RUSAL

2015 ANNUAL REPORT

Driven by **Green** Power

Financial and Operational Highlights

USD million (unless otherwise specified)	**2015**	**2014**	**2013**	**2012**	**2011**
Revenue	**8,680**	9,357	9,760	10,891	12,291
Adjusted EBITDA	**2,015**	1,514	651	915	2,512
Adjusted EBITDA Margin	**23.2%**	16.2%	6.7%	8.4%	20.4%
EBIT	**1,409**	942	(1,804)	60	1,749
Share of Profits/(Losses)from Associates and joint ventures	**368**	536	(467)	333	(324)
Pre Tax Profit/(Loss)	**763**	147	(3,241)	(502)	610
Profit/(Loss)	**558**	(91)	(3,322)	(528)	237
Profit/(Loss) Margin	**6.4%**	(1.0%)	(34.0%)	(4.8%)	1.9%
Adjusted Profit/(Loss)	**671**	17	(666)	(498)	987
Adjusted Profit/(Loss) Margin	**7.7%**	0.2%	(6.8%)	(4.6%)	8.0%
Recurring Profit/(Loss)	**1,097**	486	(598)	(8)	1,829
Basic Earnings/(Loss) Per Share (in USD)	**0.037**	(0.006)	(0.219)	(0.035)	0.016
Total Assets	**12,809**	14,857	20,480	25,210	25,345
Equity Attributable to Shareholders of the Company	**1,391**	2,237	6,550	10,732	10,539
Net Debt	**8,372**	8,837	10,109	10,829	11,049

ANNUAL REPORT
Driven by **Green** Power

2015

Water is given a **magic power**

to become
the **juice of life**
on Earth

Leonardo Da Vinci

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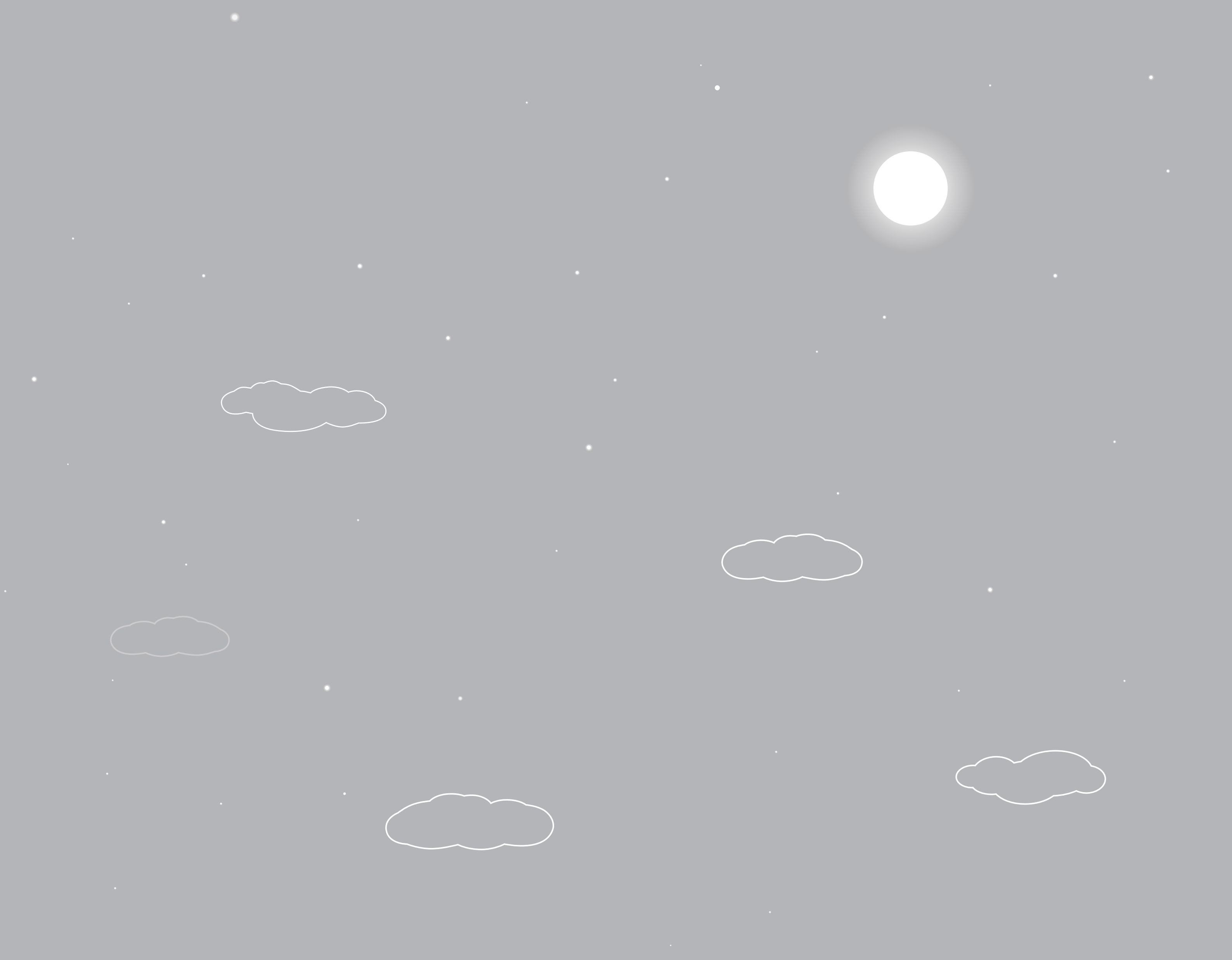

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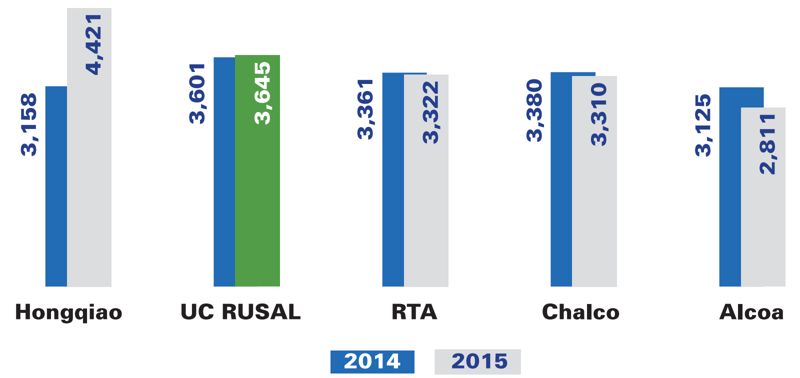
Corporate **Profile**

UC RUSAL is a low cost, vertically integrated aluminium producer with core smelting operations located in Russia, Siberia. In 2015, UC RUSAL was the world's second largest producer of primary aluminium and alloys.

Primary aluminium production

(thousand tonnes)



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

UC RUSAL's production chain includes bauxite and nepheline ore mines, alumina refineries, aluminium smelters and casting houses, foil mills and packaging production centres as well as power-generating facilities.

Secured access to green, renewable electricity. Electricity is a key component of the aluminum production process. UC RUSAL's core smelting operations are favorably located close to the Siberian hydro power plants sourcing from them 90% of the Group's total electricity needs. The Company has long term agreements with the region's hydro-power energy suppliers. Using renewable and environmentally friendly hydro generated electricity, UC RUSAL is targeting the best CO2 footprint in the industry.

Captive raw material supplies. UC RUSAL alumina production capacities are located in Russia and abroad. These operations cover over 100% of the Groups' total alumina needs.

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

Efficient midstream. Proprietary R&D and internal EPCM expertise. UC RUSAL aluminum smelting operations goes through regular upgrades. UC RUSAL has developed its own in-house R&D, design and engineering centres and operates RA-300, RA-400 and Green Soederberg smelting technologies. A new energy efficient and environmentally friendly RA-500 smelting technology is under design.

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

Focus on higher margin upstream business.
UC RUSAL has a diversified product mix with a strong share of VAP in the portfolio (45% share of VAP products in 2015 sales mix). The company targets to increase the production of VAP by up to 50%, in particular, through improvements to its smelters located in Siberia.

Diversified sales geography.
UC RUSAL's sales mix is represented by a diversified portfolio of regions. The company delivers aluminium products to all key Global consuming regions (Northern and Southern Europe, USA, South East Asia) and to the domestic market.

Strong growth potential of the UC RUSAL platform.
The BEMO Project (UC RUSAL and Rushydro JV) includes the 3,000 megawatt BEMO HPP (the construction of which was completed in 2014) and the construction of BEMO aluminium smelter in the Krasnoyarsk region of Russia, which has a design capacity of 588,000 tonnes of aluminium per annum (147,000 tonnes per annum capacity at the first stage of the project).

Implementing environmental initiatives.
UC RUSAL is the first Russian company to publish a report on its corporate implementation of the UN Global Compact and the first to join the UNDP. By following its environmental policy and undertaking to regularly review and update its provisions, the Company is constantly developing and improving its environmental management system and implementing its principles at all production facilities.

Diversification opportunities through investments

- As at the Latest Practicable Date, UC RUSAL owns an effective 28.05% interest in Norilsk Nickel, the world's largest nickel and palladium producer and one of the leading producers of platinum and copper[1].
- UC RUSAL's 50/50 LLP Bogatyr Komir coal joint venture in the Ekibastuz coal basin, one of the largest coal basins in the CIS, providing UC RUSAL with a natural energy hedge.

Key facts

In 2015, UC RUSAL accounted

approximately **6.7%** **of the world's aluminium output** & about **6.9%** **of the world's alumina production[2],**

generated from the following facilities located around the world:

14 **aluminium smelters (5 of which are currently mothballed)**

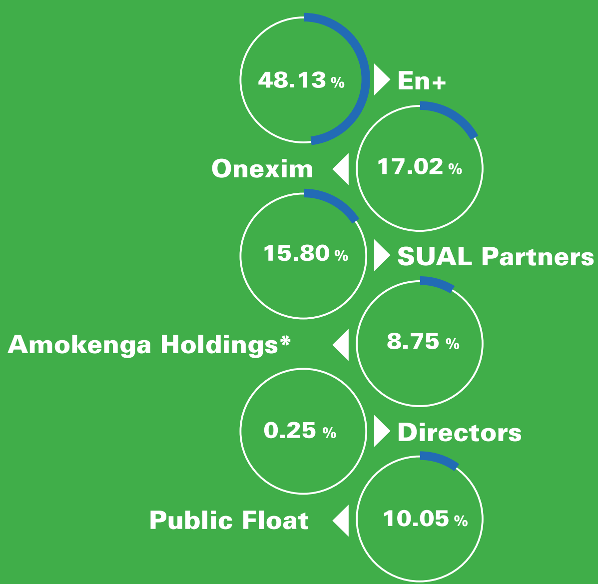
11 **alumina refineries (4 of which are mothballed)**

8 **bauxite mines (1 of which is mothballed)**

4 **foil mills**

UC RUSAL's ordinary shares are listed on the Hong Kong Stock Exchange, on the Moscow Exchange and are also listed on the Euronext Paris in the form of GDSs (Global Depositary Shares) and on the Moscow Exchange in the form of RDRs (Russian Depositary Receipts).

Key shareholders and shareholders structure as at 31 December 2015



[1] Source: www.nornik.ru

[2] Source: Brook Hunt (A Wood Mackenzie Company).

Note:

(*) Amokenga Holdings is ultimately controlled by Glencore International Plc.

Our global footprint

1. Aluminium
2. Alumina
3. Bauxite
4. Foil
5. Powders
6. Silicon
7. Nepheline ore
8. Cryolite and cathodes
9. Other business

Armenia
32 ARMENAL

Australia
43 QAL

Guinea
26 Compagnie des Bauxites de Kindia (CBK)
27 Dian Dian Bauxite Mine & Alumina Plant Project
25 Friguia Bauxite & Alumina Complex

Guyana
24 Bauxite Company of Guyana (BCGI)

Ireland
01 Aughinish Alumina

Italy
02 Eurallumina

Jamaica
22 Alpart
23 Windalco

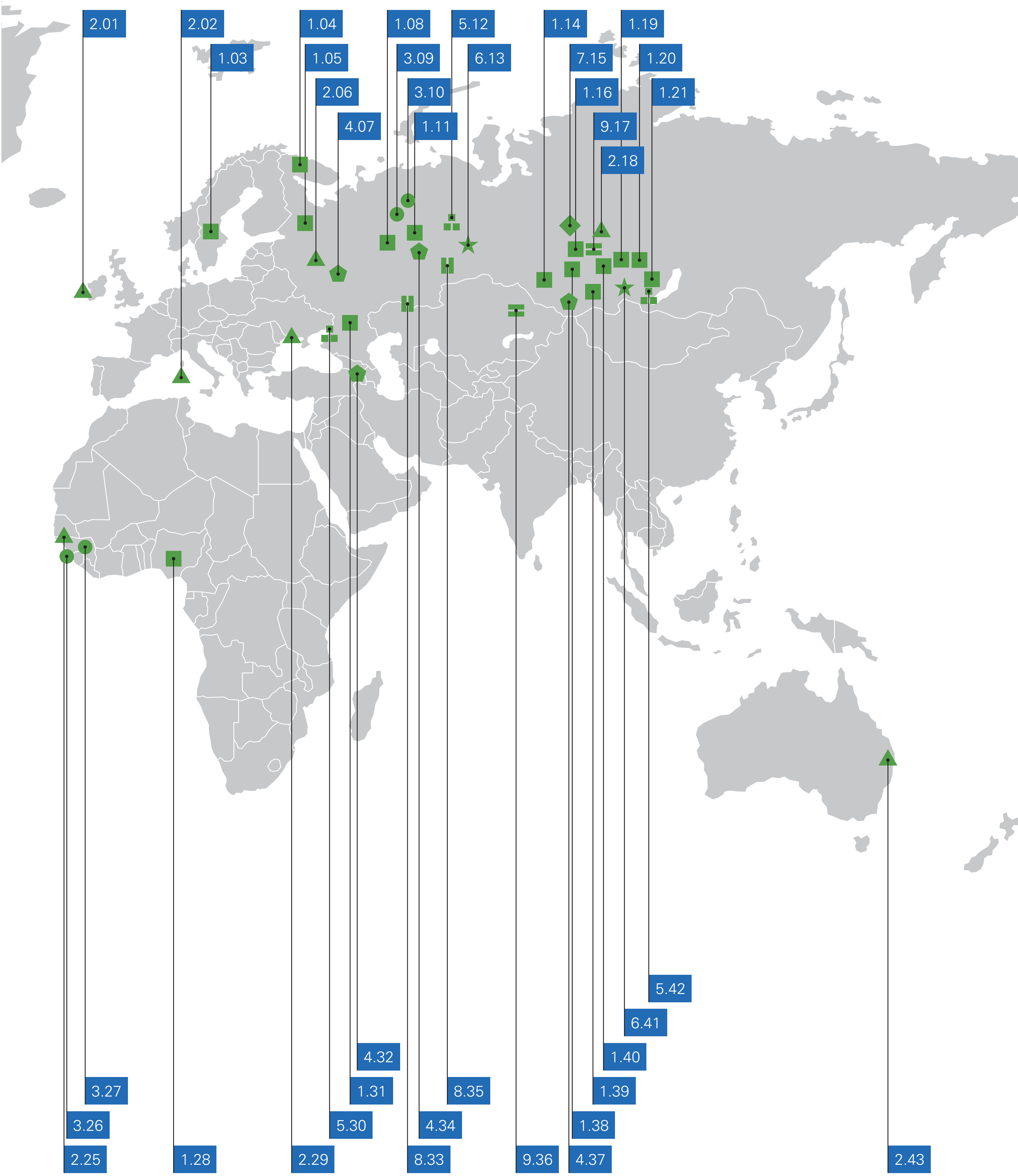
Kazakhstan
36 LLP Bogatyr Komir

Nigeria
28 ALSCON

Russia
18 Achinsk Alumina Refinery
16 Boguchansky Aluminium Smelter (BEMO)
17 Boguchanskaya HPP (BEMO)
08 Bogoslovsky Alumina Refinery
06 Boksitogorsk Alumina Refinery
20 Bratsk Aluminium Smelter
21 Irkutsk Aluminium Smelter
04 Kandalaksha Aluminium Smelter
39 Khakas Aluminium Smelter
15 Kia-Shaltyr Nepheline Mine
12 Krasnoturyinsk Powder Metallurgy
40 Krasnoyarsk Aluminium Smelter
05 Nadvoitsy Aluminium Smelter
09 North Urals Bauxite Mine
14 Novokuznetsk Aluminium Smelter
35 Polevskoe Cryolite Plant
07 Sayana Foil
37 SAYANAL
38 Sayanogorsk Aluminium Smelter
42 Shelekhov Powder Metallurgy
41 Silicon (ZAO Kremniy), Shelekhov
33 South Urals Cryolite Plant
19 Taishet Aluminium Smelter (project)
10 Timan Bauxite
11 Urals Aluminium Smelter
34 Urals Foil
13 Urals Silicon
31 Volgograd Aluminium Smelter
30 Volgograd Powder Metallurgy

Sweden
03 KUBAL

Ukraine
29 Nikolaev Alumina Refinery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Chairman's **Statement**

Dear Shareholders,

UC RUSAL enters 2016 having achieved a particularly notable financial performance in the previous year, accomplished against a backdrop of ongoing challenging market conditions. In the second half of 2015, the aluminium market was impacted by two significant global trends, the continuing reduction in oil prices and the negativity surrounding the Chinese economy, which in turn, resulted in the aggressive devaluation of the Renminbi. Despite this global market turbulence, global aluminium demand grew by 5.6% in 2015 year-on-year ("YoY") to 56.4 million tonnes.

