAZ: the first qualified batches of foundry alloys with recycling content (PEFA – primary equivalent of foundry alloys) were released.
- KrAZ: a pilot batch of foundry alloy A356.2(Sr) in the form of small ingots with the involvement of our ALLOW INERTA™ metal was produced.

- BrAZ: development of zirconium wire rod production at BrAZ.
- OPLK: mastering the production (with subsequent transfer of production technology to AD smelters) of billets of alloy grades AMg6,6061-1 (for forging), 1581.
- OPLK: pilot batches of slabs made of new alloys AlMn1Cu0.5, AMg5 and AMg6 technology were produced.

Digitalisation

The following production management systems are being implemented as part of the "End-to-End Automation" programme:

- Unified Automated Casting Management System (UCMS) – in 2022, it had been implemented at six production facilities, and at two facilities in 2023.
- Unified Automated Potroom Management System (UAPMS) – in 2022, it had been implemented at five production facilities. In 2023, the main functionality of the system had been implemented at four more facilities.
- Unified platform of work with production and technological data (end-to-end MES functionality) – in 2022, it was in pilot operation at one production facility. In 2023, seven production facilities started implementation of the system.

Health, safety and environment

- In 2023, in accordance with the certification plan, RUSAL Krasnoyarsk, RUSAL Novokuznetsk and RUSAL Sayanogorsk confirmed certification of the occupational health and safety management system under the updated version of the international standard ISO 45001:2018, and certification is planned for two more production facilities in 2024.

- As part of the Aluminium Stewardship Initiative in 2023, five more production facilities of the Aluminium Division (RUSAL Novokuznetsk, RUSAL Volgograd, RUSAL Taishet, Aluminium Rheinfelden Alloys and Rheinfelden Semis) had undergone certification audits and confirmed compliance with the requirements of the Aluminium Stewardship Initiative (ASI Performance Standard and ASI Chain of Custody Standard).
- In 2023, the Company continued the global transformation of its Siberian aluminium smelters, which it planned to include the creation of new smelters using baked anode technology and equipped with modern and environmentally friendly RA-550, RA-300 and RA-167 pot cells using RUSAL's proprietary design. The project is planned for ten years. In 2023, the design documentation of RUSAL Krasnoyarsk and RUSAL Bratsk received positive conclusions from the Main State Expert Review and the State Environmental Expert Review.

Following the audits conducted in 2023 by the certification body URS, Russia Ltd, the current environmental management system at the production facilities of the Aluminium Division was recognised to be compliant with the requirements of ISO 14001-2015.

Alumina Production Results

RUSAL produced a total of 5,953 thousand tonnes of alumina in 2022 and 5,134 thousand tonnes of alumina in 2023. Alumina production was reduced by 13.8% as compared to 2022 as a result of:

- alumina production curtailment at the Nikolaev Alumina Refinery caused by the introduction of martial law in the territory of Ukraine;
- sanctions imposed by the Australian government resulted in failure to supply alumina from Queensland Alumina Ltd to the Group's operations; and
- reduction of alumina production at Aughinish Alumina Refinery caused by increased natural gas prices in Ireland.

Calculated on the basis of the proportional equity interest of the Company (and its subsidiaries) in the corresponding alumina refineries.

Asset	**Equity interest**	**For the year ended December 31**		**Change compared to previous year**
(thousand tonnes)	**(%)**	**2023**	**2022**	**(%)**
Ireland				
Aughinish Alumina Refinery	100%	1,383	1,629	(15.1%)
Jamaica				
Windalco	100%	456	422	8.0%
Ukraine				
Nikolaev Alumina Refinery	100%	–	300	(100%)
Italy				
Eurallumina	100%	–	–	–
Russia				
Bogoslovsky Alumina Refinery	100%	988	994	(0.6%)
Achinsk Alumina Refinery	100%	872	913	(4.5%)
Uralskiy Alumina Refinery	100%	918	917	0.1%
Boxitogorsk Alumina Refinery	100%	–	–	–
PGLZ Alumina Refinery	100%	244	256	(4.7%)
Guinea				
Friguia bauxite-alumina complex	100%	273	340	(19.7%)
Australia (JV)				
Queensland Alumina Ltd.[18]	20%	0	182	(100%)
Total production volume		**5,134**	**5,953**	**(13.8%)**

18. The proportional share production attributable to RUSAL.

The main factors affected the Group's production performance:

Achinsk Alumina Refinery

The Company is implementing various programs to improve the efficiency and reliability of its equipment. One of these is a project to eliminate gearbox oil leaks of ball mills in the raw material shop. A project was implemented to increase the supply of steam in production by adopting production extractions of PT-60-130 turbines, allowing for an increase in consumption from 180 to 250 tonnes per hour. At the final stage, the project was being implemented to convert the coal mills of the sintering shop to a new gas treatment system – bag filters. This would not only make the fuel preparation process more technologically advanced and safer, but also to ensure compliance with the regulatory threshold of production impact in the atmosphere. Optimization of operational practices at majority of operations, such as the raw materials shop, sintering and hydrochemistry operations, reduced the risks of deviations from process indicators.

Bogoslovskiy Alumina Refinery

To ensure the current volume of alumina production and efficient operation of the precipitation, a "Selection of an optimal cooling diagram for the aluminate solution at Decomposition 2" project was implemented jointly with RUSAL ETC. Efficiency of temperature mode management of precipitation was improved due to annual replacement of worn-out utility facilities and fittings of the circulating water supply system, timely maintenance and activation of HEU and heat exchangers making it possible to enhance the precipitation of the aluminate solution and reduce the main energy costs for alumina production. Specific steam consumption for 2023 was 3.75 Gcal per tonne of alumina compared to planned 3.97 Gcal per tonne. Electricity was 324.5 kWh per tonne of alumina compared to planned 328.7 kWh per tonne.

Uralskiy Alumina Refinery

Efficiency of a red mud washing unit in Sinter leaching was improved. For this purpose, a diagram was developed and the system for collecting, accumulating and pumping out stage 2 filtrate was installed. Environmental modernization remains a priority project. Currently, an electric precipitator of Sintering Furnace 3 is being modernized. A support band and hoppers of the electrostatic precipitator were installed. The installation of walls of the cleaning mechanism and assembling of electrodes has commenced. The foundation for electric precipitator power units was replaced.

Aughinish Alumina Refinery

With the current cost of energy resources and raw materials being considered, the facility ensured flexibility of operation depending on changing macro parameters, for instance, changes in the types of fuel used, changes in the bauxite basket, changes in alumina production volumes, taking into account the most optimal option. The project to reduce the temperature of the flow of leaching made it possible to reduce heat energy consumption, thereby reduces greenhouse gas emissions into the atmosphere and the specific gas consumption for production. To achieve this, heat exchangers were replaced which resulted in reduction of heat losses in the steam supply pipelines. The Company is implementing a project to introduce a boiler powered by electricity, which will help reduce the impact of production on the environment.

Friguia bauxite-alumina complex ("Friguia BGC")

In December 2022, the Group's specialists conducted an audit of the Friguia BGC in order to work out measures aimed at reducing production costs, stabilising the process and optimizing equipment operation. In the course of 2023, 35 activities were implemented, which include: "Preparation and launch of evaporation battery No. 16; launch of boiler No. 4 to eliminate the operation of energy-inefficient equipment." The technical condition of the calcination furnaces was diagnosed for subsequent overhaul and maintenance of boiler No. 5 has commenced, which will last until 2025.

Windalco

To maintain and restore the production capacity of the facility, a comprehensive program of measures is being implemented. In 2023, 36 activities were implemented, which made it possible to reduce the specific consumption of key performance indicators and increase the marketable yield of finished products. Turbogenerator No. 1 maintenance was being carried out in 2023, and it was at the final stage.

Bauxite Production Results

RUSAL's total bauxite production in 2023 was 13,376 thousand tonnes, as compared to 12,320 thousand tonnes in 2022.

The increase in production volumes in 2023 was most affected by the operation resumption at the C.B.K mine due to the export of bauxite to the third parties and partly to the Aughinish Alumina Refinery. RUSAL's facilities and capacities are shown in the following table:

Bauxite mines	**Equity interest**	**For the year ended December 31**		**Change compared to previous year**
(thousand tonnes of hydrous raw materials)	**(%)**	**2023**	**2022**	**(%)**
Jamaica				
Windalco	100%	1,616	1,631	(0.9%)
Russia				
North Urals	100%	2,258	2,238	0.9%
Timan Bauxite	100%	3,923	3,542	10.8%
Guinea				
Friguia	100%	837	1,253	(33.2%)
Kindia	100%	2,670	831	221.3%
Dian-Dian	100%	2,072	2,825	(26.7%)
Guyana				
Bauxite Guyana Company (BCGI)	90%	0	0	
Total production		**13,376**	**12,320**	**8.6%**

Main factors affected production performance:

- **Timan Bauxite**. In 2020, an additional siding was built on the Bauxit Timan railway, which increased the monthly throughput of the railway line. In May 2023, mining work began at quarry No. 2 of the Verkhne-Shchugorsk deposit. The construction of treatment facilities for quarry water at the Verkhne-Shchugorskoye and Vezhayu-Vorykvinskoye deposits was carried out, allowing mining operations to be carried out below the groundwater level.

- **Windalco**. To maintain the required quality indicators of the mined bauxite, exploration work was carried out at the mining deposit in 2023, as a result of which new areas of high-quality bauxite were identified. In 2022, the licence was transferred from exploration to production. This transfer allowed the construction of the ore road to the new SML174 deposit to begin in 2023.
- **Friguia.** A significant decrease in bauxite production volumes was affected by a decrease in demand from the Friguia bauxite-alumina complex. Despite the decrease in demand, in 2023, the mine commenced construction of an ore road to the new Mangamori deposit, which contains high-quality ore.
- **C.B.K**. An increase in production volumes, followed by the shutdown of the main consumer of bauxite, the NGZ plant which was caused by the introduction of martial law in Ukraine, became possible as a result of the export of bauxite to the third parties and partially to the Aughinish Alumina Refinery in 2023.
- **Dian-Dian**. In 2023, failed mining equipment was replaced. New equipment items were purchased.
- **BCGI.** Bauxite mining in Guyana curtailed at the end of 2019.

Providing bauxite in sufficient quantities and at competitive prices to alumina refineries is an important objective for the Company. Exploration activities are underway to explore new bauxite deposits, both at the Group's existing bauxite development sites and at the sites of new projects. Each of the Group's mining assets was developed under one or more licences.

As at 31 December 2023, the Group had a resource base of 1,861.3 million tonnes of bauxite according to JORC, of which 598.3 million tonnes were measured, 721.8 million tonnes were indicated and 541.2 million tonnes were inferred.

Nepheline ore mining

RUSAL's total nepheline syenite production in 2023 was 4,519 thousand tonnes, as compared to 4,363 thousand tonnes in 2022. Production volume increased by 3.6% caused by the demand for nepheline ore at the consumer plant.

Nepheline mine (Achinsk)	**Equity interest**	**For the year ended December 31**		**Change compared to previous year**
(thousand tonnes of hydrous raw materials)	**(%)**	**2023**	**2022**	**(%)**
Kiya-Shaltyrsky nepheline mine	100%	4,519	4,363	3.6%
Total production		**4,519**	**4,363**	**3.6%**

Foil and packaging productions

The volume of foil produced at the enterprises of the Downstream Division in 2023 was 110.6 thousand tonnes, which is 0.7 thousand tonnes or 0.6% less than in 2022.

At the same time, the volume of production of smooth foil, finished foil and tape for the domestic market increased by 12.9 thousand tonnes, or 18.5%, due to reorientation to the domestic market of the Russian Federation. Moreover, the volume of smooth foil output for export at the Downstream Division's enterprises decreased by 13.7 thousand tonnes or 33.15% as compared to that of 2022 due to a decrease in demand for foil produced in the Russian Federation.

The total output at Sayana Foil grew by 28% compared to the results of 2022 due to the development of a new line of activity, being the industrial processing of tape. Standard products of the Sayana Foil are household foil and new products of Sayana Foil Promyshlennaya Pererabotka include processing of foil/tape for license plates, ceiling rails, composite panels, lamister.

The decrease in total production at RUSAL ARMENAL, Ural Foil and RUSAL SAYANAL by 3.7 thousand tonnes (or a decrease of 3.7% as compared to 2022) was due to a decrease in the share of exports and substitution of the domestic market of the Russian Federation for foil.

Foil plants	**Share of participation,**	**Year ended 31 December**		**Deviation**	**Change compared to previous year**
(thousand tonnes)	**%**	**2023**	**2022**		**(%)**
Domestic market (Russia and CIS)		**82.9**	**70.1**	**12.8**	**18.3%**
SAYANAL	100%	43.8	37.4	6.4	17.1%
including finished foil		12.3	12.4	(0.1)	(0.8%)
Ural foil	100%	23.9	21.8	2.1	9.6%
Sayana foil	100%	13.5	10.6	2.9	27.4%
ARMENAL	100%	1.7	0.1	1.6	1,600.0%
Export		**27.5**	**41.2**	**(13.7)**	**(33.3%)**
SAYANAL	100%	0.3	1.6	(1.3)	(81.3%)
Ural foil	100%	2.3	7.2	(4.9)	(68.1%)
ARMENAL	100%	24.9	32.6	(7.7)	(23.6%)
Total production volume		**110.4**	**111.3**	**(0.9)**	**(0.8%)**
including:					
SAYANAL	100%	44.1	39.0	5.1	13.1%
Ural foil	100%	26.2	29.0	(2.8)	(9.7%)
Sayana foil	100%	13.5	10.6	2.9	27.4%
ARMENAL	100%	26.6	32.7	(6.1)	(18.7%)

Wheel business

Production, thousand wheels	Year ended 31 December		Deviation	Change compared to previous year
	2023	2022		(%)
Aluminium wheels	2,346	1,667	679	40.7%

The alloy wheel market began to recover in 2023 showing a 7% overall growth, among which the original equipment manufacturing ("**OEM**") segment rose by 1%, while the aftermarket segment increased by 15%.

SKAD managed to increase its market share in 2023 across both of its major sales channels. New business awards from OEMs together with accelerated product development resulted in the increase of SKAD market share in OEM segment from 40% in 2022 to 70% in 2023.

Introduction of new commercial conditions which linked with sales volume and SKAD brands share in wholesale dealers' portfolio. The aggressive policy of shelf share increase in retail stores due to active marketing and "Brand Stores" program implementation also resulted in the increase the market share of aftermarket segment from 55% in 2022 to 70% in 2023.

The above-mentioned factors led to an increase of 41% in alloy wheel production comparing to that of during the crisis in 2022.

Other business

	Year ended 31 December		Change compared to previous year
(thousand tonnes)	2023	2022	(%)
Secondary alloys	6.9	15.8	(56.3%)
Silicon	50.9	44.0	15.7%
Powders	29.3	29.1	0.7%
Coal (50%)	21,463	21,237	1.1%
Transport (50%) (thousand tonnes of transportation)	1,044	606	72.3%

Secondary alloys

The amount of dross and aluminium-containing waste that is converted into secondary aluminium decreased in 2023 by nine thousand tonnes or a decrease of 56.3% from the previous year due to changes in the scrap recycling process from the Group's enterprises.

Silicon production

Production volumes increased in 2023 as compared to 2022:

1) RUSAL-Kremniy-Ural LLC – from March 2023, there was a stable operation at four furnaces, following the scheme of three refined silicon * one unrefined silicon.

    - Tests were carried out to increase petroleum coke and wood chips in the charge, which significantly reduced the charcoal content.
    - In 2023, a new quartzite from the Urda-Gargan field was introduced into the charge.

2) JSC Kremniy – in the first quarter of 2023, operations were carried out at four furnaces, and from 3 April 2023, an additional furnace (RTP-1) was launched after a temporary halt.

    - The dry fume treatment centre (DFSU) at RTP-1,2 was launched.

Directorate for New Projects

Yaroslavl Mining Company LLC and Cryolite JSC

As part of the project “Construction of a factory for ALF3 production by the “Dry Method” and for production of rare alkali metals with modernization of Yaroslavl Mining Company LLC at the Cryolite JSC site”, the development of design documentation was started. In December 2023, the first package of design documentation was submitted, and the correction of technical errors is ongoing. The work is on schedule.

Yaroslavl Mining Company LLC – a package of documents for the feasibility study and geological report with inventory calculation was developed as part of the work to obtain subsoil use rights for the development of tailings dams and the main Voznesenskoye and Pogranichnoye fields in Rosnedra (Federal Agency on Subsoil Usage).

Downstream projects

Key targets for the implementation of new projects are mothballed plants, as well as the search, development, and execution of projects aimed at creating new manufacturing facilities to increase the consumption of aluminium and alloys in mining and other industries:

Bogoslovsk Cable Plant LLC

- Bogoslovsk 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 territory of advanced social and economic development.

  In 2023, the manufacturing volume was 1,463 tonnes, achieving a 30% increase as compared to the 2022 level. The growth was due to the manufacturing of low-margin general industrial products, which included self-supporting insulated conductors, uninsulated wires, and power cables (representing an increase of 38% as compared to 2022 for these products).

- Work was being carried out to include self-supporting insulated conductors in the Register of Industrial Products Manufactured in the Russian Federation.

- New types of cable products have been developed, including oil-submersible cables in a common sheath, power cables, including armoured ones, uninsulated heat-resistant wires, flexible power cables with aluminium alloy cores shielded with copper tape, flexible cables of AsKGtp-HL type.

- The manufacturing line for armouring, coiling, and braiding cable products was launched.
- Mandatory and fire safety certification of products for AsKGVVV cables, oil-submersible cables, uninsulated heat-resistant wires, and PARMA cables was completed.
- Participated in the exhibitions NEFTEGAZ -2023, COAL & MINING -2023, INNOPROM, All-Russian and international forum for the Development of Industrial Construction/Industrial Design ICID – 2023, Surgut. Oil and Gas.

RUSAL Nadvoitsy

- In 2023, work continued to ensure environmental safety in Nadvoitsy urban-type settlement and Segezha District of the Republic of Karelia, efforts were made to reduce the negative impact on the environment.
- In 2023, the company continued the planned work on leasing territories and premises for the placement of energy-intensive equipment, which allowed the reduction of for maintaining the industrial site.
- The project "Engagement of Non-Liquid Tangible Assets and Increase of Electrical Power Sales Tariff by Providing 0.4 kilovolt Capacity" was executed. The 0.4 kilovolt capacity of Nadvoitsy aluminium smelter was raised from 25 MW to 27.5 MW.

Coal production results

Coal production, which accounts for 50% of the Group's share in LLP Bogatyr Komir, increased by 1.06% to 21,465 thousand tonnes in 2023 from 21,237 thousand tonnes in 2022.

Transportation results

The volume of products transported by LLP Bogatyr Trans, in which the Company has a 50% share, increased by 41.9% to 1,044 thousand tonnes in 2023 due to a reduction in the average duration of the flight.

Financial Overview

Revenue

	Year ended 31 December 2023			Year ended 31 December 2022		
	USD million	*kt*	*Average sales price (USD/ tonne)*	*USD million*	*Kt*	*Average sales price (USD/ tonne)*
Sales of primary aluminium and alloys	10,129	4,153	2,439	11,593	3,896	2,976
Sales of alumina	340	759	448	550	1,169	470
Sales of foil and other aluminium products	550	–	–	581	–	–
Other revenue	1,194	–	–	1,250	–	–
Total revenue	**12,213**			**13,974**		

Total revenue decreased by USD1,761 million, or by 12.6%, to USD12,213 million for the year ended 31 December 2023 compared to USD13,974 million for the year ended 31 December 2022.

	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, %
	2023	**2022**		**2023**		**2023**	**2022**	
	(unaudited)	*(unaudited)*		*(unaudited)*				
Sales of primary aluminium and alloys								
USD million	5,290	5,661	(6.6%)	4,839	9.3%	10,129	11,593	(12.6%)
Kt	2,218	2,133	4.0%	1,935	14.6%	4,153	3,896	6.6%
Average sales price								
(USD/tonne)	2,385	2,654	(10.1%)	2,501	(4.6%)	2,439	2,976	(18.0%)
Sales of alumina								
USD million	159	251	(36.7%)	181	(12.2%)	340	550	(38.2%)
Kt	366	545	(32.8%)	393	(6.9%)	759	1,169	(35.1%)
Average sales price								
(USD/tonne)	434	461	(5.9%)	461	(5.9%)	448	470	(4.7%)
Sales of foil and other aluminium products								
(USD million)	271	295	(8.1%)	279	(2.9%)	550	581	(5.3%)
Other revenue								
(USD million)	548	614	(10.7%)	646	(15.2%)	1,194	1,250	(4.5%)
Total revenue ***(USD million)***	**6,268**	**6,821**	**(8.1%)**	**5,945**	**5.4%**	**12,213**	**13,974**	**(12.6%)**

Revenue from sales of primary aluminium and alloys decreased by USD1,464 million, or by 12.6%, to USD10,129 million for the year ended 31 December 2023, as compared to USD11,593 million for the year ended 31 December 2022, primarily due to a 18.0% decrease in the weighted-average realized aluminium price per tonne (to an average of USD2,439 per tonne in 2023 from USD2,976 per tonne in 2022) driven by a decrease in the LME aluminium price (to an average of USD2,252 per tonne for the year ended 31 December 2023 from USD2,707 per tonne for the year ended 31 December 2022), which was partially offset by a 6.6% increase in the sales volumes between the comparable periods.

Revenue from sales of alumina decreased by 38.2% to USD340 million for the year ended 31 December 2023 from USD550 million for the year ended 31 December 2022 due to a decrease in the alumina sales volume by 35.1% as well as a decrease in the average sales price by 4.7%.

Revenue from sales of foil and other aluminium products decreased by USD31 million, or by 5.3%, to USD550 million for the year ended 31 December 2023, as compared to USD581 million for the year ended 31 December 2022, due to a decrease in revenue from sales of foil by 11.9% between the comparable periods.

Revenue from other sales, including sales of other products, bauxite and energy services decreased by 4.5% to USD1,194 million for the year ended 31 December 2023 as compared to USD1,250 million for the year ended 31 December 2022, due to a decrease in sales of other materials (such as anode blocks by 12.1%, aluminium powder 15.3%, silicon by 28.0%), which was partially offset by an increase in revenue from the sale of bauxite, and also due to a 27.0% decrease in revenue from the sale of services (mainly a 36.8% decrease in revenue from the sale of energy services, which was caused by the weakening of the Russian ruble against the US dollar).

Cost of sales

The following table demonstrates the breakdown of the Group's cost of sales for the year ended 31 December 2023 and 2022, respectively:

(USD million)	**Year ended 31 December** **2023**	**2022**	**Change year-on-year, %**	**Share of costs, %**
Cost of alumina	2,029	1,847	9.9%	19.4%
Cost of bauxite	235	331	(29.0%)	2.2%
Cost of other raw materials and other costs	3,074	3,835	(19.8%)	29.4%
Purchases of primary aluminium from joint ventures	656	940	(30.2%)	6.3%
Energy costs	2,288	2,658	(13.9%)	21.9%
Depreciation and amortisation	513	481	6.7%	4.9%
Personnel expenses	667	781	(14.6%)	6.4%
Repairs and maintenance	455	532	(14.5%)	4.4%
Net change in provisions for inventories	(12)	171	NA	(0.1%)
Change in finished goods	540	(806)	NA	5.2%
Total cost of sales	**10,445**	**10,770**	**(3.0%)**	**100.0%**

Total cost of sales decreased by USD325 million, or by 3.0%, to USD10,445 million for the year ended 31 December 2023, as compared to USD10,770 million for the year ended 31 December 2022.

The cost of alumina increased by USD182 million, or by 9.9%, to USD2,029 million in 2023 as compared to USD1,847 million in 2022 primarily due to the increase in alumina purchase volume by 11.9% between the periods which was partially offset by the decrease in alumina purchase price.

The cost of raw materials (other than alumina and bauxite) and other costs decreased by 19.8% for the year ended 31 December 2023 compared to the same period of 2022, due to a decrease in raw materials purchase price (prices for the raw pitch coke by 38.3%, pitch by 16.3%, anode blocks by 28.1% and caustic soda by 28.9%).

Energy costs decreased by USD370 million, or by 13.9%, to USD2,288 million for the year ended 31 December 2023, as compared to USD2,658 million for the year ended 31 December 2022 due to decrease by 13.9% in the average electricity tariff between the comparable periods (USD3.18 cent/kWh[19] in 2023 as compared to USD3.69 cent/kWh in 2022) that was caused by the weakening of Russian ruble against US dollar during the reporting period.

The finished goods mainly consist of primary aluminium and alloys (approximately 95%). The dynamic of change between the reporting periods was driven by the fluctuations of primary aluminium and alloys physical inventory between the reporting dates being a 27.7% decrease for the year ended 31 December 2023 and 33.3% increase for the year ended 31 December 2022.

Gross profit

As a result of the foregoing factors, the Group reported a gross profit of USD1,768 million for the year ended 31 December 2023 as compared to USD3,204 million for the year ended 31 December 2022, representing gross margins over the periods of 14.5% and 22.9%, respectively.

Distribution, administrative and other expenses

Distribution expenses increased by 8.3% to USD755 million for the year ended 31 December 2023 as compared to USD697 million for the year ended 31 December 2022, primarily due to the newly imposed export duties.

19. "kWh" means kilowatt hour.

Administrative expenses decreased to USD603 million in 2023 as compared to USD769 million in 2022 primarily due to decrease in the personnel costs.

Adjusted EBITDA and Results from operating activities

	Year ended 31 December		Change year-on-year,
(USD million)	**2023**	**2022**	**%**
Reconciliation of Adjusted EBITDA			
Results from operating activities	(79)	1,316	NA
Add:			
Amortisation and depreciation	540	503	7.4%
Impairment of non-current assets	321	196	63.8%
Loss on disposal of property, plant and equipment	4	13	(69.2%)
Adjusted EBITDA	**786**	**2,028**	**(61.2%)**

Adjusted EBITDA impairment charges and loss on disposal of property, plant and equipment, decreased to USD786 million for the year ended 31 December 2023, as compared to USD2,028 million for the year ended 31 December 2022. The factors that contributed to the decrease in Adjusted EBITDA margin were the same that influenced the operating results of the Company.

Finance income and expenses

(USD million)	Year ended 31 December **2023**	**2022**	Change, year-on-year, **%**
Finance income			
Interest income on third party loans and deposits	68	79	(13.9%)
Dividends from other investments	25	36	(30.6%)
Net foreign exchange gain	51	–	100.0%
Revaluation of investments measured at fair value through profit and loss, incl. forex effect	–	18	(100.0%)
	144	**133**	**8.3%**
Finance expenses			
Interest expense on bank loans and company loans, bonds and other bank charges, including	(363)	(421)	(13.8%)
Interest expense	*(323)*	*(372)*	*(13.2%)*
Bank charges	*(40)*	*(49)*	*(18.4%)*
Change in fair value of derivative financial instruments, including:	(99)	(191)	(48.2%)
Change in fair value of embedded derivatives	–	*(8)*	*(100.0%)*
Change in other derivatives instruments	*(99)*	*(183)*	*(45.9%)*
Net foreign exchange loss	–	(219)	(100.0%)
Interest expense on provisions	(13)	(1)	1,200.0%
Revaluation of investments measured at fair value through profit and loss, incl. forex effect	(94)	–	100.0%
Other finance costs	–	(2)	(100.0%)
Lease interest cost	(4)	(4)	0.0%
	(573)	**(838)**	**(31.6%)**

Finance income increased by USD11 million, or 8.3%, to USD144 million for the year ended 31 December 2023 compared to USD133 million for the year ended 31 December 2022 primarily due to foreign exchange gain in 2023 as compared to net foreign exchange loss in the previous year.

Finance expenses decreased by USD265 million, or by 31.6%, to USD573 million for the year ended 31 December 2023 as compared to USD838 million for the year ended 31 December 2022 primarily due to a decrease in the net loss from change in fair value of derivative financial instruments between the comparable periods, which was partially offset by loss from revaluation of investments measured at fair value through profit and loss as compared to the income from this item in 2022.

Share of profits of associates and joint ventures

	Year ended 31 December		**Change, year-on-year,**
(USD million)	**2023**	**2022**	**%**
Share of profits of Norilsk Nickel,	629	1,440	(56.3%)
with Effective shareholding of	*26.39%*	*26.39%*	
Share of profits of associates	**629**	**1,440**	**(56.3%)**
Share of profits of joint ventures	**123**	**115**	**7.0%**

The Company's share in profits of associates for the years ended 31 December 2023 and 2022 amounted to USD629 million and USD1,440 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 2023 was USD7,273 million as compared to USD8,775 million as at 31 December 2022.

Share of profits of joint ventures was USD123 million for the year ended 31 December 2023 as compared to USD115 million for the same period in 2022. This represents the Company's share of profits in joint ventures, namely BEMO (the companies comprising the Boguchanskoye Energy and Metals Complex), LLP Bogatyr Komir and Mega Business and Alliance (coal and transportation business in Kazakhstan).

Profit before income tax

The Group earned a profit before income tax in an amount of USD244 million for the year ended 31 December 2023, as compared to a profit before income tax in an amount of USD2,166 million for the year ended 31 December 2022 due to reasons set out above.

Income tax

The Group recognized income tax credit in the amount of USD38 million for the year ended 31 December 2023 as compared to income tax expense USD373 million for the year ended 31 December 2022.

Current tax expenses decreased by USD178 million, or 57.4%, to USD132 million for the year ended 31 December 2023, as compared to USD310 million for the year ended 31 December 2022 due to decrease in taxable profit.

The Group recognized deferred tax credit in the amount of USD170 million for the year ended 31 December 2023 as compared to deferred tax expense in the amount of USD63 million for the year ended 31 December 2022 primarily due to the tax effect of accruals of certain temporary differences related to foreign exchange differences.

Profit for the period

As a result of the above, the Group recorded a profit in the amount of USD282 million for the year ended 31 December 2023, as compared to USD1,793 million for the year ended 31 December 2022.

Adjusted and Recurring Net Profit

(USD million)	Six months ended 31 December 2023	Six months ended 31 December 2022	Change half-year on half-year, % (2H to 2H)	Six months ended 30 June 2023	Change half-year on half-year, % (2H to 1H)	Year ended 31 December 2023	Year ended 31 December 2022	Change year-on-year, %
Reconciliation of Adjusted Net (Loss)/Profit								
Net (loss)/profit for the period	(138)	113	NA	420	NA	282	1,793	(84.3%)
Adjusted for:								
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect	(417)	(123)	239.0%	(212)	96.7%	(629)	(1,440)	(56.3%)
Change in the fair value of derivative financial liabilities, net of tax (20%)	59	(127)	NA	40	47.5%	99	176	(43.8%)
Impairment of non-current assets	254	173	46.8%	67	279.1%	321	196	63.8%
Adjusted Net (Loss)/ Profit	**(242)**	**36**	**NA**	**315**	**NA**	**73**	**725**	**(89.9%)**
Add back:								
Share of profits of Norilsk Nickel, net of tax	417	123	239.0%	212	96.7%	629	1,440	(56.3%)
Recurring Net Profit	**175**	**159**	**10.1%**	**527**	**(66.8%)**	**702**	**2,165**	**(67.6%)**

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

The Group's total assets decreased by USD3,167 million, or 12.9%, to USD21,464 million as at 31 December 2023 as compared to USD24,631 million as at 31 December 2022. The decrease in total assets was driven primarily by the decrease in carrying value of investment in associates, inventories, trade and other receivables, cash and cash equivalents.

Total liabilities decreased by USD1,876 million, or 15.2%, to USD10,448 million as at 31 December 2023 as compared to USD12,324 million as at 31 December 2022 mainly due to the decrease in the Group's outstanding financial debts.

Cash flows

The Group generated USD1,760 million from the operating activities for the year ended 31 December 2023 as compared to net cash used in operating activities in the amount USD412 million for the year ended 31 December 2022 that was driven by the net decrease in working capital and provisions to USD1,104 million for the year ended 31 December 2023 as compared to the net increase in working capital and provisions to USD2,422 million for the year ended 31 December 2022.

The Group used USD1,030 million net cash in the investing activities for the year ended 31 December 2023 as compared to net cash generated from investing activities in the amount of USD472 million for the year ended 31 December 2022 primarily due to dividends received from associates in the amount of USD1,639 million for the year ended 31 December 2022. Net cash spent for acquisition of property, plant and equipment and intangible assets was USD1,056 million and USD1,239 million for the years ended 31 December 2023 and 2022, respectively.

The Group used USD1,747 million net cash in financing activities for the year ended 31 December 2023 as compared to USD1,415 million net cash generated from the financing activities for the year ended 31 December 2022 primarily due to net repayment of borrowings of USD1,293 million for the year ended 31 December 2023 as compared to the net proceeds from borrowings of USD2,391 million for the year ended 31 December 2022.

Segment reporting

The Group has four reportable segments, as described in the annual report of the Company, which are the Group's strategic business units: Aluminium, Alumina, Energy and Mining and Metals. These business units are managed separately and results of their operations are reviewed by the General Director of the Company on a regular basis.

The core segments are Aluminium and Alumina.

	Year ended 31 December			
	2023		2022	
(USD million)	**Aluminium**	**Alumina**	**Aluminium**	**Alumina**
Segment revenue				
kt	*3,972*	*4,340*	*3,693*	*5,373*
USD million	*9,682*	*1,926*	*10,962*	*2,620*
Segment result	685	34	2,526	(77)
Segment result margin	7.1%	1.8%	23.0%	(2.9%)
Segment EBITDA[20]	1,052	88	2,872	2
Segment EBITDA margin	10.9%	4.6%	26.2%	0.1%
Total capital expenditure	(682)	(249)	(768)	(311)

The Company presents two metrics for Aluminium segment: (1) total segment information and (2) information on own aluminium production. The difference between two metrics relates to the intersegment margins, sales of third parties metal and related costs and other non-production costs and expenses. Segment information for the year ended 31 December 2023 presented above relates to the Group's own aluminium production that is different from the relevant segment information presented in the Company's consolidated financial statements for the year ended 31 December 2023.

Key drivers for the decrease 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 2023.

20. Segment EBITDA for any period is defined as segment result adjusted for amortisation and depreciation for the segment.

Capital expenditure

The Group recorded a total capital expenditure of USD1,056 million for the year ended 31 December 2023. The Group's capital expenditure for the year ended 31 December 2023 was aimed at maintaining existing production facilities.

	Year ended 31 December	
(USD million)	**2023**	**2022**
Development capex	393	410
Maintenance		
Pot rebuilds costs	81	206
Re-equipment	582	623
Total capital expenditure	**1,056**	**1,239**

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

Consolidated financial statements

The following section contains the audited consolidated financial statements of the Group for the year ended 31 December 2023 which were reviewed by the Audit Committee, preliminary reviewed and noted by the Board on 14 March 2024 and recommended for the shareholders' approval.

The full set of audited consolidated financial statements of the Group, together with the report of the independent auditor is available on UC RUSAL's website at:

http://www.rusal.ru/en/investors/financial_stat.aspx.

Purchase, sale or redemption of UC Rusal's listed securities

Save for 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 2023.

Code of Corporate Governance Practices

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

The Directors adopted a corporate governance code which is based on the HKSE CG Code. The Directors considered that save for code provision C.1.6 (attendance of independent non-executive Directors and other non-executive Directors at general meetings), for reasons set out on page 191 of the Corporate Governance Report, RUSAL has complied with the HKSE CG Code during the period from 1 January 2023 to 31 December 2023. For further details of our Group's corporate governance practices and compliance, please refer to the Corporate Governance Report.

Material Events Since the End of the Year

9 January 2024	RUSAL updated its human rights policy and adopted its equal opportunities policy.
9 January 2024	RUSAL's forest climate project was registered in the Carbon Units Registry of the Russian Federation.
15 January 2024	RUSAL extends ASI certification to five more smelters.
22 January 2024	RUSAL presented voluntary reports on biodiversity conservation and water resources management.
6 February 2024	The first RUSAL plant implemented a pilot project for the production of recycled aluminium.

Loans and Borrowings

The nominal value of the Group's loans and borrowings was USD4,447 million as at 31 December 2023, not including bonds, which amounted to an additional USD3,447 million.