Our performance throughout the year did not occur by chance, but due to our steadfast dedication to cost management and production discipline, which is why we were able to announce an Adjusted EBITDA of USD2,015 million with an Adjusted EBITDA margin of 23.2% for the year ended 31 December 2015. Most pleasingly, we have continued to see progression across our key performance metrics. The Company achieved Adjusted Net Profit and Recurring Net Profit of USD671 million and USD1,097 million, respectively, for the year ended 31 December 2015 as compared to USD17 million and USD486 million for the prior year. Importantly, during 2015 the Company decreased its Net Debt by USD465 million.

The market today is very different from that previously experienced only a few years ago and RUSAL understands that it is not in the interest of our Shareholders, or the wider aluminium market, to pursue growth by increasing output. RUSAL is no longer the world's largest aluminium company by production and given the current market, it is not our aspiration to be. Our primary goal is to be the world's most efficient and environmentally friendly producer, both in terms of cost and technology. In order to achieve this, we continued to invest heavily in R&D and have upgraded our existing capacities to increase the share of VAP in our overall aluminium sales portfolio. The close relationships which we enjoy with our customers resulted in us producing 96 bespoke new types of alloys in 2015, at their request. RUSAL's tailored offer reflects the strong nature of our customer relationships, an area in which we are looking to expand even further in the year ahead.

2015 was the year in which the world's attention turned to the issue of climate change, culminating in the gathering of world leaders at the COP21 conference in Paris. We at RUSAL believe that the protection of the environment and specifically limiting the amount of greenhouse gas produced is of fundamental importance. Currently, RUSAL has one of the lowest carbon footprints in the industry and benefits from access to clean and renewable hydro resources in Siberia. RUSAL will endeavour to further improve this. Last year, alongside our total expediture for environmental protection of USD101.5 million, we announced the following new environmental goals:

- to achieve 100% of carbon-free purchased power in our energy mix by 2020 for plants in the Russian Federation.
- to reduce specific greenhouse gas emissions at our aluminium smelters by 15% by 2025 from the 2014 level.
- to reduce specific greenhouse gas emissions at our alumina refineries by 10% by 2025 from the 2014 level.
- to reduce annual energy consumption at our aluminium smelters by 3,400GWh by 2020 as compared to the 2011 level.
- to ensure greenhouse gas emissions from at least 85% of our primary aluminium production does not exceed the 6 tonne level of CO2 eq per tonne of aluminium produced by 2025, including direct and indirect emissions through the whole production chain, from bauxite mining to aluminium smelting.

These ambitious goals are testament to the importance RUSAL places on its climate change obligations and I am proud to say that RUSAL has taken a leadership position in the fight against climate change. However, this is not something we can do in isolation, and for this reason RUSAL, together with other companies in Russia, has introduced an initiative to mitigate environmental impacts and help prevent climate change by creating the 'Climate Partnership of Russia'. As part of this partnership, RUSAL will work closely with its partners to seek optimum solutions which will enable us to prevent the damaging effects of global climate change.

During the year, the Board approved a new ongoing dividend policy, meaning RUSAL will now pay a dividend at 15% of our Covenant EBITDA. In October 2015, the Board also approved an interim dividend for the financial year ending 31 December 2015 for the aggregate amount of USD250 million.

Another important milestone achieved in March 2015 was the admission of RUSAL's shares on the MOEX on the first level quotation list. Listing on the MOEX provides RUSAL with an excellent opportunity to extend our investor base; specifically, it will allow local and international investors who are restricted in their ability to invest in Russian Depositary Receipts to trade our shares.

Looking to the year ahead, we believe that the wider commodities market is likely to remain challenging. RUSAL expects aluminium consumption growth to continue at a healthy 5.7% during 2016 to 59.5 million tonnes as a result of strong ex-China demand growth in North America, Europe and Asia. Chinese growth is expected to continue to also be strong at 7% YoY. There are no significant capacity additions planned outside of China in the short term, while China is unlikely to fill the supply gap as it has also started to reduce capacity. RUSAL therefore anticipates that the market will be in deficit as capacity cuts continue.

Finally, I would like to pay tribute to our employees, many of whom have been with the Company since its inception, for their continued dedication and hard work. In 2015, RUSAL celebrated its 15th anniversary, a period of time where we can reflect on what has been achieved and look forward to where we go next. The journey that RUSAL has taken over 15 years from a regional player to having a strong presence in five continents would not have happened without the significant efforts of our employees, partners and customers. In addition, I would like to thank our shareholders for their ongoing support.

Matthias Warnig
Chairman of the Board

CEO's Review

2015 was another challenging year for the aluminium sector. The slump in global oil prices coupled with a strengthening of the US Dollar depressed most commodities' prices, including aluminium. In the fourth quarter of 2015, the LME aluminium price reached an average of USD1,495 per tonne, lowest level since the second half of 2009. On the other hand, depreciation of local currencies resulted in deflation of production costs supporting aluminium producers outside China.

Against this volatile market environment, RUSAL has reported a robust performance in 2015 with adjusted EBITDA of USD2.0 billion and Recurring Net Profit of nearly USD1.1 billion, up from USD1,514 million and USD486 million, respectively, in 2014. Adjusted EBITDA margin was 23.2% in 2015 as compared to 16.2% for the preceding year.

We achieved these results thanks in part to our steadfast commitment to production discipline and tight cost controls. RUSAL's primary aluminium production in 2015 was practically flat when compared to the previous year and totalled 3,645 thousand tonnes. Supported by favorable external factors such as depreciation of the Russian Rouble and Ukrainian Hryvna, we were able to further reduce our aluminium cash cost to USD1,455 per tonne. In addition, we continued to invest in extending our VAP portfolio with VAP capacity increasing by 285kt during the period. Our priority remains on quality alongside production discipline and we will continue to work closely with our customers to ensure we exceed their expectations.

Much progress has been made to secure our resource base. During 2015, we commenced industrial mining operations at Kurubuka-22 deposit in Guyana and launched the first start-up complex at the Cheremoukhovskaya-Gloubokaya mine in the North Urals Bauxite Mine. A further significant development during the year was the signing of a Multi-User Operation Agreement on existing railway infrastructure in the Boke province, Guinea, within the framework of Dian-Dian project. The agreement is the first in African history between the State and mining companies to create an infrastructural multi-user operational regime and is in line with our corporate strategy to secure aluminium production using in-house raw material supply.

During the course of 2015, we decreased our Net Debt by USD465 million which, together with the robust financial results reduced the leverage ratio to below 3.0:1 as at 30 June 2015 (and thereafter the leverage ratio remained below the level of 3.0:1 for the duration of 2015). This in turn led to the decrease of the interest rate margin and suspension of cash sweep mechanism starting from September 2015. Further deleveraging remains one of the Group's key priorities.

I am also pleased to report that RUSAL remains one of the leading aluminium companies measured by carbon footprint during aluminium production. Our average direct and indirect smelter emission rates have not exceeded our target figure of 6t of CO2 per tonne of aluminium produced. With the conclusion of the Paris accord, carbon emissions and the issues associated will gain more and more attention from various stakeholders and RUSAL remains committed to sustainable aluminium production. As part of this commitment, in December 2015, RUSAL joined the Aluminium Stewardship Initiative ("ASI") with a view to take part in developing global sustainability standards for international application in the aluminium value chain. Development of a standard that would be an international benchmark for procurement is expected to significantly contribute to further sustainability improvement for the whole industry, making aluminium a metal of choice of the 21st century.

Whilst we are pleased with our performance during the reporting period, the ongoing uncertainty of the global economy has resulted in market volatility. Last year, despite the slower demand and production growth, the aluminium market recorded a surplus. However, we observed positive trends at the end of 2015 which signaled that in 2016 the global aluminium market is expected to return to deficit, with China unlikely to fill the gap as PRC production has also started to decline. We forecast that global demand will continue to grow at a healthy 5.7% in 2016 supported by growth in transportation, power and packaging sectors.

I would like to thank all our employees and other stakeholders for their ongoing support and commitment.

Vladislav Soloviev
Chief Executive Officer

Business Overview

Business Units

Aluminium

UC RUSAL owns 14 aluminium smelters which are located in three countries: Russia (twelve plants), Sweden (one plant) and Nigeria (one plant). The Company's core asset base is located in Siberia, Russia, accounting for some 95% of the Company's aluminium output in 2015. Among those, BrAZ and KrAZ together account for nearly half of UC RUSAL's aluminium production.

During 2015, UC RUSAL continued to implement a comprehensive program designed to control costs and optimise the production process in order to strengthen the Company's position as one of the world's most cost-efficient aluminium producers.

The table below[3] provides an overview of UC RUSAL's aluminium smelters (including capacity) as at 31 December 2015.

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

Asset	Location	% Ownership	Nameplate capacity (approved casting capacity for 2015), kt	2015 production, kt	Capacity utilisation rate
Siberia					
Bratsk aluminium smelter	Russia	100%	1,006	1,005	100%
Krasnoyarsk aluminium smelter	Russia	100%	1,013	1,013	100%
Sayanogorsk aluminium smelter	Russia	100%	542	525	97%
Novokuznetsk aluminium smelter	Russia	100%	215	209	97%
Khakas aluminium smelter	Russia	100%	297	289	97%
Irkutsk aluminium smelter	Russia	100%	410	410	100%
Russia (other than Siberia)*					
Kandalaksha aluminium smelter	Russia	100%	76	66	87%
Bogoslovsk aluminium smelter	Russia	100%	—	—	—
Urals aluminium smelter	Russia	100%	75	—	0%
Volgograd aluminium smelter	Russia	100%	100	—	0%
Volkhov aluminium smelter	Russia	100%	—	—	—
Nadvoitsy aluminium smelter	Russia	100%	24	12	50%
Other countries					
KUBAL	Sweden	100%	128	116	91%
ALSCON	Nigeria	85%	24	—	0%
Total nameplate capacity	**—**	**—**	**3,910**	**3,645**	**93%**

* Note: capacity for other plants includes on-going disassembly of pots as of 31 December 2014 (NAZ, BAZ, VAZ).

BEMO Project

The BEMO Project involves the construction of the 3,000 MW Boguchanskaya Hydropower Plant and the BEMO aluminium smelter in the Krasnoyarsk region in Siberia, which is expected to produce approximately 588 kt of aluminium per annum.

The construction of the BEMO aluminium smelter is divided into two stages (each one for 298 kt of aluminium per annum). The start-up complex of the first stage (147 kt of aluminium per annum, 168 pots) was launched in 2015 and the second part of this stage (147 kt of aluminium per annum, 168 pots) is scheduled for completion at the end of 2018.

The capital expenditure for the first stage of BEMO aluminium smelter (capacity 298 kt per annum), incurred and to be incurred, is currently estimated at approximately USD1,612 million (UC RUSAL's share of such capital expenditure is expected to be approximately USD806 million), of which approximately USD1,258 million has been incurred as of 31 December 2015 (of which UC RUSAL's share amounted to approximately USD629 million). Actual capital expenditure for the BEMO aluminium smelter in 2015 was USD70.8 million (of which UC RUSAL's share amounted to USD35.4 million).

As at 31 December 2015, all 168 pots of the start-up complex of the first stage of the BEMO aluminium smelter were put into operation.

Alumina

The Group owns 11 alumina refineries. Ten of UC RUSAL's alumina refineries are located in six countries: Ireland (one plant), Jamaica (two plants), Ukraine (one plant), Italy (one plant), Russia (four plants) and Guinea (one plant). In addition, the Company holds a 20% equity stake in QAL, an alumina refinery located in Australia. Most of the Group's refineries have ISO 9001 certified quality control systems, Ten refineries and QAL have been ISO 14001 certified for their environmental management and three refineries have received OHSAS 18001 certification for their health and safety management system.

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

The table below[4] provides an overview of UC RUSAL's alumina refineries (including capacity) as at 31 December 2015:

Asset	Location	% Ownership	Nameplate capacity, kt	Capacity utilisation rate
Achinsk Alumina Refinery	Russia	100%	1,069	82%
Boksitogorsk Alumina Refinery	Russia	100%	165	0%
Bogoslovsk Alumina Refinery	Russia	100%	1,052	89%
Urals Alumina Refinery	Russia	100%	780	99%
Friguia Alumina Refinery	Guinea	100%	650	0%
QAL	Australia	20%	4,058	92%
Eurallumina	Italy	100%	1,085	0%
Aughinish Alumina Refinery	Ireland	100%	1,990	100%
Alpart	Jamaica	100%	1,650	0%
Windalco	Jamaica	100%	1,210	49%
Nikolaev Alumina Refinery	Ukraine	100%	1,601	93%
Total nameplate capacity			**15,310**	**68%**
UC RUSAL attributable capacity			**12,064**	**61%**

With energy being a major cost item, all of the Alumina Division plants were involved in major energy savings programs during 2015. In addition to that, a number of other important projects have been implemented to achieve cost savings and increase competitiveness including:

- Achinsk Alumina Refinery. A program of partial substitution of costly bright coal by the ligneous coal for sintering purposes is ongoing. In 2015, ligneous coal rate reached 27.8% of total coal usage. Major process improvements were introduced to add up to 820 kt of lower quality nepheline ore and reduced alumina production costs. Slag processing field test was complete with 23 kt involved in production. A mobile Hammelmann tool was acquired, intended to reduce equipment and tubes cleaning time thus lowering process downtime.
- Urals Alumina Refinery. A capacity increasing program has been deployed, the construction of continuous digester module #2 is ongoing with new two digester lines are planned to be commissioned in the second half of

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

2016 thus increasing capacity to 900 kt. The Krasnogorskaya CHP was acquired in October 2015. Such a control over an energy source guarantees stable and cost efficient steam procurement required for the alumina production process.

- Bogoslovsk Alumina Refinery. A complex 1,030 kt capacity rehabilitation program has been deployed.

- Nikolaev Alumina Refinery. The final stage of the 1,570 kt capacity increasing program has been deployed with the expected completion in late 2016.

- Aughinish Alumina Refinery. A number of programs were initiated in order to optimize bauxite mix. Blending of BCGI Kurubuka-22 bauxite started in 2015. Placing new gas-fired boilers in operation in May 2014 continues to significantly reduce OPEX in 2015. The caustic storage capacity was extended in 2015 which enables economy on purchase prices and freight.

- Windalco. The sands removal and second tube heater projects are in its development stage. Condensate return project activity was complete.

- Reduced alumina output at QAL was caused by unplanned repairs of bauxite and alumina handling area equipment alongside with a decrease of digestion production due to unplanned digestion unit repairs and reduced bauxite quality.

Bauxite

The Group operates eight bauxite mines. UC RUSAL's bauxite mines are located in four countries: Russia (two mines), Jamaica (two mines), Guyana (one mine) and Guinea (two mines and one project). The Company's long position in bauxite capacity helps to secure sufficient supply for the prospective expansion of the Company's alumina production capacity and allows the Company to take advantage of favourable market conditions through third-party bauxite sales.

The first stage of construction of the new shaft of the Cheremukhovskaya Glubokaya pit, that has been completed at SUBR, will allow to steadily develop extraction thereby in spite of the pit Krasnaya Shapochka which is expected to become exhausted in 2016.

Mining and transportation activities were partially restarted at Alpart from April, 2015 with the planned increase of export output in 2016.

Intense construction activities regarding development of the new deposit Dian-Dian commenced in 2015.

The table below provides an overview of UC RUSAL's bauxite mines (including capacity) as at 31 December 2015.

Asset	Location	% Ownership	Annual capacity, mt	Capacity utilisation rate
Timan Bauxite	Russia	100%	3.2	89%
North Urals Bauxite Mine	Russia	100%	3.0	85%
Compagnie des Bauxites de Kindia	Guinea	100%	3.4	103%
Friguia Bauxite and Alumina Complex	Guinea	100%	2.1	0%
Bauxite Company of Guyana, Inc.	Guyana	90%	1.7	69%
Alpart	Jamaica	100%	4.9	2%
Windalco	Jamaica	100%	4.0	49%
Dian-Dian Project	Guinea	100%	0	0%
Total nameplate capacity			**22.3**	**54%**

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

As at 31 December 2015, the Group had JORC attributable bauxite Mineral Resources of 1,832.4 million tonnes, of which 585.5 million tonnes were Measured, 607.8 million tonnes were Indicated and 639.1 million tonnes were inferred.

Asset	Measured, mt	Indicated Mineral Resources*, mt	Inferred, mt	Total, mt
Timan Bauxite	105.8	63.8	—	169.6
North Urals Bauxite Mine	3.1	172.6	114.0	289.7
Compagnie des Bauxites de Kindia	—	22.8	61.6	84.4
Friguia Bauxite and Alumina Complex	30.6	142.4	152.6	325.6
Bauxite Company of Guyana, Inc.	2.1	40.0	44.2	86.3
Alpart	14.9	40.7	38.0	93.6
Windalco	27.0	54.5	11.7	93.2
Dian-Dian Project	402.0	71.0	217.0	690.0
Total	**585.5**	**607.8**	**639.1**	**1,832.4**

* Notes: Mineral Resources
- are recorded on an unattributable basis, equivalent to 100% ownership; and
- are reported as dry weight (excluding moisture). Mineral Resources tonnages include Ore Reserve tonnages.

Energy assets

BEMO Project

BEMO HPP is the fourth step of the Angara hydroelectric power chain, the biggest major hydro-power plant completion project in Russia. Construction of the power plant was suspended in Soviet times due to the lack of financing and was resumed in May 2006 by UC RUSAL and RusHydro, a company controlled by the Russian Government, following the conclusion of their agreement to jointly implement the BEMO project comprising the BEMO HPP (the average annual electricity output reaching 17.6 billion kWh) and an aluminium smelter capable of producing 600,000 tonnes of metal per year.

The project's 79 metres high, 2,587 metres long composite gravity and rock-fill dam was completed at the end of 2011 and six 333 MW hydropower units of the BEMO HPP were put into operation during 2012-2013. The 7th and 8th hydropower units were put into operation at the end of September 2014 and the final 9th 333MW hydropower unit has been commissioned and put into commercial operation on 22 December 2014. The total installed capacity of all nine hydro-units in operation amounts to 2,997 MW.

All nine 333 MW turbines and generators were supplied by OJSC Power Machines, under contracts worth more than RUB6 billion signed in December 2006 and September 2007, respectively. The turbines for the project are among the largest ever manufactured in Russia by weight and dimensions: each runner in 7.86 metres in diameter and weighs 155.6 tons.

In June 2015, the reservoir of the BEMO HPP has been filled to its design level of 208 metres (above sea level) allowing the plant to reach its full capacity of 2,997 MW.

Now the BEMO HPP is one of Russia's five largest hydropower plants.

The plant has started commercial supplies to the wholesale electricity and capacity market on 1 December 2012. Since its launch the BEMO HPP has generated 26.755 TWh of electricity. During 2015, the plant has supplied 13.077 TWh to the wholesale electricity and capacity market.

UC RUSAL's proportion of capital expenditure for the BEMO Project is 50%. The total capital expenditure for the BEMO HPP, incurred and to be incurred, is currently estimated to be approximately USD2,116 million[5] (UC RUSAL's share of this capital expenditure is expected to be approximately USD1,058 million), of which USD2,073 million had been spent as of 31 December 2015 (of which UC RUSAL's share amounted to USD1,037 million).

The Investment Fund of the Russian Federation finances the necessary infrastructure (the costs of which are not included in the project budget). The total investment from the Investment Fund approved by the Russian Government for the BEMO Project amounted to RUB26.4 billion.

Mining Assets

UC RUSAL's mining assets comprise 16 mines and mine complexes, including eight 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 Company jointly operates the two coal mines with Samruk-Energo, the energy division of Samruk-Kazyna under a 50/50 joint venture, LLP Bogatyr Komir. The long position in alumina capacity is supported by the Company's bauxite and nepheline syenite resource base.

LLP Bogatyr Komir

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

LLP Bogatyr Komir, which produced approximately 34.5 mt of coal in 2015, has approximately 1.86 billion tonnes of JORC Proved Ore Reserves and Probable Ore Reserves and has Measured Mineral Resources and Indicated Mineral Resources in aggregate of approximately 0.4 billion tonnes as at 31 December 2015.

LLP Bogatyr Komir generated sales of approximately USD347 million in 2014 and USD254 million in 2015[6]. Sales are divided approximately as to one third and two thirds, respectively, between Russian and Kazakh customers based on the quantities sold.

Investment in Norilsk Nickel

Norilsk Nickel is the world's largest nickel and palladium producer and one of the leading producers of platinum and copper. UC RUSAL held an effective 28.05% shareholding in Norilsk Nickel as at the Latest Practicable Date.

UC RUSAL's shareholding in Norilsk Nickel allows for significant diversification of earnings, through Norilsk Nickel's exposure to PGMs[7] and bulk materials, and also broadens UC RUSAL's strategic opportunities. The Company's objective is to maximise the value of this investment for all shareholders.

Company profile[8]

Norilsk Nickel is the world leader in production of nickel and palladium. Norilsk Nickel's Resource Base in Taimyr and Kola Peninsula as of 31 December 2014, consists of 862 mt of Proved Ore Reserves and Probable Ore Reserves and 2,016 mt of Measured Mineral Resources and Indicated Mineral Resources. Its key assets are located in Norilsk region and Kola Peninsula in Russia, with foreign assets located in Finland, Australia and South Africa.

In 2015, Norilsk Nickel produced 266 kt of nickel, 369 kt of copper, 2,689,000 ounces of palladium and 656,000 ounces of platinum, compared to 2014

5 All capital expenditure amounts given above for the BEMO project are based on UC RUSAL's management accounts and differ from amounts disclosed in the consolidated financial statements, as the management accounts reflect the latest best estimate of the capital costs required to complete the project, whereas amounts disclosed in the consolidated financial statements reflect actual capital commitments as at 31 December 2015. All figures for the BEMO project are exclusive of VAT.

6 Revenue for 2014 and 2015 respectively, excluding railway tariffs.

7 PGMs – platinum group metals.

8 Production and operational data in this section is derived from http://www.nornik.ru/en/

there was a reduction in production of Nickel (-3%) and PGM (-2% Palladium, -1% Platinum) which was driven mostly by the ongoing reconfiguration of production facilities at Polar division, reduction of low-margin tolling operations at Kola MMC as well as the deconsolidation of Tati Nickel owing to its divestiture in the second quarter of 2015. Copper production stayed almost flat.

On 18 May 2015, Norilsk Nickel presented an update of its new strategy in London and confirmed its key priorities: (1) refocusing on Tier I assets (annual revenue higher than USD1 billion, EBITDA margin more than 40%: Polar Division, Kola Division and NN Harjavalta, Chita project, reserve life more than 20 years), (2) Optimizing Value Chain Footprint, (3) Capital and Investment Discipline, and (4) Social and Ecological Responsibility.

Financial results[9]

The market value of UC RUSAL investment in Norilsk Nickel decreased to USD5,542 million as at 31 December 2015, from USD6,388 million as at 31 December 2014. Such a reduction was caused by the downward pressure on commodity markets.

In 2015, Norilsk Nickel was running a share buyback program for the total amount up to USD500 million. The shares were purchased on MICEX at market price. The share buyback reflects the confidence of Norilsk Nickel's management and the Board in the fundamental value of the Company's shares. On 20 November 2015, the amount purchased was USD195 million (0.79% of ordinary shares).

Settlement with Interros in relation to Norilsk Nickel

On 10 December 2012, Interros (which holds approximately 30.3% of Norilsk Nickel shares as at the Latest Practicable Date), UC RUSAL (28.05%), Crispian (5.87%) and the respective beneficial owners of Interros and Crispian, namely, Mr. Potanin and Mr. Abramovich, entered into an agreement (the 'Agreement') to improve the existing corporate governance and transparency of the Norilsk Nickel group, to maximise profitability and shareholder value and to settle the disagreements of UC RUSAL and Interros in relation to the Norilsk Nickel group.

On 18 October 2014, the Agreement was amended and the Dividend Policy was modified (see UC RUSAL's Annual Report 2014, pages 18-20).

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

On 29 June 2015, the Agreement was amended (the 'Amendments') and the Dividend Policy was modified as follows:

9 Source: Bloomberg (Ticker GMKN RX for market value).

Dividend Policy after the Amendments (as of 29 June 2015)	Dividend Policy before the Amendments (as of 18 October 2014)
1) The parties must ensure that annual dividend paid by Norilsk Nickel from 2016 onward ("Subsequent Agreed Dividend") shall be in an amount equal to 50% of EBITDA for the year preceding the year in which the dividends are paid, but no less than USD2 billion and to be calculated in US Dollars using the Bank of Russia's exchange rate for the date the board of directors of Norilsk Nickel passes a resolution on the recommended amount of the dividends. 2) The amount of Subsequent Agreed Dividend can be decreased at the discretion of the Managing Partner of Norilsk Nickel if the amount of dividends, actually distributed in preceding period(s) (starting from 2016), exceeds respective EBITDA Dividend (being 50% EBITDA for the previous year but no less than USD2 billion) — within the amount of such excess. 3) If during any year commercially reasonable opportunity emerges to distribute dividends more than twice a year and the investors agree with such payment schedule, there is a soft undertaking of the Managing Partner of Norilsk Nickel to schedule pay-outs of dividends more frequently than twice a year.	1) In respect of 2015 (to be paid in 2016), in an amount equal to 50% of EBITDA, but not less than USD2 billion, plus the difference between USD6 billion and the actual amount of dividends paid in 2014 and 2015 in aggregate (including distributions from the proceeds of disposal of non-core assets), provided that Norilsk Nickel may reduce the resulting amount of dividend in respect of 2015 by no more than 20%. 2) In respect of 2016 (to be paid in 2017), in an amount equal to 50% of EBITDA, but not less than USD2 billion, plus an amount of the dividend reduction made by Norilsk Nickel in respect of 2015, if any. 3) In respect of 2017 (to be paid in 2018) in an amount equal to 50% of EBITDA, but not less than USD2 billion, plus USD1 billion. The Agreement provides that the amount of dividends to be distributed in 2018 can be decreased at the discretion of the Managing Partner of Norilsk Nickel by the following sums: i) if the amount of dividends (including distributions from the proceeds from disposal of non-core assets), actually distributed in 2014-2015, exceeds USD6 billion — by the amount of such excess. ii) if the amount of dividends (including distributions from the proceeds from disposal of non-core assets), actually distributed in 2016-2017, exceeds the amount of the agreed dividends for these years (excluding distributions from the proceeds of disposal of non-core assets) — by the amount of such excess. iii) by the amount of distributions from the proceeds from disposal of non-core assets paid in 2018. 4) In respect of 2018 (to be paid in 2019) and subsequent years in an amount equal to 50% of EBITDA.

For more information about terms and conditions of the Agreement (other than the Dividend Policy) – see UC RUSAL's Annual Report 2014 (pages 19 – 20).

On 5 April 2016 the Company entered into the side letter among the parties to the Agreement pursuant to which the Agreement was further amended, among others, to the following effects on Dividend Policy and Capital Expenditure of Norilsk Nickel:

Dividend Policy of Norilsk Nickel

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

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

The minimal amount of the annual dividends payable by Norilsk Nickel in 2017 shall not be less than USD1.3 billion. In addition, earnings received by Norilsk Nickel from the sale of 100% of shares in Norilsk Nickel Africa (Pty) Limited (reduced by the amount of expenses associated with the sale and taxes) shall be paid as a dividend by Norilsk Nickel in 2017.

Starting 2018, the minimal amount of the annual dividends payable by Norilsk Nickel shall not be less than USD1 billion.

Capital Expenditure of Norilsk Nickel

The capital expenditures and/or expenses to purchase other non-current assets that can be incurred by Norilsk Nickel without triggering veto rights of the parties under the Agreement (and excluding capital expenditures associated with Bystrinskiy project and funded on the project-financing basis) are limited to USD4.4 billion in aggregate in 2016-2018. Preliminary decomposition of capital expenditures is expected to be as following:

1) USD1.5 billion in 2016;

2) USD1.5 billion in 2017; and

3) USD1.4 billion in 2018.

In addition to the above and to the capital expenditures associated with Bystrinskiy project, the following capital expenditures are excluded from the limits and can be incurred by Norilsk Nickel without triggering veto rights of the parties under the Agreement: expenditures related to modernization of facilities of (1) Nadezhinskiy metallurgical works and (2) Copper metal works aimed to decrease emission of sulphur dioxide until relevant expenditures do not exceed USD2 billion in aggregate. Such additional exemption from the scope of veto rights is applicable only if the ratio of Norilsk Nickel's Net Debt to Norilsk Nickel's EBITDA does not exceed 2.5x.

Group wide initiatives

Innovations and scientific projects

Aluminium

In its major effort to reduce carbon footprint, the Company successfully conducted months-long industrial testing of inert anodes, which completely eliminate greenhouse gas emissions from aluminium smelting and generate oxygen, on a pilot 140 kA electrolytic cell. The focus during the year was on the selection of optimal process parameters for increasing the anode service life. Along with testing of technical solutions for improvement of reduction process performance, research and tests were performed together with prospective customers on a unique alloy comprising Green Aluminium. The research and tests were supported (co-funded) by the State Programme of the Ministry of Education and Science of the Russian Federation "Research and Development in Priority Growth Areas of Russian Science and Technology Sector for 2014 – 2020".

In order to improve its competitive position in the development and use of the latest technologies of primary aluminium production, the Company is completing the installation of an experimental production facility at the Sayanogorsk Aluminium Smelter for testing of ultra-high power RA-550 cells with top environmental performance and energy efficiency. Its target of the electric energy consumption is 12,500 kW•h/t, including all potroom bus-bars, which is the best level among electrolytic cells with a similar capacity. The commissioning of first electrolytic cells is scheduled for August 2016. Moreover, technical solutions envisaged by the project will help solve the key global problem of further ramping up of production capacity and amperage of ultra-high power electrolytic cells, to 700, 800 and over 1,000 kA. To support this landmark project of the Company, the Industry Development Fund of the Ministry of Industry and Trade of the Russian Federation has allowed a preferential loan amounting to RUB500 million for construction and start-up, while the Ministry of Education and Science of the Russian Federation has provided a grant in the amount of RUB170 million for improvement and further research efforts, supported by the Siberian Federal University.

Along with the upgrading of existing aluminium production facilities, the project of converting the smelters to the Green Soderberg technology has shown high environmental and process efficiency of the technology, as well as economic efficiency at minimum costs. The Company is continuing the conversion of electrolytic cells at the Krasnoyarsk Aluminium Smelter, refining the design for an experimental potroom to convert the Bratsk Aluminium Smelter to the new technology, and also performing design work to upgrade the Novokuznetsk Aluminium Smelter and the Irkutsk Aluminium Smelter. The new technology allows to radically reduce the emissions of fluorides, dust and tar particles, as well as decrease the power consumption and increase the efficiency.

In order to reduce storage capacity of its landfill, SAZ has been successfully implementing a cell lining technology for its C175 cells, involving the reuse of up to 80% of unmoulded lining materials. In order to extend the technology to C255 cells at SAZ and Green Soderberg cells at KrAZ, a lining design involving unmoulded, recyclable materials was developed and tested in the course of 2015 R&D. Apart from the environmental component, the project allows reducing the cost of lining materials by RUB84,000 per electrolytic cell due to their repeated use, and also reducing the overhaul cost by RUB6,000 per electrolytic cell and shortening the period of repair completion. The next step is applying the technology to electrolytic cells of BrAZ and IrkAZ.

In 2015, an experimental sulphur extraction facility was commissioned in the KrAZ fluoride processing area, which allowed to effectively run the second stage of gas treatment and achieve the highest efficiency of gas treatment among its counterparts, as well as to decrease the hazard level of stored waste and, importantly, to produce a marketable product – sodium sulphate. The next stage of the project will be to try and confirm that the capacity of the facility is sufficient to cover all gas treatment centres at KrAZ, to arrange the logistics of sulphur storage, and to validate the quality of marketable product with prospective consumers. Also, at the next stage, in early 2016, an area for production of marketable products through processing of carbon components of pot lining – bath for smelters and carbon concentrate for cement production facilities and alumina refineries – is expected to be put into operation. The research for the project is financed with a grant from the Ministry of Education and Science of the Russian Federation.

In addition to the completion of environmental initiatives, NkAZ completed the installation and successfully commissioned 5 additional RA-167 pre-baked electrolytic cells (expansion up to 10 cells) to replace Soderberg cells. According to the estimates, the costs of converting Soderberg cells to RA-167 cells should not exceed USD1,600/t, provided that cell performance is maintained at the level of equivalent cells with pre-baked anodes (power consumption equal or less than 13,750 kW*h/t of Al.

To improve the energy efficiency of aluminium production, the Company has performed R&D of energy-efficient cell designs and made a decision to implement various designs of electrolytic cells at IrkAZ, SAZ and KHAZ, in order to improve power consumption by 300-500 kW*h/t of Al.