Below is an overview of certain key terms of the selected facilities in the Group's loan portfolio as at 31 December 2023:

Facility/Lender	**Principal amount outstanding as at 31 December 2023**	**Tenor/Repayment schedule**	**Pricing**
Credit facilities			
Pre-export credit facilities	USD367 million	Until November 2024, equal quarterly repayments starting from January 2022	3-month Term SOFR plus credit adjustment spread plus 1.7% – 2.1% p.a.
Russian Bank Loans	CNY10.7 billion	Bullet repayment at final maturity dates, the last repayment – January 2026	3.75% – LPR 1Y + 2.75% p.a.
	CNY15.8 billion	December 2027, equal quarterly repayments starting from March 2024	4.75% p.a.
	RUB18.7 billion	Quarterly repayments, the last repayment – December 2035	Key rate of the Bank of Russia plus 3.15% p.a.
Bonds			
Chinese Yuan ("**CNY**") bonds	CNY23.5 billion	ten tranches, the last repayment is July 2027, repayments at final redemption dates	3.75% – 6.7% p.a.

The average maturity of the Group's debt as at 31 December 2023 was 1.7 years. Details of our Group's loans and borrowings are set out in note 19 to the consolidated financial statements.

Security

As at 31 December 2023, the Group's debt (save for several unsecured loans and bonds) was secured, among others, by assignment of receivables under specified contracts, certain pledges of shares and interest of a number of the Company's subsidiaries, designated accounts, shares in Norilsk Nickel (representing 25% +1 share of Norilsk Nickel's total nominal issued share capital).

Key events during the year

In February 2023, RUSAL entered into a new credit facility with a Russian bank in the total principal amount of up to USD4.4 billion and maturity on 24 December 2027. On 3 February 2023, funds in the amount of CNY15.8 billion were partially drawdown with an interest rate of 4.75% and were used to refinance the principal outstanding under another existing debt with a Russian bank.

On 8 February 2023, pursuant to the extraordinary resolution of noteholders, RUSAL redeemed Eurobonds with a coupon rate of 4.85% in the principal amount of USD418 million from noteholders who hold the Eurobonds through the Non-Bank Credit Organisation Joint-Stock Company National Settlement Depository ("**NSD**") and other Russian custodians being the NSD direct participants.

On 16 May 2023, pursuant to the extraordinary resolution of the noteholders, RUSAL redeemed the Eurobond with a coupon 5.3% to noteholders who hold Eurobond through NSD and other Russian custodians being the NSD direct participants in the amount of USD419 million.

On 8 September 2023, the Company placed on the Moscow Exchange exchange-traded non-documentary interest-bearing non-convertible bonds series BO-001P-04 in the total amount of AED370 million, coupon rate is 5.95%. The maturity of the bonds is 2 years.

On 10 November 2023, the Company placed on the Moscow Exchange exchange-traded non-documentary interest-bearing non-convertible bonds series BO-001P-05 in the total amount of CNY600 million, coupon rate is 6.70%. The maturity of the bonds is 2.5 years.

Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or capital assets

Save for those disclosed in this Annual Report, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries during the Review Period. Apart from those disclosed in this Annual Report, there were no other material investments or additions of capital assets authorised by the Board as at the Latest Practicable Date.

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, was 36.6% as at 31 December 2023 (as at 31 December 2022 – 38.4%, as at 31 December 2021 – 32.2%, as at 31 December 2020 – 44.8%, as at 31 December 2019 – 46.3%).

Return on Equity

The Group's return on equity, which is the amount of net profit as a percentage of total equity, was 2.6% as at 31 December 2023 (as at 31 December 2022 – 14.6%, as at 31 December 2021 – 30.6%, as at 31 December 2020 – 11.6%, as at 31 December 2019 – 14.2%).

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 2023 was 1.9 (for the year ended 31 December 2022 – 8.2, for the year ended 31 December 2021 – 13.5, for the year ended 31 December 2020 – 2.8, for the year ended 31 December 2019 – 3.2).

EMPLOYEES

The table below presents information about the number of employees (full time equivalent) in each division of the Group as at 31 December 2022 and 2023.

Division	**As at 31 December 2022**	**As at 31 December 2023**
Aluminium	20,968	20,940
Alumina	25,505	23,917
Engineering and Construction	1,427	261
Energy	20	10
Packaging	4,667	4,696
Management Company	743	939
Technical Directorate	1,943	1,989
Other	4,190	4,348
Total	**59,463**	**57,100**

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 Group and achievement of its strategic goals.

Remuneration structure:

1. Remuneration for work

The Group 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 the employee's skills, complexity, quantity, quality and conditions of the work performed, regional and industrial specifics. It comprises compensation and incentive components.

EMPLOYEES

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

- Encouraging employees to achieve the Group's goals;
- Raising the labour 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 employees of the Group 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 Group 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 Group 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 Group: social stability and protection of employees, opportunities for personal and professional development, healthy lifestyle;
- Targeted nature of the benefits (the Group 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 Group operates;
- Focus on the best market practices.

2.2 Out of the most significant benefits in the Group'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 centres located in the Russian Federation;
- Possibility to purchase voluntary medical insurance policies at subsidised 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 Group'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 programme that enables employees to purchase housing on subsidised conditions.

3. Bonuses based on results of the year

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

The main tool to manage the performance of WCW is the system applicable in the Group for setting personal key performance indicators for employees and assessing their achievement.

3.2 For employees of the Workers category:

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

Creating a new generation of highly-skilled white collar workers (training and education of the external and internal candidate pool)

In 2023, RUSAL continued to carry out active work relating to training and education of the external and internal candidate pool, career guidance at schools, and implementation of special projects so as to promote the Group as an attractive employer.

Number of students learning under the Target Recruitment Programme:

Educational institutions	**Number of people**			
	2020	**2021**	**2022**	**2023**
Siberian Federal University	12	9	21	60*
Irkutsk National Technical Research University	0	0	0	11
Irkutsk State Technical University	2	1	1	0
Ural Federal University	2	14	11	2
Ural Federal University branch in Krasnoturyinsk	8	0	0	9
Ural State Mining University	12	11	9	11
Peter the Great Saint Petersburg Polytechnic University	0	3	1	1
Saint Petersburg State University of Industrial Technologies and Design	0	0	1	1
Kamensk-Uralsk Polytechnic College	14	18	11	68**
Krasnoturyinsk Polytechnic College	0	0	0	30**
Krasnoturyinsk Industrial College	0	0	0	19**
Severouralsk Polytechnic College	0	0	0	8**
Krasnoyarsk Industrial and Metallurgical College	22	16	41	57
Achinsk College of Industrial Technologies and Business	0	49	24	24
Divnogorsk Hydropower Engineering College	3	2	15	15
Tayshet Industrial and Technological College	0	0	0	26**
Bratsk Industrial Metallurgical College	0	0	0	27**
Krasnoyarsk College of Radio Electronics and Information Technologies	0	0	4	3
Total	**75**	**123**	**139**	**372**

An internship programme named "**New Generation**" was started in 2017 as part of the external candidate pool development. The programme mainly aims to rejuvenate the Group's workforce by attracting young white collar workers with high potential. Participants were selected from among the best graduates of the target educational institutions with high average performance assessment (a grade of no less than 4.5 for white collar workers), English language skills, readiness to relocate etc. For each intern, a mentor is appointed, who then develops an individual development plan and helps the intern adapt to a new environment, set and achieve professional goals. The internship lasts from three to twelve months, during which participants work on interesting and complex projects and then present them in front of their office and the head of the Personnel Unit. Provided the presentation is successful, a decision may be made to offer full-time employment. 105 interns were employed under the internship programme in the year ended 31 December 2023.

In the year ended 31 December 2023, the **Alchemy of the Future** Students' Olympiad, the general partner of which is RUSAL, continued its expansion. Throughout the 2022-2023 academic year, 75 schools and five universities became involved as partners in organising the Olympiad. The Olympiad was attended by 3,356 grade 8-11 students from general education schools. The territorial coverage reached over 200 localities in 48 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 advertising; placement of interactive posters on the official websites of schools, mass media, continuing education institutions, and development centres for school students.

In the year ended 31 December 2023, the Group continued to actively support scientific competitions among students in pursuing higher education. RUSAL became the main partner of the CASE IN engineering championships. The championships were attended by 322 students from 20 technical universities across Russia.

To further strengthen its candidate pool and train highly qualified white collar workers, the Group launched several functional academies.

For instance, the Business Academy project started in 2023. The target audience includes third year Bachelor's and fourth year full-time specialist students of industry-specific institutes under the Siberian Federal University. 105 students were selected to participate in the project, which focuses on the three branches in demand in the metals & mining industry: logistics, procurement, and sales.

The IT Academy continues its work in 2023, aiming to train white collar workers in areas such as information security, industrial automation, network and infrastructure, and more.

Plans for running the academies include entering target contracts with students and teaching them under a special educational programme that will cover work on real business cases and participation in additional activities like team building events, hackathons, quizzes, guided tours and practical training. Upon graduation, students will be guaranteed employment with the Group. To further motivate students, they will receive a scholarship of RUB10,000.

EMPLOYEES

Since 2021, the Company has been implementing the EN+/RUSAL Scholarship Programme project, which supports talented young people. This project does not only support those striving for specialised professions in metals & mining or the power industry, but also those who want to become doctors or teachers, thus contributing to the social development of their communities, including those where the Group has established a presence. The monthly scholarship amounts to RUB25,000. To develop additional skills and gain experience, scholarship recipients are invited to tours of production facilities, internships within the Group, and youth events. The complex nature of all these measures helps motivate interested students in pursuing employment with the Group. The total number of programme winners between 2021 and 2023 was 422.

Foreign students

As part of the programme to train engineers for the Group's production facilities in Africa, 64 students from Guinea continued their undergraduate studies at six higher education institutions throughout Russia in 2022. In addition, 20 Jamaican students began to study in their field of choice at Siberian Federal University after completing preparatory courses in the Russian language.

In 2023, as part of the Company's project to educate African citizens at Krasnoyarsk State Medical University, 50 Guinean students began their studies in key medical fields: nursing, dentistry, paediatrics, and therapy.

Forming and developing the candidate pool

At the year ended 31 December 2022, the Group launched the **Rusal Leaders talent programme**. The main goal of this programme is to prepare future leaders for the Group's most important projects and future managers for key businesses. Projects have become a key tool for the development of these individuals.

By the year ended 31 December 2022, 25 projects had been established for the development of the candidate pool within the Rusal Leaders talent programme, and 267 candidates were shortlisted for them.

By the year ended 31 December 2023, the number of projects had almost doubled, reaching 45, including seven strategic projects. The total expected economic benefit from the projects for 2023 exceeded RUB8 billion.

As at 31 December 2023, there were 170 employees participating in the Rusal Leaders talent programme, successfully developing projects and growing as individuals in the process.

EMPLOYEES

RUSAL has finally approved its company-wide Leader Development Programme, with a roadmap including five in-person training modules, opening and closing conferences, project team tracking, a series of workshops supervised by guest speakers, and English and Chinese classes. There were two in-person training modules, namely the Leader Competencies and Strategic Project Leader, carried out in 2023, in addition to project team mentorship.

The programme will feature two more modules in 2024, namely the Leader Communicator and Manager as Leader, as well as a series of workshops, where the guest speakers will include Russian and international experts.

In the year ended 31 December 2023, the Group prepared and finally approved a set of rules titled Working with Talent: Selection, Development and Appointment of Talent, Including Rotation and Competition Procedures.

Personnel were assessed using the new 9 Boxes methodology, and a talent pool of 3,079 people was formed.

From among them, 2,584 people were selected into the candidate pool.

Of the 3,519 white collar worker appointments in the Group, 12% were from the candidate pool.

During the year, 425 appointments were made from the Company's candidate pool, of which 17% were for positions of Grade 8 and above.

In the year ended 31 December 2023, the Master's School/Manager's School Candidate Pool Development Programme trained 1,501 employees, or 58% of the pool's total.

243 people were trained under the TRIZ (TIPS, Theory of Inventive Problem Solving) programme:

- TRIZ 100 – 59 people:
- TRIZ Project Manager – 46 people;
- TRIZ Workshop – 60 people;
- TRIZ Workshop+ – 78 people.

870 people were trained under the BS programmes:

BS Basic – 626 people;

BS 250 – 244 people (figures for 2023, derived from the 2022 and 2023 participant pools).

Management training sessions under the BS 250 initiative covered the following subjects:

– goal-setting;

– public speeches;

– inspiring leadership.

Out of the 139 participants recruited in the year ended 31 December 2022, 132 underwent management training and graduated successfully.

Out of the 155 participants recruited in the year ended 31 December 2023, 112 underwent management training

Staff training

In the year ended 31 December 2023, 23,088 employees received career development and vocational training. As their primary source, the training programmes rely on licensed professional training courses developed in-house. Additionally, the Group utilises external providers and examiners to enhance the career development of its employees.

One of RUSAL's main focus areas was the development of digital competences, specifically via the Digital Aluminium course, which was completed by 9,576 people.

Training personnel within Functional Academies

In the year ended 31 December 2023, the following functional academies (FAs) were established in response to business requests.

In FA Traders, a total of 83 staff members were trained in negotiations, sales and cargo transportation.

Fundamentals of International Business and Entrepreneurship: Specifics of Doing Business with China, an advanced corporate training initiative launched in 2023. 15 employees from RUSAL and En+ are currently participating in this programme.

It has been customised to match the goals and tasks of RUSAL and En+, taking into account the current geopolitical situation and trends.

The Specifics of Doing Business with China programme is a unique transformational initiative. The programme is designed to train managers from various industries who are specialised in trading with China. The programme includes face-to-face interaction with industry experts, visits to relevant companies in China as part of an off-site module, and practical sessions to gain first-hand knowledge and experience.

After completing the programme, participants will:

– immerse themselves in China's business culture, gaining insights into its history and traditions;

– acquire real-world expertise and skills in building international trade relationships with China;

– study various aspects of export and import operations, supply chains and logistics, communication channels, and the online environment;

– get up-to-date information on China's economic structure and the development of particular market segments;

– master skills to hold negotiations with Chinese partners, select intermediaries and set up operations on Chinese and Russian industrial digital platforms; and

– prepare plans for setting up funding and organising financial logistics when making settlements with Chinese counterparties.

FA Traders further includes basic technical training for 80 employees whose roles are related to inventory management and the disposal of non-liquid assets. Based on the test results, a training programme has been prepared for implementation in 2024.

The Resource Protection Directorate FA has trained a total of 33 security service employees in security control of investments in construction projects, information security, and audit of financial and economic activities.

The Project Management FA is designed for employees in any role who manage projects or participate in project work. This programme is divided into two levels, basic and advanced, depending on the extent of involvement in projects. Basic level training has already been implemented, with 246 employees attending in the year ended 31 December 2023. Advanced level training is set to start in February 2024.

Additionally, 33 employees were trained in product approach, which differs from project management. Following their training, these employees presented projects using the product approach with the aim to improve business efficiency.

Other corporate training programmes

Professional employee training, without a doubt, remains one of the most popular educational programmes at the Company. In the year ended 31 December 2023, 26,713 workers underwent standard operations procedure testing.

There was also a knowledge audit conducted among foremen, process engineers, and white collar workers involved in operations, involving 1,562 employees. Their knowledge of respective manufacturing practices was tested as part of affirming their basic awareness of production processes. Based on the results of the test, internal experts from the Company's Engineering and Technology Centre prepared and implemented training programmes. The most relevant topics also became the foundation for the Higher Aluminium Course, which was attended by 320 participants and 54 speakers. The Higher Aluminium Course had four streams for electrolysis and anode and casting production, as well as a separate quality stream. Within each stream, employees could engage in training and discussions on current processes and quality issues.

In addition, a cooperation with the Engineering and Technology Centre, resulted in a new Virtual Reduction Cell simulator for the process personnel, which helps predict the performance of the reduction cell in operation across a set of miscellaneous parameters.

Educating the Group's employees at higher educational institutions under bachelor, master and postgraduate programmes

- The Group implements mandatory modular employee training programmes for blue and white collar workers, helping them obtain bachelor's diplomas in branches of the Ural Federal University, Siberian Federal University, M. Reshetnev Siberian State Airspace University and Volgograd Technical University in the following areas: metals & mining, process machinery and equipment, power machinery engineering, process and production automation, standardisation and metrology, automation systems, and more. As at 31 December 2023, 363 RUSAL employees were getting trained under bachelor's degree programmes.

EMPLOYEES

- The Group's managers continue their education to obtain master's diplomas at the Ural State Mining University, Siberian Federal University, and Irkutsk National Research Technical University in a variety of fields: metals & mining, thermal power and thermal equipment, materials science and materials technologies, and mechanical engineering. As at 31 December 2023, 123 employees of RUSAL were continuing their master studies.

- Currently, 36 employees continue to raise the level of their education to obtain specialist's diplomas in mining and customs at Ural State Mining University, Saint Petersburg Mining University, and Irkutsk National Research Technical University.

Work is underway under the Company's Youth Policy and Regulations on Work with Youth and Organisation of the Company's Youth Councils. Within the framework of the regulations, an action plan was prepared for each production facility. The plans were implemented during the year. The activity budget totalled at RUB13,882 thousand.

In the year ended 31 December 2023, the Youth Councils organised and conducted 1,100 events in career guidance, culture and sports, and volunteering.

The outreach was as high as 179,000 people.

In the year ended 31 December 2023, a Youth Council was formed at VALCOM-PM Ltd. Overall, the Group has 22 Youth Councils.

Distance Learning System (DLS)

In the year ended 31 December 2023, the UNIVER platform was visited by 64,767 unique users. The platform has eight streamlined automated HR processes of RUSAL and EN+: onboarding, training (including mandatory training, professional training, periodic training, distance learning, and testing), personnel assessment (9 Boxes, 360), building a candidate pool and individual development plans, budgeting, goal setting, and goal-based assessment. 100% of portal users use the distance education and testing functionality, and 40% participate in other processes.

Since the beginning of 2023, 40,472 people (+129.8%) have attended e-courses and 195,654 (+10%) people have been tested. More than 60 e-learning courses for RUSAL Group employees have been developed and uploaded into the DLS. The distance learning covers the following topics: production processes, assessment (9 Boxes), setting SMART procurement goals, code of ethics, personally identifiable information protection, and more. On average, users rate course quality 9 out of 10.

Description	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Number of production facilities and business units using the DLS	67	69	57	58	59	110	106
Number of trainees using the DLS	33,649	90,806	36,835	25,571	69,650	70,668	64,767
Number of computer trainings (courses)	over 500	528	over 550	over 560	over 670	over 800	636

Occupational safety and health and environmental protection policies

RUSAL's activities to provide safe working conditions for employees and reduce occupational diseases and injuries are governed by the 2030 Occupational Health and Safety Strategy (adopted by the Board on 22 September 2022), the Corporate Occupational Health and Safety Policy, as well as the Declaration on Industrial and Fire Safety Policy. The Group's efforts in this area are integrated into the Occupational Health and Safety Management System, which is one of the crucial management systems within RUSAL's operations, and is approved by URS[21] as compliant with ISO 45001-2018.

21. United Registrar of Systems Ltd. (URS Certification), an international accredited registrar and classification organization.

The Group 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 and to prevent occupational diseases;
- 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, as well as embedding the safety culture, personnel training based on national and corporate requirements, including 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 to maintaining constructive dialogue with state authorities, employees, business partners, the general public and expert organisations to jointly resolve health and safety issues. The Group's experts 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 agencies, the Russian Chamber of Industry and Commerce, the Russian Association of Mining Industrialists, and other non-profit organisations and partnerships.

The Occupational Health and Safety Management System is a system based on the universally accepted health and safety management system standard ISO 45001-2018. 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. In 2023, three more RUSAL enterprises have successfully been certified as compliant to the ISO45001-2018 Standard.

Occupational Health and Safety Performance

In 2023, the LTIFR was about 0.15, which corresponds to the same indicator in 2022 (0.15) and is lower than the global average for the aluminium industry of 0.24 (according to the International Aluminium Institute, 2022). At the same time, the number of fatal accidents decreased by four times to one case.

Business risks

The Group gives particular emphasis to implementation and development of an effective risk management system in order to mitigate negative impact of potential risks and to ensure stable sustainable development of the business.

Risk identification and risk analysis performed by the owners of the Group's business processes as well as development, implementation and monitoring of risk mitigation actions are the key elements of the risk management system.

The Directorate for Control is responsible for methodological support to the risk management system, consolidation and analysis of the Group's risk portfolio.

Key internal document governing the risk management system is a risk management and internal control policy, which generally defines the concept, roles and responsibilities of the Group's employees at each management level and regulates risk management process, key risk assessment tools and techniques, procedures to evaluate risk mitigation effectiveness and to report risks.

Key actions and procedures to ensure effective and efficient risk management

- quarterly monitoring of the Group's risk portfolio by risk owners and update of the corporate risk map and risk register;
- monthly discussion of Group's businesses key risks at management meetings;
- quarterly review of the most significant risks by the executive committee and Audit Committee;

- internal audits of the effectiveness and efficiency of internal control systems in order to analyse and mitigate risks of ineffective and inefficient production setup, distribution and sales, supply chain, personnel management, risks of loss or fraud to Group's assets as well as risks of other business processes;
- regular risk audits of the Group's production facilities are regularly conducted by independent risk surveyors and by risk surveyors of insurance companies to analyse risks of physical damage and business interruption and to leverage the Group's insurance programme;
- refinement of risk assessment techniques and enhancement of the automated risk reporting system;
- regular training in risk management principles and procedures for employees and management of the Group.

Monitoring, reporting and evaluation of the risk management system

The Directorate for Control provides quarterly reports on the most significant risks to the Audit Committee. Such reports provide an overview of the Group's consolidated risk portfolio and its dynamics, the most significant realised risks, recently identified risks and the efficiency of management's risk mitigation actions.

The Audit Committee oversees the effectiveness of the Group's risk management system and compliance with the Company's risk management policies and procedures.

In 2023, the Group determined the following as its most important risk factors which are mostly inherent to the industry and nature of its business operations:

1. The Group operates in a cyclical industry under inherent volatility of prices and demand depending on a vast variety of macroeconomic factors, most of which are out of the Group's control. Prices for aluminium has significantly changed and may further change in the future especially taking into account current unstable geopolitical situation, risks of global and/or regional economic recession and associated significant volatility of commodity, currency and securities markets. Such volatility has and may continue to have a significant negative impact on the efficiency and financial results of the Group.

2. Stronger control and growing attention from the authorities and the public to the environmental safety issues, including stricter control over compliance with and possible revision of emission and discharge regulations or operational waste storage and disposal rules and conditions, as well as uncertainty surrounding the introduction of carbon tax on the Group's products and pathway to green power generation.
3. Hard-to-predict change in demand for primary metals and alloys, the risks of reducing consumption and risks of sales margin squeeze due to the imposed sanctions and trade restrictions against the economy, the Central Bank, the Ministry of Finance, the National Welfare Fund of the Russian Federation, a number of industries, individual enterprises and individuals of the Russian Federation, as well as uncertainty regarding further geopolitical developments, the introduction of additional restrictive and sanctions measures, their content and scope, both by Russian Federation and by other countries.
4. Retaining control by the Group over assets and businesses outside Russian Federation, especially over those based in "unfriendly" jurisdictions, in case of further extension and toughening of sanctions and limitations by the authorities of corresponding countries.
5. The Group's competitive position in the global aluminium sector depends to a great extent on unrestricted access to uninterrupted power supply and on long-term power supply contracts, in particular. Growing power prices as well as power supply interruptions may have substantial negative impact on the business, financial position and performance results of the Group.
6. The Group relies on uninterrupted transportation services and access to infrastructure necessary to transport its raw materials, consumables and finished products over long distances, which is outside the Group's control; the Group is dependent on prices for such services (rail tariffs, freight rates), which may increase taking into account the ongoing crisis of global logistics chains, as well as sanctions restrictions imposed by a number of countries on Russian ships and vehicles.
7. Provisions of the credit facilities impose certain limits on dividends paid by the Company. Failure by the Company to comply with such provisions may have serious implications for the Company and the Shareholders.
8. The Group is exposed to exchange rate fluctuations, which may have influence on its financial results.

9. Negative media coverage, claims and other public statements may significantly affect the Share price in a harmful manner.
10. The Group's business operations may be affected by manpower problems, lack of qualified workforce, and labour cost inflation.
11. The Group relies on third party vendors for some raw materials and consumables.
12. Equipment breakdowns, impossibility or delays in supply of equipment and/or components and spare parts due to sanctions, trade or logistics restrictions may result in decline of production or business interruption.
13. The Group is required to follow certain Russian anti-monopoly regulations.
14. The Group operates in an industry with distinctive inherent risks of environmental and public health damage.
15. Data on ore and mineral reserves is approximate and, by definition, uncertain, and such reserves of ore and minerals may be depleted sooner than expected.
16. The Group's ore exploration and mining licences and concessions may be suspended, modified, or terminated prior to their expiry, or may not be extended.
17. The Group is exposed to the risks from regulatory, social, legal, tax and political environments in a number of jurisdictions where 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, the Company 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, 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 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 an ongoing basis. Where the management believes that a lawsuit or 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 of the consolidated financial statements). As at 31 December 2023 the amount of claims, where the management assesses outflow as possible approximates USD25 million (31 December 2022: USD33 million).

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

Profiles of the Board Members

Executive Directors

Evgenii Nikitin, aged 58 *(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 during the Review Period.

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

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

Evgeny Kuryanov, aged 43 *(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. Mr. Kuryanov 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, Mr. Kuryanov was the salt operator of the reduction area of RUSAL Krasnoyarsk. From November 2005 to August 2010, Mr. Kuryanov was the potline supervisor/senior potline supervisor of RUSAL Krasnoyarsk. From June 2010 to December 2015, Mr. Kuryanov was the head of reduction area of RUSAL Krasnoyarsk. From December 2015 to August 2016, Mr. Kuryanov was the general director of Shelekhov branch of RUSAL Bratsk. Since September 2016, Mr. Kuryanov 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 during the Review Period.

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

Evgenii Vavilov, aged 39 *(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 during the Review Period.

Mr. Vavilov did not directly or indirectly own the Shares. Mr. Vavilov did not conclude any transactions with the Shares throughout the Review Period.

Non-executive Directors

Mikhail Khardikov, aged 41 *(Non-executive Director)*

Year of birth: 1982

Mr. Khardikov was appointed as a non-executive Director with effect from 23 June 2022. Mr. Khardikov joined JSC "EuroSibEnergo" (a subsidiary of EN+) in 2010 as Director of Investor Relations, and then later held the position of Director of Corporate Finance. In 2014, Mr. Khardikov was appointed Finance Director, and from 2018 to 2023, was General Director of JSC "EuroSibEnergo". Mr. Khardikov was previously Deputy General Director – Financial Director of EN+. From 2022 to 2023, Mr. Khardikov was the Deputy General Director – Operating Director of International limited liability company En+ Holding. Mr. Khardikov became the Chief Executive Officer of En+ with effect from 1 January 2024, and became the general director of International limited liability company En+ Holding from 1 January 2024.

In February 2023 Mr. Khardikov was appointed as chairman of the board of directors of LLC "Vostsibugol".

Prior to joining the EN+ Group, Mr. Khardikov worked in senior positions at JSC "Bashkirenergo", JSC "OGK-3", METALLOINVEST MC LLC and COALCO LLC.

In 2010, Mr. Khardikov graduated from the postgraduate course of the Academy of National Economy under the Government of the Russian Federation (now it is Russian Presidential Academy of National Economy and Public Administration), receiving the degree of Candidate of Economic Sciences. In 2007, Mr. Khardikov graduated from the Russian Presidential Academy of National Economy and Public Administration with a degree in organisation management.

Save as disclosed in this Annual Report, Mr. Khardikov 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 during the Review Period.

Mr. Khardikov did not directly or indirectly own the Shares. Mr. Khardikov did not conclude any transactions with the Shares throughout the Review Period.

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

Vladimir Kolmogorov, aged 70 *(Non-executive Director)*

Year of birth: 1953

From 18 May 2019 Mr. Kolmogorov was appointed as a non-executive Director.

From 2020 Mr. Kolmogorov is an executive Director of En+ Holding ILLC (earlier En+ Holding Limited). From 2019 to February 2024 he was First Deputy CEO for Technical Policy of En+ Holding ILLC (earlier En+ Holding Limited), from January to March 2024 he was Operating Director of En+ Holding ILLC. From 2020 to January 2024 he was First Deputy CEO – executive Director of En+. From October 2023 he became the executive director of JSC "EuroSibEnergo", and from January 2024 he became General Director of JSC "EuroSibEnergo".

From 2016 to December 2023, Mr. Kolmogorov was 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. From 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". From 2011 to 2012 he served as a Board of Directors Chairman of CJSC Distributed Energy. From 2009 to 2011 Mr. Kolmogorov was a General Director of JSC "OGK-3". From 1989 to 2006, Mr. Kolmogorov held senior management positions of such companies as EuroSibEnergoengineering 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 Russian Presidential Academy of National Economy and Public Administration 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 during the end of the Review Period.

Mr. Kolmogorov did not directly or indirectly own the Shares. Mr. Kolmogorov did not conclude any transactions with the Shares throughout the Review Period.

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

Semen Mironov, aged 43 *(Non-executive Director)*

Year of birth: 1980

Mr. Mironov was appointed as a non-executive Director with effect from 28 June 2023. From 2019 to 2022 Mr. Mironov was the investment director at Chelpipe Group and Rimera Group, responsible for identifying and diligencing compelling private equity investment opportunities in various sectors of the economy and their detailed analysis. In 2005-2018 Mr. Mironov was with Credit Suisse, combining roles of the Head of Eastern Europe, Middle East and Africa Equity Research and regional Metals, Mining and Chemicals sector head. In 2003-2005 Mr. Mironov was the Metals and Mining equity research analyst at Renaissance Capital, following companies in Russia, Ukraine and Kazakhstan.

Mr. Mironov is professionally certified as an investment advisor by both UK Financial Conduct Authority and Central Bank of the Russian Federation.

Mr. Mironov 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 during the Review Period.

Mr. Mironov did not directly or indirectly own the Shares. Mr. Mironov did not conclude any transactions with the Shares throughout the Review Period.

Marco Musetti *(Non-executive Director)* (Ceased to be a non-executive Director with effect from 28 June 2023)

Mr. Musetti retired as a non-executive Director with effect from 28 June 2023. Reference may be made to his profile information in the Company's annual report for the financial year ended 31 December 2022.

Independent Non-executive Directors

Christopher Burnham, aged 67 *(Independent non-executive Director)*

Year of birth: 1956

Mr. Burnham was appointed as an independent non-executive Director 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+ from 2019 until March 2022. Mr. Burnham was elected as the chairman of the board of directors of En+ from 25 March 2022.

Since 2013 Mr. Burnham has been the chairman and chief executive officer of Cambridge Global Capital, and from 2013 to 2022, Mr. Burnham was the chairman of its affiliated strategic advisory firm, Cambridge Global Advisors, headquartered in Washington, D.C. Mr. Burnham cofounded Cambridge after a distinguished career in government, diplomacy, banking and private equity. Mr. Burnham 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, Mr. Burnham 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 performing state pension system in the nation, eliminating the USD7 billion unfunded liability within the Connecticut workers compensation system, and modernisation of the financial and reporting systems.

At the U.S. Department of State, Mr. Burnham 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, Mr. Burnham 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". Mr. Burnham 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 re-entry into private equity after an eight-year absence. Mr. Burnham 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 organisations. Earlier in his career, Mr. Burnham 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. Mr. Burnham 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, from 2017 to May 2022, 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 during the Review Period.

Mr. Burnham did not directly or indirectly own the Shares. Mr. Burnham did not conclude any transactions with the Shares throughout the Review Period.

Liudmila Galenskaia *(alternatively spelled as Lyudmila Galenskaya)*, aged 65 *(Independent non-executive Director)*

Year of birth: 1958

Ms. Galenskaia was appointed as an independent non-executive Director with effect from 23 June 2022. Ms. Galenskaia is also an independent non-executive director of En+. Ms. Galenskaia has been the Head of the Service for Environmental Security and Rational Use of Natural Resources of Baikal Energy Company LLC (a company controlled by En+) since 2020. From 2003 until 2020, Ms. Galenskaia was the Head of the Service for Environmental Security and Rational Use of Natural Resources of JSC Irkutskenergo (a company controlled by En+).

From 1997 until 2002, Ms. Galenskaia held position of the Deputy Head of the Laboratory of JSC “Angarsk Polymer Plant”, and from 1980 to 1997, she held positions of Chemical analysis laboratory assistant of the 4th category, laboratory engineer, the Deputy head of the shop of Angarsk Production Association Angarsknefteorgsintez.

Ms. Galenskaia graduated from the Irkutsk State University named after Zhdanov in 1980. Ms. Galenskaia currently is a member of the Health, Safety and Environmental Committee.

Save as disclosed in this Annual Report, Ms. Galenskaia 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 during the Review Period.

Ms. Galenskaia did not directly or indirectly own the Shares. Ms. Galenskaia did not conclude any transactions with the Shares throughout the Review Period.

Kevin Parker, aged 64 *(Independent non-executive Director)*

Year of birth: 1959

Mr. Parker was appointed as an independent non-executive Director 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 for10 years and the former global head of Deutsche Asset Management from 2004 to 2012.

Mr. Parker 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, Mr. Parker 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. Mr. Parker 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. Mr. Parker joined Deutsche Bank in June 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 during the Review Period.

Mr. Parker did not directly or indirectly own the Shares. Mr. Parker did not conclude any transactions with the Shares throughout the Review Period.

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

Randolph N. Reynolds, aged 82 *(Independent non-executive Director)*

Year of birth: 1941

Mr. Reynolds was appointed as an independent non-executive Director with effect from 14 February 2019.

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

Mr. Reynolds has joined the Board of a charity organization that provides companion animals obtained from shelters and/or rescues free of charge.

Mr. Reynolds served as a vice chairman and executive officer and was a member of the board of directors of Reynolds Metals Company. Mr. Reynolds 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, Mr. Reynolds has also become its president since the third quarter of 2023.

In 1969, Mr. Reynolds joined Reynolds Metals Company as a salesman in the metal field sales department in Louisville, Kentucky. In 1972, Mr. Reynolds began his career as national accounts manager for the chemical sales division. Mr. Reynolds was assigned the additional responsibility of worldwide sales in 1974 and was named general manager of the division in 1977. Mr. Reynolds 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). 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 during the Review Period.

Mr. Reynolds did not directly or indirectly own the Shares. Mr. Reynolds did not conclude any transactions with the Shares throughout the Review Period.

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

Evgeny Shvarts, aged 65 *(Independent non-executive Director)*

Year of birth: 1958

Dr. Shvarts was appointed as an independent non-executive Director with effect from 20 April 2020.

Dr. Shvarts has been 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 was a member of its Corporate Governance, Nomination and Remuneration Committee till June 2022 and is a member of its Sustainable Development and Climate Change Committee. Dr. Shvarts has been a member of the board of the Charity Foundation, Biodiversity Conservation Centre (BCC) since 1993, a Leading (since April 2023 – Chief) Scientist of Institute of Geography, the Russian Academy of Sciences (RAS) in Moscow, a Head of Center for responsible use of natural resources, Institute of Geography, RAS in Moscow since 2021, and a J. William Fulbright Foreign Scholarship Fellow (2019-2020) in University of Washington (Seattle, WA) and in Bowdoin College (ME). Dr. Shvarts was a former director of Conservation/director of Conservation Policy of WWF-Russia (1998-2019). Dr. Shvarts 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, the chairman of the board of the Biodiversity Conservation Center (1992-1998), and the manager of the Protected Areas Component of the GEF/WB "RF Biodiversity Conservation Project" (1996-1998). Since November 2021, Dr. Shvarts has been a professor at the Faculty of Geography and Geoinformation Technologies, National Research University Higher School of Economics. Dr. Shvarts has authored 11 books and 179 articles, and was awarded the Title "Emeritus Ecologist", granted by President of Russian Federation and 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 during the Review Period.

Dr. Shvarts did not directly or indirectly own the Shares. Dr. Shvarts did not conclude any transactions with the Shares throughout the Review Period.

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

Anna Vasilenko, aged 50 *(Independent non-executive Director)*

Year of birth: 1973

Ms. Vasilenko was appointed as an independent non-executive Director with effect from 24 June 2021.