To develop new product opportunities, the Company has designed and tested a production technology for an Al-Sc (Aluminium, Scandium) alloying additive that allows producing alloyed metal (0.2-0.5% Sc) or alloying additive containing 2-3% of Sc. Because of the proposed solutions the cash cost of the new Al-Sc alloying additive is materially lower than that of its existing counterparts, at the same time it has distinctive quality compared to other existing producers. It enables the Company to take its rightful place among producers of ultra-hard aluminium alloys demonstrating excellent weldability and corrosion-resistance properties. The Ministry of Industry and Trade of the Russian Federation has provided a RUB145 million grant for the development of experimental industrial production of the alloying additive with a capacity of 15 tonnes per year or more.

The Company continues expanding its competencies in the field of wire rod production from electrical conductor grade aluminium alloys. In 2015, the Kandalaksha Aluminium Smelter mastered production of wire rod from 6000 and 8000 series alloys. The wire rod was certified by major Russian and foreign cable and wiring producers. The Irkutsk Aluminium Smelter started the commercial production of wire rod from aluminium-zirconium alloys and its shipments to Russian customers.

In 2015, the Engineering and Technology Centre developed a group of revolutionary, sparingly alloyed, aluminium-scandium alloys. Having replaced costly scandium with transition metals, they were able to produce alloys that were 2.5 times cheaper than existing ones, without compromising their consumer properties. Product samples were supplied to European customers for homologation in order to replace standard alloys.

Also, the Engineering and Technology Centre developed and implemented a group of foundry and wrought alloys with high iron content. The Company collaborates with leading Russian producers of alloy wheels to replace the traditional 356 series alloys with new ones, developed by the Company.

The Company continues expanding its competencies in the field of slab casting technology. It has developed and patented a proprietary technology allowing producing 5000 series alloys with controlled grain size structure. Shipments of pilot batches of slabs from the Bratsk Aluminium Smelter to European customers – producers of casting moulds for plastic pressure die casting – have been started.

In 2015, in order to increase sales of marketable products the Company mastered the production of 96 grades and sizes of new products. The products have been qualified or are undergoing qualification with customers. In 2015, to reduce the casthouse costs and ensure the Company's raw material security, 55 various tests were performed on melt preparation materials and auxiliary consumables.

In 2015, the Casting Centre in the Engineering and Technology Centre opened a research and analysis laboratory. The laboratory develops new types of alloys, provides scientific support to the smelters that attempt to master new type of products, and investigates customer claims. The laboratory can perform macro- and micro-analysis of materials, electronic microscopic investigation, process modelling, physical and mechanical testing of products, as well as phase and elemental analysis of materials.

Alumina

One of the environmental projects in the Company's alumina business was a pilot area that uses the unique technology to produce scandium oxide (Sc2O3) from red mud and that was expanded and improved. The developed technology allows not only obtaining of the valuable product Sc2O3 with high economic efficiency and without environmental impact on the red mud, but also using of the red mud instead of sandy loam as a construction material for berms in the mud disposal areas being built at the Ural Aluminium Smelter, and also introduction of the effective mud dry stacking technology without additional capital expenditures.

In order to implement R&D for the technology of alumina refining from non-bauxite materials of Russian origin at considerably lower cash costs, basic engineering was accomplished and the design of an enlarged pilot facility was developed. The Ministry of Education and Science of the Russian Federation allocated a RUB275 million grant for installation and testing of the unit.

To expand RUSAL Achinsk's ore base, the possibility was confirmed to treat Goryachegorsk deposit ore by the flotation method with yield up to 80% and with quality of the concentrate that is no inferior to ore from Kiya-Shaltyr Nepheline Mine.

The Company accomplished a number of R&D projects to develop opportunities to enhance efficiency of its operating alumina refineries:

- Pregnant liquor cooling unit on the soda-alkaline line at RUSAL Achinsk was brought up to the performance above rated levels.
- Optimal technological parameters were defined for the sintering process at RUSAL Achinsk to achieve 25% improvement of wall slag accretion inside the sintering kilns.
- Technical solutions, and basic, and detailed designs were developed for MVZh-250 filter retrofitting at UAZ to improve filter productivity two times and decrease soda consumption by 0.25 kg/t of alumina.
- Sodium oxalate storage technology was developed for Ewarton Alumina Refinery.
- The design of the calciner cooling unit at BAZ was modified to increase its energy efficiency.
- Construction and installation, commissioning work were completed, experimental and process tests of the "combined sinter digestion" flow path were commenced at BAZ.

In 2015, over RUB1.15 billion were allocated to support the Company's R&D from the budgets under governmental co-funding initiatives run by the Ministry of Education and Science of the Russian Federation and the Ministry of Industry and Trade of the Russian Federation.

Upgrade and Development

The Company continues to invest into three main development areas:

- Enhancement of raw material self-sufficiency.
- Reduction of costs and production efficiency growth.
- Growth of the share of high value added products (aluminium alloys) in total output.

Enhancement of raw material self-sufficiency

- IrkAZ continues the implementation of the calciner retrofit project to produce 91 thousand tonnes of calcined petroleum coke per year, which is expected to meet 100% of the smelter's demand for this material. All process equipment has been purchased; the construction and installation works on the boiler and the power and heat generation unit are being completed.
- A pre-baked anode production project was launched by the Volgograd Aluminium Smelter for 104 thousand tonnes of anodes per year; the design documentation was developed and submitted to Glavgoseksprtiza. Public hearings were held, positive opinion was received. The construction and installation works started in February 2016, and the start of pre-baked anode production is scheduled for 2018.
- The Company is investigating the opportunity to construct stage 1 of the Taishet Anode

Shop in order to cover the Company's pre-baked anode requirements. The process involves the development of financing arrangements and terms, as well as the involvement of an EPC contractor.

Reduction of Costs and Production Efficiency Growth

- Implementation of the Green Soderberg investment project:

  — The retrofit of electrolytic cells at 4 KrAZ potrooms has been completed under the pilot project. Introduction of the technology across the whole smelter was started in 2015 with a total of 339 retrofitted cells. Additional 2,700 tonnes of aluminium were produced following the lowering of the metal level. Introduction of Green Soderberg will also allow improved energy consumption, reduced gross emissions into the atmosphere and extension of cell life.

  — BrAZ completed modernisation of 90 cells in the pilot potline with automatic feeders installed on the cells. A dry gas scrubber was commissioned, and the construction and installation work on two gas treatment centres are at the completion stage. This activity allowed elimination of the risks of the smelter not being able to obtain an air emission permit. The work is ongoing.

- The investment activity on RUSAL Achinsk's sintering kilns conversion to brown coal is being accomplished. The milling facility building has been erected and the LOESCHE main equipment has been installed. The launch of the facility is scheduled for June 2016, which should drive up the share of brown coal in the fuel basket to 50%.

- BAZ implements a project of alumina production recovery to 1,030 thousand tonnes. Two thickeners were retrofitted; additional heat exchangers for sinter precipitation were installed. The construction of a precipitation unit equipped with higher capacity tanks has been started. The scheduled work completion date is October 2016.

- UAZ is carrying out a project to scale up its annual alumina output up to 900 thousand tonnes. Heat exchangers for cascade cooling of slurry have been commissioned. Construction of the digestion line has been started. The equipment is to be commissioned in June 2016.

- A gas engine 14 MW generator unit was built at Ural Foil in 2015. The production facility is fully self-sufficient in terms of thermal power during the 2015-2016 cold season. Power generation of 4.6 thousand MW•h was achieved in December 2015. Pre-commissioning work is to be completed in June 2016.

- Energy consumption improvement projects were implemented at all smelters. In the course of the projects, cell control was optimised for the minimal voltage and ACD; the time to ramp up cells to operational parameters after cell start-up was reduced; the cathode assembling is being converted to iron casting. The activities allowed the average voltage decrease by 20 mV and specific power consumption - by 66 kW•h/t. Total effect from power consumption improvements was about USD5 million.

- The smelting facilities using pre-baked anode technology were switched to unified anode design, which reduces the cash cost, improves performance indicators and ensures the raw material security of the aluminium smelting facilities. According to the year-end results, specific consumption of anodes was 532.2 kg/t, down 0.7 kg/t from the budget.

- Work on introduction of advanced practices of reduction process control is continuing. RUSAL Krasnoyarsk is implementing the "S-8BM Cell Operation Efficiency Increase" project using best practices tested by related UC RUSAL facilities. Considerable improvement of performance indicators has been achieved in pilot potrooms # 15, 16: voltage has reduced by 37 mV, current efficiency has grown by 0.7%, power consumption has decreased by 115 kWh/t, amperage has increased by more than by 2 kA (without seasonal adjustments), which helped increase cell output by 22 kg/day.

- In 2015, within the initiative to extend cell life to 2,200 days, tests were carried out with bottom blocks from high temperature pitch and 100% graphite bottom blocks; also, testing was done with cold worked ramming pastes that contained a synthetic binder and electrically calcined anthracite and were sourced from alternative suppliers; a principle of batched shipments of bottom blocks was introduced, which made it possible to build cathode bottoms from cathode blocks with relatively equal electrical and strength properties.

- A technology of cell start-up without line load relief has been introduced at all Russian smelters to stabilise the cell's heat balance and to maintain the potline performance indicators during the start-up period.

- RUSAL Sayanogorsk tested anodes produced from a pilot lot of vacuum distilled pitch. Test results showed that such pilot anodes have better performance (decrease of electrical resistance and oxidisability of blocks, increase of carboxyl residue (CRR) by 3.5%). Using such anodes across all the smelter's potrooms should improve the anode consumption rate by approximately 2 kg/t.

- In 2015, in order to extend the service life of the tailings disposal area at RUSAL Novokuznetsk, a new technology of tailing removal using the GeoTube membrane material was introduced. The technology allowed removing an annual volume of tailings - around 15 thousand tonnes - from the tailing pond.

- The programme for improving the silicon production technology was successfully completed in 2015: part of reducer was replaced with silicon carbide. The project confirmed that it is potentially possible to increase performance of high capacity furnaces by more than 20%, to reduce specific weight of charcoal by 40%, to reduce specific consumption of electric power by 13%, and to increase output of 2501 and 2502 grade silicon by 17% to substitute for Chinese imports. CJSC Kremniy has started industrial implementation of the new technology.

Growth of the share of high value added products (aluminium alloys) in total output
The company adopted a goal to increase the share of value added products to 55% by 2020. In this regard, implementation of the following projects was completed in 2015:

- Casting pit No 2 was retrofitted; new furnaces, sawing, packaging and marking lines were installed in Casthouse No 1 at RUSAL Sayanogorsk. Production capacity for of 5xxx and 6xxx series slabs reached 120 thousand tons per year.

- The billet capacity of Casthouse No 1 of RUSAL Sayanogorsk also increased to 15 thousand tons per year following the purchase and installation of HYCAST moulds.

- Brochot-2 line was retrofitted at KhAZ to prevent the loss of the PFA market share (small 15kg ingots). The project led to the production of up to 82 thousand tons per year of high quality foundry alloys.

- Two thermal treatment furnaces for aluminium-zirconium wire rod were installed at IrkAZ under "ATsE Annealed Wire Rod Production" project. Specific properties of such wire rod find application in a number of electro-technical sectors. Currently, this wire rod production capacity is over 3 thousand tons per year.

The following casting projects are being implemented now:

- The project for the development of 120 thousand tpa homogenised billet production in KrAZ's Casthouse No 1. Major process equipment has been purchased. Construction and installation works started in March 2016. Start of production is scheduled for March 2017.

- The project for the installation of a Properzi continuous horizontal casting line with an annual capacity of 120 thousand tonnes of 10 kg bars is performed at KhAZ. Major equipment has been purchased; construction work is ongoing. The production of this product, which is new for the Company, is expected to start at the end of 2016.

Engineering and Construction Division

Key achievements of the Engineering Construction Division in 2015

1. In 2015, 168 RA300B-type cells were installed, pre-heated and started at the BoAZ ahead of schedule. Also, unique pot tending cranes made by NKM-Noell were also assembled and tested to ensure the whole pot tending cycle can take place inside potrooms. In parallel, process equipment in the rodding shop was erected and commissioned to supply rodded anodes to potrooms. And in the high-voltage equipment shop, power supply was

established for the 1st start-up complex of the smelter.

2. Following a corporate decision in May 2015, a project was launched to increase pot life to 2,200 days (72 months). To date, the average life of a disconnected pot is 2,035 days (compared to the target of 1761 days), and for running pots, an average life is currently 1,096 days.

3. Thanks to a proper maintenance of equipment, the equipment availability target for all production segments (bauxite, alumina, aluminium, aluminium powders and silicon) was met (actual availability ratio = 0.932, the target was 0.928).

4. Introduction of weekly planning helped reduce unscheduled downtime for all production segments by 21% (or 53.6 thousand hours) year-on-year and improve technical performance of facilities.

5. Proliferation of Toyota Production System tools and implementation of the lean system and supplier development project continued in 2015. In the course of the year, 43 suppliers with aggregate purchases of RUB4.7 billion were involved in the project.

6. 52 suppliers were audited by the Company; and recommendations to continue relations were given for 45 of the audited organisations. A long-term agreement was signed with EVRAZ Holding to purchase rolled products for the Company's facilities.

7. As part of the programme to improve the reliability of electrical equipment at aluminium smelters in 2013-2017 and the national import substitution initiative, SVEL Group, a Russian equipment manufacturer, supplied a compact transformer to RUSAL Krasnoyarsk. The transformer has improved performance in terms of output voltage of valveside winding and power losses and was purchased by UC RUSAL to replace obsolete modular transformers currently in use at smelters.

8. In December 2015, construction of the first section of Bauxite Residue Disposal Area 3 at RUSAL Achinsk was completed on time. Testing of the new section will start in January 2016.

9. In August 2015, Back-Up Electrostatic Precipitator 22 was commissioned after an upgrade at the Achinsk refinery.

10. Meanwhile, the main elements of the reconstruction of Back-Up Electrostatic Precipitator 21 were completed including mechanical equipment, casing, cyclones and gas ducts. The upgraded precipitator will be started in February 2016.

11. In October 2015, Section 2 of the Bauxite Residue Disposal Area 2 at BAZ was commissioned to replace Section 1.

12. At UAZ, Section 3 of Bauxite Residue Disposal Area 3 was commissioned in October 2015.

13. As part of the gas treatment equipment reconstruction project at NGZ, an electrostatic precipitator after Lime-Burning Kiln 3 was installed. Once commissioned, the new precipitator should reduce emissions from the kiln to below 50 mg/nm3, which is within national standards.

14. Also at the Nikolaev Alumina Refinery, the project to extend the life of Bauxite Residue Disposal Area 2 was continued. In 2015, construction of dams continued (152 thousand m3 compared to the target of 136 thousand m3, which is 10% above the plan), Stage 3 of the dust suppression system was completed (there will be 6 stages in total), civil works for the dust suppression system's pumping station were completed in full. As a result, the life of the BRDA was extended for 12 months.

15. As part of the RUSAL Processing Machines project, 20 machines were manufactured in 2015.

Corporate Strategy

UC RUSAL's mission is to ensure its long-term sustainable development in challenging market environment through achieving the following strategic moves:

1. Maintaining UC RUSAL's position as one of the most efficient and lowest cost producers through:

    - continuous cost reduction programmes across all divisions, continuous optimisation of other raw material sourcing, transport and logistics to minimise costs;

- focus on customer demand and increased flexibility of the production process to be able to adapt quickly to changing markets;
- R&D focusing on increased smelting and refining efficiency;
- development of own R&D, including production of new type of alloys, RA-550 and inert anode technologies, development and sale of new product types;
- competitively priced long-term power and transportation contracts;
- opportunistic investment into bauxite mining to full-sufficiency and to reduce cash cost of the key raw material.

2. Increasing sales of VAP products. Further strengthening position in key markets of presence including Europe, Asia and the US, further sales growth in domestic market:
   - further increase of value-added products share in the production mix to maximise margins and to provide a better service to and integration with our customers;
   - further growth of sales to key markets including Europe and Asia, expansion of sales in US market;
   - expanding sales to the Russian market taking full advantage of UC RUSAL's market presence;
   - in Russia, establishing in cooperation with strategic partners new downstream facilities, stimulation of local aluminium consumption including import substitution and new applications taking advantage of available infrastructure and skilled work force of the smelters where primary aluminium production has been discontinued. Further promote aluminium demand stimulation through Russian aluminium association;
   - in the current market environment, there are commercial opportunities to purchase and sell primary Aluminium metal and aluminum bearing alloys from producers and third parties who are looking to partner with RUSAL marketing in order to achieve access to new end users, markets, and geographies. Where such opportunities present themselves, and are complementary and value accretive to RUSAL's commercial activities, they will be properly evaluated and pursued. Commercial Risks will be properly managed and mitigated by following current procedures and guidelines. UC RUSAL believes that such opportunities and partnerships can create value for the principals involved, and they expand and enhance our customer and market understanding.
3. Development of own R&D, including production of new type of alloys, RA-550 and inert anode technologies, development and sale of new product types.
4. Improving the existing capital structure:
   - further reducing financial debt;
   - stable payment of dividend along with approved dividend policy.
5. Managing environmental protection matters and utilising natural resources responsibly by ensuring all of UC RUSAL's production facilities meet emission standards set by local laws in the jurisdictions where UC RUSAL conducts its business. Move all smelters to 100% use of clean hydropower.

Environmental and Safety Policies

As with other natural resources and mineral processing companies, the Group's operations create hazardous and non-hazardous waste, effluent emissions into the atmosphere, as well as water, soil and safety concerns for its workforce. Consequently, the Group is required to comply with a range of health, safety and environmental laws and regulations. The Group believes that its operations are in compliance with all material respects with the applicable health, safety and environmental legislations of the Russian Federation, including its regions, and the countries and regions where the Group's plants are situated. The Group regularly reviews and updates its health, safety and environmental management practices and procedures to ensure where feasible that they comply, or continue to comply, with best international standards.

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

UC RUSAL's goal is to facilitate the gradual improvement of environmental indicators, while taking into account practical possibilities and social and economic factors.

The following guidelines are adhered to when making management decisions at all levels and in all areas of the Company's business:

- Risk Management: define and assess environmental risks, set targets and plan work taking into account environmental risk management issues;
- Compliance: comply with environmental legislative requirements of the countries where UC RUSAL has operations, as well as comply with environmental covenants assumed by the Company;
- Prevention: apply the best available techniques and methods to prevent pollution, minimise risks of environmental accidents and other negative impacts on the environment;
- Training: train employees of the Company to meet the environmental requirements applicable to their business areas to give employees a better understanding of the environmental consequences should such requirements not be met;
- Cooperation: note the opinions and interests of related parties, establish environmental requirements when selecting suppliers and contractors and assist them in complying with those requirements;
- Measurability and evaluation: establish, measure and evaluate environmental indicators and assess compliance with environmental legislation in the countries where UC RUSAL operates and with environmental covenants assumed by the Company; and
- Openness: openly demonstrate the Company's plans and results of its environmental activities, including through public reports issued by the Company.

Key goals of UC RUSAL's environmental strategy include:

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

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

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

In 2007, the Company signed a memorandum of understanding with the United Nations Development Program. The aim of the memorandum is to implement measures to minimise the Group's impact on climate change, by reducing the Group's greenhouse gas emissions. The Group is actively participating in the International Aluminium Institute's activities related to targeting the reduction of greenhouse gas emissions and energy efficiency. The Group has achieved significant reductions in greenhouse gas emissions. For instance, the Group's aluminium smelters reduced greenhouse gas emissions in 2015 by 53% compared to 1990 emissions levels.

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

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

The Company has the following health and safety objectives:

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

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

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

Among the universally accepted health and safety management systems is a system based on the OHSAS 18001:2007 international standard. Regular audits of this system at UC RUSAL is strengthened by numerous regular internal audits, which qualitatively and quantitatively assess key elements of the system, identify deficiencies and develop effective corrective measures to manage risks and prevent failures and injuries. According to 2015 data, the LTAR (Lost Time Accident Rate[10]) was 0.85 which is an improvement compared to 2014 (0.95) and the global average for the aluminium industry in 2014 (1.2).

In total, 31 internal audits were carried out at the Company's sites as part of the OHSAS 18001:2007 certification process. Det Norske Veritas held re-certification audits at the production facilities and the Head Office, which confirmed the health and safety management systems' compliance with the requirements of OHSAS 18001:2007. As at the Latest Practicable Date, 10 production facilities of the Company, in addition to the Head Office, have OHSAS 18001 certificates.

Social Investments and Charity

The importance of UC RUSAL's social mission which supports the sustainable development in the regions in which it operates, is demonstrated by the Company paying special attention to the development of local initiatives working together with a wide range of stakeholders, including public authorities, social institutions and active citizens. UC RUSAL's social investments in its regions of operation are based on the principles of its long-term strategy, maximum efficiency, systemic partnerships, equal opportunities and qualitative improvements. The priority for the Company's social investment and philanthropic activities are urban and infrastructural developments, specifically supporting educational and sports activities and helping vulnerable groups. UC RUSAL runs social activities via the Center of Social Programs (CSP) in the regions where the Company operates; this was established in 2004 and acts as an expert institution in the field of advanced social technologies, corporate philanthropy and volunteerism and social entrepreneurship development. UC RUSAL, together with the CSP are

10 LOST TIME ACCIDENT RATE (per MHW) is the number of Lost Time Accidents (LTI) that occurred over a period time per 1,000,000 Man Hours Worked of hours worked in that period. Lost Time Accident is an accident which results in the injured person being absent for one or more workdays beyond the day of the accident.

widely recognized in Russia for their long-running and effective social programmes and share their CSR experience with other large national and international companies and governmental agencies.

In 2015, the Company's social investments focused on four key programmes: RUSAL's Territory, Helping is Easy, Formula for the Future, and Social Entrepreneurship.

(a) "RUSAL's Territory" programme

"RUSAL's Territory" is a programme of socio-economic development of territories, which involves a comprehensive strategic approach to the implementation of the best projects of infrastructural changes for both city residents and particular neighborhoods. The programme is designed to make people's lives more comfortable and interesting through the creation of new social and cultural spaces, social infrastructure modernization and the implementation of cultural, developmental and sporting events. During the first five years of the programme, support was given to more than 400 projects with 103 items of social infrastructure being constructed, repaired or refitted. In 2015, the development of an urban environment became RUSAL's Territory programme priority. The programme encouraged participation of active residents with initiatives of supporting sport and a healthy lifestyle, volunteering, local history and young leadership development.

41 infrastructural projects were implemented during the reported period including 12 sports facilities, 10 schools and after-school institutions, three youth centers, eight infrastructures for people with disabilities, five museum and library objects, and three urban spaces. The following particular projects were launched:

In the city of Kamensk-Uralsky, a special ramp and parking was built at the recreation center to create an accessible environment for adults and children with disabilities.

In Krasnoyarsk, the reconstruction of two youth centers was completed and the development of creativity and sports programmes were supported.

In Achinsk, a sanatorium boarding school for children with disabilities opened a sports hall for events and a playground for outdoor motor activity.

At another educational institution in Achinsk, UC RUSAL supported the opening of a theater studio.

In a residential quarter of Achinsk, the local residents' initiatives were supported to create and equip socio-cultural and sports area for family outdoor activities.

In the town of Taezhny, which is preparing for the opening of the newest Boguchansky Aluminum Smelter, the local hockey pitch for adults and children was expanded and remodeled for open sports activities.

In Sayanogorsk, a rehabilitation center for children with disabilities was equipped with an accessible environment for game and sporting activities.

In Kandalaksha, the sports school hockey field was renovated and the establishment of sports clubs and recreation areas for families was supported.

(b) The "Helping is Easy" programme

One of the directions of UC RUSAL's charitable activity is the development of corporate volunteering known as the "Helping is easy" programme. This is focused on the involvement of employees, their families and other local residents in volunteering and social help.

In order to involve city residents in volunteering activities, UC RUSAL and CSP have developed programmes and technologies. Several such projects successfully operated in 2015 including the School of Volunteering, the web-portal "Helping is easy", the annual New Year's charity marathon "We believe in a miracle, we create a miracle!", and a grant competition for social projects.

In 2015, under the leadership of UC RUSAL and a number of partner organizations, the National Council on Corporate Volunteering was created to consolidate the accumulated experience and expertise in the field of volunteering, as well as encourage the development of corporate volunteering in Russia. The Council supported environmental action, the international forum on corporate volunteering and the study of the status of corporate volunteering in Russia.

Also last year, for the first time, two "Helping is easy" competitions among volunteer projects were held, distributing grant support to 101 projects of volunteer groups and organizations aimed at helping non-profit organizations, social, educational and medical institutions, children from orphanages and social rehabilitation centers, people with disabilities, veterans and the elderly.

The New Year's charity programme was held in 23 cities; Corporate volunteers from UC RUSAL and its partner companies delivered 2100 new year gifts on childrens wishes. Besised, over 6,000 volunteers took part in the activities helping social institutions and non-profit organisations. The "Helping is easy" programme and its projects were publicly recognized in 2015 with the programme winning the "Leaders in Corporate Philanthropy" national competition in the International Business Leaders Forum's category, awarded for its "Best programme, contributing to the development of volunteering in Russia".

In addition, the New Year's charity programme, "We believe in a miracle, we create a miracle!" won the "Champions of good deeds" national competition, which was organized by the Russian Managers Association, the Civic Chamber of Moscow and National Council on Corporate Volunteering. The New Year's programme was also named the winner in the "Best project, implemented in partnership with other business" category of the "Leaders in Corporate Philanthropy" national competition.

(c) The "Formula for the Future" programme

The "Formula for the Future" programme has been implemented since 2010 and is aimed at training and developing leaders among young professionals, supporting creative, professional and social youth initiatives, addressing issues of employment and professional self-determination of young people, and promoting engineering jobs.

Over the past five years, youth councils have been formed at UC RUSAL's production sites where their members have been trained in social projects design, project presentations and fundraising. More than 12,000 young employees participated in the programme, and more than 3,500 of them were active members of youth councils in nine cities where UC RUSAL operates. Since its inception, participants of youth councils have independently organized and carried out more than 1,600 activities for 50,000 participants, including enterprises personnel, social institutions, veterans of production, students and schoolchildren. The programme held regional forums for the youth that combined active youth at enterprises and in organizations of the cities in which UC RUSAL operates.

To consolidate and expand the programme in 2016, the Company has established a grant competition "Formula for the Future". Its purpose is to replicate successful practices and technologies of working with young people and create the conditions for young people to become real participants and initiators of positive changes in the city. As a result, 30 projects have been supported so far.

(d) Social entrepreneurship programme

Improving the quality of life in the regions where UC RUSAL operates is a priority. It is demonstrated by social entrepreneurship programme implementation which creates good opportunities for the involvement of local residents in addressing social problems in their city whilst coordinating all existing national and regional resources to achieve these goals.

Throughout 2015, UC RUSAL continued to support and promote social entrepreneurship in the regions where it operates. The geography of the network of the Company's Centers for Innovation in the Social Sphere expanded from five to seven cities. For the first time Social Entrepreneurship Schools were launched in Kamensk-Uralasky (Sverdlovsk region) and Novokuznetsk (Kemerovo region).

In 2015, training at the School of Social Entrepreneurship has brought 172 new members. Graduates of 2015 started 11 new social business projects, and graduates of 2013-2014 continued to work on 31 other projects.

Over 40 organizations are partners of the programme, including the economic authorities of cities and regions, business development and support centers, regional business associations, banks and employment centres.

UC RUSAL has been publicly recognized for its Social Entrepreneurship program. The training curriculum of its schools which incorporated the social entrepreneurship program won the national competition of training programs.

The Social Entrepreneurship Program came second in the "Best program, reflecting the policy of corporate philanthropy and principles of social investments" category of the "Leaders in Corporate Philanthropy" national competition.

In 2015, UC RUSAL allocated more than USD11 million for social investments and charity projects.

Management Discussion and Analysis

Overview of trends in industry and business

Key highlights

- In the fourth quarter of 2015, LME aluminium price reached an average of USD1,495 per tonne, demonstrating a 24.0% decrease compared to USD1,968 per tonne in the fourth quarter of the prior year. The realized premiums over the LME aluminium price were down to an average of USD179 per tonne in the three months ended 31 December 2015, 58.3% lower than USD429 per tonne in the fourth quarter of 2014.

- The Company's revenue for the year ended 31 December 2015 decreased by 7.2% to USD8,680 million as compared to USD9,357 million for 2014. Revenue in the fourth quarter of 2015 decreased by 25.6% to USD1,857 million as compared to USD2,496 million in the same quarter of 2014 with average realized price decreased by 28.5% to USD1,729 per tonne for the last quarter of 2015 as compared to USD2,419 per tonne in the same period of 2014.

- The Company recorded an Adjusted EBITDA of USD2,015 million and an Adjusted EBITDA margin of 23.2% for the year ended 31 December 2015 as compared to an Adjusted EBITDA of USD1,514 million and an Adjusted EBITDA margin of 16.2% for the preceding year. In the fourth quarter of 2015, Adjusted EBITDA decreased by 27.1% to USD306 million as compared to USD420 million in the third quarter of 2015 and decreased by 53.0% as compared to USD651 million in the fourth quarter of 2014.

- The aluminium segment cost per tonne decreased by 15.6% to USD1,410 in the fourth quarter of 2015 in comparison with USD1,671 per tonne in the same period of 2014.

- The Company achieved Adjusted Net Profit and Recurring Net Profit of USD671 million and USD1,097 million, respectively, for the year ended 31 December 2015 as compared to USD17 million and USD486 million for the prior year. In the fourth quarter of 2015, the Company achieved Adjusted Net Profit of USD55 million and Recurring Net Loss of USD40 million.

- During 2015, the Company decreased its Net Debt and derivative financial liabilities by USD771 million that decreased the leverage ratio to below 3.0:1 as at 30 June 2015 (and thereafter the leverage ratio remained below the level of 3.0:1 for the duration of 2015). As a result of the lower interest rate margin cash sweep mechanism was suspended starting from September 2015.

Aluminium market outlook for 2016

UC RUSAL expects that the global aluminum demand will continue its growth at a healthy 5.7% during 2016 to 59.6 million tonnes or by another 3 million tonnes as a result of a strong demand growth in

North America, Europe and Asia. Chinese growth is expected to continue to be strong at 7% YoY in 2016 to 31 million tonnes. Transportation sector is expected to continue to be the biggest growth contribution in 2016 with half of 1.5 million tonnes growth followed by construction and electrical/ consumer durables and packaging sectors.

Global aluminium demand and supply

UC RUSAL estimated the global aluminium demand would grow by 5.6% YoY during 2015 to 56.4 million tonnes, an increase of 3 million tonnes compared to the 2014 level. Within this estimate, demand ex-China grew by 2% YoY.

The strongest demand growth was experienced in the Middle East (+5.9% YoY), India (+5.7% YoY), North America (+4.2% YoY) and Europe. In China, the apparent primary aluminium consumption was 30.8 million tonnes in the 12 months of 2015, up by 10.4% YoY. Other Asian countries' growth rate was moderate at 1.3% YoY, partly due to the slowdown of the Chinese economy. A decline in demand contracted in a number of emerging economies including South America (-7.6% YoY) and Russia (-7.3% YoY).

On a segment basis, transportation remained the predominant growth driver globally; registering a healthy 5% YoY, there was a demand increase of about 1 million tonnes compared to 2014. On a regional basis, vehicle production growth in North America, Western Europe and China topped 3.7% accounting for an additional 2 million vehicles compared to the prior year.

Growth across other major consumer segments of construction and power engineering also remained firm, recording an increase of 2% and 5%, respectively.

On the supply side, the industry witnessed significant capacity adjustments as unprofitable capacity was curtailed whilst at the same time previously committed expansion projects came on stream concurrently. According to the International Aluminium Institute ("IAI") and CRU data, aluminium production ex-China grew by 596 kt, or 2.3% YoY to 26.292 million tonnes in the 12 months of 2015. Growth mainly came from Asia (ramp up of the Press Metal smelter expansion) and the Middle East (delivery of full operating capacity at the Ma'aden smelter), whilst South and North America led the decline in production on the back of smelter curtailments.

Within China, an estimated 4.4 million tonnes of aluminium production in 2015 was curtailed and 3.7 million tonnes of new capacity was brought into operation. As a consequence, the net operating capacity growth of China in 2015 was negative. On a yearly basis, China's aluminium production increased by 3.4% YoY to 2.566 million tonnes in December 2015, with a decline in growth for six months in a row. China's daily average production of primary aluminum declined by 2.0% month-on-month ("M-M") to 80 kt in January 2016, its lowest level since October 2014.

Aluminum inventories at China's largest warehouses fell by 7 kt to 663 kt in the period up to January 2016, showing good evidence of the capacity cuts and an improving balance, despite traditional restocking at the beginning of each year. From a peak of 1.2 million tonnes in May 2015, stocks have dropped by 45%.

China's exports of aluminium semis fell by 11.3% M-M and 13.2% Y-Y to 330 kt in January 2016 due to lower export arbitrage opportunities. The main driver of the decline was exports of extrusion, and rolled products which decreased by 18% M-M to 101 kt and by 10% M-M to 135 kt, respectively.

China has adopted a New Supply side reform aiming to reduce excessive stocks, shut down excessive capacity and decrease amount of non-performing loans through market instruments.

As a first step for execution of these measures Industry Restructuring Fund was set up in January 2016 and forces power plants in most of provinces to pay specific fees to support the restructuring of excessive industries.