Ms. Vasilenko is an independent director of PJSC "Inarctica" (before August 2022 – PJSC "Russian Aquaculture") from 30 June 2021. Ms. Vasilenko has been the Chief Executive Officer of EM (a strategic advisory and communications firm) from April 2021. She worked at the Moscow Exchange from 2014 until 2020 and was the Managing Director, Head of Primary Markets & Client Service Development. She was largely responsible for primary market activity and Moscow IPOs and helped bring more companies to the Moscow Exchange. Ms. Vasilenko has been credited as being a key player in the effort to end the notion that Russian companies needed a foreign share listing when going public, and during her time at the Moscow Exchange, more companies sought a sole listing on Russia's main stock exchange.

From 2006 to 2012, Ms. Vasilenko was the Head of Equity Finance, director, Chief Operations Officer, business manager of equity structure products group of Renaissance Capital in Moscow. From 2003 to 2006, Ms. Vasilenko was the Deputy Head of Securities Department, Associate Director and Deputy Head of Investor Relations Department of Lukoil, Moscow. Ms. Vasilenko was the Head of Operations of Credit Suisse, Moscow from 1997 to 2003.

Ms. Vasilenko completed an EMBA at the Moscow School of Management Skolkovo, and obtained a Master degree in economy from Lomonosov Moscow State University.

Ms. Vasilenko 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 during Review Period.

Ms. Vasilenko did not directly or indirectly own the Shares. Ms. Vasilenko did not conclude any transactions with the Shares throughout the Review Period.

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

Bernard Zonneveld, aged 67 *(Independent non-executive Director, Chairman)*

Year of birth: 1956

Mr. Zonneveld was appointed as an independent non-executive Director 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. Mr. Zonneveld has served as chairman of the Netherlands-Russian Council for Trade Promotion and a member of the Dutch Trade Board. Mr. Zonneveld 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 during the Review Period.

Mr. Zonneveld did not directly or indirectly own the Shares. Mr. Zonneveld did not conclude any transactions with the Shares throughout the Review Period.

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

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***	**Compliance Committee**
Mr. Christopher Burnham		X	X		C
Ms. Liudmila Galenskaia				X	
Mr. Kevin Parker	C			X	X
Mr. Randolph N. Reynolds		X	X		
Dr. Evgeny Shvarts				C	
Ms. Anna Vasilenko	X		C		
Mr. Bernard Zonneveld	X	C			X
Mr. Mikhail Khardikov				X	
Mr. Vladimir Kolmogorov					
Mr. Semen Mironov					
Mr. Evgeny Kuryanov					
Mr. Evgenii Nikitin					
Mr. Evgenii Vavilov					

Notes:

C – Chairman

X – member

* – This Board committee may also consist of non-Board members

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

General Director (sole executive body)

Evgenii Nikitin, aged 58 *(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 during the Review Period.

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

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

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

Senior Management of the Group

Alexandr Popov, aged 53 *(Chief Financial Officer)*

Year of birth: 1971

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

Prior to that appointment Mr. Popov was independent consultant for business turnaround and bankruptcy procedures. From 2007 to 2017, Mr. Popov held the position of chief financial officer in companies such 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 of 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.

Kommersant ranked him among the top 100 Russian chief financial officer in 2017.

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 during of the Review Period.

Corporate Secretary

Sergey Bazanov, aged 44 *(Corporate Secretary)*

Year of birth: 1980

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

Mr. 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 organisational support for the work of the Company's management bodies, including the Board.

Prior to joining RUSAL, Mr. 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.

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

Mr. Bazanov did not directly or indirectly own the Company's Shares. Mr. Bazanov did not conclude any transactions with the Shares throughout 2023.

The Board are pleased to present the 2023 Annual Report and the audited consolidated financial statements of United Company RUSAL, international public joint-stock company for the year ended 31 December 2023.

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 slabs, 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 refine bauxite into alumina, key raw material for aluminium production. 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 2023 are set out in the consolidated financial statements on pages 220 to 336.

3. Business Review

Please refer to the sections headed "Business Overview" and "Management Discussion and Analysis" on pages 12 to 84 for further information on the review of the Group's business.

4. Dividends

Under the requirements of the Charter, the Shareholders may resolve to distribute (declare) dividends upon recommendation of the Board. No dividends were declared and paid by the Company during the year ended 31 December 2023.

5. Reserves

The transfer of USD373 million from 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 2023 was USD17,890 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. Donation

During the year ended 31 December 2023, the Group made charitable donations of approximately USD33 million.

8. Share capital

Share repurchases

Save as the redemption of bonds as disclosed in 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 2023.

Share issues

No Shares were issued/allotted by the Company during the financial year ended 31 December 2023.

Debenture issued

Save for the bonds as disclosed in note 19(b) to the consolidated financial statements, no debenture was issued by the Company during the financial year ended 31 December 2023.

9. General mandate granted to the Directors in respect of the issuance of Shares

There was no general mandate granted to the Directors to issue Shares in effect during the financial year.

The Board is authorised 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 subject to preliminary approval by the GSM.

10. 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.

The impact of the Shareholding Changes in 2018 and the Shareholding Changes in 2019 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.

The impact of the Shareholding Changes in 2018 and the Shareholding Changes in 2019 to the Shareholders' Agreement among Major Shareholders only is described in Appendix B.

11. Management contracts

Other than the full-time employment contracts, 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 ended 31 December 2023.

12. Connected transactions

(i) 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 subsisting during the financial year ended 31 December 2023, 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 this Annual Report differ from the related party transaction disclosures included in note 5, note 6 and note 25 of the consolidated 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. Save as disclosed in this section, none of the related party transactions in note 5, note 6 and note 25 of the consolidated financial statements constituted a connected transaction or continuing connected transaction subject to independent shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the HKSE Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the HKSE Listing Rules. 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 2023 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

During the Review Period, En+ was 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 wire 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 circulars dated 11 October 2016, 18 October 2019, 30 November 2022 and 22 November 2023 (the "**Circulars**"), 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 details of which are as follows:

(i) BrAZ and JSC "Irkutskenergo" entered into a long-term electricity purchase contract pursuant to which BrAZ agreed to purchase electricity from JSC "Irkutskenergo" for a period of ten years from 1 January 2017 to 31 December 2026;

(ii) BrAZ (Branch of PJSC "RUSAL Bratsk" in Shelekhov) and JSC "Irkutskenergo" entered into a long-term electricity purchase contract pursuant to which BrAZ agreed to purchase electricity from JSC "Irkutskenergo" for a period of ten years from 1 January 2017 to 31 December 2026; and

(iii) RUSAL Energo, a subsidiary of the Company, and EuroSibEnergo JSC, a power generating company controlled by En+ as to more than 30% of its issued share capital, entered into a long-term electricity purchase contract pursuant to which RUSAL Energo agreed to purchase electricity from EuroSibEnergo JSC for a period from 1 November 2016 to 31 December 2025.

Under each of these new long-term electricity and capacity contracts, preliminary payments for electricity supplied shall be paid not later than 14th day and 28th day of the Review Period, respectively. Final payment for electricity supplied shall be made before the 21st day of the month following the Review Period. The cost of electricity to be supplied is satisfied in cash via bank transfer. The prices of electricity supplied under these new long-term electricity and capacity contracts were agreed between the parties and were determined based on a formula which is tied to the market prices of electricity at discount. For details of the formula, please refer to the circulars of the Company dated 11 October 2016, 30 November 2022 and 22 November 2023.

As mentioned in the announcement dated 29 November 2017, as part of a reorganisation of the En+ group companies, on 28 November 2017, the original contracts with JSC "Irkutskenergo" were terminated and replaced with new electricity and capacity contracts entered into between the respective members of the Group which were parties to the original contracts and LLC "EuroSibEnergo-Hydrogeneration" ("**EuroSibEnergo-Hydrogeneration**", a wholly-owned subsidiary of En+). The material terms and conditions of the new electricity and capacity contracts (including those as set out in the circular of the Company dated 11 October 2016, 30 November 2022 and 22 November 2023 such as the pricing formula, annual contractual amount of electricity to be supplied and payment timeframe, guarantee arrangements and annual caps) were the same as those under the original electricity and capacity contracts, and the term of the new electricity and capacity contracts covers the remaining term of the original electricity and capacity contracts.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2023 under the contract between BrAZ and JSC "Irkutskenergo"/EuroSibEnergo-Hydrogeneration (which replaced JSC "Irkutskenergo") was USD226.4 million.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2023 under the contract between BrAZ (which replaced JSC "RUSAL Ural" (formerly JSC "SUAL") pursuant to an addendum dated 31 December 2014) and JSC "Irkutskenergo"/EuroSibEnergo-Hydrogeneration (which replaced JSC "Irkutskenergo") was USD74.9 million.

The actual monetary value of electricity purchased for the year ended 31 December 2023 under the contract between RUSAL Energo and EuroSibEnergo JSC was USD170.7 million.

Short-term electricity and capacity supply contracts

Members of the Group, including BrAZ, JSC "RUSAL Sayanogorsk", JSC "RUSAL Novokuznetsk", RUSAL Ural JSC and RUSAL Energo have entered into, from time to time in the financial year ended 31 December 2023 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 LLC "Avtozavodskaya CHP", EuroSibEnergo, EuroSibEnergo-Hydrogeneration and LLC "Baikal Energy Company". The electricity and capacity supplied under these short-term electricity and capacity supply contracts are derived from the plants operated by LLC "Avtozavodskaya CHP", EuroSibEnergo, EuroSibEnergo-Hydrogeneration and LLC "Baikal Energy Company".

The prices of electricity and capacity supplied were determined under a competitive procedure (involving bidding and tendering of suppliers and customers of electricity and capacity by a respective operator) through the TSA or agreed by the parties at a level not higher than such prices, and prices determined through such competitive procedure were generally considered as market prices. The parties to these short-term electricity and capacity contracts receive information relating to prices of electricity and capacity directly from the TSA or from the "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 ("**System Operator**"), 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 electricity and capacity contracts (with independent third parties or connected persons) through the TSA (all contracts in the wholesale electricity and capacity market, including non-regulated contracts, are registered by the TSA).

Under the terms of the short-term electricity and capacity contracts, payments due to be paid by members of the Group shall be made in instalments 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", LLC "Rusal Medical Center", Casting and mechanical plant "SKAD" Ltd., LLC "KrAMZ Avto" 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+", 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 instalments 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 2023, 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 Limited Liability Company "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 and capacity 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 instalments 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 2023 under the contracts/addendums with 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 USD293 million.

Miscellaneous electricity and capacity transmission contracts

The Group has also entered into miscellaneous electricity and capacity contracts and/or addendums to those contracts with JSC "IENC", a company controlled by En+ as to more than 50% of its issued share capital, from time to time during the year ended 31 December 2023.

The prices of electricity transmission under such miscellaneous electricity and capacity 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 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 2023 under these contracts with companies controlled by En+ was USD134.9 million.

Long-term capacity RSE contracts

The Group also entered into the long-term capacity supply from renewable sources of energy contracts ("**RSE Contracts**") with a term of 15 years with companies controlled by En+ as sellers, including JSC "Krasnoyarskaya HPP" (which was replaced by LLC "Abakanskaya SPP" in 2017) and EuroSibEnergo-Hydrogeneration, from time to time during the year ended 31 December 2023.

The entering into of these long-term capacity RSE contracts is compulsory for participants of the wholesale electricity and capacity 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 the 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 the relevant legislation of the Government of the Russian Federation and the Wholesale Market Rules, details of which were set out in the circulars of the Company dated the 11 October 2016, 30 November 2022 and 22 November 2023. 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 2023 under the long-term capacity RSE contracts with LLC "Abakanskaya SPS" was USD0.6 million.

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

Members of the Group are the 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 the 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 the infrastructure organisations including the Market Council, the TSA, the Joint Stock Company "Financial Settlement Center" (the single settlement center of the wholesale electricity and capacity market) ("**Financial Settlement Center**") and 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 2027 (inclusively). This procedure guarantees the refund of cash spent for retrofitting of generating facilities of thermal power plants at the expense of the wholesale electricity and capacity market consumers.

As such, the long-term mandatory contracts for the purchase and sale (supply) of capacity of retrofitted generating facilities ("**KOMMod contracts**") 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 the commercial representation agreements as an agent, the Financial Settlement Center concludes the KOMMod contracts with the selected suppliers on behalf of the wholesale electricity and capacity market participants, with a delivery period of 16 years.

According to the 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 the KOMMod contracts. Projects for retrofitting of thermal power plant facilities owned by JSC "Irkutskenergo", were included in the list of selected projects.

In accordance with the wholesale electricity and capacity market regulations, the Financial Settlement Center, as agent, is obliged to conclude the KOMMod contracts on behalf of the 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 the conclusion of the KOMMod contracts.

Members of the Group may not reject the conclusion of the KOMMod contracts since this type of agreements is obligatory for conclusion by all the wholesale electricity and capacity market members. If the Wholesale Market Rules were not observed by the members of the Group, they would lose the wholesale electricity and capacity market participant status which would have resulted in a significant growth in electricity and capacity purchase costs.

In September 2019, the Financial Settlement Center concluded the KOMMod contracts 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 "Baikal Energy Company" in 2020), a company controlled by En+, as the counterparty/supplier. The obligations of the parties under part of these agreements (supply and payment) have already commenced in 2022 and part of them are expected to commence in the near future. Amounts payable by the members of the Group under these KOMMod contracts shall be made in cash via bank transfer on payment terms prescribed by regulations of the Market Council.

According to the 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 the KOMMod contracts. In March 2020 the Financial Settlement Center concluded the KOMMod contracts on behalf of certain members of the Group (which are the participants of the wholesale electricity and capacity market) with JSC Irkutskenergo (as replaced by LLC "Baikal Energy Company" 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.

According to the results of the selection of projects for the modernization of the generating capacities of thermal power plants, carried out in November 2020, the Decree of the Government of the Russian Federation No. 265-r dated 6 February 2021 approved a list of generating facilities, the capacity of which is supplied under the KOMMod contracts. In March 2021, the Financial Settlement Center entered into KOMMod contracts on behalf of certain members of the Group (who are the participants in the wholesale electricity and capacity market) with LLC "Baikal Energy Company", a company controlled by En+, as the counterparty/supplier. The obligations of the parties under these agreements (delivery and payment) will commence from 2026 at the earliest.

It is expected that the members of the Group will enter into the KOMMod contracts with the associates of En+ from time to time in the future on the same terms as described in the circulars of the Company dated 18 October 2019, 30 November 2022 and 22 November 2023.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2023 under the KOMMod contracts with JSC "Irkutskenergo" was USD2.5 million.

The aggregate consideration for the long-term and short-term electricity and capacity supply contracts, long-term capacity RSE Contracts, KOMMod contracts together with the miscellaneous electricity and capacity contracts between the Group and the associates of En+ for the year ended 31 December 2023 was USD903 million, which is within the annual cap of USD1,410 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 2023.

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; and (ii) the transactions under certain aluminium sales contracts with Mr. Deripaska's associates 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 ("**2019 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 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) entered into over the three years ended 31 December 2022. The 2019 Framework Agreement was amended by an amendment agreement on 27 December 2022 ("**2022 Framework Agreement**") and the term of the 2019 Framework Agreement shall be valid until 31 December 2023 (as mentioned on page 35 of the circular of the Company dated 22 November 2023. Upon expiry of the validity of the 2022 Framework Agreement (i.e. 31 December 2023), the 2019 Framework Agreement was further amended by an amendment agreement on 20 December 2023 and the term of the 2019 Framework Agreement shall be valid until 31 December 2024.)

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 the associates of En+

During the Review Period, "KraMZ" Ltd. was an indirect subsidiary of En+ and was therefore an associate of En+. "KraMZ" Ltd. was therefore a connected person of the Company under the HKSE Listing Rules. Accordingly, the contracts between members of the Group on one part and "KraMZ" Ltd. on the other, as described below, constituted continuing connected transaction for the Company under the HKSE Listing Rules.

Regarding the contract dated 30 December 2021 below, 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. Regarding the contract dated 22 March 2022 below, the customer was the only offer received due to the specifics of the chemical composition and remains of non-sortable aluminium waste trimmings, therefore the contract was entered into. Pursuant to these contracts, "KraMZ" Ltd. was to buy primary aluminium/aluminium scraps from the members of the Group. These contracts were concluded on arms-length commercial terms. The consideration for these contracts were satisfied in cash via wire transfer.

Details of these contracts are 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 2023 USD million (excluding VAT)**
KraMZ Ltd.	JSC "UC RUSAL TH"	Addendum dated 23/12/2022, which is an addendum to the contract dated 30/12/2021 as mentioned in the Company's announcement dated 30/12/2021	Up to 31.12.2023	Within 58 calendar days from the date of shipment of the goods.	**164**
KraMZ Ltd.	Limited Liability Company "Light Materials and Technologies Institute"	23/12/2022	Up to 28.2.2023	100% prepayment	–

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 2023 USD million (excluding VAT)
KraMZ Ltd.	Limited Liability Company "United Company RUSAL Engineering and Technology Center"	4/4/2023	Up to 21 April 2023	100% upon delivery, payment within 10 days	–
KraMZ Ltd.	Limited Liability Company "United Company RUSAL Engineering and Technology Center"	20/7/2023 Framework Agreement	Up to 31 December 2023	100% payment upon delivery within 30 days	–
KraMZ Ltd.	Limited Liability Company "United Company RUSAL Engineering and Technology Center"	Specification No.1 dated 20/7/2023 to the Framework agreement dated 20/7/2023	Up to 31 December 2023	100% payment upon delivery within 30 days	–
KraMZ Ltd.	Limited Liability Company "United Company RUSAL Engineering and Technology Center"	Specification No.2 dated 20/7/2023 to the Framework agreement dated 20/7/2023	Up to 31 December 2023	100% payment upon delivery within 30 days	–
KraMZ Ltd.	Limited Liability Company "United Company RUSAL Engineering and Technology Center"	Specification No.3 dated 20/7/2023 to the Framework agreement dated 20/7/2023	Up to 31 December 2023	100% payment upon delivery within 30 days	–

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 2023 USD million (excluding VAT)
KraMZ Ltd.	JSC "UC RUSAL TH"	6/12/2023, which is a new addendum to the contract dated 30/12/2021 disclosed on 30/12/2021	Up to 31 December 2023	Within 58 calendar days from the date of shipment of the goods. The first calendar day following the date of shipment is considered to be the first day of the start of the payment period. When paying from the 8th to the 58th calendar days, in addition to the contractual value of the goods, the supplier charges, and the buyer pays interest based on the key rate of the Central Bank of the Russian Federation, effective on the date of shipment of the goods, + 1.96% per annum of the value of the paid goods.	**31.9**
Total					**196***

* - The sum of the figures in the tables is different due to rounding

The aggregate consideration for primary aluminium sale contracts provided by the associates of En+ during the financial year ended 31 December 2023 amounted to USD196 million, which was within the maximum aggregate consideration of USD237.589 million for the financial year ended 31 December 2023 as disclosed in the announcement dated 27 December 2023. For details, please refer to the aforementioned announcement.

Aluminium Sales Contracts under the Glencore sales contract

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 tonnes a year of primary aluminium with an aggregate amount under the term of the sales contract being up to 800,000 tonnes 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 constituted 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 2023 amounted to USD1,058.4 million, which is within the annual cap of USD3,933 million as approved by the independent shareholders of the Company for such continuing connected transactions for the year ended 31 December 2023.

C. Transportation Contracts with the associates of En+

During the Review Period, En+ held more than 30% of the issued share capital of OVE, thus OVE was an associate of En+. OVE was therefore a connected person of the Company under the HKSE Listing Rules. Accordingly, the contract between members of the Group on one part and OVE on the other, as described below, constitutes continuing connected transactions for the Company under the HKSE Listing Rules. Pursuant to this contract, OVE was to provide transportation services to a member of the Group. This transportation contract was concluded on arms-length commercial terms. The consideration for this contract was satisfied in cash via wire transfer or set-off of obligation.

Details of this contract is 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 2023 USD million (excluding VAT)**
OVE	JSC RUSAL Sayanogorsk	16.12.2022	Up to 31.12.2023	Payment every 10 days within 10 working days from the date of receipt of the invoice	**3.4**
Total					**3.4**

The aggregate consideration for the transportation services provided by the associate of En+ during the year ended 31 December 2023 amounted to USD3.4 million, which was within the maximum aggregate consideration of USD24.097 million for 2023 as disclosed in the announcement dated 19 December 2022.

D. Heat Supply Contracts with the associates of En+

During the Review Period, each of the issued share capital of Baykalenergo JSC, Baikal Energy Company LLC, LIMITED LIABILITY COMPANY "AEROKUZBASS" and Khakass Municipal Systems LLC was held by En+ (being a substantial shareholder of the Company) as to more than 30%, and was therefore an associate of En+. Each of Baykalenergo JSC, Baikal Energy Company LLC, LIMITED LIABILITY COMPANY "AEROKUZBASS" and Khakass Municipal Systems LLC was 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 wire 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 2023 USD million (excluding VAT)**
LLC BEC	PJSC RUSAL Bratsk (Shelekhov branch)	1.1.2021	Up to 31.12.2023	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	**1.2**

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 2023 USD million (excluding VAT)
LLC BEC	PJSC RUSAL Bratsk (Shelekhov branch)	1.1.2021	Up to 31.12.2023	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	**0.7**
Baykalenergo JSC	LLC RUSAL Taishet Aluminium Smelter	28.12.2020 (the term of this contract commenced on 1.1 2021)	Up to 31.12.2023	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	–

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 2023 USD million (excluding VAT)
Khakass Municipal Systems LLC	JSC RUSAL SAYANAL	28.12.2020 (the term of this contract commenced on 1.1 2021)	Up to 31.12.2023	Payment is made no later than on the 10th day of the month following the billing period	**0.6**
LLC BEC	Joint Stock Company "SibVAMI"	19.2.2021 (the term of the contract commenced on 1.12.2020)	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	–

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 2023 USD million (excluding VAT)
Khakass Municipal Systems LLC	JSC RUSAL SAYANAL	22.3.2021, which is an additional agreement to the original contract dated 28.12.2020	Up to 31.12.2023	First payment term (payment period): no later than the 20th day of the month of the current billing period (month), on the basis of the invoice issued payment of 50% of the total cost of the amount of thermal energy agreed by the parties. Second payment term (payment period): no later than the 20th day of the month following the billing period (month), payment of the difference between the cost of the actual amount of heat energy received, determined on the basis of the readings of metering devices, or by calculation in the absence of metering devices, and the amount paid earlier. If there is any overpayment, it is credited as an advance payment for the cost of thermal energy in subsequent billing periods (months).	–

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 2023 USD million (excluding VAT)
Baikal Energy Company LLC	PJSC RUSAL Bratsk	1.1.2022	Up to 31.12.2024	Advance payments of 35% of the consideration to be paid on the 18th of the month; payment of 50% of the consideration to be paid on the last day of the month; the balance to be paid on the 10th day of the month following the billing month.	–
"Baikalenergo" JSC	JSC RUSAL Sayanogorsk	16.12.2022	Up to 31.12.2023	Payment is made monthly, until the 10th day of the month following the reporting one.	–
"Baikalenergo" JSC	JSC RUSAL Sayanogorsk	16.12.2022	Up to 31.12.2023	Payment is made monthly, until the 10th day of the month following the reporting one.	–
Khakass Utility Systems LLC	JSC RUSAL Sayanogorsk	16.12.2022	Up to 31.12.2023	First payment no later than the 20th day of the current billing period (month), on the basis of the invoice, of 85% of the total cost of the amount of heat energy agreed by the parties. Second payment no later than the 10th day of the month following the billing period (month), of the difference between the cost of the amount of thermal energy actually received, determined on the basis of meter readings (or by calculation in the absence of metering devices), and the amount paid earlier.	**2.4**

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 2023 USD million (excluding VAT)
Khakass Utility Systems LLC	JSC RUSAL Sayanogorsk	16.12.2022	Up to 31.12.2023	First payment no later than the 20th day of the current billing period (month), on the basis of the invoice, of 85% of the total cost of the amount of heat energy agreed by the parties. Second payment no later than the 10th day of the month following the billing period (month), of the difference between the cost of the amount of thermal energy actually received, determined on the basis of meter readings (or by calculation in the absence of metering devices), and the amount paid earlier.	**2**
JSC "Baikalenergo"	UC RUSAL Anode Plant LLC	16.12.2022 (Additional Agreement to the contract dated 28.12.2020)	Up to 31.12.2023	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.	–
JSC "Baikalenergo"	RUSAL Taishet LLC	16.12.2022 (the term of this contract will commence on 1.1.2023)	Up to 31.12.2024	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.	**0.1**

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 2023 USD million (excluding VAT)
JSC "Baikalenergo"	RUSAL Taishet LLC	16.12.2022 (the term of this contract will commence on 1.1.2023)	Up to 31.12.2024	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.	**0.1**
Baikal Energy Company Limited Liability Company	ANO CISS	22.3.2023 (the New Heat Supply Contracts comprises of 19 individual contracts (i) entered into between the same parties, (ii) with same transaction nature such as unit price and term and (iii) each relating to hot water and heat supply for one residential accommodation)	Up to 31.12.2024	Payment to be made by the 10th day of the month following the month of rendering services.	–

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 2023 USD million (excluding VAT)
LIMITED LIABILITY COMPANY "AEROKUZBASS"	LIMITED LIABILITY COMPANY "TERMINAL NOVOKUZNETSK"	3.4.2023	Up to 31.12.2023	Advance in the amount of USD104,110 for the modernization of the boiler house, due to subsequent consumption of heat energy after process connection; then payment for the supplied heat energy will be made upon consumption with a deferred payment no later than the 5th day of the month following the reporting one.	–
Baikal Energy Company LLC	PJSC RUSAL Bratsk	28.11.2023, which is an additional agreement to the original contract dated 1.1.2022 disclosed on 4.4.2022	Up to 31.12.2024	Advance payments on the 18th of the month – 35%, on the 30th of the month – 50% and the actual balance until the 10th of the month following the billing month – 15%	–
Khakass Utility Systems LLC	JSC RUSAL SAYANAL	19.12.2023, which is an additional agreement to the contract dated 28.12.2020 (the term of that contract commenced on 1.1.2021) disclosed on 29.12.2020	Up to 31.12.2023	50% of the planned cost of thermal energy and chemically treated water is paid until the 20th of the month of delivery; the final payment is made no later than the 20th day of the month following the reporting one.	–

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 2023 USD million (excluding VAT)
Baikal Energy Company LLC	PJSC RUSAL Bratsk (Shelekhov Branch)	28.12.2023, which is an additional agreement to the contract dated 1.1.2021 disclosed on 29.12.2020	Up to 31.12.2023	The first payment due date is no later than the 18th day of the month of the current month – 35%, the second payment date is no later than the last day of the month of the current month – 50%, and the third payment date is no later than the 10th day of the month following the billing month	–
Total					**7.1**

The aggregate consideration for the heat supply provided by the associates of En+ during the year ended 31 December 2023 amounted to USD7.1 million, which was within the maximum aggregate consideration of USD9.60 million for 2023 as disclosed in the announcement dated 29 December 2023.

E. Repair Services Contracts with the associates of En+

During the Review Period, each of the issued share capital of, "BEC-repair" LLC (prior to its cessation as a connected person of the Company; "BEC-repair" LLC ceased to be a connected person of the Company from 11 November 2023), LLC "EuroSibEnergo Engineering Company", KraMZ Ltd., Limited Liability Company "Eurosibenergo Service Company" (previously named LLC Irkutskenergoremont) and JSC "IENC" were directly or indirectly held by En+ as to more than 30%, and each of them was 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 "BEC-repair" LLC (prior to its cessation as a connected person of the Company), LLC "EuroSibEnergo Engineering Company", KraMZ Ltd., Limited Liability Company "Eurosibenergo Service Company" (previously named LLC Irkutskenergoremont) and JSC "IENC" as contractors constituted continuing connected transactions of the Company under the HKSE Listing Rules. The consideration for the repair services under each of these contracts were determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire 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 2023 USD million (excluding VAT)**
25.11.2022	RUSAL Krasnoturyinsk	Limited Liability Company "Eurosibenergo-Service Company"	Up to 31.5.2023	Purchase of services for capital repair of steam turbine	Payment within 60 calendar days after the signing of the work acceptance certificate.	0.3
19.9.2022 (additional agreement to the contract dated 14.2.2022)	Societe Anonyme "FRIGUIA"	LLC Irkutskenergoremont	Up to 31.12.2023	Purchase of services for the repair of steam boiler	Advance payment for works in the amount of 15% within 10 days from the date of signing the contract. Final settlement monthly within 30 days after signing the work acceptance certificate. 100% payment for services within 60 days after signing the act of acceptance.	0.3

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 2023 USD million (excluding VAT)
30.12.2022	Public Joint Stock Company «RUSAL Bratsk Aluminium Smelter»	JSC "IENC"	Up to 31.12.2023	Services on technical maintenance of equipment	No later than the 25th of the current month, the contractor provides an invoice and an act of acceptance of work performed for the current month in equal installments in the amount of 1/12 of the cost of annual maintenance. Payment is made by the customer within five calendar days from the receipt of the invoice for the current month	0.6
18.1.2023	JSC RUSAL Achinsk	Limited Liability Company "Eurosibenergo-Service Company"	Up to 31.12.2023	Purchase of services for maintenance of combined heat-and-power plant's equipment	Advance payment of 50% of the total price of the work to be performed to be made as per the monthly financial schedule by the 5th day of the current month. The remaining 50% will be paid by the customer within 10 calendar days from the date of receipt of the original invoices.	8

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 2023 USD million (excluding VAT)
18.1.2023	JSC RUSAL Achinsk	Limited Liability Company "Eurosibenergo-Service Company"	Up to 31.12.2023	Purchase of services for repair of boiler unit of combined heat-and-power plant	Advance payment of 50% of the total price of the work to be performed to be made as per the monthly financial schedule by the 5th day of the current month. The remaining 50% will be paid by the customer within 10 calendar days from the date of receipt of the original invoices.	4
18.1.2023	PJSC RUSAL Bratsk	"BEC-repair" LLC	Up to 31.12.2023	Purchase of services for maintenance and repair of production equipment	Payment to be made within 30 calendar days of signature by customer of the performed works certificate based on an invoice.	2.3
20.2.2023	Casting and mechanical plant "SKAD" Ltd.	Limited liability Company "EuroSibEnergo-engineering"	Up to 31.12.2023	Equipment repair services (electrical installations of high-voltage power lines)	Monthly payment for actually completed volumes no later than the 25th day of the month following the reporting one.	–

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 2023 USD million (excluding VAT)
20.2.2023, which is the supplemental contract to the contract dated 25.11.2022 announced on 28.11.2022, but with payments transferred from 2022 to 2023	RUSAL Krasnoturyinsk	Limited liability Company "EuroSibEnergo-Service Company"	Up to 31.5.2023	Purchase of services for capital repair of steam turbine	Payment within 60 calendar days after the signing of the work acceptance certificate.	–
11.4.2023	RUSAL Krasnoturyinsk	Limited Liability Company "EuroSibEnergo-Service Company"	Up to 31.3.2024	Purchase of services for capital repair of boiler unit	Payment within 60 calendar days after the signing of the work acceptance certificate	0.1
17.4.2023	Joint stock company "RUSAL Sayanogorsk Smelter"	JSC "Baikalenergo"	Up to 31.3.2025	Monthly service to the external heat networks and industrial plant wiring	Payment within 60 calendar days after receipt of the documented original invoices corresponding to the certificates of acceptance signed by both parties	0.1
17.4.2023	Joint stock company "RUSAL Sayanogorsk Smelter"	JSC "Baikalenergo"	Up to 31.3.2025	Monthly service to the fuel oil pumping station	Payment within 60 calendar days after receipt of the documented 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 2023 USD million (excluding VAT)
15.6.2023	JSC RUSAL Achinsk	"BEC-repair" LLC	Up to 31.12.2023	Capital repair of boiler unit of combined heat-and-power plant	Advance payment of 50% of the total price of the work to be performed will be made as per the monthly financial schedule by the 5th day of the current month. The remaining 50% will be paid by the customer within 10 calendar days from the date of receipt of the original invoices.	0.9

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 2023 USD million (excluding VAT)
15.6.2023	JSC RUSAL Achinsk	Limited Liability Company “Eurosibenergo-Service Company”	Up to 31.12.2023	Purchase of services for capital repair of turbine unit of combined heat-and-power plant	Advance payment of 50% of the total price of the work to be performed to be made as per the monthly financial schedule by the 5th day of the current month. The remaining 50% will be paid by the customer within 10 calendar days from the date of receipt of the original invoices	1.6
22.6.2023	Casting and mechanical plant “SKAD” Ltd.	LLC “EuroSibEnergo Engineering Company”	Up to 31.12.2023	Equipment repair services (electrical installations of high-voltage power lines)	Payment is made monthly within 30 days from the date of receipt of the invoice for the current month.	–
22.6.2023	Casting and mechanical plant “SKAD” Ltd.	LLC “EuroSibEnergo Engineering Company”	Up to 31.12.2023	Equipment repair services (electrical installations of high-voltage power lines)	Payment is made monthly within 30 days from the date of receipt of the invoice for the current month.	–

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 2023 USD million (excluding VAT)
22.6.2023, which is the supplemental agreement to the original contract dated 18.1.2023, announced on 19.1.2023	PJSC RUSAL Bratsk	“BEC-repair” LLC	Up to 31.12.2023	Purchase of services for maintenance and repair of production equipment	Payment to be made within 30 calendar days of signature by customer of the performed works certificate based on an invoice.	–
27.7.2023, which is the second supplemental contract to the contract dated 25.11.2022 announced on 28.11.2022 (which was supplemented by the supplemental contract dated 20.2.2023 announced on 21.2.2023), extending the scheduled termination date of the Original Contract	RUSAL Krasnoturyinsk	Limited Liability Company “EuroSibEnergo-Service Company”	Up to 30.6.2024	Purchase of services for capital repair of steam turbine	Payment within 60 calendar days after the signing of the work acceptance certificate	–
18.9.2023, which is the supplemental agreement to the original contract dated 18.1.2023, announced on 19.1.2023 (which was supplemented by the supplement agreement dated 22.6.2023, announced on 23.6.2023)	PJSC RUSAL Bratsk	“BEC-repair” LLC	Up to 31.12.2023	Purchase of services for maintenance and repair of production equipment	Payment to be made within 30 calendar days of signature by customer of the performed works certificate 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 2023 USD million (excluding VAT)
1.11.2023, which is the third supplemental contract to the contract dated 25.11.2022 announced on 28.11.2022 (which was supplemented by the supplemental contract dated 20.2.2023 announced on 21.2.2023, and supplemented by the second supplemental contract dated 27.7.2023 announced on 28.7.2023)	RUSAL Krasnoturyinsk	Limited Liability Company “EuroSibEnergo-Service Company”	Up to 30.6.2024	Purchase of services for capital repair of steam turbine	Payment within 60 calendar days after the signing of the work acceptance certificate.	–
28.11.2023	Casting and mechanical plant “SKAD” Ltd.	KraMZ Ltd.	Up to 31.12.2023	Purchase of equipment repair services (melting furnace inductors and cable-hoses)	Payment within 30 days since the date of signature of the work completion and acceptance certificate	0.1
28.12.2023, which is an additional agreement to the contract dated 14.2.2022 disclosed on 14.2.2022	Societe Anonyme “FRIGUIA”	Limited liability Company “EuroSibEnergo-Service Company”	Up to 29.2.2024	Purchase of services for capital repair of boiler unit	Advance prepayment for works in the amount of 15% within 10 days from the date of signing the contract. Final settlement monthly within 30 days after signing the work acceptance certificate.	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 2023 USD million (excluding VAT)
28.12.2023, which is an additional agreement to the contract dated 18.1.2023 disclosed on 19.1.2023	JSC RUSAL Achinsk	Limited liability Company "EuroSibEnergo-Service Company"	Up to 31 December 2023	Purchase of services for maintenance of combined heat-and-power plant's equipment	Advance payment of 50% of the total price of the work to be performed will be made as per the monthly financial schedule by the 5th day of the current month. The remaining 50% will be paid within 10 calendar days from the date of receipt of the original invoices.	–
Total						**19.2***

* The sum of the figures in the tables is different due to rounding.