Major Chinese aluminium producers have decided to cut capacity and put further control over expanding new capacity as well as restarting already shut capacity.

Aluminium costs, prices and stocks

Aluminium traded within the range of USD1,424/ t and USD1,919/t for full year 2015, at an average price of USD1,661/t, a decrease of 11% compared to 2014 (USD1,867/t). Prices were pressured by a combination of physical and financial factors such as the global commodities sector in general was sold off amid concerns over the state of the global economy.

At the same time, the cost of raw material and other significant inputs into the smelting process declined, along with a weakening of emerging market currencies. These led to an overall fall in the average cost of production by

USD137/t compared to 2014 from USD1,695/t to USD1,558/t.

UC RUSAL estimates that for 2015, 41% of ROW smelter capacity or 11 million tonnes was operated at a loss at the end of 2015.

Smelter economics in both Europe and North America were hardest hit and not surprisingly were the source of many of the smelter closure announcements.

Current decline in cost seems have bottomed with even risks of cost pressure arriving from raising alumina prices in the first half of 2016. Around 70% of alumina cost components, including bauxite, caustic soda and labour costs did not decline together with the alumina price. As estimated more than 10 million of alumina capacity has been closed during the period between 2015 and first quarter of 2016.

When considering the "all-in" price of aluminium, the most significant factor was the collapse in the regional premium structure. Regional premiums peaked in late 2014 at an average level of USD456/t and by mid-2015 it dropped to approximately USD300/t in value. By then end of 2015, premiums were trading at close to historical levels on the back of stock liquidation by major trading houses in the frame of reduced premium earnings and increasingly challenging financing conditions. On the latter point, 2015 was characterized by significant speed volatility in the forward curve, in part due to reduced warrant liquidity and emergence of dominant position cycles within the LME warrant banding.

Considering permanent decline in LME stocks to 2.8 million tonnes, off warrant trend, total stocks were stable at 9.54 million tonnes in the end of 2015 compared to 9.68 million tonnes level for the same period of last year.

On the supply side, Chinese aluminium production is forecasted to grow at the slowest pace over the last 5 years by 4.8% in 2016 compared to 5 year average growth at 12% and 9.6% in 2015.

The current "all-in" aluminium price means that around 5 million tonnes of smelting capacity ex-China continues to be loss-making. Consequently, the ROW aluminum production is forecasted to decline by 100kt in 2016 as compared to 2015 to 26.2 million tonnes. As a result, the ROW market deficit is expected to widen to 2.4 million tonnes in 2016 from 1.2 million tonnes in 2015.

Chinese semis export growth is expected to slow down further in 2016 as compared to 2015 on lower price arbitrage due to a much lower premium expectation in ROW and higher Shanghai Future Exchange price linked to local capacity curtailments.

The total primary market balance is expected to turn into deficit of 1.2 million tonne in 2016 as compared to 0.6 million tonnes of surplus in 2015.

Aluminium production results

Primary aluminium production for the year ended 31 December 2015 was practically flat as compared to the previous year and totalled 3,645 thousand tonnes (+1.2% YoY).

Asset (kt)	Interest*	Year ended 31 December 2015	2014	Change year-on-year (%)
Russia (Siberia)				
Bratsk aluminium smelter	100%	1,005	1,005	0%
Krasnoyarsk aluminium smelter	100%	1,013	1,005	1%
Sayanogorsk aluminium smelter	100%	525	514	2%
Novokuznetsk aluminium smelter	100%	209	207	1%
Irkutsk aluminium smelter	100%	410	394	4%
Khakas aluminium smelter	100%	289	287	1%
Kandalaksha aluminium smelter	100%	66	64	3%
Sweden				
KUBAL	100%	116	113	3%
The European part of Russia				
Nadvoitsky aluminium smelter	100%	12	12	0%

The Aluminium Division and New Projects Directorate are in charge of primary aluminium production at the Company.

Aluminium Division

The Aluminium Division comprises the smelters located in Bratsk, Krasnoyarsk, Irkutsk, Sayanogorsk, Novokuznetsk, and Kandalaksha.

Aluminium production

Production of alloys went up from 1,361 million tonnes in 2014 to 1,400 million tonnes in 2015, with the share of alloys increasing from 39.2% to 39.8% in 2015.

The following projects were implemented in the Aluminium Division in 2015:

- A successful implementation of the project to increase the production of own calcined petroleum coke, allowing Aluminium Division smelters to be self-sufficient in terms of calcined coke supply and cancel purchases of imported calcined coke for top-worked pots.

Development of an in-house technology of primary aluminium production

- The implementation of the project to improve a high-amperage pot design is in progress at a pilot area at SAZ: sixteen RA-400 and RA-400T pots were started-up; installation of five RA-500 pots began.
- The project to convert of C-2/3 Soederberg pots to the RA-167 pre-bake technology is ongoing at NkAZ: 10 pots, a gas treatment centre and a feeding unit were installed; target parameters were achieved.
- The refining of the 'Green Soederberg' technology continues at a pilot area at BrAZ: 90 pots were equipped with an automatic raw materials feed system and a centralised alumina distribution system; 22 pots received improved cathodes (type S-8BA) during rebuilding; and
- The conversion of Potrooms 1-4, 11-23 to the 'Green Soederberg' technology is on-going at KrAZ. In total for the year, 675 pots were converted.

Energy efficiency

- Energy efficiency projects were successfully implemented at all smelters of the Aluminium Division. Implementation of energy efficiency actions in 2015 helped reducing the specific consumption of general plant electricity by 253 kWh/t year-on-year.

- As part of the anode slotting area construction project at SAZ, main activities were completed; equipment commissioning and technology testing are in progress; and

- Successful tests of energy efficient pot designs were completed at pilot areas of KrAZ, SAZ, KhAZ and IrkAZ-5 for further replication at other production facilities of the Aluminium Division.

Increase in production of alloys

- The new Casting Complex 2 was commissioned in 2015 at SAZ. The complex will be producing slabs for the automotive industry.

- KhAZ upgraded a casting line for AlSi7Mg alloys. The capacity of the upgraded line is 86 ktpa; and

- Annealing furnaces were installed at IrkAZ for production of alloyed wire rod.

Use of new mechanical equipment in potrooms

- In 2015, Russian Engineering Company (REC) manufactured 20 new pot treatment vehicles: an anode paste loading machine, an end-wall crust breaker, a rack-raising machine, and a crust breaking machine. Projects were completed to avoid manual labour during loading of anode paste at IrkAZ and rack-raising at KrAZ. An important advantage of such projects is that it creates a strong import substitution potential. RUSAL's in-house designers both cover general design and continuously seek opportunities to use domestically produced parts. The plan for 2016 is to manufacture and supply 25 vehicles; and

- A project was launched to upgrade existing stud pulling cranes to make them functionally comparable with multi-purpose articulated cranes. By 2026, 86 cranes are expected to be modernised.

Health, safety, environment (HSE)

- Production facilities of the Aluminium Division confirmed compliance of their respective HSE management systems with OHSAS 18001 following an external audit by DNV; and

- SAZ, IrkAZ and NkAZ confirmed their compliance with the ISO 14001 environmental management standard.

New Projects Directorate

The New Projects Directorate comprises the Volgograd aluminium smelter, Nadvoitsy aluminium smelter, Volkhov aluminium smelter (all in Russia), KUBAL (in Sweden), ALSCON (Nigeria), the aluminium sections of the Bogoslovsk and Ural smelters (in Russia), as well as the secondary alloys facility.

Overall, 2015 brought no major changes to the current status of aluminium production which was shut down at VAZ, BAZ, UAZ and Alscon back in 2013.

Nadvoitsy aluminium smelter: there is an ongoing disassemble of potrooms No. 1-3, and the 4th operating potroom is supplied with electricity generated by the Ondskaya HPP under the lease.

Volgograd aluminium smelter: In 2015, the Company's management decided not to restart aluminium production. Since July 2015, reduction cells have being disassembled in potroom 6. The process of disassembling has not affected the operating areas of the smelter: i) in 2015, the casthouse, which started to re-melt solid metal in 2013, produced 42,700 tonnes of high value added products; and ii) the anode paste section produced 35,000 tonnes of semis, incl. 32,400 tonnes for Kandalaksha aluminum smelter and 2,600 tonnes for outside consumers.

In 2015, the baked anodes project with USD109.6 million of investment went through preparation and entered the implementation phase. The project is expected to produce, starting in 2019, 96,000 tonnes of baked anodes per year to provide a cheaper substitute for current Chinese supplies.

KUBAL: The 2015 increase in output against the 2014 level was driven by the followings factors: i) restarting group 6A (20 reduction cells), which was mothballed in December 2013; ii) stabilising process parameters; and iii) reducing outages (current yield increase by 2.16%).

The New Projects Directorate is also engaged in the search, analysis and implementation of projects aimed at increasing the aluminium and alloy consumption. New projects are mainly implemented at the mothballed production areas, namely:

- In 2015, VAZ completed the preparation of production areas for automotive parts at the joint enterprise of UC RUSAL and the Israeli company Omen High Pressure Die Casting (50/50).

- In 2015, the home aluminium radiators project was launched at the NAZ's site. This is a joint project implemented in collaboration with ELSO GROUP (50/50).
- In late 2015, the efforts were intensified to set up the production of cables at the site of BAZ-SUAL in collaboration with ElkoKabel.
- The VgAz facilities are considered for starting the production of aluminium scandium master alloys.

Alumina production results

UC RUSAL's total attributable alumina output[11] was 7,402 thousand tonnes in 2015 and 7,253 thousand tonnes in 2014. The increase of alumina output in 2015 by 149 thousand tonnes (2%) was due to the more stable operation of BAZ, UAZ and QAL, increasing output of Nikolaev Alumina Refinery, Aughinish Alumina Refinery and Windalco, partially offset by worse performance of the Achinsk alumina refinery.

Asset (kt)	Interest	Year ended 31 December 2015	2014	Change year-on- year (%)
Ireland				
Aughinish Alumina Refinery	100%	**1,983**	1,951	2%
Jamaica				
Alpart	100%	**—**	—	—
Windalco (Ewarton Works)	100%	**596**	559	7%
Ukraine				
Nikolaev Alumina Refinery	100%	**1,481**	1,455	2%
Italy				
Eurallumina	100%	**—**	—	—
Russia				
Bogoslovsk Alumina Refinery	100%	**941**	911	3%
Achinsk Alumina Refinery	100%	**880**	891	(1%)
Urals Alumina Refinery	100%	**772**	770	0.3%
Boxitogorsk Alumina Refinery	100%	**—**	—	—
Guinea				
Friguia Alumina Refinery	100%	**—**	—	—
Australia (JV)				
Queensland Alumina Ltd.*	20%	**749**	716	5%
Total production		**7,402**	**7,253**	**2%**

* Pro-rata share of production attributable to UC RUSAL.

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

Bauxite production results

UC RUSAL's total attributable bauxite output[12] was 12,112 thousand tonnes in 2015, as compared to 12,108 thousand tonnes in 2014.

The table below shows the contribution from each facility.

Bauxite mines (kt wet)	Interest	Year ended 31 December 2015	2014	Change year-on- year (%)
Jamaica				
Alpart	100%	**82**	—	100%
Windalco (Ewarton)	100%	**1,957**	1,903	3%
Russia				
North Urals	100%	**2,537**	2,774	(9%)
Timan	100%	**2,861**	2,815	2%
Guinea				
Friguia	100%	**—**	—	—
Kindia	100%	**3,499**	3,379	4%
Guyana				
Bauxite Company of Guyana Inc.	90%	**1,176**	1,237	(5%)
Total production		**12,112**	**12,108**	**0%**

Nepheline production results

UC RUSAL's nepheline syenite production was 4,111 thousand tonnes in 2015, as compared to 4,396 thousand tonnes in 2014.

The decrease of the production volume of nepheline mine in 2015 by 285 thousand tonnes compared to 2014 (6.5%) was due to reduced alumina production at Achinsk Alumina Refinery and other alumina-containing raw materials involvement.

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

Nepheline mines (Achinsk) (kt wet)	Interest	Year ended 31 December 2015	2014	Change year-on- year (%)
Kiya Shaltyr Nepheline Syenite	100%	**4,111**	4,396	(6.5%)
Total production		**4,111**	**4,396**	**(6.5%)**

Foil and packaging production results

The aggregate aluminium foil and packaging material production from the Company's foil mills decreased by 5% to 89 thousand tonnes in 2015 from 94 thousand tonnes in 2014.

The table below shows the contribution from each facility.

Foil Mills (thousand tonnes)	Interest	Year ended 31 December 2015	2014	Change year-on- year (%)
Domestic market (RF and CIS)		**36.35**	**31.48**	
Sayanal	100%	**21.88**	15.82	38%
including converted foil		**7.76**	6.34	22%
Ural Foil	100%	**11.17**	12.28	(9%)
Sayana Foil	100%	**3.30**	3.38	(2%)
Export		**52.74**	**62.12**	
Sayanal	100%	**16.38**	25.77	(36%)
Ural Foil	100%	**6.71**	7.10	(5%)
Armenal	100%	**29.65**	29.25	1%
Total production		**89.09**	**93.60**	**(5%)**

1. In July 2015, the European Commission imposed preliminary anti-dumping duties of 12.2% in addition to 7.5% on foil imports from Russian Federation and the Company had to redirect Sayanal's production to the Russian market.
2. The Company managed to partly compensate the decrease of export production by the growth of the domestic market production.
3. Armenal showed an increase in production.

Other Business

(t) unless otherwise indicated	Year ended 31 December 2015	2014	Change year-on-year (%)
Secondary alloys	**21,582**	22,664	(5%)
Silicon	**60,410**	54,764	10%
Powder	**17,195**	21,077	(18%)
Coal (50%) (thousand t.)	**17,250**	19,001	(9%)
Transport (50%) (thousand t. of transportation)	**6,542**	6,730	(3%)

Silicon Production

The 2015 output increase was mainly due to a higher average annual rate of capacity utilisation: some of the furnaces were shut down in early 2014, but 2015 saw a 100% capacity utilisation throughout the year (excluding routine maintenance and repair shutdowns) and a further increase in the output (about 1 thousand t.) resulting from measures for improvement.

In 2015, a number of measures were implemented to improve the quality and competitiveness of silicon production: steadily increasing refined silicon output from SUAL Kremny Ural, and commencing production of pure silicon 2002 and 2502. A programme has been developed and implemented to ensure 100% self-provided aluminium smelting in order to abandon Chinese silicon supplies.

Powders

Lower sales have been largely a result of a drop in orders from the European Union for coarse powders (over 80% of supplies to Germany), as well as smaller volumes of powder supply to Poland and Ukraine. The key factors affecting demand include: i) stronger competition from European producers of powders; and ii) the geopolitical developments that took place in 2015.

In the second half of 2015, some technological and commercial solutions were found to sign contracts for larger supplies of fine powders used in solar electricity generation.

There are ongoing modernisation projects at the existing powder facilities. These projects are aimed at improving quality and product mix (RA, RC, RB grades) as well as increasing the output of high-value-added products. These include:

- the production of RB paste test samples with exclusive formulae has been started;
- the mass manufacturing of new construction products (RB) has been started; and
- the product quality (APG) has been improved by developing a technology ensuring the consistent quality of lots.

In 2015, the amount of production modernisation investment was estimated to USD4.3 million.

Secondary Alloys

Lower production of secondary alloys is due to the overwhelmingly negative trend at the metals market: reducing premiums and prices for secondary alloys.

Coal production results

The aggregate coal production attributable to the Company's 50% share in LLP Bogatyr Komir decreased by 9.2% to 17,250 kt in 2015, as compared to 19,001 kt in 2014. The decrease in volume in 2015 as compared to 2014 was due to lower sales of coal to Russian customers resulting from decreased regional demand and higher competition.

Transportation results

Total coal and other goods carried by rail TOO Bogatyr Trans, attributable to a 50% share of the company decreased by 2.8% to 6,542 thousand in 2015, compared to 6,730 thousand in 2014. The decline in 2015 compared to 2014 was due a decrease in the delivery of coal in Russia, which was partially offset by an increase in the transportation of coal in Kazakhstan.

Financial Overview

Revenue

	Year ended 31 December 2015			Year ended 31 December 2014		
	USD million	kt	Average sales price (USD/tonne)	USD million	kt	Average sales price (USD/tonne)
Sales of primary aluminium and alloys	**7,279**	**3,638**	**2,001**	7,823	3,525	2,219
Sales of alumina	**595**	**1,722**	**346**	569	1,743	326
Sales of foil	**270**	**81**	**3,333**	303	88	3,443
Other revenue	**536**	**—**	**—**	662	—	—
Total revenue	**8,680**			**9,357**		

Total revenue decreased by USD677 million or by 7.2% to USD8,680 million in 2015 compared to USD9,357 million in 2014. The decrease in total revenue was primarily due to the lower sales of primary aluminium and alloys, which accounted for 83.9% and 83.6% of UC RUSAL's revenue for the years 2015 and 2014.