The aggregate consideration for the repair services provided under these contracts by the associates of En+ during the year ended 31 December 2023 amounted to USD19.2 million which was within the maximum aggregate consideration of USD32.383 million for 2023 as disclosed in the announcement dated 7 February 2024.

F. Connection of electrical grid by the associate of En+

During the Review Period, the issued share capital of JSC "IENC" was held by En+ as to more than 50% of the issued share capital and was therefore an associate of En+ and thus was 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 constituted continuing connected transactions of the Company under the HKSE Listing Rules. The consideration for the electrical grid connection services under the contracts was 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 2023 USD million (excluding VAT)
24.6.2022	"Rusal Taishet Aluminium Smelter" limited liability company	JSC "IENC"	31.12.2023	10% of contract price to be paid within 15 days of the contract date, 30% of contract price to be paid within 60 days of the contract date, 20% of contract price to be paid within 180 days of the contract date, 30% of contract price to be paid within 15 days of the actual connection date, 10% of contract price to be paid within 10 days of the acceptance certificate date.	–

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 2023 USD million (excluding VAT)
24.6.2022	LLC Engineering Construction Company	JSC "IENC"	31.12.2024 The term for the implementation of measures for the technological connection of electrical grids is 2 years. Services are carried out in 2 stages and are closed by two acts of acceptance in 2022 and 2023, respectively. JSC "IENC" does not plan to provide services in 2024, but the deadline is specially specified until 2024, taking into account the deadline for the implementation of the measures for the technological connection of electrical grids provided by the contract.	75% advance payment within 30 working days after contract signing, and the remaining 25% to be paid by 1 October 2022.	–
Total					**nil**

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 2023 was nil which was within the maximum aggregate consideration of USD192,308 for 2023 as disclosed in the announcement dated 27 June 2022.

(II) The transactions and arrangements summarised below were entered into by members of the Group on or prior to 31 December 2023 and are in relation to transactions for the year ending 31 December 2024 and subsequent years (and not for the year ended 31 December 2023):

A. Heat Supply Contracts with the associates of En+

As discussed above, each of Khakass Municipal Systems LLC, JSC "Baikalenergo" and Baikal Energy Company LLC 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 Khakass Municipal Systems LLC, JSC "Baikalenergo" or Baikal Energy Company LLC on the other, as discussed below, constitute continuing connected transactions of the Company under the HKSE Listing Rules.

During 2023 or previous 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
1.1.2022 (Note 1)	PJSC RUSAL Bratsk	Baikal Energy Company LLC	Purchase of thermal energy in hot water	Thermal energy: 2024: 330 Gcal Coolant: 2024: 559 tonnes	2024: 4,988	Advance payments of 35% of the consideration to be paid on the 18th of the month; payment of 50% of the consideration to be paid on the last day of the month; the balance to be paid on the 10th day of the month following the billing month.
16.12.2022 (the term of this contract will commence on 1.1.2023) (Note 1)	RUSAL Taishet LLC	JSC "Baikalenergo"	Purchase of heat (water, steam)	Thermal energy: 2024: 4,269.2 Gcal Heat carrier: 2024: 248.08 m3	2024: 102,669	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.

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
16.12.2022 (the term of this contract will commence on 1.1.2023) (Note 1)	RUSAL Taishet LLC	JSC "Baikalenergo"	Purchase of heat (water, steam)	Thermal energy: 2023: 5,311.85 Gcal 2024: 5,311.85 Gcal Heat carrier: 2023: 121m^3 2024: 121m^3	2024: 130,662	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.
22.03.2023 (Note 1)	ANO CISS	Baikal Energy Company Limited Liability Company	Purchase of hot water supply and heating of apartments	2024: Heat – 768 Gcal, Hot water – 4,800 m^3	2024: 13,454	Payment to be made by the 10th day of the month following the month of rendering services.
28.11.2023, which is an additional agreement to the original contract dated 1.1.2022 disclosed on 4.4.2022 (Note 1)	PJSC RUSAL Bratsk	Baikal Energy Company LLC	Purchase of thermal energy in hot water	2024: 330 Gcal	2024: 3,986	Advance payments on the 18th of the month – 35%, on the 30th of the month – 50% and the actual balance until the 10th of the month following the billing month – 15%.

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
28.11.2023 (Note 1)	JSC RUSAL Sayanogorsk	Khakass Utility Systems LLC	Purchasing of thermal energy in hot water	Thermal energy 2024: 254,040 Gcal Chemically treated water (heat carrier) 2024: 1,350,000 m3	2024: 4,314,273	First payment of 85% of the total cost of the amount of heat energy agreed by the parties to be paid no later than the 20th day of the current billing period (month). Second payment of the difference between the cost of the actually received amount of thermal energy determined on the basis of meter readings (or by calculation in the absence of metering devices), and the amount paid earlier, to be paid no later than the 10th day of the month following the billing period (month).
28.11.2023 (Note 1)	JSC RUSAL Sayanogorsk	JSC “Baikalenergo”	Purchase of thermal energy in hot water	Thermal energy 2024: 428 Gcal Heat carrier 2024: 12 m3	2024: 11,703	Payment to be made until the 10th day of the month following the reporting one.
28.11.2023 (Note 1)	JSC RUSAL Sayanogorsk	JSC “Baikalenergo”	Purchase of thermal energy in hot water	Heat 2024: 4,213 Gcal Coolant 2024: 49,968 m3	2024:131,513	Payment to be made until the 10th day of the month following the reporting one.

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
19.12.2023 (the term of this contract will commence on 1.1.2024) (Note 2)	RUSAL Taishet LLC	JSC "Baikalenergo"	Purchase of heat (water, steam)	2024: 652.80 Gcal. 2025: 652.80 Gcal.	2024: 13,020 2025: 12,973	Not later than the 18th day of the month of the current billing period, payment of 35% of the cost of the amount of heat energy. Not later than the last day of the month of the current billing period, payment of 50% of the cost of the amount of heat energy. Not later than the 10th day of the month following the billing period, pay the difference between the amount of thermal energy actually received and the amount paid earlier.

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
19.12.2023 (the term of this contract will commence on 1.1. 2024) (Note 1)	JSC RUSAL Sayanogorsk	Khakass Utility Systems LLC	Purchasing of thermal energy in steam	Thermal energy 2024: 112,150 Gcal	2024: 2,081,915	First payment of 85% of the total cost of the amount of heat energy agreed by the parties to be paid no later than the 20th day of the current billing period (month). Second payment of the difference between the cost of the actually received amount of thermal energy determined on the basis of meter readings (or by calculation in the absence of metering devices), and the amount paid earlier, to be paid no later than the 10th day of the month following the billing period (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
25.12.2023 (the term of this contract will commence on 1.1.2024) (Note 3)	JSC "RUSAL SAYANAL"	Khakass Utility Systems LLC	Purchase of heat (steam, water)	Heat 2024: 55,000 Gcal 2025: 55,000 Gcal 2026: 55,000 Gcal Chemically purified water: 2024: 96,000 M^3 2025: 96,000 M^3 2026: 96,000 M^3	2024: 558,521 2025: 708,657 2026: 806,096	First payment of 85% of the planned cost of thermal energy and chemically purified water is paid before the 20th day of the delivery month, and the final payment is made on the basis of the universal transfer document no later than the 10th day of the month following the reporting month.
26.12.2023 (the term of this contract will commence on 1.1. 2024) (Note 1)	UC RUSAL Anode Plant LLC	JSC "Baikalenergo"	Purchase of heat (water, steam)	Thermal energy 2024: 1,103.792 Gcal	2024: 23,262	The first payment due date is no later than the 18th day of the month of the current month – 35%, the second payment date is no later than the last day of the month of the current month – 50%, and the third payment date is no later than the 10th day of the month following the billing 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
26.12.2023 (the term of this contract will commence on 1.1. 2024) (Note 3)	PJSC RUSAL Bratsk (Shelekhov Branch)	Baikal Energy Company LLC	Purchase of heat (water)	Thermal energy 2024: 107,084 Gcal 2025: 107,084 Gcal 2026: 107,084 Gcal Hot water: 2024: 190,330 m^3 2025: 190,330 m^3 2026: 190,330 m^3	2024: 1,434,533 2025: 1,518,084 2026: 1,606,511	The first payment due date is no later than the 18th day of the month of the current month – 35%, the second payment date is no later than the last day of the month of the current month – 50%, and the third payment date is no later than the 10th day of the month following the billing month.
26.12.2023 (the term of this contract will commence on 1.1. 2024) (Note 3)	PJSC RUSAL Bratsk (Shelekhov Branch)	Baikal Energy Company LLC	Purchase of heat (steam)	Thermal energy 2024: 34,879 Gcal 2025: 34,879 Gcal 2026: 34,879 Gcal Chemically purified water: 2024: 40,797 m^3 2025: 40,797 m^3 2026: 40,797 m^3	2024: 679,897 2025: 719,493 2026: 761,605	The first payment due date is no later than the 18th day of the month of the current month – 35%, the second payment date is no later than the last day of the month of the current month – 50%, and the third payment date is no later than the 10th day of the month following the billing month.

Notes:

1. The scheduled termination date of the contract is 31 December 2024.
2. The scheduled termination date of the contract is 31 December 2025.
3. The scheduled termination date of the contract is 31 December 2026.

B. Repair Services Contracts with associates of En+

As discussed above, each of Limited liability Company "EuroSibEnergo-Service Company" and JSC "Baikalenergo" has been 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 Limited liability Company "EuroSibEnergo-Service Company" and JSC "Baikalenergo"on the other, as discussed below, constitute continuing connected transactions of the Company under the HKSE Listing Rules.

During 2023, members of the Group, as customer, 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
17.4.2023	Joint stock company "RUSAL Sayanogorsk Smelter"	JSC "Baikalenergo"	Monthly service to the external heat networks and industrial plant wiring	Up to 31.12.2025	2024: 191,030 2025: 198,671	Payment within 60 calendar days after receipt of the documented original invoices corresponding to the certificates of acceptance signed
17.4.2023	Joint stock company "RUSAL Sayanogorsk Smelter"	JSC "Baikalenergo"	Monthly service to the fuel oil pumping station	Up to 31.12.2025	2024: 13,207 2025: 13,735	Payment within 60 calendar days after receipt of the documented original invoices corresponding to the certificates of acceptance signed by both parties

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
28.12.2023, which is an additional agreement to the contract dated 14.2.2022 disclosed on 14.2.2022	Societe Anonyme "FRIGUIA	Limited liability Company "EuroSibEnergo-Service Company"	Purchase of services for capital repair of boiler unit	Up to 29.2.2024	2024: 40,269	Advance prepayment for works in the amount of 15% within 10 days from the date of signing the contract. Final settlement monthly within 30 days after signing the work acceptance certificate.
28.12.2023, which is an additional agreement to the contract dated 15.6.2023 disclosed on 16.6.2023, with a part of payments transferred from 2023 to 2024	JSC RUSAL Achinsk	Limited liability Company "EuroSibEnergo-Service Company"	Purchase of services for capital repair of turbine unit of combined heat-and-power plant	Up to 31.12.2024	2024: 500,000	Advance payment of 50% of the total price of the work to be performed will be made as per the monthly financial schedule by the 5th day of the current month. The remaining 50% will be paid within 10 calendar days from the date of receipt of the original invoices.

The consideration under the repair services contracts is to be paid in cash via wire transfer.

C. Aluminium Sales Contract with the associates of En+

As discussed above, "KraMZ" Ltd. Has been an associate of En+ and thus is a connected person of the Company under the HKSE Listing Rules. Accordingly, the transaction entered into between member of the Group and "KraMZ" Ltd. constitute continuing connected transaction of the Company under the HKSE Listing Rules.

During 2023, 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 2024 USD million (excluding VAT)
KraMZ Ltd.	JSC "UC RUSAL TH"	29.12.2023, which is a new addendum to the contract dated 30.12.2021 disclosed on 30.12.2021	Up to 31.12.2024	Within 38 calendar days from the date of shipment of the goods. The first calendar day following the date of shipment is considered to be the first day of the start of the payment period. When paying from the 8th to the 38th calendar days, in addition to the contractual value of the goods, the supplier charges, and the buyer pays interest based on the key rate of the Central Bank of the Russian Federation, effective on the date of shipment of the goods, + 1.96% per annum of the value of the paid goods.	247,500,000

The consideration is to be settled in cash via bank transfer.

13. Agreements subject to change of control provisions

The following agreements with the Company contain (or contained as the case may be) 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 Facility 2019 – as at 31 December 2023, the outstanding nominal value of debt was USD342 million and the final maturity of the debt was 7 November 2024.

(b) Up to USD200,000,000 aluminium pre-export finance term facility agreement dated 28 January 2021 – the outstanding nominal value of debt as at 31 December 2023 was USD25 million and the final maturity of the debt is 29 January 2024.

(c) Standard loan agreements #1, 2, 3 dated 28 April 2020 entered into between the Company as guarantor, UC RUSAL Anode Plant LLC as borrower and the lender – as at 31 December 2023, the outstanding nominal value of debt was EUR5.52 million and the final maturity of the debt is 1 December 2029.

(d) Standard loan agreement #4 dated 4/5 August 2021 entered into between the Company as guarantor, JSC "RUSAL Sayanogorsk Aluminium Smelter" as borrower and the lender – as at 31 December 2023, the outstanding nominal value of debt was EUR0.86 million and the final maturity of the debt is 9 February 2027.

(e) Standard loan agreement #5 dated 8 September 2021 entered into between the Company as guarantor, JSC "RUSAL Sayanogorsk Aluminium Smelter" as borrower and the lender – as at 31 December 2023, the outstanding nominal value of debt was EUR4.35 million and the final maturity of the debt is 15 February 2032.

14. Major customers and suppliers

The largest customer and the five largest customers of the Group accounted for 8.74% and 25.19%, respectively, of the Group's total sales for the year ended 31 December 2023.

The amount of purchases from the largest supplier and the five largest suppliers of the Group accounted for 6.30% and 24.94%, respectively, of the Group's total cost of sales for the year ended 31 December 2023.

No Director or their respective close 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), save as disclosed in paragraph 12 of the "Connected transactions" under the section headed "Report of the Board of Directors" of this Annual Report, had any interests in the Group's five largest customers or suppliers at any time during the year ended 31 December 2023.

15. Directors

The following individuals served as Directors during the Review Period:

Name	Position at year end (unless specified otherwise)
Evgeny Kuryanov	Executive Director
Evgenii Nikitin	Executive Director
Evgenii Vavilov	Executive Director
Mikhail Khardikov	Non-executive Director
Vladimir Kolmogorov	Non-executive Director
Marco Musetti	Non-executive Director (retired with effect from 28 June 2023)
Semen Mironov	Non-executive Director (appointed with effect from 28 June 2023)
Christopher Burnham	Independent non-executive Director
Liudmila Galenskaia	Independent non-executive Director
Kevin Parker	Independent non-executive Director
Randolph N. Reynolds	Independent non-executive Director
Evgeny Shvarts	Independent non-executive Director
Anna Vasilenko	Independent non-executive Director
Bernard Zonneveld	Independent non-executive Director

A. Particulars of appointments of Directors

Pursuant to the Charter, any member of the Board is elected by the GSM for the term until the next AGM and may be re-elected for any number of times provided such re-election is not contradictory to requirements of the applicable listing rules. Pursuant to the Charter, the powers of all members of the Board may be terminated early by a resolution of the GSM. The power of the Board 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 an AGM for election of the Board.

Executive Directors

The appointment of each executive Director is subject to the provisions of the Charter.

Non-executive Directors and independent non-executive Directors

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 B.2.2 HKSE CG Code provides that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company has addressed this requirement 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.

Other than the employment 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 of the Company with any Directors who may be proposed for re-election at the forthcoming AGM that are not determinable by the Company within one year from the date of such contract 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. Mikhail Khardikov became the Chief Executive Officer of En+ with effect from 1 January 2024. He also became the general director of International limited liability company EN+ Holding, a company owned by En+, from 1 January 2024.

Mr. Khardikov ceased to be the general director of JSC EuroSibEnergo, a company owned by En+, and ceased to be the deputy general director – operating director of International limited liability company En+ Holding from January 2024.

Mr. Vladimir Kolmogorov was the Chief Operating Officer of En+ Holding ILLC (earlier En+ Holding Limited) from January to March 2024. From February 2024, his powers as First Deputy CEO for Technical Policy of En+ Holding ILLC were terminated. From January 2024, he was appointed the General Director of JSC "EuroSibEnergo", which belongs to En+. From February 2024 Mr. Vladimir Kolmogorov stopped being the First Deputy CEO – executive Director of En+.

Mr. Randolph N. Reynolds has become the president of Richard S. Reynolds Foundation since the third quarter of 2023.

D. Retirement/resignation of Directors

Mr. Marco Musetti, a non-executive Director, retired as a Director and ceased to be a member of any committee of the Board with effect from 28 June 2023, as he did not offer himself for re-election.

E. Appointment of Directors

Mr. Evgeny Kuryanov, Mr. Evgenii Nikitin and Mr. Evgenii Vavilov (being executive Directors), Mr. Mikhail Khardikov, Mr. Vladimir Kolmogorov and Mr. Semen Mironov (being non-executive Directors), Mr. Christopher Burnham, Ms. Liudmila Galenskaia, Mr. Kevin Parker, Mr. Randolph N. Reynolds, Dr. Evgeny Shvarts, Ms. Anna Vasilenko and Mr. Bernard Zonneveld (being independent non-executive Directors), were elected and appointed in the AGM 2023 held on 28 June 2023 for the term until the next AGM.

F. Changes to the composition of Board Committees

Mr. Bernard Zonneveld was appointed as the chairman of the Corporate Governance and Nominations Committee on 3 February 2023.

Mr. Christopher Burnham was appointed as a member of the Remuneration Committee on 3 February 2023.

16. Directors' and General Director's interests and short positions in Shares and underlying shares of the Company

As at 31 December 2023, none of the Directors or the General Director had any interest or short position, whether beneficial or non-beneficial, in the Shares, underlying shares or 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 headed "Corporate Governance Report" of this Annual Report).

Interests and short positions in shares and underlying shares of the associated corporations of the Company

As at 31 December 2023, none of the Directors or the General Director had any interest or short position, whether beneficial or non-beneficial, in the shares, underlying shares or debentures in any of the Company's 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.

17. Directors' interests in businesses that may compete with the Company

None of the Directors 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.

18. Substantial Shareholders' Interests

As at 31 December 2023, 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 and short positions in the Shares 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 2023	Percentage of issued share capital as at 31 December 2023
Oleg Deripaska (*Note 1*)	Beneficiary of a trust (*Note 2*)	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 2*)	Interest of controlled corporation	8,641,888,022 (L)	56.88%
En+ (*Note 2*)	Beneficial owner	8,641,888,022 (L)	56.88%
B-Finance Ltd. ("**B-Finance**") (*Note 2*)	Interest of controlled corporation	8,641,888,022 (L)	56.88%
"Aluminvest Holding" International Limited Liability Company ("**Aluminvest**") (*Note 3*)	Interest of controlled corporation	4,967,738,987 (L) 1,017,931,998 (S) (*Note 3*)	32.70% 6.70%
TCO Holdings Inc. ("**TCO**") (*Note 3*)	Interest of controlled corporation	3,907,527,611 (L) (*Note 3*)	25.72%

Name of Shareholder	Capacity	Number of Shares held as at 31 December 2023	Percentage of issued share capital as at 31 December 2023
SUAL Partners (*Note 3*)	Beneficial owner	3,907,527,611 (L) (*Note 3*)	25.72%
Victor Vekselberg (“**Mr. Vekselberg**”)	Beneficiary of a trust	3,907,527,611 (L)	25.72%

(L) Long position

(S) Short position

Notes – see notes on pages 177 (below) and 178.

Other than the interests disclosed above and the notes set out below, so far as the Directors are aware based on their understanding, as at 31 December 2023, 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 following notes are based on the Directors' knowledge and understanding as described and specified below:

(Note 1) By virtue of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), Mr. Oleg Deripaska was deemed to be interested in all shares of the Company held by En+. Therefore the magnitude of Mr. Deripaska's shareholding in the Company shown in this section is attributable to the shareholding of EN+ through which Mr. Deripaska has indirect interest in the Company, as per specific requirements of Appendix D2 to the Listing Rules and Part XV of the Securities and Futures Ordinance. One should be aware that as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, and 31 December 2023 Mr. Deripaska exercised voting rights in respect of 35% of the voting shares of En+ and his direct and indirect shareholding cannot exceed 44.95% of the shares of En+. Therefore, his effective holding in the Company may not exceed 25.57%. As disclosed by En+ (and based on specific legal and contractual requirements), Mr. Deripaska may propose for appointment only 4 directors out of 12 directors constituting the board of directors of En+. Independent directors constitute the majority of the boards of directors of En+ and the Company.

(Note 2) Based on the disclosure of interests forms filed with the HKSE.

(Note 3) Based on the latest disclosure of interests forms filed with the HKSE, as at 28 March 2022, SUAL Partners as a beneficial owner was interested in 3,907,527,611 Shares (long position), representing 25.72% of the issued share capital of the Company. Based on the filed disclosure of interests forms, 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. Each of Renova Metals, Renova Holding, TZC and TCO were deemed to be interested in the Shares held by SUAL Partners by virtue of the SFO, except that wholly-owned entities are not required under Part XV of the SFO to make disclosure filings if the relevant interests have been disclosed by their ultimate direct or indirect 100% parent.

Based on the disclosure of interests forms filed, SUAL Partners agreed to terminate the securities borrowing and lending agreements with Zonoville Investments Limited ("**Zonoville**") in respect of 1,147,016,472 Shares (which were kept by SUAL Partners to set off the debts owed by Zonoville to SUAL Partners). Separately, Zonoville agreed to sell 478,636,119 Shares to SUAL Partners. As a result and due to cessation of interests held through a concert party agreement under section 317 of the SFO with SUAL Partners, Zonoville ceased to hold an interest in any Shares following the above relevant events on 28 February 2022. However, Aluminvest (which was deemed to hold a notifiable interest in the Shares through its 40.32% shareholding in Zonoville, its controlled corporation) did not make any disclosure filing on its cessation of interest in Shares held by it concerning the said relevant events disclosed by Zonoville on 28 February 2022.

The Company was notified in August 2023 that Access Aluminum Holdings Limited changed its name to "Aluminvest Holding" International Limited Liability Company on 27 January 2023 upon redomiciliation of Access Aluminum Holdings Limited in the Russian Federation and its sole member is EPM Group Ltd.

As at 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.

19. 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 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 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 only. The principal terms of the Shareholders' Agreement between Major Shareholders only are described in Appendix B.

20. 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 2023 was approximately USD7.8 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.

Basis for Compensation of Directors and senior management

Remuneration policies of the Company 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:

1. *Chairman of the Board*

   The Chairman of the Board was entitled to receive a chairman's fee of EUR1,430,000 annually (before tax) to be paid monthly in equal installments.

2. *Non-Executive Directors*

   (a) Non-executive Directors were entitled to EUR215,000 annually (before tax) to be paid monthly in equal installments;

(b) Board committee chairmen were entitled to EUR26,000 per annum (before tax) for membership per one committee to be paid monthly in equal instalments;

(c) Members of Board committees were entitled to EUR18,000 per annum (before tax) for membership per one committee to be paid monthly in equal installments.

B. General Director

The annual compensation of the General Director which was paid in 2023 comprised the following:

(a) RUB86 million per annum base salary, paid monthly;

(b) Annual discretionary bonus of USD1,293,063, in total, determined by the Remuneration Committee on the basis of the performance results of the General Director for 2022 and approved by the Board;

(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 E.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 2023 is set out as below:

	Number of individuals
Nil – HKD7,830,000 (Nil – USD1,000,000)	4
HKD7,830,001 – HKD41,115,000 (USD1,000,001 – USD5,252,000)	5

The total remuneration, including the basic salary, performance-linked salary, incentive-linked salary and bonus of the Directors in 2023 amounted to approximately USD7.8 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 2023 are as follows:

	Directors' fees	**Salaries, allowances, benefits in kind***	**Discretionary bonuses**	**Total**
	USD thousand	**USD thousand**	**USD thousand**	**USD thousand**
Executive Directors				
Evgenii Nikitin	–	1,792	1,293	3,085
Evgenii Vavilov	–	41	7	48
Evgeny Kuryanov	–	306	202	508
Non-executive Directors				
Marco Musetti (a)	142	–	–	142
Vladimir Kolmogorov	238	–	–	238
Mikhail Khardikov	298	–	–	298
Semen Mironov (b)	149	–	–	149
Independent Non-executive Directors				
Bernard Zonneveld (Chairman)	1,669	–	–	1,669
Christopher Burnham	298	–	–	298
Kevin Parker	299	–	–	299
Evgeny Shvarts	280	–	–	280
Randolph N. Reynolds	272	–	–	272
Anna Vasilenko	280			280
Liudmila Galenskaia	252	–	–	252
Total	4,177	2,139	1,502	7,818

Notes:

a. Marco Musetti retired as non-executive Director in June 2023.

b. Semen Mironov was appointed as non-executive Director in June 2023.

* Information includes payments received by the Directors from the Group as a whole.

Information on the remuneration of five individuals with the highest emoluments for the year ended 31 December 2023:

	USD thousand
Salaries	11,639
Discretionary bonuses	11,792
Retirement scheme contributions	3,006
Total	26,437

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the HKSE Listing Rules are also detailed in notes 9 and 10 to the consolidated financial statements for the year ended 31 December 2023 as disclosed in this Annual Report.

21. Pension schemes

Information on the Company's pension schemes is set out in note 20(a) to the consolidated financial statements.

22. 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 HKD6 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.

23. Auditors

The consolidated financial statements have been audited by TSATR – Audit Services LLC (formerly "Ernst & Young LLC") as a sole auditor who retire and being eligible, offer themselves for re-appointment as the Company's sole auditor. A resolution for the reappointment of TSATR – Audit Services LLC as sole auditor of the Company is to be proposed at the forthcoming AGM. TSATR – Audit Services LLC was approved as the auditor of the Company for the year ended 31 December 2023 by the resolution of the AGM 2023.

24. 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.

25. Litigation

Information of the litigation in which the Company and its subsidiaries are involved in are set out in notes 20(c) (provisions for legal claims) and 24(c) (legal contingencies) to the consolidated financial statements.

26. Social investments and charity

The main goal of the Company's social strategy is to create a favourable social environment for production activities through the implementation of sustainable social investment in a comprehensive socio-economic development of cities 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 the year ended 31 December 2023, the Company allocated more than USD33 million to social programmes and charity projects.

27. Post balance sheet events

The details of the events subsequent to the balance sheet date up to the date of the Group's consolidated financial statements presented in this Annual Report, are disclosed in note 28 to the consolidated financial statements.

28. Directors' interests in contracts

Save as disclosed in section 12 (Connected transactions) above, there has been no contract of significance to the Group, subsisting during or at the end of 2023 in which a Director or his or her connected entity is or was materially interested, either directly or indirectly.

29. Directors' Indemnification

During the Review Period and as at the date of this Annual Report, the Company purchased directors & officers' 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 directors & officers' insurance policy for the Review Period was USD1,157,394.

On behalf of the Board
Bernard Zonneveld
Chairman of the Board

1. Corporate governance practices

The Company adopts internationally recognised standards of corporate governance. The Company and the Board 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 to its corporate governance standards, based on the principles of transparency 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 the Board 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) of this Corporate Governance Report. The Company and the Board 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.

The Company aims to comply with the applicable Russian Laws, the MoEx Listing Rules, as well as the recommendations of the Russian CG Code. In its corporate governance practices the Company is guided by the MoEx Listing Rules, the HKSE CG Code and the HKSE Listing Rules. The Company's corporate governance structure consists of the following key elements: GSM, the Board 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 GSM is the supreme management body of the Company, which operates in accordance with the Charter and Regulations on the GSM, approved by the resolution of the EGM on 14 December 2023, 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 an 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, internal audit committee; approval of the Company's auditor; approval of annual accounting (financial) statements of the Company; distribution of profits, including payment (declaration) of dividends.

All other GSMs held by the Company are EGMs.

Matters falling within the competence of the GSM are listed in the Charter and may not be transferred to discretion of the Board 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", as applicable, and the Charter. As long as the Shares are admitted to trading on the HKSE, the GSM competence is also subject to the HKSE Listing Rules requirements (as provided for the Charter).

AGM 2023 was held on 28 June 2023 in a hybrid format. There were four EGMs during the Review Period, which were held on 27 March 2023, 1 August 2023, 11 December 2023 and 14 December 2023 in a hybrid format, respectively.

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 have the right to demand from the Board 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, the Shareholder(s) 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 its (their) own.

According to Article 15.4 of the Charter, the Board 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 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 Article 11.3 of 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 Company at the following address: Office 410, 8, Oktyabrskaya street, Kaliningrad, Kaliningrad region, 236006, Russian Federation.

3. Board of Directors

The Board is a governing body of the Company and it shall consist of thirteen Board members, which operates in accordance with the Charter and Regulations on the Board, approved by the resolution of the EGM on 14 December 2023. As at the date of this Corporate Governance Report, the Board comprises a combination of three executive, three non-executive and seven independent non-executive Directors.

(a) Board functions and duties

The Board 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, 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

– 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

The general executive function rests with the office of General Director 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

Authority of every Director (including non-executive Director) expires at the AGM each year and each of them may be subject for re-election, provided such re-election is not contradictory to applicable requirements of the HKSE Listing Rules and MoEx 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, 7 out of 13 Directors are independent non-executive Directors.

Both HKSE Listing Rules and MoEx Listing Rules require the composition of the Board 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. Each of the independent non-executive Directors has undertaken to inform the Hong Kong Stock Exchange and the Securities and Futures Commission of Hong Kong 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 recognised that all independent non-executive Directors comply with the independence criteria set out in the Russian CG Code and MoEx Listing Rules, including Mr. Christopher Burnham, Mr. Bernard Zonneveld and Ms. Liudmila Galenskaia 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.

(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, the GSMs is as follows:

Attendance and number of meetings

	Board	Corporate Governance and Nominations Committee	Remuneration Committee	Audit Committee	Health, Safety and Environmental Committee	Compliance Committee	General Meeting of Shareholders				
							AGM 28 June 2023	EGM 27 March 2023	EGM 1 August 2023	EGM 11 December 2023	EGM 14 December 2023
Total meetings in 2023	**39**	**7**	**2**	**7**	**6**	**3**	**1**	**1**	**1**	**1**	**1**
Personal attendance	**13**	**7**	**2**	**7**	**3**	**3**	**1**	**1**	**1**	**1**	**1**
Absentee voting	**26**	**0**	**0**	**0**	**3**	**0**	**0**	**0**	**0**	**0**	**0**
Executive Directors											
Evgeny Kuryanov	39	–	–	–	–	–	0	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)
Evgenii Nikitin	38	–	–	–	–	–	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)
Evgenii Vavilov	39	–	–	–	–	–	0	0	1 (via teleconference)	1 (via teleconference)	0
Non-executive Directors											
Mikhail Khardikov	37	–	–	–	5	–	0	0	0	0	0
Vladimir Kolmogorov	34	–	–	–	–	–	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)
Marco Musetti (retired with effect from 28 June 2023)	19	–	–	–	–	–	–	1 (via teleconference)	–	–	–
Semen Mironov (appointed with effect from 28 June 2023)	20	–	–	–	–	–	1 (via teleconference)	–	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)
Independent non-executive Directors											
Christopher Burnham	39	7	2	–	–	3	1 (via teleconference)	0	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)
Liudmila Galenskaia	39	–	–	–	6	–	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)
Kevin Parker	36	–	–	7	5	3	0	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)
Randolph N. Reynolds	36	6	1	–	–	–	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	0	0

	Board	Corporate Governance and Nominations Committee	Remuneration Committee	Audit Committee	Health, Safety and Environmental Committee	Compliance Committee	General Meeting of Shareholders AGM 28 June 2023	EGM 27 March 2023	EGM 1 August 2023	EGM 11 December 2023	EGM 14 December 2023
Evgeny Shvarts	36	–	–	–	6	–	1 (via teleconference)	0	1 (via teleconference)	0	0
Anna Vasilenko	34	–	2	7	–	–	0	1 (via teleconference)	1 (via teleconference)	0	1 (via teleconference)
Bernard Zonneveld	39	7	–	7	–	3	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)	1 (via teleconference)

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 104 to 120 of this Annual Report.

Changes in the composition of the Board that took place in the Review Period are set out in the section headed "Report of the Board of Directors" on pages 121 to 184 of this Annual Report.

C.1.6 of the HKSE CG Code provides that generally independent non-executive Directors and other non-executive Directors should attend general meetings of Shareholders. Certain executive Directors, non-executive Directors and independent non-executive Directors were unable to attend the AGM 2023, the EGM held on 27 March 2023, the EGM held on 1 August 2023, the EGM held on 11 December 2023 and/or the EGM held on 14 December 2023 respectively due to conflicting business schedules.

(e) Board meetings

During 2023, the Board held 39 meetings, with 13 of them in person and 26 in the form of absentee voting.

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.

In addition to Board meetings, to ensure independent views and input are available to the Board, during the Review Period, the Chairman had discussions with the independent non-executive Directors from time-to-time without the presence of other Directors through informal means.

Key agenda items reviewed by the Board during the Review Period

In 2023, the Board considered issues connected with, inter alia, 2022 financial results, 2022 Annual Report, transactions with related parties, achievement of target KPIs for 2022 by the General Director, results of the Board and Board Committees self-assessment 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 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 28 June 2023, 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 is satisfied with operation of its Committees of the Board.

While the Board concluded that its' performance in 2023 was adequate, the Directors concluded that one of the potential areas of further improvement of the Board's performance in 2024 could be more actively involved in the determination of the Company's strategy.

Board meetings at which Directors have material interests

The Board endeavoured throughout the twelve-month period ended 31 December 2023 to ensure that it did not deal with business by way of written resolution where a Substantial Shareholder 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 no occurrences (out of the 26 instances of absentee voting of the Board 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.

Of the seven Board meetings held in the twelve-month period ended 31 December 2023 where one or more Directors had disclosed a material interest, all the independent non-executive Directors were present at all seven of the Board meetings held.

Of the 39 Board meetings held, there were seven occasions where non-executive Directors might have a material interest in the relevant transaction. On such occurrences, those non-executive Directors abstained from voting and the resolutions approving entry into such transactions were passed by the requisite majority excluding those non-executive Directors who might have a material interest.

(f) Relationships among members of the Board

Please refer to the section headed "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. The Code for Securities Transactions was based on the Model Code as set out in Appendix C3 to the HKSE Listing Rules but it was made more exacting than the required standard set out in Appendix C3. 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 other transaction by the Directors in respect of the Shares in the Review Period.

The Directors do not directly or indirectly own the Shares.

(i) Directors' continuous professional development

Upon appointment to the Board, Directors are provided with comprehensive induction training. Directors receive a package of comprehensive orientation materials on the Group comprising information on the Group, duties as a Director and Board committee member, as well as internal governance and sustainability policies of the Group.

Pursuant to Code Provision C.1.4 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 (namely, Mr. Evgeny Kuryanov, Mr. Evgenii Nikitin, Mr. Evgenii Vavilov, Mr. Mikhail Khardikov, Mr. Vladimir Kolmogorov, Mr. Marco Musetti (retired with effect from 28 June 2023), Mr. Semen Mironov (appointed with effect from 28 June 2023), Mr. Christopher Burnham, Ms. Liudmila Galenskaia, Mr. Kevin Parker, Mr. Randolph N. Reynolds, Dr. Evgeny Shvarts, Ms. Anna Vasilenko and Mr. Bernard Zonneveld), received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters.

4. Chairman and General Director

The roles of the Chairman of the Board and the General Director are segregated and are independent to each other.

Chairman of the Board

The Chairman (being Mr. Bernard Zonneveld) 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 are properly kept.

General Director – Sole executive body

The Charter 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 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. Evgenii Nikitin) are set out in the section headed "Profiles of the Board members, the General Director and Senior Management" on page 104 of this Annual Report.

The General Director does not directly or indirectly own the 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. Compliance Committee

Corporate Governance and Nominations Committee

The Company established the 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 and senior management, 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 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 non-executive 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 non-executive Directors. The members are as follows:

– Mr. Christopher Burnham *(independent non-executive Director)*

– Mr. Randolph N. Reynolds *(independent non-executive Director)*

– Mr. Bernard Zonneveld *(chairman of the committee, independent non-executive Director)*

The Corporate Governance and Nominations Committee has held seven meetings during the Review Period, out of which no meetings were held by absentee voting. At these meetings, the Corporate Governance and Nominations Committee considered, amongst other things, recommendations on nomination of Directors, composition of the Board committees, results of the Board and Board committees self-assessment process.

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 2023, 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 gender, age, nationality, cultural 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.

The Board currently comprises two female Directors and eleven male Directors.

For the gender ratio in the workforce of the Group, including senior management, as at 31 December 2023, please refer to our Sustainability Report for details. To achieve diversity at workforce level, the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates are considered.

During Review Period, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Remuneration Committee

The Company has established the 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. The Remuneration Committee is provided with sufficient resources to discharge its duties.

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:

– Mr. Christopher Burnham *(independent non-executive Director)*

– Mr. Randolph N. Reynolds *(independent non-executive Director)*

– Ms. Anna Vasilenko *(chairman of the committee, independent non-executive Director)*

The Remuneration Committee held two meetings during the Review Period. There were no meetings 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 2022 by the General Director, and target KPIs of the General Director for 2024.

For details of the Company's emolument policy, please refer to section 20 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 2023, please refer to paragraph 3(d) of this Corporate Governance Report.

Audit Committee

The Company established the Audit Committee 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 that 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 is provided with sufficient resources to discharge its duties.

The Audit Committee consists of independent non-executive 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)*

– Ms. Anna Vasilenko *(independent non-executive Director)*

During the Review Period, the Audit Committee held seven meetings, out of which none 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 15 March 2023, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2022. At the meeting held on 9 August 2023, members of the Audit Committee reviewed the interim condensed financial information as at and for the three and six months ended 30 June 2023, and at the meeting held on 14 March 2024, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2023. 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 were 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 systems, 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 2023, 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 2023, 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 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:

– Ms. Liudmila Galenskaia *(independent non-executive Director)*

– Mr. Kevin Parker *(independent non-executive Director)*

– Dr. Evgeny Shvarts *(chairman of the committee, independent non-executive Director)*

– Mr. Mikhail Khardikov *(non-executive Director)*

In 2023, the Health, Safety and Environmental Committee held 6 meetings out of which three were in a form of absentee voting. At those meetings, the Health, Safety and Environmental Committee considered, amongst other things, issues related to the achievement of the Company's environmental targets, health and safety report, sustainability strategy and Carbon Disclosure Project Report. For the attendance record of meetings held by the Health, Safety and Environmental Committee during 2023, please refer to paragraph 3(d) of this Corporate Governance Report.

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. Kevin Parker *(independent non-executive Director)*

– Mr. Bernard Zonneveld *(independent non-executive Director)*

In 2023, the Compliance Committee held three meetings out of which none were in a form of absentee voting and considered the issues related to the development of the Company's compliance system. For the attendance record of meetings held by the Compliance Committee during 2023, please refer to paragraph 3(d) of this Corporate Governance Report.

The assessment of the activities of the Board with the involvement of an external independent consultant was carried out in accordance with the recommendations of best corporate governance practices, including the Corporate Governance Code of the Russian Federation and the recommendations of the Central Bank of the Russian Federation on organizing and conducting self-assessment of the effectiveness of the boards of directors of public joint-stock companies. The Corporate Governance Code provides for two forms of assessment: self-assessment (conducted annually) and external assessment (conducted every 3 years).

The assessment period is 2023.

The assessment was carried out by an independent consultant RosExpert, a Russian consulting company that specializes in the assessment, formation and development of management teams, and has been operating in the market of Russia, Turkey and the CIS countries for more than 20 years.

The assessment methodology included individual interviews, processing of self-assessment questionnaires for members of the Board and benchmarking with relevant international companies.

All 13 members of the Board took part in the self-assessment and interviews with representatives of the independent consultant.

Based on the results of the consultant's work, recommendations were developed and presented for consideration by the Board. The recommendations are based on the results of interviews with Directors and an analysis of the corporate governance system of comparable international companies selected for benchmarking.

Consultants note the high level of organization of the work of the Board and its committees, the high quality and timeliness of the materials presented, the active participation of members of the Board in all meetings, the organizing role of the Chairman of the Board and the professional work of the corporate secretary's office.

The composition of the Board is sufficient in number to ensure work on the committees of the Board, and is balanced in terms of the set of professional competencies.

The Board consists of seven independent non-executive Directors, three non-executive and three executive Directors, thus the share of independent Directors is more than 50%, which meets best corporate governance practices and the requirements of stock exchanges.

Major committees of the Board consist of independent Directors and are chaired by independent Directors in accordance with best practice recommendations.

The Board is diversified in gender composition and includes two women, representing 15% of the Board.

The topics on the agenda for meetings of the Board are quite balanced and correspond to the role of the Board as a strategic and supervisory governing body of the Company.

6. Corporate Secretary

According to the 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 and committees of the Board. 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 120 of this Annual Report.

7. Company Secretary

The Company engages Ms. Lam Yuen Ling Eva 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 of the Company in Hong Kong is Mr. Eugene Choi, the 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 2023, the total fees paid or payable in respect of audit and non-audit services provided by the Group's external auditor, TSATR – Audit Services LLC (before 12 April 2022 – Ernst & Young LLC), are set out below:

	For the year ended 31 December 2023, thousand USD
Audit services	
Annual audit services	4,053
Annual non-audit services	1,130

The non-audit services mainly comprised tax compliance and certain agree-upon-procedure work.

The responsibilities of TSATR – Audit Services LLC with respect to the 2023 consolidated financial statements are set out in the Independent Auditor's Report under the section headed "Financial Statements" on pages 212 to 219 of this Annual Report.

External auditor is appointed by the GSM by a simple majority for one year based upon the recommendations of the Audit Committee.

The choice of an audit organisation was carried out according to the following criteria:

– the range of services offered;

– business reputation;

– price policy.

The Company selects an auditor (audit organisation) 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. The main conditions for a closed competitive selection are the compliance of the auditor (audit organisation) with the requirements established by applicable law for persons providing audit services, as well as the compliance of the auditor (audit organisation) 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 2023 and to the best of their knowledge, the consolidated financial statements for the year ended 31 December 2023, 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 Auditor's Report under the section headed "Financial Statements" on pages 212 to 219 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, efficient and well aligned with its strategic and business 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 ("**Process owners**");

– Directorate for Control; and

– Audit Committee.

Process owners are responsible for running specific business processes in compliance with the System, for identification and analysis of the risks inherent in the process, development and implementation of the risk mitigation activities.

The Directorate for Control is responsible for methodological support and independent assessment of the System. The Directorate for Control performs internal audits and revisions to assess the effectiveness and efficiency of the business processes and the applicable controls. Thus, the System design is based on both best practices suggested by Process owners and recommendations developed by the Directorate for Control as the result of the internal audits and revisions.

The Directorate for Control reports the results of audits and revisions, as well as other activities related to internal controls and risk management, to the Audit Committee on a quarterly basis.

The Audit Committee is responsible for oversight of the financial reporting process, the audit process as well as the Company's system of risk management and internal controls.

In accordance with HKSE CG Code, the Audit Committee reviews the Company's risk management and internal control systems, the effectiveness of the issuer's internal audit function, and its other duties under the HKSE CG Code. 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 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 considers the results of the effectiveness of the risk management and internal control system regularly. In 2023, there were no issues identified in the functioning of the risk management and internal control system reported to the Board.

Risk management system

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 under the Company's Risk Register monitored at all management levels. There is a specific employee, a risk-owner, responsible for managing each risk. The Directorate for Control verifies risk analysis and risk management tools applied by risk owner 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 2023 are as follows:

Key improvements of procurement controls in 2023:

- Improvements have been implemented in the procurement process, including the completed implementation of pilot operation at pilot plants from application to payment (P2P), and replication of the said pilot operation has been launched at key plants, the pricing process has been changed, the timing of contractor selection has been shortened, and control over exceeding financial limits has been improved.
- Changes in the internal control system occurred in the inventory management process. For instance, a new motivation system for the sale of illiquid goods and fixed assets was approved, unified the rules for the formation, usage and replenishment of emergency stock were approved, rules for the turnover and accounting of spare parts removed for repair were approved, goals were set for the main agents on the level of stocks with low turnover and on the sale of illiquid assets generated from investment projects, an illiquid database has been created containing data on all illiquid assets of the Company.

During 2023, improvements were implemented to the internal control system in the procurement process, including for working with the electronic tender portal according to the Company's procurement regulations, procurement automation, integration of the document management system and the electronic tender portal. Changes have been made to the process of interaction with counterparties, new controls have been added to the credit policy, the process of claim work and enforcement proceedings. Changes in the internal control system have occurred in the process of inventory management: goals for the year have been formulated, emergency and insurance stocks are formed annually, and an illiquid database has been created.

Key elements of risk management system:

- quarterly reports on Company's risk management activities and consolidated risk portfolio to executive management and the Audit Committee;
- risk management procedure with the focus on risk analysis and risk mitigation activities;
- risk management trainings for the Aluminium, Alumina and Downstream Divisions covering key smelters as well as trade, service and management companies;
- distinct link between process and risk owners KPIs and effectiveness and efficiency of risk management under their responsibility;
- continuous improvement of automated risk management system (ARMS);
- independent risk audits of Company's production facilities conducted by independent risk surveyors to assess risks and enhance the Company's insurance programs.

The Company has also implemented an internal compliance control system designed to ensure compliance with the regulatory requirements and effective management of compliance risks. For further details of the said internal compliance control system, please refer to pages 31 and 32 of the Annual Report.

It is important to note that the Directorate for Control did not identify in the year 2023 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 except for those described in Note 1(e) to the consolidated financial statements disclosed on page 230 of the Annual Report.

The Company considers the risk management and internal control systems of the Company are effective and adequate.

Information Disclosure

Since the Listing, the Company 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 harbour 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 authorised 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.

Being a Russian issuer, the Company is subject to the disclosure requirements of Russian legislation and MoEx Listing Rules.

Disclosure of information is made through the tools available to the Company under applicable provisions of HKSE Listing Rules and MoEX Listing Rules in order to ensure 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/

11. Relevant Officers' Securities Transactions

The Company has also adopted the Relevant Officers Code. The Relevant Officers Code was based on Appendix C3 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.

12. Going Concern

Consolidated financial statements for the year ended 31 December 2023 have been prepared assuming that the Group will continue as a going concern. Accordingly, these statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities or any other adjustments that might result in the Group being unable to continue as a going concern.

Ban of Australian government for the export of alumina and bauxite to Russia introduced in March 2022 and suspension of production at Mykolaiv Alumina Refinery Company Ltd due to developments in Ukraine starting from 1 March 2022 influenced the availability of alumina and bauxite or increase the purchase prices for the Group. Difficulties with logistics caused the Group to rebuild the supply and sales chains and lead to additional logistics costs. If the situation in Ukraine and overall geopolitical tension persists or continues to develop significantly, including the loss of significant parts of foreign markets, which cannot be reallocated to new markets, it may affect the Group's business, financial condition, prospects and results of operations.

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 communication with investors, analysts and the media.

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings and other general meetings, publishing corporate communications such as interim results and annual results, financial reports, announcements and circulars.

In addition, all corporate communications and regulatory announcements were published by the Company on its website and the website of the HKSE in a timely manner. The Company considers that the shareholders communications were effective during the year ended review.

The Charter was not amended during 2023.

14. Loans

In 2023, no loans have been issued by the Company (or any Group company) to members of the Board or the General Director.

Statement of Management's Responsibilities

The following statement, which should be read in conjunction with the auditor's responsibilities stated in the Independent Auditor's Report on the audit of the consolidated financial statements set out on pages 212 to 219, 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 2023 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.

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NEW CHALLENGES
NEW SOLUTIONS

Independent Auditor's Report

To the Shareholders and Board of Directors of
IPJSC UC RUSAL

Opinion

We have audited the consolidated financial statements of IPJSC UC RUSAL and its subsidiaries (the Group), which comprise the consolidated statement of income, consolidated statement of comprehensive income for the year ended 31 December 2023, consolidated statement of financial position as at 31 December 2023, and the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policy information 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 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of professional ethics for auditors and the Independence rules of auditors and audit organizations that are relevant to our audit of the consolidated financial statements in the Russian Federation together with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

NEW CHALLENGES
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Material uncertainty related to going concern

We draw attention to Note 1 of the consolidated financial statements as of 31 December 2023, which indicates that the geopolitical tensions and sanctions imposed by a range of countries, accompanied by the volatility of commodity, stock and currency markets, may significantly affect operational, investing and financing activity of the Group. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 of the consolidated financial statements, indicate that material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matters described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report. 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment analysis of property, plant and equipment	
Impairment analysis of property, plant and equipment was a key audit matter due to the significance of property, plant and equipment balance in the consolidated financial statements, high subjectivity of judgments and estimates underlying the impairment analysis used by management. Current global market conditions, including fluctuations in LME aluminum prices, market premiums and alumina purchase prices together with their long-term forecasts, increase of logistics costs may indicate that some cash generating units (CGU) may be subject to either impairment loss or full or partial reversal of previously recognized impairment. Evaluation of the recoverable amount of fixed assets is based on the higher of the fair value less cost to sell and value in use. As of the reporting date management makes an assessment of value-in-use based on the discounted cash flow models. Information on the results of the impairment testing is provided in Note 13 (vii) to the consolidated financial statements.	We analyzed management's assessment of whether indicators for potential impairment or reversal of impairment previously recorded exist. For the impairment tests performed our procedures included, among others: • Comparison of key assumptions such as production volumes, forecasted aluminum sales prices, forecasted alumina and bauxites purchase prices, forecasted costs inflation, forecasted currency exchange rates, discount rates, used in the Group's financial model with published macroeconomic indicators and forecast data. • Assessing the historical accuracy of management's budgets and forecasts by comparing them to actual performance. • Checking the arithmetic accuracy of the impairment model and assessing a sensitivity analysis of value-in-use to changes in key assumptions. With assistance of our internal valuation experts we analyzed the Group's management calculations of the recoverable amount of fixed assets. We assessed the impairment related disclosures in the consolidated financial statements, including the key assumptions used and the sensitivity of the consolidated financial statements to these assumptions.

NEW CHALLENGES
NEW SOLUTIONS

Other information included in Annual Report

Other information consists of the information included in Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditor's 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 the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs 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.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

NEW CHALLENGES
NEW SOLUTIONS

Auditor's 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 auditor's 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 skepticism 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 auditor's 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 auditor's 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.

- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units of the group as a basis for forming our opinion on the consolidated financial statements of the group. We are responsible for the direction, supervision and review of audit work performed for group audit purposes. We remain fully responsible for our audit opinion.

We communicate with the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

NEW CHALLENGES
NEW SOLUTIONS

From the matters communicated with the Board of Directors, 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 auditor’s 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 partner in charge of the audit resulting in this independent auditor’s report is Khachaturian Mikhail Sergeevich.

Khachaturian Mikhail Sergeevich
General director of TSATR – Audit Services Limited Liability Company,
partner in charge of the audit resulting in this independent auditor’s report
(main registration number 21906108270)

14 March 2024

NEW CHALLENGES
NEW SOLUTIONS

Details of the auditor

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.

TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the audited entity

Name: IPJSC UC RUSAL
Record made in the State Register of Legal Entities on 25 September 2020, State Registration Number 1203900011974.
Address: Russia 236006, Kaliningrad, Oktyabrskaya street, building 8, office 410.

Consolidated Statement of Income
for the year ended 31 December 2023

		Year ended 31 December	
		2023	**2022**
	Note	**USD million**	**USD million**
Revenue	5	12,213	13,974
Cost of sales	6(a)	(10,445)	(10,770)
Gross profit		**1,768**	**3,204**
Distribution expenses	6(b)	(755)	(697)
Administrative expenses	6(b)	(603)	(769)
Impairment of non-current assets	6(b), 13	(321)	(196)
Expected credit losses	6(b), 17(a)	(1)	(163)
Net other operating expenses	6(b)	(167)	(63)
Results from operating activities		**(79)**	**1,316**
Finance income	7	144	133
Finance expenses	7	(573)	(838)
Share of profits of associates and joint ventures	15	752	1,555
Profit before taxation		**244**	**2,166**
Current income tax expense	8	(132)	(310)
Deferred income tax credit/(charge)	8	170	(63)
Income tax		**38**	**(373)**
Profit for the year		**282**	**1,793**
Attributable to Shareholders of the Company		282	1,793
Profit for the year		**282**	**1,793**
Earnings per share			
Basic and diluted earnings per share (USD)	12	0.019	0.118
Adjusted EBITDA	4, 6(d)	786	2,028

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 227 to 336.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2023

		Year ended 31 December	
		2023	**2022**
	Note	**USD million**	**USD million**
Profit for the year		**282**	**1,793**
Other comprehensive income or loss			
Items that will never be reclassified subsequently to profit or loss			
Actuarial gain on postretirement benefit plans	20	5	8
		5	**8**
Items that are or may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges	21	–	(131)
Foreign currency translation differences for equity-accounted investees	15	(1,007)	369
Foreign currency translation differences on foreign subsidiaries		(573)	48
		(1,575)	**286**
Other comprehensive income for the year, net of tax		**(1,575)**	**294**
Total comprehensive income or loss for the year		**(1,293)**	**2,087**
Attributable to:			
Shareholders of the Company		(1,293)	2,087
Total comprehensive income or loss for the year		**(1,293)**	**2,087**

There was no significant tax effect relating to each component of other comprehensive income or loss.

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 227 to 336.

Consolidated Statement of Financial Position
as at 31 December 2023

	Note	31 December 2023 USD million	31 December 2022 USD million
Assets			
Non-current assets			
Property, plant and equipment and investment properties	13	5,806	5,829
Intangible assets	14	2,337	2,605
Interests in associates and joint ventures	15	4,521	5,174
Deferred tax assets	8	229	58
Derivative financial assets	21	13	90
Investments in equity securities measured at fair value through profit and loss	17(g)	339	458
Other non-current assets	17(f)	277	302
Total non-current assets		**13,522**	**14,516**
Current assets			
Inventories	16	3,599	4,489
Short-term investments	17(h)	125	89
Trade and other receivables	17(a)	1,154	1,286
Prepayments and input VAT	17(b)	538	763
Current income tax receivables		8	214
Dividends receivable		412	–
Derivative financial assets	21	19	78
Cash and cash equivalents	17(e)	2,087	3,196
Total current assets		**7,942**	**10,115**
Total assets		**21,464**	**24,631**
Equity and liabilities			
Equity	18		
Share capital		152	152
Share premium		15,786	15,786
Other reserves		2,689	2,682
Currency translation reserve		(10,613)	(9,033)
Retained earnings		3,002	2,720
Total equity		**11,016**	**12,307**

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 227 to 336.

	Note	31 December 2023 USD million	31 December 2022 USD million
Non-current liabilities			
Loans and borrowings	19	5,900	6,910
Provisions	20	269	278
Deferred tax liabilities	8	405	427
Other non-current liabilities		155	118
Total non-current liabilities		**6,729**	**7,733**
Current liabilities			
Loans and borrowings	19	1,966	2,547
Trade and other payables	17(c)	1,183	1,439
Advances received	17(d)	218	237
Other tax payable		233	243
Dividends payable		5	–
Provisions	20	114	125
Total current liabilities		**3,719**	**4,591**
Total liabilities		**10,448**	**12,324**
Total equity and liabilities		**21,464**	**24,631**
Net current assets		**4,223**	**5,524**
Total assets less current liabilities		**17,745**	**20,040**

Preliminary reviewed, approved and authorised for issue by the board of directors on 14 March 2024.

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 227 to 336.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

	Note	Share capital USD million	Share premium USD million	Other reserves USD million	Currency translation reserve USD million	Retained earnings/ (accumulated losses) USD million	Total equity USD million
Balance at 1 January 2023		**152**	**15,786**	**2,682**	**(9,033)**	**2,720**	**12,307**
Profit for the year		–	–	–	–	282	**282**
Other comprehensive (loss)/income for the year		–	–	5	(1,580)	–	**(1,575)**
Total comprehensive (loss)/income for the year		**–**	**–**	**5**	**(1,580)**	**282**	**(1,293)**
Contribution from a shareholder	11	–	–	2	–	–	**2**
Balance at 31 December 2023		**152**	**15,786**	**2,689**	**(10,613)**	**3,002**	**11,016**
Balance at 1 January 2022		**152**	**15,786**	**2,805**	**(9,450)**	**1,231**	**10,524**
Profit for the year		–	–	–	–	1,793	**1,793**
Other comprehensive (loss)/income for the year		–	–	(123)	417	–	**294**
Total comprehensive (loss)/income for the year		**–**	**–**	**(123)**	**417**	**1,793**	**2,087**
Dividends	11	–	–	–	–	(304)	**(304)**
Balance at 31 December 2022		**152**	**15,786**	**2,682**	**(9,033)**	**2,720**	**12,307**

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 227 to 336.

Consolidated Statement of Cash Flows
for the year ended 31 December 2023

	Note	Year ended 31 December 2023 USD million	2022 USD million
Operating activities			
Profit for the year		**282**	**1,793**
Adjustments for:			
Depreciation	6, 13	521	491
Amortisation	6, 14	19	12
Impairment of non-current assets	6(b)	321	196
Impairment of trade and other receivables	6(b)	1	163
(Partial reversal of provision)/write-down of inventories to net realisable value	16	(12)	171
Pension provision	20, 6(c)	4	4
Provision for legal claims	20	2	2
Change in fair value of derivative financial instruments	7	99	191
Net foreign exchange gain/(loss)	7	(51)	219
Loss on disposal of property, plant and equipment	6(b)	4	13
Interest expense	7	380	428
Interest income	7	(68)	(79)
Income tax expense	8	(38)	373
Dividends from other investments		(25)	(36)
Revaluation of investments measured at fair value through profit and loss	17(g)	94	(18)
Share of profits of associates and joint ventures	15	(752)	(1,555)
Cash from operating activities before changes in working capital and provisions		**781**	**2,368**
Decrease/(increase) in inventories		923	(1,245)
Decrease/(increase) in trade and other receivables and advances paid		393	(325)
Decrease in other assets		4	–
Decrease in trade and other payables and advances received		(208)	(846)
Decrease in provisions		(8)	(6)
Cash generated from/(used in) operations before income tax paid		**1,885**	**(54)**
Income tax paid	8(d)	(125)	(358)
Net cash generated from/(used in) operating activities		**1,760**	**(412)**

	Note	Year ended 31 December 2023 USD million	2022 USD million
Investing activities			
Proceeds from disposal of property, plant and equipment		10	3
Interest received		61	70
Acquisition of property, plant and equipment		(1,022)	(1,202)
Dividends from associates and joint ventures		–	1,639
Dividends from other investments		21	32
Acquisition of intangible assets		(34)	(37)
Cash paid for investments in equity securities measured at fair value through profit and loss		(5)	(113)
Cash (paid to)/received from other investments		(49)	97
Cash outflow from disposal of subsidiary		–	(16)
Prepayment for associate acquisition		(13)	–
Change in restricted cash		1	(1)
Net cash (used in)/generated from investing activities		**(1,030)**	**472**
Financing activities			
Proceeds from borrowings		3,521	6,036
Repayment of borrowings		(4,814)	(3,645)
Refinancing fees and other expenses		(30)	(17)
Interest paid		(422)	(428)
Settlement of derivative financial instruments		(2)	(229)
Dividends paid	11	–	(302)
Net cash (used in)/generated from financing activities		**(1,747)**	**1,415**
Net (decrease)/increase in cash and cash equivalents		**(1,017)**	**1,475**
Cash and cash equivalents at the beginning of the year	17(e)	3,193	1,982
Effect of exchange rate fluctuations on cash and cash equivalents		(91)	(264)
Cash and cash equivalents at the end of the year	17(e)	**2,085**	**3,193**

Restricted cash amounted to USD2 million and USD3 million at 31 December 2023 and 31 December 2022, 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 227 to 336.

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 is Oktyabrskaya st. 8, office 410, Kaliningrad, Kaliningrad Region, 236006, Russian.

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 2023 and 2022 was as follows:

	31 December 2023	**31 December 2022**
EN+GROUP IPJSC ("**EN+**", formerly En+ Group Plc)	56.88%	56.88%
SUAL PARTNERS ILLC ("**SUAL PARTNERS**", formerly SUAL Partners Limited)	25.52%	25.52%
Mr. Oleg V. Deripaska	0.01%	0.01%
Publicly held	17.59%	17.59%
Total	100.00%	100.00%

At 31 December 2023 and 2022 the immediate parent of the Group was 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 2023 and 2022 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.

To the best of the Company's knowledge, SUAL Partners Limited re-domiciled to Russian Federation and changed its' name to SUAL PARTNERS International Limited Liability Company in 2022.

Related party transactions are disclosed in Note 25.

(b) Operations

The Group operates in the aluminium industry primarily in the Russian Federation, 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, 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 counter sanctions imposed by the Russian government, have resulted in increased economic uncertainty including more volatile equity, commodity and currency markets. The longer term effects of implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

The consolidated financial statements reflect management's assessment of the impact of the Russian, 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) Going concern

These consolidated financial statements have been prepared assuming that the Group will continue as a going concern. Accordingly, these statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities or any other adjustments that might result from the Group being unable to continue as a going concern.

Ban of Australian government for the export of alumina and bauxite to Russia introduced in March 2022 and stoppage of production at Nikolaev Alumina Refinery Company Ltd due to developments in Ukraine starting from 1 March 2022 influenced the availability of alumina and bauxite or increase the purchase prices for the Group. Difficulties with logistics caused the Group to rebuild the supply and sales chains and lead to additional logistics costs. If the situation in Ukraine and overall geopolitical tension persists or continues to develop significantly, including the loss of significant parts of foreign markets, which cannot be reallocated to new markets, it may affect the Group's business, financial condition, prospects and results of operations.

Potentially the Group may have difficulties with equipment deliveries that may postpone realization of some investment projects and modernization programs for existing production facilities.

The facts described above, as well as the volatility of commodity markets, stock, currency markets and interest rates, create material uncertainty in the Group's ability to meet its financial obligations on time and continue as a going concern entity. Management constantly evaluates the current situation and prepares forecasts taking into account different scenarios of the events and conditions development. The Group's management expects that prices on the world commodity markets will grow and improve the results of operating activities. The Group is also revising supply and sales chains, ensuring an optimal equity and debt ratio, searching for resolutions of logistic difficulties, as well as the ways to service its obligations in order to adapt to the current economic changes to maintain the continuance of the Group's operations.

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* and Russian Federal Law 290-FZ dated 3 August 2018 *On International Companies and International Funds*.

Certain reclassifications have been made to the prior periods' consolidated financial statements to conform to the current year presentation. Such reclassifications affect the presentation of certain items in the notes to the consolidated financial statements and have no impact on net income or equity.

(b) Standards issued but not effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *Classification of Liabilities as Current or Non-current* – Amendments to IAS 1;
- *Non-current Liabilities with Covenants* – Amendments to IAS 1;
- *Lease Liability in a Sale and Leaseback* – Amendments to IFRS 16;
- *Supplier Finance Arrangements* – Amendments to IAS 7 and IFRS 7;
- *Lack of exchangeability* – Amendments to IAS 21.

The Group is currently assessing the impact the amendments will have on current practice, when they become effective.

3. Significant accounting policies

(a) New and amended standards and interpretations adopted by the Group

Several amendments apply for the first time in 2023, but do not have an impact on the consolidated financial statements of the Group and listed below:

- IFRS 17 *Insurance Contracts*;
- *Definition of Accounting Estimates* – Amendments to IAS 8;
- *Disclosure of Accounting Policies* – Amendments to IAS 1 and IFRS Practice Statement 2;
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – Amendments to IAS 12;
- *International tax reform – Pillar Two model rules* – Amendments to IAS 12.

(b) 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.

(c) 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**"), Chinese Yen ("**CNY**") and Euros ("**EUR**"). The consolidated financial statements are presented in USD, rounded to the nearest million, except as otherwise stated herein.

The functional currencies of investments in associates and joint ventures are RUB, Kazakhstani tenge and Australian dollar.

(d) 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);
- Measurement of recoverable amount of deferred tax assets (Note 8);
- 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).

(e) 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.

(f) 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 as part of other comprehensive income 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 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 2023 and 2022.

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 2023

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	10,419	998	–	–	**11,417**
Inter-segment revenue	297	3,528	–	–	**3,825**
Total segment revenue	**10,716**	**4,526**	**–**	**–**	**15,242**
Segment EBITDA	**919**	**240**	**–**	**–**	**1,159**
Depreciation/amortisation	**(395)**	**(111)**	**–**	**–**	**(506)**
Share of profits of associates and joint ventures	**–**	**–**	**123**	**629**	**752**
Segment profit	**524**	**129**	**123**	**629**	**1,405**
Impairment of non-current assets	**(191)**	**(158)**	**–**	**–**	**(349)**
Non-cash expense other than depreciation	(1)	(11)	–	–	**(12)**
Capital expenditure	(682)	(249)	–	–	**(931)**
Non-cash additions to non-current segment assets related to site restoration	(8)	1	–	–	**(7)**
Segment assets	8,984	2,085	–	–	**11,069**
Interests in associates and joint ventures	–	–	850	3,670	**4,520**
Total segment assets					**15,589**
Segment liabilities	(952)	(603)	(17)	–	**(1,572)**
Total segment liabilities					**(1,572)**

Year ended 31 December 2022

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	11,751	1,194	–	–	**12,945**
Inter-segment revenue	354	3,640	–	–	**3,994**
Total segment revenue	**12,105**	**4,834**	**–**	**–**	**16,939**
Segment EBITDA	**2,656**	**(395)**	**–**	**–**	**2,261**
Depreciation/amortisation	(374)	(106)	–	–	**(480)**
Share of profits of associates and joint ventures	–	–	115	1,440	**1,555**
Segment profit	**2,282**	**(501)**	**115**	**1,440**	**3,336**
Impairment of non-current assets	(6)	(83)	–	–	**(89)**
Non-cash expense other than depreciation	(34)	(97)	–	–	**(131)**
Capital expenditure	(768)	(311)	–	–	**(1,079)**
Non-cash additions to non-current segment assets related to site restoration	3	90	–	–	**93**
Segment assets	11,110	2,230	–	–	**13,340**
Interests in associates and joint ventures	–	–	889	4,285	**5,174**
Total segment assets					**18,514**
Segment liabilities	(1,030)	(619)	(15)	–	**(1,664)**
Total segment liabilities					**(1,664)**

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	Year ended 31 December	
	2023	**2022**
	USD million	**USD million**
Revenue		
Reportable segment revenue	15,242	16,939
Elimination of inter-segment revenue	(3,825)	(3,994)
Unallocated revenue	796	1,029
Consolidated revenue	**12,213**	**13,974**

	Year ended 31 December	
	2023	**2022**
	USD million	**USD million**
Profit		
Reportable segment profit	1,405	3,336
Impairment of non-current assets	(321)	(196)
Loss on disposal of property, plant and equipment	(4)	(13)
Finance income	144	133
Finance expenses	(573)	(838)
Unallocated profit/(loss)	(407)	(256)
Consolidated profit before taxation	**244**	**2,166**

	Year ended 31 December	
	2023	**2022**
	USD million	**USD million**
Adjusted EBITDA		
Reportable segment EBITDA	1,159	2,261
Unallocated depreciation	34	23
Unallocated profit/(loss)	(407)	(256)
Consolidated adjusted EBITDA	**786**	**2,028**

	31 December 2023	**31 December 2022**
	USD million	**USD million**
Assets		
Reportable segment assets	15,589	18,514
Unallocated assets	5,875	6,117
Consolidated total assets	**21,464**	**24,631**

	31 December 2023	**31 December 2022**
	USD million	**USD million**
Liabilities		
Reportable segment liabilities	(1,572)	(1,664)
Unallocated liabilities	(8,876)	(10,660)
Consolidated total liabilities	**(10,448)**	**(12,324)**

(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. 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.

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	
	2023	**2022**
	USD million	**USD million**
Russia	3,486	3,746
China	2,855	1,122
South Korea	1,191	1,184
Turkey	1,182	1,011
Greece	341	339
Germany	257	406
Netherlands	256	884
Spain	236	103
Japan	229	963
Poland	222	384
Byelorussia	208	132
Italy	194	299
India	133	54
France	129	223
Uzbekistan	128	94
Ireland	115	221
Other countries	1,051	2,809
	12,213	**13,974**

	Specified non-current assets	
	31 December 2023	**31 December 2022**
	USD million	**USD million**
Russia	9,718	10,370
Ireland	89	94
Guinea	234	237
Sweden	–	53
Unallocated	3,481	3,762
	13,522	**14,516**

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, legal title to the asset and physical possession of the asset is transferred. 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	
	2023	**2022**
	USD million	**USD million**
Revenue from contracts with customers	**12,213**	**13,974**
Sales of products	**11,929**	**13,585**
Sales of primary aluminium and alloys	10,129	11,593
Sales of alumina and bauxite	513	557
Sales of foil and other aluminium products	550	581
Sales of other products	737	854
Provision of services	**284**	**389**
Supply of energy	196	310
Provision of transportation services	30	8
Provision of other services	58	71
Total revenue by types of customers	**12,213**	**13,974**
Third parties	11,260	12,967
Related parties – companies capable of exerting significant influence	278	235
Related parties – companies related through parent company	211	235
Related parties – associates and joint ventures	464	537
Total revenue by primary regions	**12,213**	**13,974**
Europe	3,397	4,989
CIS	3,891	4,074
America	176	1,035
Asia	4,689	3,762
Other	60	114

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	
	2023	**2022**
	USD million	**USD million**
Cost of alumina, bauxite and other materials	**(4,921)**	**(5,364)**
Third parties	(4,860)	(5,311)
Related parties – companies capable of exerting significant influence	(51)	(30)
Related parties – companies related through parent company	(10)	(12)
Related parties – associates and joint ventures	–	(11)
Purchases of primary aluminium	**(819)**	**(1,164)**
Third parties	(163)	(220)
Related parties – companies related through parent company	–	(4)
Related parties – associates and joint ventures	(656)	(940)
Energy costs	**(2,288)**	**(2,658)**
Third parties	(1,298)	(1,538)
Related parties – companies capable of exerting significant influence	(45)	(48)
Related parties – companies related through parent company	(905)	(1,027)
Related parties – associates and joint ventures	(40)	(45)
Personnel costs	**(667)**	**(781)**
Depreciation and amortisation	**(513)**	**(481)**
Change in finished goods	**(540)**	**806**
Other costs	**(697)**	**(1,128)**
Third parties	(680)	(1,066)
Related parties – companies related through parent company	(17)	(32)
Related parties – associates and joint ventures	–	(30)
	(10,445)	**(10,770)**

(b) Distribution, administrative and other operating expenses, impairment of non-current assets and expected credit losses

	Year ended 31 December	
	2023	**2022**
	USD million	**USD million**
Transportation expenses	(558)	(538)
Impairment of non-current assets	(321)	(196)
Personnel costs	(288)	(404)
Customs duties	(97)	(48)
Consulting and legal expenses	(80)	(94)
Packaging materials	(54)	(58)
Security	(49)	(55)
Taxes other than on income	(45)	(56)
Charitable donations	(33)	(34)
Repair and other services	(30)	(40)
Depreciation and amortization	(27)	(22)
Short-term lease and variable lease payments	(7)	(8)
Loss on disposal of property, plant and equipment	(4)	(13)
Auditors' remuneration	(5)	(5)
Provision for legal claims	(2)	(2)
Expected credit losses	(1)	(163)
Other expenses	(246)	(152)
	(1,847)	**(1,888)**

On 28 April 2022 the Group sold its subsidiary Rusal America Corporation (RAC) to its local management for USD15 million. Following this transaction the Group has also recorded a realized gain of USD121 million related to the selling prices of inventory held by RAC at the date of demerger.