(USD million)	Quarter ended 31 December 2015 unaudited	Quarter ended 31 December 2014 unaudited	Change, quarter on quarter, (4Q to 4Q)	Quarter ended 30 September 2015 unaudited	Change, quarter on quarter, (4Q to 3Q)	Year ended 31 December 2015	Year ended 31 December 2014	Change, year-on-year
Sales of primary aluminium and alloys								
USD million	**1,515**	2,114	(28.3%)	**1,731**	(12.5%)	**7,279**	7,823	(7.0%)
kt	**876**	874	0.2%	**939**	(6.7%)	**3,638**	3,525	3.2%
Average sales price (USD/t)	**1,729**	2,419	(28.5%)	**1,843**	(6.2%)	**2,001**	2,219	(9.8%)
Sales of alumina								
USD million	**144**	149	(3.4%)	**147**	(2.0%)	**595**	569	4.6%
kt	**485**	434	11.8%	**418**	16.0%	**1,722**	1,743	(1.2%)
Average sales price (USD/t)	**297**	343	(13.4%)	**352**	(15.6%)	**346**	326	6.1%
Sales of foil (USD million)	**63**	80	(21.3%)	**65**	(3.1%)	**270**	303	(10.9%)
Other revenue (USD million)	**135**	153	(11.8%)	**130**	3.8%	**536**	662	(19.0%)
Total revenue (USD million)	**1,857**	**2,496**	**(25.6%)**	**2,073**	**(10.4%)**	**8,680**	**9,357**	**(7.2%)**

Revenue from sales of primary aluminium and alloys decreased by USD544 million, or by 7.0%, to USD7,279 million in 2015, as compared to USD7,823 million in 2014, primarily due to a 9.8% decrease in the weighted-average realized aluminium price per tonne driven by a decrease in the LME aluminium price (to an average of USD1,663 per tonne in 2015 from USD1,866 per tonne in 2014), as well as a decrease in premiums above the LME prices in the different geographical segments (to an average of USD281 per tonne from USD380 per tonne in 2015 and 2014, respectively).

Revenue from sales of alumina increased by USD26 million or by 4.6% to USD595 million for the year ended 31 December 2015 as compared to USD569 million for the previous year. The increase was mostly attributable to a 6.1% growth in the average sales price partially offset by a 1.2% decrease in alumina sales volume.

Revenue from sales of foil decreased by 10.9% to USD270 million in 2015, as compared to USD303 million in 2014, primarily due to a 3.2% decrease in the weighted average sales price and a 7.9% decrease in sales volumes.

Revenue from other sales, including sales of other products, bauxite and energy services decreased by 19.0% to USD536 million for the year ended 31 December 2015 as compared to USD662 million for the previous year, due to a 48.8% decrease in sales of bauxite and a 11.3% decrease in sales of other materials.

Cost of sales

The following table shows the breakdown of UC RUSAL's cost of sales for the years ended 31 December 2015 and 2014, respectively:

(USD million)	Year ended 31 December 2015	2014	Change, year-on-year	Share of costs
Cost of alumina	**733**	863	(15.1%)	11.8%
Cost of bauxite	**538**	604	(10.9%)	8.7%
Cost of other raw materials and other costs	**2,247**	2,606	(13.8%)	36.2%
Energy costs	**1,680**	1,929	(12.9%)	27.0%
Depreciation and amortisation	**434**	435	(0.2%)	7.0%
Personnel expenses	**505**	708	(28.7%)	8.1%
Repairs and maintenance	**58**	70	(17.1%)	0.9%
Net change in provisions for inventories	**20**	8	150.0%	0.3%
Total cost of sales	**6,215**	**7,223**	**(14.0%)**	**100.0%**

Total cost of sales decreased by USD1,008 million, or by 14.0%, to USD6,215 million in 2015, as compared to USD7,223 million in 2014. The decrease was primarily driven by the continuing depreciation of the Rouble and the Ukrainian Hryvnia against the US Dollar by 58.7% and 83.3%, respectively, between the reporting periods.

Cost of alumina decreased in the reporting period (as compared to 2014) by USD130 million, or by 15.1%, primarily as a result of a decrease in alumina transportation costs following the significant Rouble depreciation and a slight decrease in tariff.

Cost of bauxite decreased by 10.9% for the year ended 31 December 2015 as compared to the same period of prior year, due to a decrease in purchase volume.

Cost of raw materials (other than alumina and bauxite) and other costs decreased by 13.8% due to the lower raw materials purchase price (such as raw petroleum coke by 21.7%, calcined petroleum coke by 10.4%, raw pitch coke by 11.1%, pitch by 3.2%) and lower purchase volume in 2015 as compared to 2014.

Energy cost decreased in 2015 by 12.9% to USD1,680 million compared to USD1,929 million in

2014 primarily due to the continuing depreciation of the Rouble against the US Dollar.

Distribution, administrative and other expenses

Distribution expenses decreased by 16.4% to USD336 million in 2015, compared to USD402 million in 2014, primarily due to the decrease in transportation tariffs as well as the significant depreciation of the Rouble against the US Dollar.

Administrative expenses, which include personnel costs, decreased by 11.9% to USD533 million in 2015, compared to USD605 million in 2014, primarily resulting from the depreciation of the Rouble against the US Dollar within the comparable periods.

Other operating expenses decreased by 47.2% to USD38 million in 2015, compared to USD72 million in 2014. The decrease was primarily due to a one-off gain recognized on deconsolidation of the Group's subsidiary and overall decrease of other operating expenses denominated in Rouble.

Gross profit

As a result of the foregoing factors, UC RUSAL reported a gross profit of USD2,465 million for the year ended 31 December 2015 as compared to USD2,134 million for the previous period, representing gross margins of the periods of 28.4% and 22.8%, respectively.

Adjusted EBITDA and results from operating activities

(USD million)	Year ended 31 December		Change year-on-year
	2015	2014	
Reconciliation of Adjusted EBITDA			
Results from operating activities	**1,409**	942	49.6%
Add:			
Amortisation and depreciation	**457**	459	(0.4%)
Impairment of non-current assets	**132**	103	28.2%
Loss on disposal of property, plant and equipment	**17**	10	70.0%
Adjusted EBITDA	**2,015**	**1,514**	**33.1%**

As a result of the factors discussed above, the Company demonstrated a significant increase in the results from operating activities and Adjusted EBITDA for the year ended 31 December 2015 to USD1,409 million and USD2,015 million, respectively, as compared to the results from operating activities and Adjusted EBITDA of USD942 million and USD1,514 million, respectively, for the previous year.

Finance income and expenses

(USD million)	Year ended 31 December 2015	2014	Change year-on-year
Finance income			
Interest income on loans and deposits	**23**	30	(23.3%)
	23	30	(23.3%)
Finance expenses			
Interest expense on bank loans, company loans, bonds and other bank charges, including	**(627)**	(836)	(25.0%)
Interest expense	**(571)**	(724)	(21.1%)
Bank charges	**(56)**	(112)	(50.0%)
Net foreign exchange loss	**(140)**	(27)	418.5%
Change in fair value of derivative financial instruments, including	**(352)**	(487)	(27.7%)
Change in fair value of embedded derivatives	**47**	8	487.5%
Change in other derivatives instruments	**(399)**	(495)	(19.4%)
Interest expense on provisions	**(13)**	(11)	18.2%
	(1,132)	(1,361)	(16.8%)

Finance income decreased by USD7 million to USD23 million in 2015 as compared to USD30 million in 2014, due to the decrease the interest income on time deposit at several subsidiaries of the Group.

Financial expenses decreased by 16.8% to USD1,132 million in 2015 as compared to USD1,361 million in 2014 primarily due to a decrease in interest expenses and bank charges and the net loss from the change in fair value of derivative financial instruments partially offset by an increase in the foreign exchange loss.

Interest expenses on bank and company loans in 2015 decreased by USD153 million to USD571 million from USD724 million in 2014 due to the reduction of the principal amount payable to international and Russian lenders and the decrease of the overall interest margin between the periods, as well as the decrease in bank charges.

The growth of the net foreign exchange loss to USD140 million in 2015 from USD27 million in 2014 was driven by a continuing depreciation of the Rouble and the Ukrainian Hryvnia against the US Dollar and the resulting revaluation of working capital items of several Group companies denominated in foreign currencies.

Share of profits of associates and joint ventures

(USD million)	Year ended 31 December 2015	2014	Change year-on-year
Share of profits of Norilsk Nickel, with	**486**	515	(5.6%)
Effective shareholding of	**28.05%**	27.82%	
Share of losses of other associates	**(293)**	(15)	1,853.3%
Share of profits of associates	**193**	**500**	**(61.4%)**
Share of profits of joint ventures	**175**	**36**	**386.1%**

The Company's share in profits of associates for the years ended 31 December 2015 and 2014 comprised USD193 million and USD500 million, respectively. Share in results of associates in both periods resulted primarily from the profit from the Company's investment in Norilsk Nickel, which amounted to USD486 million and USD515 million for 2015 and 2014, respectively.

The market value of the investment in Norilsk Nickel at 31 December 2015 was USD5,542 million as compared to USD6,388 million as at 31 December 2014.

The Group's share of losses of associates for the year ended 31 December 2015 includes impairment losses in amount of USD283 million relating to the Group's investment in Queensland Alumina Limited.

Share of profits of joint ventures was USD175 million for the year ended 31 December 2015 as compared to USD36 million for the same period in 2014. This represents the Company's share of profits in joint ventures, namely BEMO, LLP Bogatyr Komir, Mega Business and Alliance (transportation business in Kazakhstan) and North United Aluminium Shenzhen Co., Ltd.

The Group's share of profits of joint ventures for the year ended 31 December 2015 includes partial reversal of previously recognized impairment in amount of USD143 million relating to property, plant and equipment of the BEMO project.

Profit recycled from other comprehensive income

On 11 March 2015, the Supreme Court of Ukraine denied the Group's appeal to reconsider a previous court decision that 68% of shares of PJSC Zaporozhye Aluminium Combine ("ZALK"), an indirect subsidiary of UC RUSAL, should be deprivatized and returned to the State of Ukraine. On 9 June 2015, these shares were transferred to the State Property Fund of Ukraine.

The Company intends to pursue all available legal alternatives, including, but not limited to, the European Court of Human Rights, to overturn the above decision. However as a result of the Supreme Court ruling, the Group no longer has the rights to vary returns from ZALK or the ability to control this entity to affect those returns.

The assets and liabilities of ZALK have been deconsolidated, which resulted in the recognition of a USD9 million gain. Additionally, USD155 million of foreign currency translation gain arising on the translation of ZALK accumulated from 2007 was recycled through profit and loss.

In August 2015, one of the Group's intermediary holding subsidiaries was liquidated. Consequently, USD60 million of foreign currency translation loss arising on translation of investments in foreign assets accumulated by this subsidiary was recycled through profit and loss.

Profit before income tax

UC RUSAL earned a profit before income tax in an amount of USD763 million for the year ended 31 December 2015, as compared to a profit before income tax in an amount of USD147 million for the year ended 31 December 2014 due to reasons set out above.

Income tax

Income tax expense decreased by USD33 million to USD205 million in 2015, as compared to USD238 million in 2014.

Current tax expenses increased by USD24 million, or 16.1%, to USD173 million for the year ended 31 December 2015, as compared to USD149 million for the previous year mainly due to increase in the taxable profits.

Deferred tax expense decreased by USD57 million, or 64% to USD32 million for the year ended 31 December 2015, as compared to USD89 million for the previous year primarily due to the utilization of deferred tax assets related to accumulated tax losses of several subsidiaries in 2014 and the decrease in deferred tax liability related to property, plant and equipment due to the significant Rouble depreciation against US Dollar.

Profit/(Loss) for the period

As a result of the above, the Company recorded a profit of USD558 million in 2015, as compared to a loss of USD91 million in 2014.

Adjusted and Recurring Net Profit

(USD million)	Year ended 31 December 2015	2014	Change, year-on-year
Reconciliation of Adjusted Net Profit/(Loss)			
Net Profit/(Loss) for the period	**558**	(91)	NA
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect	**(426)**	(469)	(9.2%)
Share of profits, net of tax	**(426)**	(469)	(9.2%)
Change in derivative financial instruments, net of tax (20.0%)	**342**	474	(27.8%)
Foreign currency translation gain recycled from other comprehensive (loss)/income on deconsolidation of subsidiaries	**(95)**	—	100.0%
Impairment of non-current assets, net of tax	**132**	103	28.2%
Net impairment of underlying net assets of joint ventures and associates	**160**	—	100.0%
Adjusted Net Profit	**671**	**17**	**3,847.1%**
Add back:			
Share of profits of Norilsk Nickel, net of tax	**426**	469	(9.2%)
Recurring Net Profit	**1,097**	**486**	**125.7%**

Adjusted Net Profit for any period is defined as the profit adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of embedded derivative financial instruments, gains and losses recycled from other reserves and the net effect of non-current assets impairment and restructuring costs. Recurring Net Profit for any period is defined as Adjusted Net Profit plus the Company's net effective share in Norilsk Nickel results.

Assets and liabilities

UC RUSAL's total assets decreased by USD2,048 million, or 13.8 % to USD12,809 million as at 31 December 2015 as compared to USD14,857 million as at 31 December 2014. The decrease in total assets mainly resulted from the decrease in the carrying value of the investment in Norilsk Nickel.

Total liabilities decreased by USD1,202 million, or 9.5%, to USD11,418 million as at 31 December 2015 as compared to USD12,620 million as at 31 December 2014. The decrease was mainly due to the decrease in the outstanding debt of the Group.

Cash flows

The Company generated net cash from operating activities of USD1,568 million for the year ended 31 December 2015 as compared to USD1,398 for the previous year. Net increase in working capital and provisions comprised USD281 million for 2015 as compared to USD29 million for the previous year.

Net cash generated from the investing activities for 2015 decreased to USD261 million as compared to USD514 million for 2014, primarily due to a decrease in dividends received from associates and joint ventures in amount USD755 million for 2015 as compared to USD926 million for the prior year.

The above mentioned factors allowed the Company to assign USD741 million of its own cash flows for the debt repayment that together with the interest payments of USD516 million, dividends paid in amount of USD250 million and settlement of derivative financial instruments of USD320 million represent the main components of the cash used in the financing activities with the total amount of USD1,827 million for 2015.

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, Mining and Metals. These business units are managed separately and results of their operations are reviewed by the CEO on a regular basis.

The core segments are Aluminium and Alumina.

	Year ended 31 December			
	2015		2014	
(USD million)	**Aluminium**	**Alumina**	**Aluminium**	**Alumina**
Segment revenue				
kt	3,749	6,901	3,638	6,077
USD million	7,426	2,094	7,985	1,879
Segment result	1,607	212	1,330	(60)
Segment EBITDA*	1,971	298	1,695	25
Segment EBITDA margin	26.5%	14.2%	21.2%	1.3%
Total capital expenditure	303	164	257	195

The segment result margin (calculated as a percentage of segment profit to total segment revenue per respective segment) for aluminium segment rose to 21.6% for the year ended 31 December 2015 from 16.7% for the year ended 31 December 2014, and was positive 10.1% compared to negative 3.2%, respectively, for the alumina segment. Key drivers for the increase in margin in the aluminium segment are disclosed in "Revenue", "Cost of sales" and "Adjusted EBITDA and results from operating activities" sections above. Detailed segment reporting can be found in the consolidated financial statements for the year ended 31 December 2015.

Capital expenditure

UC RUSAL recorded a total capital expenditure of USD522 million for the year ended 31 December 2015. UC RUSAL's capital expenditure in 2015 was aimed at maintaining existing production facilities.

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

(USD million)	Year ended 31 December 2015	2014
Development capex*	**158**	**115**
Maintenance		
Pot rebuilds costs	**106**	143
Re-equipment	**258**	221
Total capital expenditure	**522**	**479**

* CAPEX is defined as payment for the acquisition of property, plant and equipment and intangible assets

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 ventures partners at this time.

Loans and borrowings

The nominal value of the Group's loans and borrowings was USD9,011 million as at 31 December 2015, not including bonds which amounted to an additional USD21 million.