(c) Personnel costs

Accounting policies

Personnel costs comprise salaries, annual bonuses, annual leave, cost of non-monetary benefits and social contributions. 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	
	2023	**2022**
	USD million	**USD million**
Contributions to defined contribution retirement plans	203	244
Contributions to defined benefit retirement plans	3	4
Total retirement costs	**206**	**248**
Wages and salaries	750	937
	956	**1,185**

(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	
	2023	**2022**
	USD million	**USD million**
Results from operating activities	(79)	1,316
Add:		
Amortisation and depreciation	540	503
Impairment of non-current assets	321	196
Loss on disposal of property, plant and equipment	4	13
Adjusted EBITDA	**786**	**2,028**

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 investments measured at fair value through profit or loss, derivative financial instruments. 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 2023 equalled to USD226 million (31 December 2022: loss in the amount of USD156 million).

Disclosures

	Year ended 31 December	
	2023	**2022**
	USD million	**USD million**
Finance income		
Interest income on third party loans and deposits	68	79
Dividends from other investments	25	36
Net foreign exchange gain	51	–
Revaluation of investments measured at fair value through profit and loss, incl. forex effect	–	18
	144	**133**
Finance expenses		
Interest expense on bank loans, bonds and other bank charges	(363)	(421)
Change in fair value of derivative financial instruments (refer to Note 21)	(99)	(191)
Net foreign exchange loss	–	(219)
Interest expense on provisions	(13)	(1)
Revaluation of investments measured at fair value through profit and loss, incl. forex effect	(94)	–
Other finance costs	–	(2)
Leases interest costs	(4)	(4)
	(573)	**(838)**

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 a) is not a business combination, b) affects neither accounting nor taxable profit, c) at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; 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.

Withholding 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	
	2023	**2022**
	USD million	**USD million**
Current tax		
Current tax for the year	93	310
Deferred tax		
Origination and reversal of temporary differences	(170)	63
Windfall tax	**39**	**–**
Actual tax (credit)/expense	**(38)**	**373**

The Company is considered a Russian tax resident with an applicable corporate tax rate of 20%, for dividend income of the Company tax rate is 0%. 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%; Guinea of 0% to 35%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 20.6% and Italy of 27.9%, Switzerland of 9.07% and 11.82% and United Arab Emirates of 0% and 9%. For the Group's significant trading companies, the applicable tax rates range from 0% to 25%. The applicable tax rates for the year ended 31 December 2023 were the same as for the year ended 31 December 2022 except for tax rates for subsidiaries domiciled in Switzerland which amounted to 9.06% and 11.8%.

	Year ended 31 December			
	2023		**2022**	
	USD million	**%**	**USD million**	**%**
Profit before taxation	**244**	**100**	**2,166**	**100**
Income tax at tax rate applicable to the tax residence of the Company	49	20	433	20
Effect of different income tax rates	(194)	(80)	143	7
Effect of changes in investment in Norilsk Nickel	(126)	(52)	(288)	(13)
Change in unrecognised deferred tax assets	151	62	125	6
Effect of reversal/accrual of impairment	43	18	18	–
Effect of windfall tax	39	16	–	–
Other non-taxable income and non-deductible expenses	–	–	(58)	(3)
Actual tax (credit)/expense	**(38)**	**(16)**	**373**	**17**

(b) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following temporary differences:

	Assets		Liabilities		Net	
USD million	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Property, plant and equipment	100	100	(603)	(582)	**(503)**	**(482)**
Inventories	62	38	(42)	(37)	**20**	**1**
Trade and other receivables	77	72	(59)	(52)	**18**	**20**
Trade and other payables and advances received	27	18	–	–	**27**	**18**
Derivative financial assets/ (liabilities)	–	–	–	–	**–**	**–**
Tax loss carry-forwards	60	129	–	–	**60**	**129**
Others	315	90	(113)	(145)	**202**	**(55)**
Deferred tax assets/ (liabilities)	**641**	**447**	**(817)**	**(816)**	**(176)**	**(369)**
Set-off of deferred taxation	(412)	(389)	412	389	–	–
Net deferred tax assets/ (liabilities)	**229**	**58**	**(405)**	**(427)**	**(176)**	**(369)**

Movement in deferred tax assets/(liabilities) during the year

USD million	**1 January 2022**	**Recognised in profit or loss**	**Foreign currency translation**	**31 December 2022**
Property, plant and equipment	(466)	(21)	5	(482)
Inventories	48	(47)	–	1
Trade and other receivables	22	(2)	–	20
Trade and other payables and advances received	17	1	–	18
Derivative financial assets/(liabilities)	(2)	2	–	–
Tax loss carry-forwards	54	73	2	129
Others	11	(69)	3	(55)
Total	**(316)**	**(63)**	**10**	**(369)**

USD million	**1 January 2023**	**Recognised in profit or loss**	**Foreign currency translation**	**31 December 2023**
Property, plant and equipment	(482)	(44)	23	(503)
Inventories	1	19	–	20
Trade and other receivables	20	(2)	–	18
Trade and other payables and advances received	18	9	–	27
Tax loss carry-forwards	129	(69)	–	60
Others	(55)	257	–	202
Total	**(369)**	**170**	**23**	**(176)**

Others comprise mostly deferred tax assets/(liabilities) arising on foreign exchange differences attributable to various financial instruments.

Recognised tax losses expire in the following years:

Year of expiry	31 December 2023 USD million	31 December 2022 USD million
Without expiry	60	129
	60	**129**

(c) Unrecognised deferred tax

At 31 December 2023 and 2022 the Group has not recognized deferred tax in respect to temporary differences associated with investments in subsidiaries as the Group is able to control the timing of reversal of those investments and does not intend to reverse them in the foreseeable future.

At 31 December 2023 and 2022 the Group has not recognized deferred tax in respect to temporary differences associated with investments in associates and joint ventures as both distribution of dividends and profit on sales are non-taxable.

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2023 USD million	31 December 2022 USD million
Deductible temporary differences	1,046	993
Tax loss carry-forwards	549	451
	1,595	**1,444**

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 2023 USD million	31 December 2022 USD million
Without expiry	549	448
From 6 to 10 years	–	3
	549	**451**

(d) *Current taxation in the consolidated statement of financial position represents*

	31 December 2023 USD million	31 December 2022 USD million
Net income tax receivable at the beginning of the year	**42**	**(24)**
Income tax for the year (including windfall tax)	(132)	(310)
Income tax paid (including windfall tax)	125	358
Translation difference	(53)	18
	(18)	**42**
Represented by:		
Current tax liabilities (Note 17(c))	(26)	(172)
Prepaid income tax	8	214
Windfall tax liability	(39)	–
Windfall tax prepaid	39	–
Net income tax (payable)/receivable	**(18)**	**42**

(e) Windfall tax

On 4 August 2023, Federal Law No. 414-FZ *On Windfall Tax* was adopted. The Law establishes the procedure for determining and paying a one-off tax on excess (windfall) profits.

The tax base for windfall tax is determined as the amount by which the arithmetic mean of profits for 2021-2022 exceeds that for 2018-2019. The tax rate is 10%. The tax is payable before 28 January 2024.

The Law also provides for the option of an early security payment to be made between 1 October and 30 November 2023. The security payment will form a tax credit that the taxpayer can use to reduce the tax. The amount of such tax credit cannot exceed ½ of the amount of tax payable. The tax credit is assumed to be zero if the advance payment is refunded (in full or in part) upon the taxpayer's claim. This effectively allows reducing the tax rate to 5%.

The Group has applied the option of reducing the tax amount by making an early security payment. Therefore, in these consolidated financial statements, the Group recognized a windfall tax liability in the amount of USD39 million within both current income tax expense and current tax liability, which has been settled at the reporting date.

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 2023

	Directors' fees USD thousand	Salaries, allowances, benefits in kind USD thousand	Discretionary bonuses USD thousand	Total USD thousand
Executive Directors				
Evgenii Nikitin	–	1,792	1,293	**3,085**
Evgenii Vavilov	–	41	7	**48**
Evgeny Kuryanov	–	306	202	**508**
Non-executive Directors				
Marco Musetti (a)	142	–	–	**142**
Vladimir Kolmogorov	238	–	–	**238**
Mikhail Khardikov (b)	298	–	–	**298**
Semen Mironov (c)	149	–	–	**149**
Independent Non-executive Directors				
Bernard Zonneveld (Chairman)	1,669	–	–	**1,669**
Christopher Burnham	298	–	–	**298**
Kevin Parker	299	–	–	**299**
Evgeny Svarts	280	–	–	**280**
Randolph Reynolds	272	–	–	**272**
Anna Vasilenko	280	–	–	**280**
Lyudmila Galenskaya (e)	252	–	–	**252**
	4,177	**2,139**	**1,502**	**7,818**

Year ended 31 December 2022

	Directors' fees USD thousand	Salaries, allowances, benefits in kind USD thousand	Discretionary bonuses USD thousand	Total USD thousand
Executive Directors				
Evgenii Nikitin	–	1,670	1,286	**2,956**
Evgenii Vavilov	–	53	11	**64**
Evgeny Kuryanov	–	303	244	**547**
Non-executive Directors				
Marco Musetti (a)	277	–	–	**277**
Vyacheslav Solomin (f)	139	–	–	**139**
Vladimir Kolmogorov	225	–	–	**225**
Mikhail Khardikov(d)	143	–	–	**143**
Independent Non-executive Directors				
Bernard Zonneveld (Chairman)	1,625	–	–	**1,625**
Christopher Burnham	274	–	–	**274**
Nicholas Jordan	143	–	–	**143**
Kevin Parker	297	–	–	**297**
Evgeny Svarts	269	–	–	**269**
Randolph Reynolds	266	–	–	**266**
Dmitry Vasiliev(g)	200	–	–	**200**
Anna Vasilenko	269	–	–	**269**
Lyudmila Galenskaya(e)	123	–	–	**123**
	4,250	**2,026**	**1,541**	**7,817**

a. Marco Musetti resigned from his position as Non-executive Director in June 2023.

b. Mikhail Khardikov was appointed as Non-executive Director in June 2022.

c. Semen Mironov was appointed as Non-executive Director in June 2023.

d. Nicholas Jordan resigned from his position as Independent Non-executive Director in June 2022.

e. Lyudmila Galenskaya was appointed as Independent Non-executive Director in June 2022.

f. Vyacheslav Solomin resigned from his position as Non-executive Director in June 2022.

g. Dmitry Vasiliev resigned from his position as Non-executive Director in August 2022.

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 2023 includes contributions to the state pension funds in the following amounts: Mr. Nikitin – USD417 thousand, Mr. Vavilov – USD9 thousand, Mr. Kuryanov – USD70 thousand. Executive directors remuneration for the year ended 31 December 2022 includes contributions to the state pension funds in the following amounts: Mr. Nikitin – USD286 thousand, Mr. Vavilov – USD7 thousand, Mr. Kuryanov – USD22 thousand.

10. Individuals with highest emoluments

	Year ended 31 December	
	2023	**2022**
	USD thousand	**USD thousand**
Salaries	11,639	21,926
Discretionary bonuses	11,792	16,871
Retirement scheme contributions	3,006	2,145
	26,437	**40,942**

The emoluments of individuals with the highest emoluments are within the following bands:

	Year ended 31 December	
	2023	**2022**
	Number of individuals	**Number of individuals**
HK$23,500,001-HK$24,000,000 (USD3,000,001 – USD3,070,000)	1	–
HK$24,000,001-HK$24,500,000 USD3,070,001 – USD3,140,000)	1	–
HK$35,500,001-HK$36,000,000 (USD4,540,001 – USD4,610,000)	1	–
HK$41,000,001-HK$41,500,000 (USD5,200,001 – USD5,270,000)	1	–
HK$44,500,001-HK$45,000,000 (USD5,700,001 – USD5,770,000)	–	1
HK$47,500,001-HK$48,000,000 (USD6,030,001 – USD6,100,000)	–	1
HK$54,000,001-HK$54,500,000 (USD6,900,001 – USD6,970,000)	–	1
HK$73,000,001-HK$73,500,000 (USD9,300,001 – USD9,370,000)	–	1
HK$82,000,001-HK$82,500,000 (USD10,450,001 – USD10,520,000)	1	–
HK$100,500,001-HK$101,000,000 (USD12,830,001 – USD12,900,000)	–	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 years ended 31 December 2023 and 31 December 2022 includes contributions to the state pension funds.

11. Dividends

No dividends were declared and paid by the Company during the year ended 31 December 2023.

On 30 September 2022 the Board of Directors of the Company approved an interim dividend in the aggregate amount of USD304 million (USD0.02 per ordinary share) for the financial year ending 31 December 2022. The interim dividend was paid in cash in November 2022.

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 2023 and 31 December 2022. Weighted average number of shares:

	Year ended 31 December	
	2023	**2022**
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	282	1,793
Basic and diluted earnings per share, USD	**0.019**	**0.118**

There were no outstanding dilutive instruments during the years ended 31 December 2023 and 2022.

13. Property, plant and equipment and investment properties

Accounting policies

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

However, to the extent the benefit is improved access to ore, the Group recognises these costs as a non-current asset, if only: (a) it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity; (b) the entity can identify the component of the ore body for which access has been improved; and (c) the costs relating to the stripping activity associated with that component can be measured reliably.

(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.

In 2023, the Group revised the residual useful lives for certain items of property, plant and equipment. For the movables (machinery and equipment, other fixed assets), the useful lives were extended by an average of 2.5 years, for the immovables (buildings) – by an average of 5.5 years. In this regard, depreciation expenses for 2023 decreased by USD17 million, or by USD15 million for movables and USD2 million for immovables.

On 1 January 2022, the Group revised the residual useful lives for certain items of property, plant and equipment. For the movables (machinery and equipment, other fixed assets), the useful lives were extended by an average of 2 years, for the immovables (buildings) – by an average of 5 years. In this regard, depreciation expenses for 2022 decreased by USD22 million, or by USD21 million for movables and USD1 million for immovables.

Investment properties

Investment properties is property held by the Group to earn rental income or for capital appreciation, or both, and is not occupied by the Group. Investment properties is measured initially at cost, including transaction costs. Subsequently investment properties is measured at historical cost less accumulated depreciation and impairment. If any indication exists that investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs to sell. The carrying amount of investment properties is written down to its recoverable amount through a charge to profit or loss for the period. An impairment loss recognised in prior periods is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount. If an investment property becomes owner-occupied, it is reclassified to land and buildings.

Disclosures

USD million	Land and buildings	Machinery and equipment	Electro-lysers	Other	Mining assets	Construc-tion in progress	Total
Cost/deemed cost							
Balance at 1 January 2022	**4,021**	**7,142**	**3,032**	**167**	**529**	**2,618**	**17,509**
Additions	6	53	–	–	21	1,162	**1,242**
Acquired through business combination	8	19	–	10	–	–	**37**
Disposals	(12)	(61)	(16)	(2)	(122)	(8)	**(221)**
Transfers	106	313	295	14	5	(733)	**–**
Foreign currency translation	23	33	(13)	2	3	8	**56**
Balance at 31 December 2022	**4,152**	**7,499**	**3,298**	**191**	**436**	**3,047**	**18,623**
Balance at 1 January 2023	**4,152**	**7,499**	**3,298**	**191**	**436**	**3,047**	**18,623**
Additions	18	63	–	12	45	983	**1,121**
Acquired through business combination	–	5	–	–	–	–	**5**
Disposals	(221)	(355)	(1,938)	(5)	(40)	(65)	**(2,624)**
Transfers	172	372	179	9	19	(751)	**–**
Foreign currency translation	(167)	(186)	(31)	(2)	(66)	(159)	**(611)**
Balance at 31 December 2023	**3,954**	**7,398**	**1,508**	**205**	**394**	**3,055**	**16,514**

USD million	Land and buildings	Machinery and equipment	Electro-lysers	Other	Mining assets	Construc-tion in progress	Total
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	**2,384**	**5,881**	**2,672**	**152**	**511**	**559**	**12,159**
Depreciation charge	106	237	169	4	2	–	**518**
Impairment loss/(reversal) of impairment loss	6	111	(4)	5	(87)	146	**177**
Disposals	(5)	(51)	(12)	(2)	(8)	–	**(78)**
Transfers	–	–	–	–	–	–	**–**
Foreign currency translation	5	16	(11)	1	2	5	**18**
Balance at 31 December 2022	**2,496**	**6,194**	**2,814**	**160**	**420**	**710**	**12,794**
Balance at 1 January 2023	**2,496**	**6,194**	**2,814**	**160**	**420**	**710**	**12,794**
Depreciation charge	105	250	175	7	5	–	**542**
Impairment loss/(reversal) of impairment loss	(9)	74	22	3	25	149	**264**
Disposals	(211)	(339)	(1,938)	(3)	(6)	(46)	**(2,543)**
Transfers	–	–	–	–	–	–	**–**
Foreign currency translation	(77)	(131)	(26)	1	(65)	(51)	**(349)**
Balance at 31 December 2023	**2,304**	**6,048**	**1,047**	**168**	**379**	**762**	**10,708**
Net book value							
At 31 December 2022	**1,656**	**1,305**	**484**	**31**	**16**	**2,337**	**5,829**
At 31 December 2023	**1,650**	**1,350**	**461**	**37**	**15**	**2,293**	**5,806**

In 2023 the Group wrote off several fully depreciated objects of property, plant and equipment.

Depreciation expense of USD494 million (2022: USD465 million) has been charged to cost of goods sold, USD3 million (2022: USD4 million) to distribution expenses and USD24 million (2022: USD18 million) to administrative expenses.

The Group acquired property, plant and equipment in the total amount of USD1,121 million for the year ended 31 December 2023 (USD1,242 million for the year ended 31 December 2022). The carrying amount of property, plant and equipment disposed during the year ended 31 December 2023 comprised USD81 million (USD143 million for the year ended 31 December 2022).

During the year ended 31 December 2023 interest expense of USD56 million was capitalised in the course of active construction at several projects. The average capitalisation rate was 7.25% (2022: USD36 million; 6.47%).

Included into land and buildings at 31 December 2023 is investment property of USD55 million. The amount at 31 December 2022 was USD73 million.

Included into construction in progress at 31 December 2023 and 2022 are advances to suppliers of property, plant and equipment of USD211 million and USD133 million, respectively.

The carrying value of property, plant and equipment subject to lien under loan agreements was USD3 million as at 31 December 2023 (31 December 2022: USD4 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 that significant increase of aluminium prices as a result of LME appreciation indicated that for a number of Group's cash-generating units previously recognised impairment loss may require reversal. At the same time due to significant increase of oil and gas prices and overall market instability impairment loss may be recognised for a number of cash-generating units. For alumina cash generating units, major influence was from unfavourable dynamics in prices of energy resources being a significant part of cash cost.

Based on results of impairment testing as at 31 December 2023, 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 RUSAL Sayanal, Kremny and Rusal Silicon Ural in the amount of USD117 million. Additionally management concluded that at the same date an impairment loss relating to property, plant and equipment of Kubikenborg Aluminium (Kubal) and Taishet aluminium smelter in the amount of USD270 million should be recognised in these consolidated financial statements.

Based on results of impairment testing as at 31 December 2022, management has concluded that an impairment loss relating to property, plant and equipment of RUSAL Sayanal and PGLZ in the amount of USD85 million should be recognised in these consolidated financial statements.

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 USD111 million at 31 December 2023 (2022: USD99 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.

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 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	
	2023	**2022**
Taishet aluminium smelter	18.7%	16.0%
RUSAL Sayanal	21.9%	14.3%
PGLZ	16.6%	14.3%
Kremny	19.7%	14.3%
RUSAL Silicon Ural	19.8%	14.3%
Kubikenborg Aluminium (Kubal)	14.5%	13.1%

The recoverable amount of a number of the cash generating units tested for impairment are particularly sensitive to changes in forecast aluminium and alumina prices, foreign exchange rates and applicable discount rates.

The results of impairment testing of Taishet aluminium smelter are particularly sensitive to the following key assumptions:

- Five percent reduction in the projected aluminium price level will result in a decrease in the recoverable amount of Taishet aluminium smelter and will lead to an additional impairment in the total amount of USD566 million;

- One percent increase in the discount rate applied will result in a decrease in the recoverable amount of Taishet aluminium smelter and will lead to an additional impairment in the total amount of USD327 million.

(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 or modification 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 USD20 million during the year ended 31 December 2023 (31 December 2022: USD33 million). The carrying amounts of right-of-use assets are presented below.

	Property, plant and equipment		
USD million	**Land and buildings**	**Machinery and equipment**	**Total**
Balance at 1 January 2023	11	22	**33**
Balance at 31 December 2023	**19**	**12**	**31**

Total depreciation charges related to the right-of-use assets for the year ended 31 December 2023 amount to USD15 million (31 December 2022: USD14 million).

USD3 million of right-of-use assets have been impaired during the year ended 31 December 2023 (31 December 2022: USD(2) million reversed). The Group's total cash outflow for leases was in the amount of USD20 million for the year ended 31 December 2023 (31 December 2022: USD17 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 USD37 million as at 31 December 2023 (31 December 2022: USD57 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 2023 amounted to USD30 million (31 December 2022: USD27 million).

Total interest costs on leases recognised for the year ended 31 December 2023 amount to USD4 million (31 December 2022: USD4 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 and low-value leases in the amount of USD19 million is included in cost of sales or administrative expenses depending on type of underlying asset for the year ended 31 December 2023 (31 December 2022: USD25 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. If concentration test is met the acquired set of activities and assets is not a business.

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 2022	**2,718**	**590**	**3,308**
Additions	135	37	**172**
Disposals	–	(5)	**(5)**
Foreign currency translation	30	9	**39**
Balance at 31 December 2022	**2,883**	**631**	**3,514**
Balance at 1 January 2023	**2,883**	**631**	**3,514**
Additions	6	34	**40**
Disposals	–	(7)	**(7)**
Foreign currency translation	(236)	(14)	**(250)**
Balance at 31 December 2023	**2,653**	**644**	**3,297**
Amortisation and impairment losses			
Balance at 1 January 2022	**(449)**	**(448)**	**(897)**
Amortisation charge	–	(16)	**(16)**
Disposals	–	4	**4**
Impairment loss	–	–	**–**
Foreign currency translation	–	–	**–**
Balance at 31 December 2022	**(449)**	**(460)**	**(909)**
Balance at 1 January 2023	**(449)**	**(460)**	**(909)**
Amortisation charge	–	(19)	**(19)**
Disposals	–	7	**7**
Impairment loss	(48)	3	**(45)**
Foreign currency translation	–	6	**6**
Balance at 31 December 2023	**(497)**	**(463)**	**(960)**
Net book value			
At 31 December 2022	**2,434**	**171**	**2,605**
At 31 December 2023	**2,156**	**181**	**2,337**

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 2023 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.

(vi) Impairment

For the purposes of impairment testing, the entire amount of goodwill is allocated to the aluminium segment of the Group's operations. 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 2023, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2022 and performed an impairment test for goodwill at 31 December 2023 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 4 million metric tonnes of primary aluminium, of 5.6 million metric tonnes of alumina and of 16.2 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;

- The aluminium and alumina prices were based on the long-term aluminium and alumina price outlook derived from available industry and market sources and were as follows:

	2024	**2025**	**2026**	**2027**	**2028**
Aluminium sales prices, based on the long-term aluminium price outlook, USD per tonne	2,283	2,434	2,538	2,575	2,529
Alumina sales prices, based on the long-term alumina price outlook, USD per tonne	343	345	353	364	370
Nominal foreign currency exchange rates, RUB per 1USD	91.12	92.36	93.98	94.56	95.14
Inflation in RUB	7.0%	5.3%	4.7%	4.2%	4.0%
Inflation in USD	2.8%	2.3%	2.3%	2.0%	2.0%

- 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 and inflation in RUB and USD assumed in determining recoverable amounts were as above;

- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 20.28%;

- 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 were 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 18% but would not lead to an impairment;

- A 5% increase in the projected level of electricity costs in the aluminium production would have resulted in a 8% decrease in the recoverable amount but would not lead to an impairment;

- A 1% increase in the discount rate would have resulted in a 8% 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 2023.

At 31 December 2022, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2021 and performed an impairment test for goodwill at 31 December 2022 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 5.4 million metric tonnes of alumina and of 16.5 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;

- The aluminium and alumina prices were based on the long-term aluminium and alumina price outlook derived from available industry and market sources and were as follows:

	2023	**2024**	**2025**	**2026**	**2027**
Aluminium sales prices, based on the long-term aluminium price outlook, USD per tonne	2,422	2,512	2,588	2,606	2,571
Alumina sales prices, based on the long-term alumina price outlook, USD per tonne	324	331	341	349	360
Nominal foreign currency exchange rates, RUB per 1USD	70.5	71.9	73.3	75.4	76.9
Inflation in RUB	7.0%	7.0%	6.0%	5.0%	4.0%
Inflation in USD	4.3%	2.2%	1.9%	2.0%	2.0%

- 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 and inflation in RUB and USD assumed in determining recoverable amounts were as above;

- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 17.5%;

- 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 were 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 13% 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 6% decrease in the recoverable amount but would not lead to an impairment;

- A 1% increase in the discount rate would have resulted in a 8% 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 2022.

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 other comprehensive income, the Group's share of the post-acquisition results of the investee recorded directly in the statement of changes in equity is recognized in the consolidated statement of changes in equity as the share of other changes in equity of associate.

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
	2023	**2022**
	USD million	**USD million**
Balance at the beginning of the year	**5,174**	**4,014**
Group's share of profits	752	1,555
Dividends	(398)	(764)
Foreign currency translation	(1,007)	369
Balance at the end of the year	**4,521**	**5,174**
Goodwill included in interests in associates	1,982	2,404

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.

			Ownership interest		
Name of associate/ joint venture	**Place of incorporation and operation**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Group's nominal interest**	**Principal activity**
PJSC MMC Norilsk Nickel	Russian Federation	152,863,397 shares, RUB1 par value	26.39%	26.39%	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 2023 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	5,952	16,238	189	971	1,228	2,287	230	460
Current assets	1,938	7,342	29	146	158	304	106	222
Non-current liabilities	(1,888)	(7,154)	(80)	(388)	(676)	(1,352)	(98)	(196)
Current liabilities	(2,331)	(8,831)	(138)	(693)	(50)	(101)	(48)	(96)
Net assets	**3,671**	**7,595**	**–**	**36**	**660**	**1,138**	**190**	**390**

	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	3,803	14,409	118	592	516	1,031	157	313
Profit/(loss) from continuing operations	629	2,870	–	(20)	93	193	30	61
Other comprehensive income	(846)	(1,856)	–	–	(162)	(324)	1	(3)
Total comprehensive income/(loss)	**(217)**	**1,014**	**–**	**(20)**	**(69)**	**(131)**	**31**	**58**

The summary of the consolidated financial statements of associates and joint ventures for the year ended 31 December 2022 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	6,614	17,392	182	1,053	1,367	2,559	211	432
Current assets	2,218	8,403	27	163	201	391	88	175
Non-current liabilities	(2,517)	(9,539)	(92)	(495)	(808)	(1,616)	(98)	(195)
Current liabilities	(2,029)	(7,689)	(117)	(653)	(33)	(66)	(40)	(79)
Net assets	**4,286**	**8,567**	**–**	**68**	**727**	**1,268**	**161**	**333**

	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	4,454	16,876	110	550	678	1,356	133	266
Profit/(loss) from continuing operations	1,440	5,854	–	(20)	102	210	13	26
Other comprehensive income	336	920	–	(25)	29	56	4	11
Total comprehensive income	**1,776**	**6,774**	**–**	**(45)**	**131**	**266**	**17**	**37**

(i) 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 2023 and 31 December 2022 amounted USD3,671 million and USD4,286 million, respectively. The Group's share of profit of Norilsk Nickel was USD629 million, the foreign currency translation loss was USD846 million for the year ended 31 December 2023.

The Group's share of profit of Norilsk Nickel was USD1,440 million, the foreign currency translation gain was USD336 million for the year ended 31 December 2022.

The fair value of the investment amounted USD7,273 million and USD8,775 million as at 31 December 2023 and 31 December 2022, 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.

(ii) Queensland Alumina Limited ("QAL")

The carrying value of the Group's investment in Queensland Alumina Limited as at both 31 December 2023 and 31 December 2022 amounted to USD nil million. At 31 December 2023 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.

(iii) BEMO project

The carrying value of the Group's investment in BEMO project as at 31 December 2023 and 31 December 2022 amounted USD660 million and USD727 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 2023 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 2023, accumulated losses of USD57 million (2022: USD73 million) related to 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 2023 and 31 December 2022 is presented below (all in USD million):

	31 December 2023 USD million	**31 December 2022 USD million**
Cash and cash equivalents	43	78
Current financial liabilities	(1)	(1)
Non-current financial liabilities	(548)	(633)
Depreciation and amortisation	(54)	(66)
Interest income	3	3
Interest expense	0	(6)
Income tax expense	(29)	(25)

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 2023 USD million	31 December 2022 USD million
Raw materials and consumables	1,333	1,542
Work in progress	766	906
Finished goods and goods held for resale	1,500	2,041
	3,599	**4,489**

Inventories at 31 December 2023 and 31 December 2022 are stated at the lower of cost and net realizable value.

There were no inventories pledge at 31 December 2023.

The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December	
	2023	**2022**
	USD million	**USD million**
Carrying amount of inventories sold	9,208	10,433
Partial reversal of provision/ (write-down of inventories to net realisable value)	12	(171)
	9,220	**10,262**

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.

(i) Non-derivative financial assets

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 assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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 their cash flow characteristics and the business model in which assets are managed.

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 its contractual cash flow characteristics and on the business model in which a financial asset is managed. 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 mostly 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(g)). The Group's financial liabilities fall within category of financial assets measured at amortised cost.

Disclosures

As 31 December 2023 the Group presented non-derivative financial and non-financial assets and liabilities separately. Balances for 31 December 2022 were presented respectively for comparative purposes.

(a) Trade and other receivables

	31 December 2023 USD million	31 December 2022 USD million
Trade receivables from third parties	927	1,067
Impairment loss on trade receivables	(68)	(75)
Net trade receivables from third parties	**859**	**992**
Trade receivables from related parties, including:	**116**	**94**
Related parties – companies capable of exerting significant influence	*33*	*45*
Related parties – companies related through parent company	*76*	*48*
Related parties – associates and joint ventures	*7*	*1*
Other receivables from third parties	180	211
Impairment loss on other receivables	(8)	(16)
Net other receivables from third parties	**172**	**195**
Other receivables from related parties, including:	**7**	**5**
Related parties – companies related through parent company	*32*	*28*
Impairment loss on other receivables from related parties – companies related through parent company	*(25)*	*(23)*
Net other receivables to related parties – companies related through parent company	7	5
	1,154	**1,286**

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 loss allowance for expected credit losses) with the following ageing analysis as of the reporting dates:

	31 December 2023 USD million	**31 December 2022 USD million**
Current (not past due)	**880**	**890**
1-30 days past due	29	122
31-60 days past due	1	42
61-90 days past due	–	1
More than 90 days past due	65	31
Amounts past due	**95**	**196**
	975	**1,086**

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 and loans and borrowings 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 2023 and 31 December 2023.

	Weighted-average loss rate		
	31 December 2023	**1 January 2023**	**Credit-impaired**
Current (not past due)	1%	1%	No
1-30 days past due	21%	10%	No
31-60 days past due	73%	50%	No
61-90 days past due	93%	48%	No
More than 90 days past due	47%	38%	Yes

The group directly reduces the gross carrying amount of trade receivable when there is no reasonable expectations of recovering a financial assets in its entirety or a portion thereof.

The movement in the allowance for credit losses during the period is as follows:

	Year ended 31 December	
	2023	**2022**
	USD million	**USD million**
Balance at the beginning of the year	**(75)**	**(18)**
Reversal of impairment/ (impairment loss recognised)	7	(57)
Balance at the end of the year	**(68)**	**(75)**

(b) Prepayments and input VAT

	31 December 2023	**31 December 2022**
	USD million	**USD million**
VAT recoverable	352	509
Impairment loss on VAT recoverable	(39)	(60)
Net VAT recoverable	**313**	**449**
Advances paid to third parties	198	297
Impairment loss on advances paid	(9)	(9)
Net advances paid to third parties	**189**	**288**
Advances paid to related parties, including:	**1**	**2**
Related parties – companies related through parent company	*1*	*2*
Related parties – associates and joint ventures	*87*	*87*
Impairment loss on advances paid from related parties – associates and joint ventures	*(87)*	*(87)*
Net advances paid to related parties – associates and joint ventures	–	–
Prepaid expenses	**6**	**7**
Prepaid other taxes	**29**	**17**
	538	**763**

(c) Trade and other payables

	31 December 2023 USD million	31 December 2022 USD million
Accounts payable to third parties	**715**	**865**
Accounts payable to related parties, including:	**233**	**175**
Related parties – companies capable of exerting significant influence	*7*	*6*
Related parties – companies related through parent company	*73*	*61*
Related parties – associates and joint ventures	*153*	*108*
Other payables and accrued liabilities to third parties	**206**	**224**
Other payables and accrued liabilities to related parties, including:	**3**	**3**
Related parties – companies related through parent company	*3*	*3*
Current tax liabilities	**26**	**172**
	1,183	**1,439**

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 overdue.

	31 December 2023 USD million	31 December 2022 USD million
Current	**820**	**906**
Past due 0-90 days	88	99
Past due 91-120 days	1	2
Past due over 120 days	39	33
Amounts past due	**128**	**134**
	948	**1,040**

Lease liabilities that are expected to be settled within one year for the amount of USD19 million are included in other payables and accrued liabilities as at 31 December 2023 (31 December 2022: USD21 million).

(d) Advances received

	31 December 2023 USD million	31 December 2022 USD million
Advances received	**217**	**223**
Advances received from related parties, including:	**1**	**14**
Related parties – companies related through parent company	*1*	*1*
Related parties – associates and joint ventures	*–*	*13*
	218	**237**

Advances received represent contract liabilities to perform obligations under contracts with customers. Advances received are short-term and revenue in respect of the contract liabilities recognized as at the reporting date is fully recognized during next twelve months.

(e) Cash and cash equivalents

	31 December 2023 USD million	31 December 2022 USD million
Bank balances, USD	165	116
Bank balances, RUB	481	1,390
Bank balances, EUR	162	79
Bank balances, CNY	791	110
Bank balances, other currencies	30	20
Cash in transit	–	17
Short-term bank deposits, USD	335	700
Short-term bank deposits, RUB	13	17
Short-term bank deposits, EUR	103	89
Short-term bank deposits, CNY	–	626
Other cash equivalents	5	29
Cash and cash equivalents in the consolidated statement of cash flows	**2,085**	**3,193**
Restricted cash	2	3
	2,087	**3,196**

As at 31 December 2023 and 31 December 2022 included in cash and cash equivalents was restricted cash of USD2 million and USD3 million, respectively.

(f) Other non-current assets

	31 December 2023 USD million	31 December 2022 USD million
Long-term deposits	121	121
Prepayment for associate acquisition	13	–
Other non-current assets	143	181
	277	**302**

Prepayment for acquisition of associate relates to the Group's arrangement to acquire 30% of share capital of the alumina plant, located in China. In October 2023 the Group entered into a share-purchase agreement to acquire the share in equity of Hebei Wenfeng New Materials Co., Ltd. All rights attached to the interest acquired will be transferred to the Group subject to fulfilment of certain conditions, which are expected to occur in 2024. The amount of prepayment comprises 5% of the estimated total consideration for 30% share in equity of Hebei Wenfeng New Materials Co., Ltd.

(g) Investments in equity securities measured at fair value through profit and loss

During the year ended 31 December 2023 the Group continued to acquire equity securities of RusHydro, it had bought 434,666,000 shares for a total consideration of USD5 million. As at the 31 December 2023 the Group's investment in RusHydro amounted to USD339 million or 42,754,785,466 shares or effective 9.7% (nominal 9.6%) of investees share capital.

During the year 2022 the Group had bought 10,893,422,000 shares of RusHydro for a total consideration of USD113 million. As at the 31 December 2022 the Group's investment in RusHydro amounted to USD458 million or 42,320,119,466 shares or 9.7% of investees share capital.

Investment is treated as equity securities measured at fair value through profit and loss.

Fair value is estimated in accordance with Level 1 of the fair value hierarchy. The market value was determined by multiplying the quoted bid price per share on the Moscow Exchange on reporting date by the number of shares held by the Group.

(h) Short-term investments

Primarily consist of short-term bank deposits and promissory notes of the company under common control.

(i) Fair value measurement

The information about fair value measurement of financial assets and liabilities is disclosed in Note 22 (a).

18. Equity

(a) Share capital

	31 December 2023 USD	31 December 2023 Number of shares	31 December 2022 USD	31 December 2022 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

Other reserves include the amounts related to: effect of transaction of reorganization under common control, 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 subsidiaries and equity accounted investees. The reserve is dealt with in accordance with the accounting policies set out in Note 3(f).

(e) Movement in components of equity within the Company

USD million	Share capital	Reserves	Total
Balance at 1 January 2022	**152**	**18,896**	**19,048**
Loss for the year	–	(329)	**(329)**
Dividends	–	(304)	**(304)**
Balance at 31 December 2022	**152**	**18,263**	**18,415**
Balance at 1 January 2023	**152**	**18,263**	**18,415**
Loss for the year	–	(375)	**(375)**
Contribution from a shareholder	–	2	**2**
Balance at 31 December 2023	**152**	**17,890**	**18,042**

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 2023 USD million	31 December 2022 USD million
Non-current liabilities		
Secured bank loans	1,810	2,876
Unsecured bank loans	1,258	815
Bonds	2,832	3,219
	5,900	**6,910**
Current liabilities		
Secured bank loans	933	745
Unsecured bank loans	382	385
Bonds	615	1,348
Accrued interest	36	69
	1,966	**2,547**

(a) Loans and borrowings

Terms and debt repayment schedule as at 31 December 2023

	Total USD million	2024 USD million	2025 USD million	2026 USD million	2027 USD million	2028 USD million	2029-2035 USD million
Secured bank loans							
Variable							
USD – Term SOFR + Spread + 2.1%	**339**	339	–	–	–	–	–
USD – Term SOFR + Spread + 1.7%	**25**	25	–	–	–	–	–
RUB KeyRate + 3.15%	**164**	16	4	3	5	9	127
Fixed							
CNY 4.75%	**2,215**	553	554	554	554	–	–
	2,743	**933**	**558**	**557**	**559**	**9**	**127**
Unsecured bank loans							
Variable							
CNY LPR1Y + 1.6%	**354**	–	–	354	–	–	–
CNY LPR1Y + 2.75%	**374**	374	–	–	–	–	–
RUB KeyRate + 3%	**48**	–	7	19	–	22	–
EUR – 6M Euribor + (0.45%-0.67%)	**35**	7	7	6	5	5	5
Fixed							
CNY 3.75%	**774**	–	774	–	–	–	–
CNY 4.7%	**50**	–	8	15	15	12	–
RUB other	**5**	1	–	4	–	–	–
	1,640	**382**	**796**	**398**	**20**	**39**	**5**
Total	**4,383**	**1,315**	**1,354**	**955**	**579**	**48**	**132**
Accrued interest	**36**	36	–	–	–	–	–
Total	**4,419**	**1,351**	**1,354**	**955**	**579**	**48**	**132**

As at 31 December 2023 and 31 December 2022 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 and dated 28 January 2021.

As at 31 December 2023 and 31 December 2022 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 USD3 million and USD4 million, respectively.

The nominal value of the Group's loans and borrowings was USD4,447 million at 31 December 2023 (31 December 2022: USD4,883 million).

As at 31 December 2023, the amount of accrued interest on unsecured bank loans and secured bank loans was USD6 million and USD7 million, respectively (31 December 2022: USD4 million and USD17 million, respectively).

Terms and debt repayment schedule as at 31 December 2022

	Total USD million	2023 USD million	2024 USD million	2025 USD million	2026 USD million	2027 USD million	2028-2035 USD million
Secured bank loans							
Variable							
USD – 3M Libor + 3.0%	**2,100**	–	180	423	559	938	–
USD – 3M Libor + 2.1%	**718**	359	359	–	–	–	–
USD 3M Libor + 1.7%	**125**	100	25	–	–	–	–
RUB KeyRate + 1.9%	**254**	–	–	–	–	254	–
RUB KeyRate + 3.15%	**140**	3	11	2	2	3	119
Fixed							
RUB 11%	**284**	284	–	–	–	–	–
	3,621	**746**	**575**	**425**	**561**	**1,195**	**119**
Unsecured bank loans							
Variable							
EUR – 6M Euribor + (0.45%-0.67%)	**40**	6	7	7	6	5	9
Fixed							
CNY 3.75%	**777**	–	–	777	–	–	–
CNY 4.2%	**375**	375	–	–	–	–	–
RUB other	**8**	3	–	–	5	–	–
	1,200	**384**	**7**	**784**	**11**	**5**	**9**
Total	**4,821**	**1,130**	**582**	**1,209**	**572**	**1,200**	**128**
Accrued interest	**21**	21	–	–	–	–	–
Total	**4,842**	**1,151**	**582**	**1,209**	**572**	**1,200**	**128**

(b) Bonds

As at 31 December 2023 the Group had outstanding (traded in the market) bonds nominated in roubles, Chinese yuan, United Arab Emirates Dirhams, eurobonds nominated in US dollars.

Type	Series	The number of bonds traded in the market	Nominal value, USD million	Nominal interest rate	Put-option date	Maturity date
Bond	BO-01	30,263	–	0.01%	–	07.04.2026
Bond	BO-001P-04	370,000	101	5.95%	–	05.09.2025
Eurobond	–	27,400	28	5.3%	–	03.05.2023
Eurobond	–	26,869	27	4.85%	–	01.02.2023
Bond	BO-05	2,000,000	280	3.90%	05.08.2024	28.07.2027
Bond	BO-06	2,000,000	280	3.90%	05.08.2024	28.07.2027
Bond	BO-001P-01	6,000,000	841	3.75%	–	24.04.2025
Bond	BO-001P-02	1,000,000	140	3.95%	–	23.12.2025
Bond	BO-001P-03	3,000,000	421	LPR1Y + 0.2%	–	24.12.2025
Bond	001PC-01	2,379,660	334	3.75%	–	07.03.2025
Bond	001PC-02	2,352,869	330	3.75%	–	07.03.2025
Bond	001PC-03	2,367,763	332	3.75%	–	07.03.2025
Bond	001PC-04	1,778,060	249	3.75%	–	07.03.2025
Bond	BO-001P-05	600,000	84	6.7%	–	08.05.2026

On 23 January 2023 the exchange-traded non-convertible interest-bearing RUB denominated bonds of RUSAL Bratsk series BO-001P-02 were fully repaid.

On 8 February 2023 pursuant to the Extraordinary resolution of the noteholders Rusal redeemed the Eurobond with a coupon 4.85% to noteholders who hold Eurobond through National Settlement Depository ("**NSD**") and other Russian custodians being the NSD direct participants in the amount of USD418 million. The redemption to noteholders who hold Eurobond through foreign clearing and settlement systems will be made in accordance with terms of the Extraordinary resolution of the noteholders.

On 16 May 2023 pursuant to the Extraordinary resolution of the noteholders Rusal redeemed the Eurobond with a coupon 5.3% to noteholders who hold Eurobond through NSD and other Russian custodians being the NSD direct participants in the amount of USD419 million. The redemption to noteholders who hold Eurobond through foreign clearing and settlement systems will be made in accordance with terms of the Extraordinary resolution of the noteholders.

On 6 June 2023 the exchange-traded non-convertible interest-bearing RUB denominated bonds of RUSAL Bratsk series BO-002P-01 were fully repaid.

On 8 September 2023 the Company placed on the Moscow Stock Exchange exchange-traded non-documentary interest-bearing non-convertible bonds series BO-001P-04 in the total amount of AED370 million with a coupon – 5.95%. The maturity of the bonds is 2 years.

On 23 October 2023 the exchange-traded non-convertible interest-bearing RUB denominated bonds of RUSAL Bratsk series BO-001P-01 were fully repaid.

On 10 November 2023 the Company placed on the Moscow Stock Exchange exchange-traded non-documentary interest-bearing non-convertible bonds series BO-001P-05 in the total amount of CNY600 million with a coupon – 6.70%. The maturity of the bonds is 2.5 years.

As at 31 December 2023, the amount of accrued interest on bonds was USD23 million (31 December 2022: USD48 million).

Total foreign exchange gain on bonds for the year ended 31 December 2022 accounted in other comprehensive loss as part of cash flow hedge result amounted to USD96 million. In 2022 all existing cash-flow relationships were ended and none were started in 2023.

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	Total
Balance at 1 January 2022	**66**	**444**	**13**	**523**
Provisions made during the year	9	–	6	**15**
Provisions reversed during the year	–	–	(4)	**(4)**
Actuarial gain	(8)	–	–	**(8)**
Provisions utilised during the year	(4)	–	(3)	**(7)**
Foreign currency translation	(3)	(10)	–	**(13)**
The effect of the passage of time	–	(4)	–	**(4)**
Change in inflation rate	–	19	–	**19**
Discount rate change	–	(118)	–	**(118)**
Balance at 31 December 2022	**60**	**331**	**12**	**403**
Non-current	*55*	*223*	*–*	***278***
Current	*5*	*108*	*12*	***125***
Balance at 1 January 2023	**60**	**331**	**12**	**403**
Provisions made during the year	9	–	2	**11**
Provisions reversed during the year	(5)	–	–	**(5)**
Actuarial gain	(5)	–		**(5)**
Provisions utilised during the year	(4)	–	(2)	**(6)**
Foreign currency translation	(8)	(9)	–	**(17)**
The effect of the passage of time	–	11	–	**11**
Change in inflation rate	–	(2)	–	**(2)**
Discount rate change	–	(7)	–	**(7)**
Balance at 31 December 2023	**47**	**324**	**12**	**383**
Non-current	*43*	*226*	*–*	***269***
Current	*4*	*98*	*12*	***114***

(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 outside the Russian Federation

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 2023 and 2022 was 49,493 and 51,783, respectively. The number of pensioners in all jurisdictions as at 31 December 2023 and 2022 was 56,008 and 39,302, respectively.

The Group expects to pay under the defined benefit retirement plans an amount of USD3.8 million during the 12 month period beginning on 1 January 2024.

Actuarial valuation of pension liabilities

The actuarial valuation of the Group's pension liabilities was completed by a qualified actuary, Konstantin Kozlov, as at 31 December 2023, 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 2023 % per annum	**31 December 2022 % per annum**
Discount rate	11.4	9.5
Future salary increases	8.5	8.6
Future pension increases	1.7	5.0
Staff turnover	4.9	4.7
Mortality	USSR population table for 1985	USSR population table for 1985, Ukrainian population table for 2000
Disability	70% Munich Re for Russia	70% Munich Re for Russia; 40% of death probability for Ukraine

As at 31 December 2023 and 31 December 2022 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 of the whole asset, to which the provision relates, 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 2023	**31 December 2022**
Timing of inflated cash outflows	2024: USD98 million	2023: USD108 million
	2025-2029: USD63 million	2024-2028: USD27 million
	2030-2039: USD86 million	2029-2038: USD124 million
	after 2039: USD304 million	after 2038: USD332 million
Risk free discount rate after adjusting for inflation[(a)]	3.55%	3.63%

(a) The risk free rate for the year 2022-2023 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 2023, 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 USD12 million (31 December 2022: USD12 million). The amount of claims, where management assesses outflow as possible approximates USD25 million (31 December 2022: USD33 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 other 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 2023 USD million		**31 December 2022 USD million**	
	Derivative assets	**Derivative liabilities**	**Derivative assets**	**Derivative liabilities**
Forward contracts for aluminium and other instruments	32	–	168	–
Total	**32**	**–**	**168**	**–**
Non-current	*13*	*–*	*90*	*–*
Current	*19*	*–*	*78*	*–*

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 movement in the balance of Level 3 fair value measurements of derivatives is as follows:

		31 December
	2023	**2022**
	USD million	**USD million**
Balance at the beginning of the year	**168**	**(64)**
Unrealised changes in fair value recognised in statement of income (finance (expense)/income) during the period	(99)	(191)
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	–	(131)
Realised portion of electricity, coke and raw material contracts and cross currency swap	(37)	554
Balance at the end of the year	**32**	**168**

During the year 2023 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 sells products to various third parties at prices that are influenced by changes in London Metal Exchange aluminium prices and Shanghai Futures Exchange (SHFE) 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 prices fluctuations on these sales and purchases. The results are accounted for as profit or loss from derivative financial instruments, and do not adjust revenue or purchases.

During the year ended 31 December 2023 the Group recognised a total net loss of USD99 million, as revaluation of derivative financial instruments (31 December 2022: loss of USD191 million).

Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during 2022 were 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, short-term investments, current loans and borrowings and trade and other payables: the carrying amounts approximate fair value because of the short maturity period of the instruments.

Investments in equity securities: measured at fair value through profit and loss, so, its carrying amount is equal to its fair value.

Long-term loans and borrowings: the fair values of Eurobonds, RUSAL Bratsk bonds and IPJSC bonds issued are approximate their carrying value. The fair value of the loans and borrowings with fixed and floating interest rate as at 31 December 2023 and 31 December 2022 was calculated based on the present value of future principal and interest cash flows, using discount interest rate that take into account the currency of the debt, expected maturity dates and credit risks associated with the Group that existed at the reporting date.

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. 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, as well as for instruments for which fair value is disclosed, 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 2023

		Carrying amount				Fair value			
		Derivatives	Loans and receivables	Other financial assets/ (liabilities)	Total	Level 1	Level 2	Level 3	Total
	Note	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Financial assets measured at fair value									
Forward contracts for aluminium and other instruments	21	32	–	–	**32**	–	–	32	**32**
Investments in equity securities	17	–	–	339	**339**	339	–	–	**339**
		32	**–**	**339**	**371**	**339**	**–**	**32**	**371**
Financial assets not measured at fair value*									
Trade and other receivables	17	–	1,154	–	**1,154**	–	1,154	–	**1,154**
Other non-current assets	17	–	–	277	**277**	–	277	–	**277**
Short-term investments		–	125	–	**125**	–	125	–	**125**
Cash and cash equivalents	17	–	2,087	–	**2,087**	–	2,087	–	**2,087**
		–	**3,366**	**277**	**3,643**	**–**	**3,643**	**–**	**3,643**
Financial liabilities not measured at fair value*									
Secured bank loans and company loans	19	–	–	(2,758)	**(2,758)**	–	(2,684)	–	**(2,684)**
Unsecured bank loans	19	–	–	(1,640)	**(1,640)**	–	(1,599)	–	**(1,599)**
Unsecured bond issue	19	–	–	(3,468)	**(3,468)**	(1,698)	(1,670)	–	**(3,368)**
Trade and other payables	17	–	–	(1,157)	**(1,157)**	–	(1,157)	–	**(1,157)**
		–	**–**	**(9,023)**	**(9,023)**	**(1,698)**	**(7,110)**	**–**	**(8,808)**

* 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 2022

		Carrying amount				Fair value			
		Derivatives	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Financial assets measured at fair value									
Forward contracts for aluminium and other instruments	21	168	–	–	**168**	–	–	168	**168**
Investments in equity securities	17	–	–	458	**458**	458	–	–	**458**
		168	**–**	**458**	**626**	**458**	**–**	**168**	**626**
Financial assets not measured at fair value*									
Trade and other receivables	17	–	1,286	–	**1,286**	–	1,286	–	**1,286**
Other non-current assets	17	–	–	302	**302**	–	302	–	**302**
Short-term investments		–	89	–	**89**	–	89	–	**89**
Cash and cash equivalents	17	–	3,196	–	**3,196**	–	3,196	–	**3,196**
		–	**4,571**	**302**	**4,873**	**–**	**4,873**	**–**	**4,873**
Financial liabilities not measured at fair value*									
Secured bank loans and company loans	19	–	–	(3,660)	**(3,660)**	–	(3,777)	–	**(3,777)**
Unsecured bank loans	19	–	–	(1,200)	**(1,200)**	–	(1,196)	–	**(1,196)**
Unsecured bond issue	19	–	–	(4,597)	**(4,597)**	(1,935)	(2,615)	–	**(4,550)**
Trade and other payables	17	–	–	(1,268)	**(1,268)**	–	(1,268)	–	**(1,268)**
		–	**–**	**(10,725)**	**(10,725)**	**(1,935)**	**(8,856)**	**–**	**(10,791)**

* 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 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 2023 and 2022, 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 2023		**31 December 2022**	
	Effective interest rate, %	**USD million**	**Effective interest rate, %**	**USD million**
Fixed rate loans and borrowings				
Loans and borrowings	0.01%-8.50%	6,067	0.01-11.00%	5,584
		6,067		**5,584**
Variable rate loans and borrowings				
Loans and borrowings	3.65%-16.13%	1,763	2.86-9.48%	3,804
		1,763		**3,804**
		7,830		**9,388**

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 2023			
Basis percentage points	+100	(18)	(14)
Basis percentage points	-100	18	14
As at 31 December 2022			
Basis percentage points	+100	(38)	(30)
Basis percentage points	-100	38	30

(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, 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.

	USD-denominated vs. RUB functional currency		**RUB-denominated vs. USD functional currency**		**EUR-denominated vs. USD functional currency**		**CNY-denominated vs. USD functional currency**		**Denominated in other currencies vs. USD functional currency**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
As at 31 December	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Non-current assets	–	–	57	86	19	21	13	–	–	–
Trade and other receivables	50	–	296	296	168	217	4	–	19	48
Cash and cash equivalents	–	–	465	1,378	253	148	712	666	29	17
Loans and borrowings	–	–	(193)	(684)	(22)	–	(3,768)	(1,152)	–	–
Non-current liabilities	–	–	(51)	(46)	(2)	(3)	–	–	(1)	(2)
Bonds	–	–	(1)	(405)	–	–	(3,292)	(3,218)	(101)	–
Trade and other payables	(1)	(1)	(364)	(372)	(53)	(94)	(36)	–	(62)	(58)
Net exposure arising from recognised assets and liabilities	**49**	**(1)**	**209**	**253**	**363**	**289**	**(6,367)**	**(3,704)**	**(116)**	**5**

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 2023		
	Change in exchange rates	**Effect on profit before taxation for the year USD million**	**Effect on equity for the year USD million**
Depreciation of USD vs. RUB	15%	24	24
Depreciation of USD vs. EUR	10%	36	36
Depreciation of USD vs. CNY	5%	(318)	(318)
Depreciation of USD vs. other currencies	5%	(6)	(6)

	Year ended 31 December 2022		
	Change in exchange rates	**Effect on profit before taxation for the year USD million**	**Effect on equity for the year USD million**
Depreciation of USD vs. RUB	15%	28	28
Depreciation of USD vs. EUR	10%	29	29
Depreciation of USD vs. CNY	5%	(185)	(185)
Depreciation of USD vs. other currencies	5%	(1)	(1)

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 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.

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 2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	USD million	USD million	USD million	USD million	USD million	USD million
Trade and other payables to third parties	921	–	–	–	**921**	921
Trade and other payables to related parties	236	–	–	–	**236**	236
Bonds, including interest payable	726	2,811	87	–	**3,624**	3,447
Loans and borrowings, including interest payable	1,511	1,488	1,732	267	**4,998**	4,419
Other contractual obligations	36	58	–	–	**94**	–
	3,430	**4,357**	**1,819**	**267**	**9,873**	**9,023**

	31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	USD million	**USD million**	**USD million**	**USD million**	**USD million**	**USD million**
Trade and other payables to third parties	1,090	–	–	–	**1,090**	1,090
Trade and other payables to related parties	178	–	–	–	**178**	178
Bonds, including interest payable	1,143	685	2,709	–	**4,537**	4,567
Loans and borrowings, including interest payable	1,433	839	3,397	230	**5,899**	4,890
Other contractual obligations	40	79	–	–	**119**	–
	3,884	**1,603**	**6,106**	**230**	**11,823**	**10,725**

At 31 December 2023 and 31 December 2022 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 credit loss 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 2023 and 2022, the Group has certain concentration of credit risk as 10.5% and 31.5% 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. 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 2023 and 31 December 2022.

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 2023 and 31 December 2022 approximated USD562 million and USD376 million, including VAT 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 2024-2034 under supply agreements are estimated from USD3,552 million to USD4,480 million at 31 December 2023 (31 December 2022: USD3,450 million to USD5,169 million) depending on the actual purchase volumes and applicable prices.

Commitments with related parties for purchases of primary aluminium, alloys and other purchases in 2024-2030 under supply agreements are estimated from USD4,469 million to USD6,029 million at 31 December 2023 (31 December 2022: USD4,824 million to USD7,283 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 2024-2034 are estimated from USD560 million to USD691 million at 31 December 2023 (31 December 2022: from USD852 million to USD1,275 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 2023.

Commitments with related parties for sales of primary aluminium and alloys in 2024 are estimated from USD374 million to USD501 million at 31 December 2023 (31 December 2022: from USD305 million to USD373 million). Commitments with third parties for sales of primary aluminium and alloys in 2024-2028 are estimated to range from USD5,269 million to USD5,901 million at 31 December 2023 (31 December 2022: from USD5,505 million to USD8,386 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.

As at 31 December 2022 management considered that there are uncertain tax positions in the amount approximately USD40 million where it was 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. As at 31 December 2023 management considered that there were no significant tax positions taken by the Group where it was 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, 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 2023 the amount of claims, where management assesses outflow as possible approximates USD25 million (31 December 2022: USD33 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 2023 and 2022 USD188 million and USD239 million, respectively) and is split between the Group and PJSC RusHydro in equal proportion. Based on management's estimates, the arising financial guarantees related to this arrangement are not significant to the consolidated financial statements.

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	
	2023	**2022**
	USD million	**USD million**
Salaries and bonuses	50	79
	50	**79**

(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.

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 dividends attributed to shareholders are disclosed in Note 11.

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	**2024**	**2025**	**2026**
Mln kWh	37,701	37,598	37,598
Mln USD	548	547	547

(d) Related parties balances

At 31 December 2023, included in non-current liabilities are balances with related parties – associates and joint ventures in the amount of USD17 million (31 December 2022: USD16 million).

At 31 December 2023, included in current assets as short-term investments are balances with related parties – companies related through parent company in the amount of USD49 million (31 December 2022: 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 14A of the Listing Rules of Hong Kong Stock Exchange. For particulars of the continuing connected transactions please refer to the Director's Report section of the Annual Report of the Company for the year ended 31 December 2023.

26. Particulars of subsidiaries

As at 31 December 2023 and 2022, 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 GNF25,000 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
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 AMD1,000 each	100.0%	Foil
RUS-Engineering LLC	Russian Federation	18 August 2005	charter fund of RUB1,751,832,184	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
RS International GmbH	Switzerland	22 May 2007	1 share with nominal value of CHF20,000	100.0%	Trading
Rusal Marketing GmbH	Switzerland	22 May 2007	Capital quota of CHF2,000,000	100.0%	Trading

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
RTI Limited	Jersey	27 October 2006	978,492,901 shares of USD1 each	100.0%	Trading
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 SEK1,000 each	100.0%	Smelting
RFCL Limited (RFCL S.ar.l prior to 28 August 2020)	Cyprus	13 March 2013	RUB90,000,000	100.0%	Finance services
International LLC AKTIVIUM (Aktivium B.V. prior to 6 December 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	RUB715,000,000	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 RUB12,158,878,747.58	100.0%	Smelting
UC RUSAL Anode Plant LLC	Russian Federation	9 April 2008	Charter fund of RUB1,064,280,000	100.0%	Anodes

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
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 RUB468,458,663.94	75.0%	Other aluminum production
"PGLZ" LLC	Russian Federation	4 April 2016	Charter fund of RUB119,500,000	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 2023

	31 December 2023 USD million	31 December 2022 USD million
Assets		
Non-current assets		
Investments in subsidiaries	17,492	18,479
Other investments	152	207
Loans to related parties	–	1,039
Other non-current assets	69	131
Total non-current assets	**17,713**	**19,856**
Current assets		
Loans to related parties	4,820	5,491
Other receivables	836	108
Cash and cash equivalents	160	1,446
Total current assets	**5,816**	**7,045**
Total assets	**23,529**	**26,901**

	31 December 2023 USD million	31 December 2022 USD million
Equity and liabilities		
Equity		
Share capital	152	152
Reserves	17,890	18,263
Total equity	**18,042**	**18,415**
Non-current liabilities		
Loans and borrowings	3,960	6,734
Total non-current liabilities	**3,960**	**6,734**
Current liabilities		
Loans and borrowings	1,374	909
Trade and other payables	153	843
Total current liabilities	**1,527**	**1,752**
Total liabilities	**5,487**	**8,486**
Total equity and liabilities	**23,529**	**26,901**
Net current assets	**4,289**	**5,293**
Total assets less current liabilities	**22,002**	**25,149**

28. Events subsequent to the reporting date

On 7 February 2024 the Company placed on the Moscow Stock Exchange exchange-traded non-documentary interest-bearing non-convertible bonds series BO-001P-06 in the total amount of CNY1.000 million with a coupon – 7.20%. The maturity of the bonds is 2.5 years.

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 sections headed Business Overview, Management Discussion and Analysis, Report of the Board of Directors and Corporate Governance Report) 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

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.

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 2023" means the AGM that the Company held on 28 June 2023.

"Agreed Subsidiaries" means an agreed list of subsidiaries of the Company, as defined in the Shareholders' Agreement between Major Shareholders only.

"ALLOW brand", ***"ALLOW™"*** means a low-carbon aluminium with independent verification of the carbon footprint. The brand appeared in 2017. In the production of aluminium under the ALLOW brand, the carbon footprint is less than four tonnes of CO_2 equivalent per tonne of aluminium produced (emissions from aluminium production, level 1 according to the classification of the International Aluminium Institute).

"ALLOW INERTA brand", ***"ALLOW INERTA™"*** means a sub-brand in the ALLOW™ family - primary aluminium with the lowest carbon footprint in the world. Metal is produced under the ALLOW INERTA brand using inert anode technology.

GLOSSARY

"Alpart" means Alumina Partners of Jamaica.

"ALSCON" means Aluminium Smelter Company of Nigeria Plc, a company incorporated under the laws of Nigeria and in which the Company indirectly holds an 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.

"Aluminium Rheinfelden Alloys" means one of the leading manufacturers of aluminium alloys in Germany and a major supplier to the global automotive industry.

"Aluminium Stewardship Initiative" or ***"ASI"*** means an industry-led initiative that aims to promote sustainability throughout the aluminium value chain. Both the aluminium industry and aluminium users benefit from the ASI certification by demonstrating their commitment to social, environmental and ethical standards.

"Amokenga Holdings" means Amokenga Holdings Limited, a company incorporated under the laws of Bermuda, which is a wholly-owned subsidiary of Glencore.

"***Annual Report***" means this annual report approved by the Board on 15 April 2024.

"Articles of Association" means the articles of association of the Company, conditionally adopted on 24 November 2009, effective on the Listing Date and was 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 under the laws of Ireland, which is a wholly-owned subsidiary of the Company.

GLOSSARY

"BAZ" or ***"Bogoslovsky aluminium smelter"*** means a branch of RUSAL Ural JSC in Krasnoturyinsk, United Company RUSAL Krasnoturyinsk Aluminium Smelter.

"BEMO" means the companies that make up the Boguchanskoye Energy & 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 14 and 18 of this Annual Report.

"Big Data" means designation of structured and unstructured data of huge volumes and considerable variety, efficiently processed by horizontally scalable software tools that appeared in the late 2000s and are alternatives to traditional database management systems and business intelligence solutions.

"Board" or ***"Board of Directors"*** means the board of Directors of the Company.

"Bogoslovsky Alumina Refinery" or "***Boxitogorsk Alumina Refinery***" means Joint Stock Company "RUSAL Boxitogorsk Alumina", a company incorporated under the laws of the Russian Federation, which is a wholly-owned subsidiary 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 14 and 18 of this Annual Report.

"Bogatyr Coal" or ***"LLP Bogatyr Komir"*** means "Bogatyr Coal" Limited Liability Partnership, the joint venture between the Company and Samruk-Energo producing coal described at page 19 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 a wholly-owned subsidiary of the Company.

"C.B.K" or ***"Kindia"*** means Compagnie des Beauxites de Kindia, located in Guinea.

"CAPEX" means capital expenditures.

"Carbon Units Registry of the Russian Federation" contains information on climate projects, carbon units released into atmospheric circulation following the implementation of climate projects, the transfer of carbon units between transaction participants and the offsetting of carbon units.

"Casting and mechanical plant "SKAD" Ltd." or ***"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.

"CDP Climate" means Carbon Disclosure Project (A United Kingdom-based organisation that supports companies and cities to uncover the environmental impact of large corporations).

"Chairman" or ***"Chairman of the Board"*** means the chairman of the Board.

"Charter" means the corporate charter of the Company adopted on 24 November 2009, effective on the Listing Date and subsequently amended on 22 November 2017, which were replaced by new Charter effective on the Registration Date.

"Chief Financial Officer" means the chief financial officer of the Company.

"CIS" means the Commonwealth of Independent States.

"CO" means oxide of carbon.

"CO_2" means carbon dioxide (chemical formula – CO_2), a chemical compound that is an acidic carbon monoxide consisting of one carbon atom and two oxygen atoms.

"CO_2-eq" means carbon dioxide equivalent CO_2-eq, which is a unit used to compare the emissivity of greenhouse gases with carbon dioxide.

"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 C3 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)俄鋁, a company incorporated under the laws of Jersey with limited liability and continued in the Russian Federation as an international company 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 International Funds". 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》.

"Compliance Committee" means the compliance committee of the Board.

"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 the Registration Date.

"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 by the Board.

"Covenant EBITDA" has the meaning given to it in the PXF Facility 2019.

"COVID" means the infectious disease caused by the coronavirus SARS-CoV-2. COVID-19 is an abbreviation of the words coronavirus disease, which means "disease caused by coronavirus", and the number 19 in the name indicates the year of the appearance of the virus. The first cases of the disease were recorded back in December 2019 in Wuhan (China).

"Directorate for Control" means Directorate for Control, Internal Audit and Business Coordination.

"Directors" means the members of the Board.

"Downstream Division" means the new division of the company "Downstream", which includes enterprises for the production of foil and containers, as well as powders and wheels.

"EBITDA" means earnings before interest, taxes, depreciation, and amortisation.

"EcoVadis Sustainability Rating" means the EcoVadis sustainable procurement rating, which covers a wide range of non-financial management systems, including environmental impact, labor and human rights, ethics, and sustainable procurement.

"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 International Funds", and which is a Controlling Shareholder.

"EPCM" means Engineering, Procurement, Construction and Management.

"ESG" means "Environment, Social, Governance". This is the Company's development strategy, which provides for transparency in management, concern for the environment and the people with whom the Company comes into contact.

"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 Partners and Glencore businesses during the year ended 31 December 2007.

"Euronext Paris" means the Professional Segment of Euronext Paris.

"EuroSibEnergo-Hydrogeneration" means LLC "EuroSibEnergo-Hydrogeneration", a wholly-owned subsidiary of En+.

"Financial Settlement Center" means Joint Stock Company "Financial Settlement Center", the single settlement center of the wholesale electricity and capacity market.

"financial year" means the financial year ended 31 December 2023.

"Forbes Russia's 2023 Top Employer Rating" means rating of the best employers 2023 according of Forbes Russia.

"Friguia" or ***"Friguia Alumina Refinery"*** means Friguia S.A., a company incorporated under the laws of Guinea, which is a wholly-owned subsidiary of the Company.

"GBP" means Pounds Sterling, the lawful currency of the United Kingdom.

"Gcal" means this is an off-system unit of power measurement. Unit conversion of gigacalories per hour: 1 gigacalory per hour = 1,163 kilowatts.

"General Director" means the General Director of the Company.

"Glencore" means Glencore Plc, a public company incorporated under the laws of Jersey and listed on the London Stock Exchange, with a secondary listing on the Johannesburg Stock Exchange, which was an indirect Shareholder. With reference to the announcements of the Company dated 28 January 2019 and 3 February 2020, Glencore ceased to be a Shareholder on 3 February 2020.

"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.

"GTC" means method of dry cleaning of gases from fluoride compounds in gas cleaning plants.

"GWh" means gigawatts hours.

"Health, Safety and Environmental Committee" means the health, safety and environmental committee of the Board.

"HKD" means Hong Kong dollars, the lawful currency of Hong Kong.

"HKSE CG Code" means the corporate governance code setting out, among others, the principles of good corporate governance practices as set out in Appendix C1 to the HKSE Listing Rules (as amended from time to time).

"HKSE Listing Rules" means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time).

"Honeywell MES" means Manufacturing Execution System Honeywell.

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC.

"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.

"IPO" means the initial public offering of the Company on the Hong Kong Stock Exchange and Euronext Paris.

"Irkutsk aluminium smelter" or ***"IrkAZ"*** means a branch of RUSAL Bratsk in Shelekhov.

"ISO 14001-2015" means environmental management systems.

"ISO 45001-2018" means management systems of occupational health and safety.

"ISO 50001" means quality management systems – requirements quality.

"ISO 9001" means quality management systems – requirements.

"JORC" means Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists & the Minerals Council of Australia.

"JSC "IENC"" means Joint Stock Company "Irkutsk Electronetwork Company", a company controlled by En+ as to more than 50% of its issued share capital as at the Latest Practicable Date.

"JSC Irkutskenergo" or ***"PJSC 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 Kremniy" means a company incorporated under the laws of the Russian Federation and a subsidiary of the Company.

"JSC "RUSAL SAYANAL"" or ***"SAYANAL"*** or ***"Sayanal"*** or ***"RUSAL 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 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.

"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.

"JSC "Ural Foil"" or "Ural Foil" means Joint-Stock Company "Ural Foil", 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, United Company RUSAL Kandalaksha Aluminium Smelter in Kandalaksha.

"Khakas aluminium smelter" or ***"KhAZ"*** means Closed Joint Stock Company "Khakas Aluminium Smelter", being merged with Sayanogorsk Aluminium Smelter since 30 July 2015.

"Kirkwine SML 161 licence" means Special Mining Lease 161.

"KPIs" means key performance indicators.

"KraMZ" or "***"KraMZ" Ltd.***" means limited liability company 'Krasnoyarsk metallurgical plant', a company incorporated under the laws of the Russian Federation and is controlled by En+ as to more than 30% of its issued share capital.

"KraMZ-Auto" means KraMZ-Auto LLC, a company incorporated under the laws of 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 under the laws of 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.

"Latest Practicable Date" means 29 March 2024, being the latest practicable date prior to the printing or publication of this Annual Report for ascertaining certain information in 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.

"Limited Liability Company "RUSAL Taishet Aluminium Smelter"", ***""RUSAL Taishet" LLC"***, ***"Taishet"***, ***"Taishet aluminium smelter"*** or ***"TAZ"*** or ***"TaAZ"*** means Limited Liability Company "RUSAL Taishet Aluminium Smelter", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"Limited Liability Company 'United Company RUSAL Ural Silicon'" or ***"LLC RUSAL Silicon Ural"*** means RUSAL Silicon Ural LLC (formerly SU-Silicon LLC), which is an indirect non-wholly owned subsidiary of the Company.

"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.

"LME" means the London Metal Exchange.

"LPR 1Y – Loan Prime Rate (LPR)" means the interest rate calculated by the LPR Administrator as the arithmetic mean of the interest rates on loans in Chinese Yuan provided by banks from the list approved by the LPR Administrator, according to which these banks are ready to lend to the most reliable borrowers, published monthly on the 20th or on another date determined by the LPR Administrator of each month around 9:30 a.m. Beijing time on the official website of the People's Bank of China on the page www.pbc.gov.cn/en/3688229/3688335/3883798/index.html and the National Interbank Funding Center on the page www.chinamoney.com.cn/english/ (in case of contradiction the first of the sites is used), with a maturity of one year.

"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.

"Main State Expertise" means one of the main directions of state regulation in the field of architectural, urban planning and construction activities.

"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 February 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 Company retained for accounting, general management, administration and secretarial functions.

"Market Council" means the Association Non-Profit Partnership Market Council, which is a non-commercial organization formed as a result of a non-commercial partnership.

"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, which was superseded by the Charter on 25 September 2020 after the Continuance.

"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 C3 to the HKSE Listing Rules.

"MoEx Listing Rules" means the Rules Governing the Listing of Securities on the Moscow Exchange (as amended from time to time).

"Moscow Exchange" or ***"MOEX"*** means Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (short name "Moscow Exchange").

"mt" means million tonnes.

"***MW"*** means megawatt.

"Na_2O" means sodium oxide is a chemical combination with the formula Na_2O. It is used in ceramics and glass.

"Nadvoitsy aluminium smelter" or ***"NAZ"*** means a branch of RUSAL Ural JSC in Nadvoitsy, United Company RUSAL Nadvoitsy Aluminium Smelter.

"Net Debt" is calculated as Total Debt less cash and cash equivalents as at 31 December 2023.

"Nikolaev Alumina Refinery" or ***"Mykolaiv Alumina Refinery"*** or ***"NGZ"*** means Mykolaiv Alumina Refinery Company Limited, a company incorporated under the laws of the Ukraine, which is a wholly-owned subsidiary of the Company.

"NOx" means the collective name of nitrogen oxides NO and NO2, formed in chemical reactions in the atmosphere and during burning.

"Norilsk Nickel" means PJSC "MMC "NORILSK NICKEL", a company incorporated under the laws of the Russian Federation.

"Norilsk Nickel Group" means PJSC "MMC "Norilsk Nickel" and its subsidiaries.

"North Urals" means JSC Sevuralboksitruda, a company incorporated under the laws of the Russian Federation, which is a wholly-owned subsidiary of the Company.

"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 under the laws of 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 on 16 February 2018.

"OPEX" means Operating Expenditures.

"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 the order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

"OVE" means Joint Stock Company "Otdeleniye Vremennoy Expluatatsii" which was an associate of En+.

"Paris Agreement on Climate" means an international treaty on climate change. Adopted in 2015, the agreement covers climate change mitigation, adaptation, and finance.

"PGMs" means platinum group metals.

"PM Krasnoturyinsk" means SUAL-PM-Krasnoturyinsk, a branch of LLC "SUAL-PM".

"***PRC"*** or ***"China"*** 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.

"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

"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.

"PXF Facility 2019" means up to USD1,085,000,000 Aluminium Pre-Export Finance Term Facility Agreement dated 25 October 2019, among others, RUSAL as the borrower, ING Bank N.V. as the facility agent and security agent and Natixis as the offtake agent.

"QAL" means Queensland Alumina Limited, a company incorporated under the laws of Queensland, Australia, in which the Company indirectly holds a 20% equity interest.

"RA-550" means one of the world's most powerful electrolyser, developed by UC RUSAL. RA-550 consumes 10 to 15% less electricity compared to the electrolysers of previous generations, about 12.8kW per hour per kg.

"RA-800+" means the model of the electrolyzer, developed by UC RUSAL. This is the most powerful electrolyser in the world with a unique bushing that allows to eliminate the influence of magnetic fields as much as possible.

"RBC 2023 Best Russian Employers Rating" means Rating of Russian employers.

"Recurring Net Profit" for any period means Adjusted Net Profit plus the Company's effective share of Norilsk Nickel's profits, net of tax.

"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 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.

"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 established by the Board.

"Review Period" means the period commencing from 1 January 2023 and ending on 31 December 2023.

"RF" means the Russian Federation.

"Rheinfelden Semis" means one of the leading manufacturers of aluminium semi-finished products in Germany.

"Risk Map" means a systematic list of all risks of the Company with a description of each risk, probability of its occurrence, financial assessment of the risk, consequences of its occurrence, responsible persons and risk control procedures.

"RUB" or ***"Ruble"*** means Rubles, the lawful currency of the Russian Federation.

"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.

""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 ARMENAL" CJSC" or ***"RUSAL ARMENAL"*** or ***"ARMENAL"*** means Closed Joint Stock Company "RUSAL ARMENAL", which is an indirect wholly-owned subsidiary of the Company.

"RUSAL ETC" means Limited Liability Company "RUSAL Engineering and Technology Centre", which is an indirect wholly-owned subsidiary of the Company.

"RUSAL Global" or "***RUSAL Global Management B.V.***" means RUSAL Global Management B.V., a company incorporated under the laws of the Netherlands, which is an indirect wholly-owned subsidiary of the Company.

"RUSAL RESAL LLC" 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 Ural JSC" means Joint Stock Company 'United Company RUSAL Ural Aluminium', formerly known as JSC "Siberian-Urals Aluminium Company" (official short name JSC "SUAL"), 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 incorporated under the laws of the Russian Federation, which is an independent third party of the Company.

"***Russian CG Code***" means the 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 under the laws of Kazakhstan, which is an independent third party of the Company.

"Samruk-Kazyna" means the Kazakhstan state-controlled national welfare fund.

"Sayanogorsk aluminium smelter", "JSC "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.

"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 as set out in licences 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)" ordinary share(s) with nominal value of RUB0.656517 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 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 on 16 February 2018.

"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% had been transferred, and En+ announced on 3 February 2020 that the remaining 6.75% had been transferred) in consideration for En+ issuing new global depositary receipts to Glencore representing approximately 10.55% of the then 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.

"SO_2" means sulphur oxide (IV) (sulphur dioxide, sulphur dioxide, sulphur dioxide, sulphur dioxide) is a compound of sulphur with oxygen of the composition SO_2. Under normal conditions, it is a colorless gas with a characteristic pungent odor (the smell of a burning match). It is toxic in high concentrations.

"South Ural Cryolite Plant" or ***"Cryolite"*** means Joint-Stock Company "South Ural Cryolite Plant", which is an indirect non wholly-owned subsidiary of the Company.

"SUAL Partners" means SUAL Partners Limited, a company incorporated under the laws of the Bahamas as SUAL Partners Limited and continued in the Russian Federation as an international company 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 International Funds", which is a Substantial Shareholder of the Company.

"***SUAL-PM***" or ***"LLC 'SUAL-PM'"*** means SUAL-PM LLC, which is an indirect wholly-owned subsidiary of the Company.

"Substantial shareholder(s)" has the meaning ascribed to such expression under the HKSE Listing Rules.

"*Term SOFR*" means the Term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period published by CME Group Benchmark Administration Limited (or any other person which takes over the publication of that rate).

"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.

"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 relevant reporting period.

"Total Net Debt" has the meaning given to it in the PXF Facility 2019.

"tpa" means tonnes per annum.

"TRIZ" means a set of methods for solving problems and improving systems. With its help, it is possible to increase efficiency and improve abilities in solving complex problems, while using a creative approach, developing imagination and flexible thinking.

"TSA" means the Joint-Stock Company "Trading System Administrator of Wholesale Electricity Market Transactions", a commercial operator and facilitator of transactions which matches suppliers and customers.

"UC RUSAL Anode Plant LLC" means Limited Liability Company United Company RUSAL Anode Plant, a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"UN Global Compact" means the international corporate social responsibility and sustainability initiative by the United Nations.

"Urals aluminium smelter", ***"Urals Alumina Refinery"***, ***"UAZ"*** means Urals Aluminium Smelter, a branch of RUSAL Ural JSC.

"US" or ***"U.S."*** means the United States of America.

"USD" or ***"US dollar"*** means United States dollars, the lawful currency of the US.

"U.S. Treasury" means the Treasury of the US.

"VAP" means value-added products. VAP include wire rod, foundry alloys, billets, slabs, high purity and other VAP.

"VAT" means value-added tax.

"Volgograd aluminium smelter" or ***"VgAZ"*** means a branch of RUSAL Ural JSC in Volgograd, United Company RUSAL Volgograd Aluminium Smelter.

"Volkhov aluminium smelter" or ***"VAZ"*** means a branch of RUSAL Ural JSC in Volkhov, United Company RUSAL Volkhov Aluminium Smelter.

"Wholesale Market Rules" means the Rules approved by the Government of the Russian Federation (as amended from time to time) and establishing the legal basis for functioning of the wholesale electricity and capacity market in the Russian Federation, including regulation of relations associated with turnover of electric energy and capacity on the market, which was approved by the Government of the Russian Federation dated 27 December 2010 No 1172.

"Windalco" means West Indies Alumina Company, a company incorporated under the laws of Jamaica, which is an indirect wholly-owned subsidiary of the Company.

"Working Capital" means trade and other receivables and inventories less trade and other payables.

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.

Each Major Shareholder 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, 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, the Shareholders' Agreement with the Company 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 with the Company.

As a result of the Shareholding Changes in 2019, the Shareholders' Agreement with the Company has terminated in respect of Glencore from the date it ceased to be a Shareholder on 3 February 2020 and Glencore ceased to have any rights under the Shareholders' Agreement with the Company.

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 appointment of the CEO will be subject to approval by a majority of the Board and the Board will retain the ability to remove 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 among 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 among 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:
  - o 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
  - o 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 Management B.V. and RUSAL America Corp. shall comprise:
  - o 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
  - o 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:
  - o 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
  - o 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).

APPENDIX B – PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT BETWEEN MAJOR SHAREHOLDERS ONLY

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":
  - o 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).
  - o 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).
  - o The Company does not believe that these veto rights will have any material impact on the operation of the Company.

APPENDIX B – PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT BETWEEN MAJOR SHAREHOLDERS ONLY

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 companies, a 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:
    - o 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
    - o 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 between Major Shareholders only 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.

As a result of the Shareholding Changes in 2019, the Shareholders’ Agreement between Major Shareholders only has terminated in respect of Glencore from the date it ceased to be a Shareholder on 3 February 2020 and Glencore ceased to have any rights under the Shareholders’ Agreement between Major Shareholders only.

REPORT
on Compliance with the Russian CG Code

This Report on Compliance with the Russian Corporate Governance Code, recommended for implementation by the Letter of the Bank of Russia dated 04 April 2014 No. 06-52/2463 (hereinafter – the "**Code**" or "**Corporate Governance Code of the Bank of Russia**") was considered by the Board of Directors of United Company RUSAL, international public joint-stock company (the "**Company**") during the Board of Directors Meeting dated 15 April 2024 (Minutes of the Meeting of the Board of Directors No. 240402 dated 15 April 2024).

The Board of Directors believes that the Company currently complies with the majority of principles and recommendations of the Corporate Governance Code of the Bank of Russia Code. The Board of Directors confirms that the data provided in the present report contain complete and accurate information on the Company's compliance with the Governance Code of the Bank of Russia for 2023.

Most of the cases when the criteria are partially met or not met result, inter alia, from the fact that the Company was registered as an international company in accordance with the Federal Law No. 290-FZ "On international Companies and International Funds" dated 03.08.2018 on 25 September 2020 (hereinafter – the "**Registration Date**"). 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 to assess a range of circumstances in dynamics of development. 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 the present 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-06-28/102 dated 27 December 2021 "On disclosure in the annual report of a public joint stock company of a report on compliance with the principles and recommendations of the Corporate Governance Code" and follows the filling out guidelines described in the letter. The result is based on 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 provides an available means of communication with the company, such as a "hotline", e-mail or a forum in Internet, 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 methods of communication were organised and provided as available to shareholders by the company in the process of preparation of each general meeting held during the reporting period.	V Compliant Partially compliant Non-compliant	
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. During the reporting period, the notice of the general meeting of shareholders is disclosed (published) on the company's website not later than 30 days prior to the date of the general meeting, unless longer period provided by law.	Compliant V Partially compliant Non-compliant	Criterion 1 is not met. Notice of the general meeting of shareholders is disclosed (published) in accordance with the provisions of the Company's Charter and the applicable requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**HKSE Listing Rules**"), by virtue whereof, the recommendation to publish a notice of the general meeting of shareholders on the Company's website no later than 30 days before the date of holding such a meeting is not always possible.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
		2. The notice of the meeting indicates 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 (if its creation is required by the charter of the company).		During the reporting period, the Company held five general meetings of shareholders – the annual general meeting of shareholders on 28 June 2023 (the "**AGM**") and four extraordinary general meetings of shareholders on 27 March 2023 (hereinafter – the "**EGM 1**"), 01 August 2023 (hereinafter – the "**EGM 2**"), 11 December 2023 (the "**EGM 3**") and 14 December 2023 (hereinafter – the "**EGM 4**"). The Notice of the AGM was disclosed (published) on the Company's website on 06 June 2023, i.e. 22 days prior to the date of the AGM. The notice of the EGM 1 was disclosed (published) on 03 March 2023, i.e. 24 days before the EGM 1. The notice of the EGM 2 was disclosed (published) on 10 July 2023, i.e. 22 days before the EGM 2. The notice of the EGM 3 was disclosed (published) on 16 November 2023, i.e. 25 days before the EGM 3. The Notice of EGM 4 was disclosed (published) on 21 November 2023, i.e. 23 days before EGM 4. Criteria 2 and 3 are fully met.

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 in preparation of and during the general meeting. 2. The position of the board of directors (including the separate opinions included in the minutes, if there are any) on each item on the agenda of the general meetings held during the reporting period was included in the materials for the general meeting. 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	
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. The company's charter stipulates a deadline for submission of proposals for the inclusion in the agenda of the annual general meeting by shareholders, which is 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.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	Criterion 1 was not met, because the Company's Charter stipulates a deadline for shareholders to make proposals for inclusion on the agenda of the annual general meeting similar to the term, prescribed by para 1 article 53 of the Federal Law dated 26 December 1995 No. 208-FZ "On Joint-Stock Companies" (the "**JSC Law**"). Criterion 2 was fully met.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 charter provide the possibility to fill in the electronic form of the ballot on the Internet site, the address of which is specified in the notice of the general meeting of shareholders.	V Compliant Partially compliant Non-compliant	
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 and shareholders were given the opportunity to express their opinions and ask questions about the agenda. 2. Candidates for the company's management and control bodies were invited and all necessary measures have been taken to ensure their participation in the general meeting of shareholders, at which their candidacies were put to the vote. Candidates for the company's management and control bodies, participated in the general meeting of shareholders, were available to answers the questions from shareholders.	Compliant V Partially compliant Non-compliant	During the reporting period Criteria 1, 2 and 4 were fully met. Criterion 3 is partially met, because the person responsible for accounting was not available at all three general meetings of the Company's shareholders held during the reporting period.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
		3. The sole executive body, the person responsible for accounting, the chairman or other members of the audit committee of the board of directors were available to answer the questions from shareholders at general meetings of shareholders held during the reporting period. 4. During the reporting period, the company used telecommunication means to ensure remote access of the shareholders to participate in the general meetings or the board of directors made a reasonable decision on the absence of the need (possibility) to use such means in the reporting period.		
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 regulations on dividend policy was adopted by the company, approved by the board of directors and disclosed on the company's Internet site. 2. If the company prepares consolidated financial statements and its 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.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	Criteria 1 and 2 were fully met. Criterion 3 was not met.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
		3. The substantiation of the proposed distribution of net profit, including the payment of dividends and the company's own needs, and the assessment of its compliance with the dividend policy adopted by the company, with explanations and economic substantiation of the need to distribute a certain portion of net profit to its own were included in the materials for the general meeting of shareholders, the agenda of which includes an item on profit distribution (including the payment (declaration) of dividends) during the reporting period.		
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 regulations on dividend policy, in addition to the restrictions imposed by law, defines financial/ economic circumstances under which the company will not decide on the payment of 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. The other methods of obtaining profit (income) at the expense of the company by persons controlling the company other than dividends (for example, through transfer pricing, unjustified provision of services to the company by the controlling person at inflated prices, through internal loans substituting for dividends to the controlling person and (or) his controlled persons) were not used during the reporting period.	V Compliant ☐ Partially compliant ☐ Non-compliant	
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 company's controlling persons did not abuse the rights with respect to the company's shareholders, and there were no conflicts between the company's controlling persons and the company's shareholders, and the board of directors paid appropriate attention to such incidents, 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	

APPENDIX C – REPORT ON COMPLIANCE WITH THE RUSSIAN CORPORATE GOVERNANCE CODE

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 technologies and terms of services used by the company's registrar meet the needs of the company and its shareholders, ensure the keeping of records of rights to shares and the realisation of shareholder rights in the most effective way.	V Compliant Partially compliant Non-compliant	
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 Charter to appoint, dismiss and determine the terms and conditions of contracts with respect to members of the executive bodies. 2. During the reporting period, the nomination (appointments, human resources) committee reviewed the compliance of the professional qualifications, skills and experience of the members of the executive bodies with the current and expected needs of the company, dictated by the approved strategy of the company.	Compliant V Partially compliant Non-compliant	Criterion 1 is partially met. The Company's sole executive body of the Company (the General director) manages day-to-day activity. In accordance with the Charter of the Company, 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. The applicable approach is fully compliant with applicable law.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
		3. During the reporting period, the board of directors reviewed the report(s) of the sole executive body and the collegiate executive body (if any) on the implementation of the company's strategy.		Criterion 2 is partially met. The management of the Company's day-to-day activities is performed by the sole executive body of the Company (General director). The General director's professional qualifications, skills and experience are assessed by means of the General director's KPI targets achievement assessment conducted by the remuneration committee and the board of directors on an annual basis. Criterion 3 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.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 by the Company, since the Board of Directors did not consider issues related to updating the Company's strategy. The Board of Directors regularly reviewed the General directors' reports on the Company's activities, which contained, among other things, information on the achievement of the Company's strategic goals, thereby confirming the relevance of the Company's strategy and the lack of the need to update it at the present time. During the reporting period, the Board of Directors considered issues related to the approval of the Company's budget, and the results of the implementation of the Company's business plan.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 principles and approaches to the organisation of the risk management and internal control system at the company determined by the board of directors and adopted in the company's internal documents, which determine risk management and internal control policy of the company. 2. During the reporting period, the board of directors approved (revised) an acceptable amount of risks (risk appetite) of the company or the audit committee and (or) risk committee (if any) considered the expediency of submitting the issue of revising the risk appetite of the Company for consideration by the Board of Directors.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	Criterion 1 is fully met. The Policy "The Risk Management and Internal Control System of the Company" was approved by the resolution of the Board of Directors (Minutes No. 210405 dated "30" April 2021). Criterion 2 is not met. During the reporting period, the question of the advisability of submitting a revision of the risk appetite for consideration by the Board of Directors was not considered, because the approved Policy of the Company's Risk Management and Internal Control System provides for its revision at least once every three years (previously the Policy was revised in 2021 – the year of its initial approval).

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 of the company and other key executives of the company.	1. The company developed, approved by the board of directors and implemented the policy(ies) 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 no separate policy document in place to regulate 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 the General director of the Company. In accordance with the Company's Charter, the General Meeting of Shareholders made decisions regarding remuneration and reimbursement of expenses (compensations) to members of the Board of Directors. The Company is assessing the viability of implementing such policy taking into account all applicable requirements.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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.	[V] Compliant [ ] Partially compliant [ ] Non-compliant	
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 company's internal documents determine 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 self-assessment and/or external assessment of the corporate governance practices in 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 each member of the board. 2. The annual report contains information on the main results of the assessment (self-assessment) of quality 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 requests and receive feedback, related thereto, to the chairman of the board of directors (and, if apply, to the senior independent director).	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. 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, and etc.	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
2.3.2.	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 compliance evaluation of professional qualification, experience and skills of the candidates with current and expected needs of the company, 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 information about presence of the written consent of the candidates to the election to 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
2.3.3.	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. During the reporting period, the board of directors analysed its needs in the field of professional qualifications, experience and skills, and identified the competencies needed by the board of directors in the short and long term.	☐ Compliant V Partially compliant ☐ Non-compliant	During the reporting period, as part of the self-assessment procedure, the Board of Directors analysed its own professional qualifications, experience and skills needs and concluded that the Board of Directors has the necessary skills and knowledge to solve the tasks facing the Company. The Board of Directors did not assess the competencies required in the long term perspective.
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. 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.	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.	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	
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 prevails 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 matter on independence of the current members of the board of directors (after their election).	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
		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.		
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	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
2.4.4.	Independent directors play a key role in preventing internal conflicts at the company and carrying out substantial corporate actions by the company.	1. Independent directors (who did not have a conflict of interest) during the reporting period have been evaluating substantial corporate actions related to a possible conflict of interest, and the results of such evaluation were 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 "substantial corporate actions". Nevertheless, the Charter provide for a special procedure aimed at preventing risks associated with transactions and corporate actions that involve a conflict of interest: in accordance with Section 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. The same requirements are contained in the internal document – the regulations on the Board of Directors of the Company. 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.	V Compliant Partially compliant Non-compliant	
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 assessment (self-assessment) of the effectiveness of the board of directors in the reporting period.	V Compliant Partially compliant Non-compliant	
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 full and accurate information 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.	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
2.6.	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.	V Compliant ☐ Partially compliant ☐ Non-compliant	
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.	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
2.6.3.	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 sufficiency of the time spent for participation in functioning of the board as well as its committees, was analysed by the assessment (self-assessment) of the effectiveness 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 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 the Company has no document providing for that 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 organisations of the company), as well as of the fact of such appointment. In order to prevent conflicts of interest, the Charter of the Company and he internal document – the regulations on the Board of Directors of the Company 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.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 have the right to receive information and documents, concerning the company and its controlled organisations and necessary for the members of the board of directors of the company to perform their duties, and the company's executive bodies are obliged to provide access to the relevant information and documents. 2. The company realises a formalised orientation program for newly elected members of the board of directors.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	With regard to Criterion 1, the Company explains that the internal document of the Company – the Regulation on the Board of Directors of the Company provides for the right of members of the Board of Directors to receive information (documents and materials) and clarifications on the Company's activities necessary for the performance of the duties of members of the Board of Directors. Formally, it has no internal document in place to establish the right of the members of the Board of Directors to access information and documents, concerning the company's controlled organisations. 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 five days before the date of the meeting. 2. During the reporting period, members of the board of directors who were absent from the place of the meeting were given the opportunity to participate in the discussion of agenda items and voting remotely via conference – and video conference call.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 is formally not met because the internal document of the Company – the Regulation on the Board of Directors – sets that notification of the meeting will be made at least 3 days before the date of the meeting. Criterion 2 is met.
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 charter or internal document provide that the most important issues (inter alia 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	The Company does not meet criterion 1. The charter and internal documents of the Company do not contain provisions, according to which the most important issues (inter alia the list given in recommendation 168 of the Russian CG Code) should be considered at meetings of the Board of Directors held in person. Despite this, in practice, the most important issues are considered at meetings of the Board of Directors held in person.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 charter provide that resolutions on the most important issues, including those are 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 3/4 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 do not provide for resolutions on the most important issues, including those are 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 3/4 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, 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	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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, as well as the conditions (events) upon the occurrence of which the remuneration committee considers the issue of revising the company's policy on remuneration of the board of directors members, executive bodies and other key executives.	☐ Compliant V Partially compliant ☐ Non-compliant	Criteria 1 and 2 are met. Criterion 3 is partially met. The internal documents of the Company define the tasks of the remuneration committee, as well as the need of periodic review of the Company's policy on remuneration. At the same time, the Company internal documents do not specify the conditions (events) upon the occurrence of which the remuneration committee considers the issue of revising the Company policy on remuneration of the Board of Directors members, executive bodies and other key executives. The Company assesses the possibility of making appropriate changes in the Company's internal documents.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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. 3. In order to form the board of directors that best meets the company's goals and tasks, in the reporting period, the nomination committee independently or jointly with other committees of the board of directors or the company's authorised shareholder relations unit organised interaction with shareholders, not limited to the largest shareholders, in the context of selecting candidates for the company's board of directors.	☐ Compliant V Partially compliant ☐ Non-compliant	Criteria 1 and 2 are met. Criterion 3 is not met. In accordance with the Company's Charter, the Company's shareholders holding in the aggregate at least 2% of the Company's voting shares, are entitled to nominate candidates to the Company's 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
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 the board of directors is sufficient for the tasks, the scale and nature of business, aims of activities and needs, and the risk profile of the company. 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 audit committee, the remuneration committee, the nomination committee (or a corresponding committee with combined functions) were chaired in the reporting period 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 (or a corresponding committee with combined functions) and the remuneration 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	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 company's internal documents provide procedures for assessment (self-assessment) of quality of the work of the board of directors. 2. The assessment (self-assessment) of quality of the work of the board of directors conducted during the reporting period included the assessment of the work of the committees, individual assessment of each members of the board of directors and the board of directors as a whole. 3. The results of the assessment (self-assessment) of the board of directors conducted during the reporting period were reviewed at a meeting of the board of directors held in person.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	Criterion 1 is not met. The Company does not have internal documents defining the procedures for assessment (self-assessment) of quality of the work of the board of directors. The Company carries out an annual self-assessment of the quality of the Board of Directors' work on the basis of the relevant resolution of the Board of Directors. Criteria 2 and 3 are met.
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.	[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
3.1.	The company's corporate secretary provide 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's website and the annual report provide biographical information on the corporate secretary (including information about age, education, qualifications, experience), as well as information about positions in management bodies of other legal entities held by the corporate secretary for at least the last five years.	V Compliant Partially compliant Non-compliant	
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 company has adopted and disclosed an internal document – the regulations on the corporate secretary. 2. The board of directors approves the candidate for the position of the corporate secretary and terminates his (her) powers, considers the issue of paying him (her) additional remuneration. 3. The company's internal documents stipulate the corporate secretary's right to request and receive documents and information from the company's management bodies, structural subdivisions and officials (employees).	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
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.			
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. Remuneration of the members of the board of directors, executive bodies and other key executives is defined taking into account the results of a comparative analysis of the level of remuneration in comparable companies.	V Compliant ☐ Partially compliant ☐ Non-compliant	
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 (or) its (their) implementation practice, evaluated its effectiveness and transparency and, if necessary, made the relevant recommendations to the board of directors on review of such policy(ies).	☐ Compliant ☐ Partially compliant V Non-compliant	The Company formally does not meet Criterion 1, since the Company has no separate internal document – policy on remuneration. The Shareholders decided on the amount of remuneration for members of the Board of Directors and committees by the recommendation of the Board of Directors and the Remuneration Committee.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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	The Company formally does not meet Criterion 1, since the Company has no separate internal document – policy on 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 established 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	The Company partially meets Criterion 1, since the Company does not have a unified remuneration policy. The rules for reimbursing the expenses of members of the Board of Directors are determined based on resolutions of general meetings of the shareholders, and in respect to executive bodies – are determined by the decisions of the Board of Directors of the Company. The rules for reimbursing the expenses of other employees of the Company are established by the decisions of the authorised management bodies of the Company.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
4.2.	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. During the reported period, the Company paid remuneration for the members of the board of directors in accordance with remuneration policy, adopted by the company. 2. During the reporting period, the company did not apply any forms of short-term incentives or additional financial incentives to the members of the board of directors, which depended on the results (indicators) of the company's activities. Payment of remuneration for participation in specific meetings of the board or committees of the board of directors were not carried out.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	Criterion 1 formally is not met, since the Company has not adopted a separate internal document – the policy on remuneration. In the reporting period, the Company not paid remuneration to the members of the Board of Directors in accordance with the resolution of the General Meeting of the Shareholders of the Company. Criterion 2 is met.
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.	[V] Compliant [ ] Partially compliant [ ] Non-compliant	
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	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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. During the reporting period, annual performance results indicators 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.	☐ Compliant V Partially compliant ☐ Non-compliant	The Company partially meets Criterion 1 in terms of remuneration of key executives, since the Board of Directors did not approve list of persons belonging to the category of key executives of the Company. 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.
		3. When determining the amount of remuneration to be paid to members of executive bodies and other key executives of the company, the risks borne by the company are taken into account in order to avoid creating incentives for taking excessively risky management decisions.		The Company does not meet Criterion 2, 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. The Company does not meet Criterion 3, since the Company has no established rules for determining the level of remuneration commensurate with the risks that the Company may incur as a result of management decisions.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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. In case, the company implemented a long-term incentive program 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), the program provides that the right to sell such shares and other financial instruments 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.	[V] Compliant [ ] Partially compliant [ ] Non-compliant	
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	

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 responsibilities, powers and liability 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 policy. 2. The company has arranged for secure, confidential and accessible means (hotline) 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 (the audit committee and (or) risk committee (if any)) organised an assessment of the reliability and effectiveness of the company's risk management and internal control system. 2. During the reporting period the board of directors reviewed the results of the assessment of the reliability and effectiveness of the company's risk management and internal control system and the information on results of review were 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 engaged an independent external organisation with the same principle of accountability.	[V] Compliant [ ] Partially compliant [ ] Non-compliant	
5.2.2.	The internal audit unit evaluates the effectiveness of the internal control system, assesses the reliability and effectiveness of the risk management and internal control system, as well as assesses the corporate governance system, applies generally accepted standards of internal audit.	1. In the reporting period, the reliability and effectiveness of the risk management and internal control system was assessed as part of the internal audit. 2. In the reporting period, internal audit assessed corporate governance practices (individual practices), including information interaction procedures (including those related to internal control and risk management) at all management levels of the company, as well as interaction with related parties.	[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
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. During the reporting period, the board of directors (or one of its committees) considered issues related to effectiveness of informational interaction between the company, its shareholders, investors and other related parties, and the feasibility (necessity) of revision of information policy of the company.	☐ 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 Date of Registration. Criterion 2 is not met by the Company. The Board of Directors of the Company 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	The Company fully meets Criteria 1 and 2. The Company does not meet Criterion 3, since there is not any controlling entity's memorandums regarding the plans of the controlling entity in relation to corporate governance in the Company.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 has established a procedure that ensures coordination of the work of all structural subdivisions and employees of the company who are related to information disclosure or whose activities may result in the need to disclose 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.	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
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. The company's information policy defines approaches to the disclosure of information about other events (actions) that have a significant impact on the price or quotation of its securities, the disclosure of which is not required by law. 2. The company discloses 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. 3. The company discloses information on the controlled entities, which are significant for it, including the key areas of their activities, mechanisms ensuring accountability of the controlled entities, the authority of the company's board of directors to determine the strategy and assess the results of the controlled entities' activities. 4. The company discloses a non-financial report – a sustainability report, environmental report, corporate social responsibility report or other report containing non-financial information, including factors related to the environment (including environmental factors and factors related to climate change), society (social factors) and corporate governance, except for the issuer of equity securities and the company's annual report.	☐ Compliant V Partially compliant ☐ Non-compliant	Criterion 1 formally is not met. Approaches to the disclosure of information about other events (actions) that have a significant impact on the price or quotations of its securities are set forth in the internal documents at the Group level. The Company discloses information in accordance with the applicable requirements of the Russian Federation regulation and the HKSE Listing Rules. The company partially meets Criterion 2, as 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. The Company partially meets Criterion 3. The Company discloses information on controlled entities that are material to the Company in accordance with applicable requirements. The Company fully meets Criterion 4.

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 results of assessment of effectiveness of external and internal audit process, conducted by the audit committee. 2. The company's annual report contains information on the company's policy in environmental protection and social policy.	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.	Exercise by shareholders of their right of access to the company's documents and information is not unreasonably difficult.	1. The company's information policy (internal documents, defining informational policy) defines an unhindered procedure for providing by the shareholders' requests access to information and the company's documents. 2. The information policy (internal documents, defining the information policy) contains provisions stipulating that if a shareholder requests information on organisations controlled by the company, the company shall make the necessary efforts to obtain such information from the relevant organisations controlled by the company.	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 Registration 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. Criterion 2 is not met. The Company's Charter, approved by more than 90% of the votes of shareholders, contain a list of documents to which the Company provides access at the request of any shareholder.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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	The Company meets Criterion 1. 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 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.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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.			
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 Charter defines the list (criteria) of transactions or other actions that are substantial corporate actions. Making decisions on substantial corporate actions falls within the competence of the board of directors and it is stipulated in the company's charter. 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.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	The Company partially meets Criterion 1, since the Charter does not provide for the concept of "substantial corporate actions". However, most of the substantial 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	The Company formally does not meet Criterion 1, since the Company formally does not have a separate procedure for the independent directors to declare their position on substantial corporate actions prior to their approval. At the same time, the independent directors play a key role in all resolutions of the Board of Directors as 7 out of the 13 members of the Board of Directors are independent directors.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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, refers to the competence of the board of directors approval of transactions, inter alia those provided for by law, which were material for the company. 2. During the reporting period, all substantial corporate actions were approved prior to their implementation.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	The Company partially meets Criterion 1. Due to the fact that the Company was registered as an international company in accordance with the procedure stipulated by the Federal Law No. 290-FZ of 03.08.2012 "On International Companies and International Funds" the provisions of Jersey law and the HKSE Listing Rules are applicable to the Company. Despite the fact that the Company is not subject to the provisions of the JSC Law on approval of interested-party transactions and major transactions, the Charter stipulates that consideration of transactions amounting up to USD75 million to which the Company is a party, as well as consideration of any transactions of the members of the Company's Group that are recognised as connected transactions in terms of the HKSE Listing Rules is within the authority of the Board of Directors. Criterion 2 is not met on formal grounds, since the Company's Charter do not provide for the concept of "substantial corporate actions".

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. In case, during the reporting period, there were substantial corporate actions, the company disclosed detailed information on these actions in a timely and detailed manner, including the causes and conditions of realisation of such actions, and consequences for the shareholders.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	Criterion 1 is partially met, since the Company's Charter does not provide for the concept of "substantial corporate actions". However, Company disclosed detailed information on corporate events and actions in a timely and detailed manner in accordance with applicable law and the Company's charter, and the HKSE Listing Rules.

No.	Corporate governance principles	Criteria for evaluating compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments
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 determine events and procedure for engaging an 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 appraiser to assess the cost of the acquisition and buyback of the company's shares. 3. In the absence of formal interest of a member of the board of directors, sole executive body, member of collegial executive body of a company or a person who is a controlling person of a company or a person having the right to give instructions binding for a company, in transactions of a company, but in case of presence of conflict of interests or their other actual interest, internal documents of a company stipulate that such persons shall not participate in voting on approval of such transaction.	[ ] Compliant [V] Partially compliant [ ] Non-compliant	Criterion 1 is not applicable to the Company, the Company meets criterion 2 partially, since the Company is not subject to the provisions of the 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 recognised as related parties to the Company's transactions. Meanwhile, the provisions of the JSC Law regarding the approval of interested-party transactions are not applicable for the Company. Criterion 3 is met.

UNITED COMPANY RUSAL, INTERNATIONAL PUBLIC JOINT-STOCK COMPANY

(Incorporated under the laws of Jersey with limited liability and continued in the Russian Federation as an international company)
(HKSE stock code: 486)

BOARD OF DIRECTORS

Executive Directors

Mr. Evgeny Kuryanov
Mr. Evgenii Nikitin *(General Director)*
Mr. Evgenii Vavilov

Non-executive Directors

Mr. Mikhail Khardikov
Mr. Vladimir Kolmogorov
Mr. Semen Mironov

Independent non-executive Directors

Mr. Christopher Burnham
Ms. Liudmila Galenskaia
Mr. Kevin Parker
Mr. Randolph N. Reynolds
Dr. Evgeny Shvarts
Ms. Anna Vasilenko
Mr. Bernard Zonneveld
(Chairman of the Board)

REGISTERED OFFICE IN RUSSIA

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Kaliningrad region,
Kaliningrad 236006,
Russian Federation

PLACE OF BUSINESS IN HONG KONG

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Hong Kong

HONG KONG COMPANY SECRETARY

Ms. Lam Yuen Ling Eva
17/F., Leighton Centre,
77 Leighton Road, Causeway Bay,
Hong Kong

AUDITORS

TSATR – Audit Services LLC
Public Interest Entity Auditor recognised in accordance with the Accounting and Financial Reporting Council Ordinance
Russian Federation, 115035, Moscow, Sadovnicheskaya
naberezhnaya, 77, building 1

AUTHORISED REPRESENTATIVES

Mr. Evgenii Nikitin
Ms. Lam Yuen Ling Eva
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

Hongkong Managers and Secretaries Limited,
Units 1607-8, 16/F, Citicorp Centre,
18 Whitfield Road, Causeway Bay,
Hong Kong

AUDIT COMMITTEE MEMBERS

Mr. Kevin Parker *(chairman)*
Ms. Anna Vasilenko
Mr. Bernard Zonneveld

CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE MEMBERS

Mr. Christopher Burnham
Mr. Randolph N. Reynolds
Mr. Bernard Zonneveld *(chairman)*

REMUNERATION COMMITTEE MEMBERS

Mr. Christopher Burnham
Mr. Randolph N. Reynolds
Ms. Anna Vasilenko *(chairman)*

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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 on 15 April 2024 (Minutes No. 240402 dated 15 April 2024). In accordance with the requirements of the Hong Kong Stock Exchange, this Annual Report must be disclosed by 30 April 2024 (subject to clause 35.5 of the Company's Charter). Approval of this Annual Report by the General Meeting of Shareholders is scheduled for June 2024 (the final date of the meeting will be disclosed in due course).