Set out below is an overview of certain key terms of the Group's loan portfolio as at 31 December 2015:

Facility/Lender*	Principal amount outstanding as at 31 December 2015	Tenor/Repayment Schedule	Pricing
Syndicated Facilities			
USD4.75 billion syndicated aluminium pre-export finance term facility as amended and restated on 20 August 2014 and thereafter	USD2.78 billion	Tranche A (USD1.87 billion) – until 31 December 2018; Facility C (previously Tranche B) (USD907 million) – until 31 December 2020	Tranche A: 3 month LIBOR plus cash and PIK margins which are set in accordance with the Total Net Debt to Covenant EBITDA ratio. As at 31 December 2015, total margin was 2.80% p.a., no PIK margin being applicable
		Tranche A: equal quarterly repayments starting from 12 January 2016** Facility C (previously Tranche B): quarterly repayments starting from 30 January 2017	Facility C (previously Tranche B): 3 month LIBOR plus fixed cash margin of 5.65% p.a. and PIK margin which is set in accordance with the Total Net Debt to Covenant EBITDA ratio. As at 31 December 2015, total margin was 5.65% p.a., no PIK margin applicable
USD400 million multicurrency aluminium pre-export finance term credit facility as amended and restated on 20 August 2014 and thereafter	USD78 million EUR131 million	Tranche A (USD78 million) and Tranche B (EUR131 million) – until 31 December 2018, equal quarterly repayments starting from 12 January 2016**	Tranche A: 3 month LIBOR plus cash and PIK margins which are set in accordance with the Total Net Debt to Covenant EBITDA ratio. As at 31 December 2015, total margin was 2.80% p.a., no PIK margin being applicable Tranche B: 3 month EURIBOR plus cash and PIK margins which are set in accordance with the Total Net Debt to Covenant EBITDA ratio. As at 31 December 2015, total margin was 2.80% p.a., no PIK margin being applicable
Bilateral loans			
Sberbank loans	USD4.15 billion	August 2021, equal quarterly repayments starting from November 2019	As at 31 December 2015 1 year LIBOR plus 5.45% p.a., incl. 1.25% PIK (partially hedged)
Sberbank loan	RUB19.48 billion	August 2021, equal quarterly repayments starting from November 2019	10.9% p.a., incl. 1.4% PIK (partially hedged through cross-currency swap)
VTB Capital plc loans	USD285 million	December 2018, equal quarterly repayments starting from December 2015	3 m Libor plus 5.05% p.a.
Gazprombank loans	USD112 million EUR34 million	October 2016, equal quarterly repayments starting from March 2016	3 month LIBOR plus 6.5% p.a.
Gazprombank loans	USD139 million	December 2017, equal quarterly repayments starting from March 2016	3 month LIBOR plus 6.5% p.a.
Gazprombank loans	USD224 million EUR69 million	March 2019, equal quarterly repayments starting from March 2017	3 month LIBOR plus 6.5%, incl. 1% PIK p.a.
Sovcombank	USD100 million	December 2018, bullet repayment at final maturity date	3 month LIBOR plus 5.5% p.a.
MCB (Credit Bank of Moscow)	USD50 million	September 2016, bullet repayment at final maturity date	4.3% p.a.

Facility/Lender*	Principal amount outstanding as at 31 December 2015	Tenor/Repayment Schedule	Pricing
MCB (Credit Bank of Moscow)	USD50 million	October 2016, bullet repayment at final maturity date	4.3% p.a.
Fund of the Industrial development	RUB500 million	December 2019, equal quarterly repayments starting from March 2018	5.0% p.a.
Glencore AG	USD186 million	December 2016, certain annual repayments	3 month LIBOR plus 4.95% p.a.
SIB (Cyprus) Limited (REPO transaction)	USD106 million	June 2016, bullet repayment at final maturity date, with rolling option	2.5%
SIB (Cyprus) Limited (REPO transaction)	USD19 million	December 2017, bullet repayment at final maturity date	3 month LIBOR plus 3.15% p.a.
Region (REPO transactions)	USD100 million	March 2017, bullet repayment at final maturity date	4.75% p.a. (after cross-currency swap)
RBI (trade finance line)	USD3 million EUR1 million	Rollovering credit line	Cost of funds + 2.5% p.a.
ING N.V. (trade finance line)	USD16 million	Rollovering credit line	Cost of funds + 2.5% p.a.
VTB Capital (REPO deal)	EUR47.5 million	November – December 2016	4.8% p.a.
J. Aron & Company (trader's financing)	USD38 million	May 2016	4.98% p.a.
Bonds			
Rouble bonds series 07	RUB1.48 billion	March 2018, bullet repayment at final redemption date, subject to a bondholders' put option exercisable in February 2016 following coupon reset***	12.0% p.a.
Rouble bonds series 08	RUB54 million	April 2021, bullet repayment at final redemption date, subject to a bondholders' put option exercisable in April 2017 following a coupon reset	12.0% p.a.

* All loans, except Sovcombank, MCB, Fund of the Industrial development and Rouble bonds, were secured. Please refer to the "Security" section below for a summary description of the security provided in respect of the Group's loans.

** The first scheduled repayment installment under amended PXF in the total amount of USD174 million was prepaid in December 2015.

*** A bondholders' put option was successfully exercised in February 2016 and as at the Latest Practicable Date the coupon rate is 12.0% p.a.

The average maturity of the Group's debt as at 31 December 2015 was 3.6 years.

Security

As of the Latest Practicable Date, the Group's debt (excluding Sovcombank, MCB, Fund of the Industrial development and Rouble bonds) is secured by pledges over certain fixed assets (including assets owned by the Group's aluminium smelters and alumina refineries), pledges of shares in certain operating and non-operating companies, the assignment of receivables under specified contracts, pledges of goods, security over designated accounts, pledge and various security over shares in Norilsk Nickel (representing in aggregate a 27.8% share of Norilsk Nickel's total issued share capital).

Key Events

- As of 31 March 2015, the Total Net Debt to Covenant EBITDA ratio (the leverage ratio) was below a level of 3.5. As interest rates under PXF credit facilities are determined by the leverage ratio it allowed the Company to decrease: (i) the cash and PIK margin under Tranche A of the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility by 1.15% in total (0.65% in cash and 0.50% in PIK respectively) and (ii) the PIK Margin by 0.50% under the refinanced tranche B of the USD4.75 billion syndicated facility, starting from 03 June 2015. Therefore, no PIK margin was applied under the PXF as of the Latest Practicable Date.

- On 6 April 2015, the Company's subsidiary RUSAL Bratsk announced a coupon rate under the series 08 bonds at the level of 12% p.a. for a two-year period, after which the series 08 bonds will be subject to a put option and coupon rate revision.

- On 15 April 2015, the Company's subsidiary RUSAL Bratsk fulfilled its obligations under a bondholders' put option in respect of the series 08 bonds. 8,067,213 of the issued bonds were repurchased from bondholders at the bondholders' request.

- On 25 February 2014, RUSAL Bratsk entered into a bond sale agreement for the purpose of selling up to 5,000,000 (five million) series 07 bonds, which were expected to be repurchased on 22 February 2016 under a put option entered into on 03 March 2014. Simultaneously United Company RUSAL Aluminium Limited entered into a put option transaction which may be exercised for up to 5,000,000 (five million) series 07 bonds at a strike price which was the function of: (i) the announced coupon rate, (ii) the purchase price, (iii) tenor and (iv) the expected yield of the transaction. At the Company's request this transaction was terminated early in full and settled on 30 June 2015.

- In October 2015, the Group entered into a new credit facility of USD100 million with OJSC Credit Bank of Moscow with a maturity up to 1 year and an interest rate of 4.30% p.a.

- In December 2015, the Group entered into a new credit facility of USD100 million with PJSC SovcomBank with a maturity of 3 year and an interest rate of 3MLibor + 5.5% p.a.

- In December 2015, the Group through its subsidiaries entered into the REPO transaction backed by bonds issued by RUSAL Bratsk – total being 6,500,000 series 08 bonds and 2,865,475 series 07 bonds. As result of the transactions the Group raised funding in the amount of USD100 million with fifteen months maturity at a rate of 4.75% p.a.

- During 2015, the Group made a principal repayment in total amounts of USD590 million, RUB777 million (USD14 million) and EUR25 million (USD29 million) under the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility, credit facilities with Sberbank, Gazprombank and VTB Capital, including prepayments via cash sweep in total amount of USD309 million, RUB777 million (USD14 million) and EUR10 million (USD12 million).

- As a result of the volatility of the financial and commodity markets, caused by, among others, global macroeconomic and political factors, as well as relatively low LME aluminium prices, management have commenced negotiations with the lenders to reset covenants to a sustainable level for the remaining term of the credit facilities and to refinance the Company's remaining scheduled repayment instalments falling due in 2016 (and provided that sufficient funds are available, 2017) of the pre-export syndicated facilities and certain bilateral facilities. On 2 March 2016, the Company obtained lenders' consent on the reset of the covenant ratios of the credit facilities. The Company expects the approval of the new refinancing facility no later than 29 April 2016.

Dividend Policy

On 26 August 2015, the Board of the Company approved and adopted a new dividend policy for the subsequent periods to pay dividends at the level of 15% of the Company's Covenant EBITDA as defined in the Company's relevant credit facility agreements. The payment of dividends will be subject to compliance with requirements of the Group's credit facilities, including financial covenants, and relevant Jersey legislation.

Declaration of Dividend

On 12 October 2015, the Board of the Company approved the declaration and payment of an interim dividend for the financial year ending 31 December

2015 in the aggregate amount of USD250 million (USD0.01645493026 per ordinary share) to be paid in cash. The interim dividend has been paid on 6 November 2015. For further details, please refer to the Company's announcements dated 13, 16 and 30 October 2015.

Liquidity and Capital Resources

Liquidity

In 2015, the Group's principal source of liquidity was operating cashflow of USD1,568 million. The Group's principal uses of cash through 2015 are expected to be for operating expenses, debt repayment and capital expenditure. It expects to fund its liquidity needs mainly through operating cash flow.

Equity and Debt Raisings

There were no equity raisings and/or allotments and issues of equity during 2015.

Cash flows

In 2015, the Company used its USD1,568 million of net cash generated from operating activities, and USD755 million in dividends from associates and joint ventures, predominantly to make debt repayments (comprising net repayment of USD741 million), to pay interest (USD516 million) and on total capital expenditure (USD522 million).

The following table summarises the Company's cash flows for 2015 and 2014:

	Year ended 31 December	
(USD million)	**2015**	**2014**
Net cash generated from operating activities	**1,568**	1,398
Net cash generated from investing activities	**261**	514
Net cash used in financing activities	**(1,827)**	(1,900)
Net increase in cash and cash equivalents	**2**	12
Cash and cash equivalents at beginning of period	**557**	701
Effect of exchange rate fluctuations on cash and cash equivalents	**(65)**	(156)
Cash and cash equivalents at end of period	**494**	557

The Company generated net cash from operating activities of USD1,568 million for the year ended 31 December 2015 as compared to USD1,398 million for the previous year. Net increase in working capital and provisions comprised USD281 million for 2015 as compared to USD29 million for the previous year.

Net cash generated from the investing activities for 2015 decreased to USD261 million as compared to USD514 million for 2014, primarily due to a decrease in dividends received from associates and joint ventures in amount USD755 million for 2015 as compared to USD926 million for the prior year.

The above mentioned initiatives allowed the Company to assign USD741 million of its own cash flows for the debt repayment that together with the interest payments of USD516 million represent the main components of the cash used in the financing activities with the total amount of USD1,827 million for 2015.

Cash and cash equivalents

Restricted cash of USD14 million for letters of credit pledged with the banks included in cash and cash equivalents both at 31 December 2015 and USD13 million at 31 December 2014. Note 20 to the consolidated financial statements shows a comparison of the Company's cash and cash equivalents as at 31 December 2015 and 31 December 2014, respectively.

Financial Ratios

Gearing

The Group's gearing ratio, which is the ratio of total debts (including both long-term and short-term borrowings and bonds outstanding) to the total assets, as at 31 December 2015 and 31 December 2014 was 69.3% and 63.3%, respectively.

Return on Equity

The Group's return on equity, which is the amount of net profit as a percentage of total equity, was 40.1% and (4.1 %) as at 31 December 2015 and 31 December 2014, respectively.

Interest Coverage Ratio

The Group's interest coverage ratio, which is the ratio of earnings before interest and taxes to net interest, for the years ended 31 December 2015 and 31 December 2014 was 2.3 and 1.2, respectively.

Quantitative and Qualitative Disclosures about Market Risk

The Group is exposed in the ordinary course of its business to risks related to changes in interest rates and foreign exchange rates.

The Group's policy is to monitor and measure interest rate and foreign currency risk and to undertake steps to limit their influence on the Group's performance.

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. The Group's policy is to manage its interest costs by monitoring changes in interest rates with respect to its borrowings.

Foreign Currency Risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily USD but also the Russian Rouble, Ukrainian Hryvna and Euros. The currencies in which these transactions primarily are denominated are RUB, USD and EUR.

Borrowings are primarily denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD but also RUB and EUR. This provides an economic hedge.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances or entering into currency swap arrangements.

A detailed description of the Group's interest rate and foreign exchange risks is set out in note 27 (c) of the consolidated financial statements.

Environmental Performance and Safety

Safety

In 2015, the LTIFR for the Group reached 0.17, which was an improvement on 0.22 in 2013 and 0.19 in 2014.

In 2015, there were four fatal accidents involving employees and one involving contractors.

Environmental performance

Russian environmental levies for air emissions and the discharge of liquids and other substances amounted to USD18.7 million in 2010, USD20.6 million in 2011, USD19.5 million in 2012, USD17.3 million in 2013, USD16.5 million in 2014 and USD10.7 million in 2015. There have been no material environmental pollution incidents at any of the Group's sites or facilities during the year ended 31 December 2015.

Employees

The following table sets forth the aggregate average number of people (full time equivalents) employed by each division of the Group during 2014 and 2015, respectively.

Division	Year ended 31 December 2014	Year ended 31 December 2015
Aluminium	17,922	**17,741**
Alumina	19,996	**19,852**
Engineering and Construction	15,517	**15,403**
Energy	29	**29**
Packaging	2,131	**2,116**
Managing Company	620	**658**
Technology and Process Directorate	775	**836**
Others	4,245	**4,123**
Total	**61,235**	**60,758**

Remuneration and benefit policies

The remuneration paid by the Group to an employee is based on his or her qualification, experience and performance, as well as the complexity of his or her job. Wages for employees are generally reviewed annually and are revised in accordance with a performance assessment and local labour market conditions. Under the current collective bargaining agreement, the remuneration of employees of the Company's production sites is subject to an annual increase offsetting inflation on the basis of the official data published by the State Statistics Committee of the Russian Federation regarding the minimal living wage for people who have a job and the consolidated index of consumer prices.

The UC RUSAL's Personnel Policy and the Corporate Code of Conduct govern the relationship between the Group and its staff. The Group's Corporate Code of Conduct strictly prohibits discrimination based on gender, race and/or religion and forbids any form of child, forced or indentured labour.

As part of the project to automate and standardize employees data and cost accounting processes, installation of the standard configuration 1C 8: Payroll and HR Management software on the Company's sites in Russia was completed in 2015.

Labour relations

About 60% of the Group's employees are unionized and 90% of the employees are covered by collective bargaining agreements. Due to the changes in the Russian Labour Code relating to the Special Assessment of the Working Conditions (the "SAWC") at working places with harmful working environment and establishing the relevant compensation and benefits for employees working at such places, the Industrial Tariff Agreement for Russian Mining and Metallurgical Complex was amended in December 2014. The amendments took effect from 1 January 2015 and served as the basis for the relevant changes in the collective agreements on the Company's sites, among other things:

- the maximum working hours for employees working at places with harmful working environment (third subclass of the working conditions according to the SAWC and higher) was established at the level of 36 hours a week; and
- the minimum additional vacation for work in the harmful working environment (second subclass of the working conditions according to the SAWC and higher) was established at the level of 7 calendar days a year.

Also the minimum salary of the employees working at places relating to core production and non-core production has been increased up to 1.5 and 1.2 official costs of living in the Russian Federation respectively.

Changes to the organizational structure of the Group

Aiming to redact the Group's costs related to purchasing of raw materials and equipment through enhancing of purchasing activity on Chinese market and to enforce the business development function in China, the organizational structure of our Representative Office in Beijing was extended.

In order to develop new products and increase the quality of customer relations, the organizational structure of the Casting Center was extended.

With the goal to improve qualification and develop competencies of employees of Engineering and Construction Division related to maintenance of advanced complex equipment and to provide training services to external clients the Training Center of the LLC "RUS-Engineering" was established in Krasnoyarsk.

With the purpose to effectively manage the repair and maintenance of the foreign alumina smelters' assets, to study and to circulate best practices, the Technical Customer Department within the Alumina Division was created.

The Greenhouse Gas Emissions Unit within the Technical Directorate was built up aiming to develop and maintain the corporate structure of greenhouse gas emissions management in order to meet the relevant international and domestic legal requirements and the requirements of the investors and customers on disclosure of the relevant information.

With the purpose to develop and improve efficiency of the VAP production the Department of Casting Technology Improvement within the Technical Directorate was established.

With the goal to optimize and to improve efficiency of logistics through the "from supplier to customer" supply chain management, to satisfy customer demands and requirements, to shorten time of products delivery, to effectively plan multimodal transportation of products, to optimize the company's logistics costs through standardization of logistics processes the fright function was consolidated within the Business Supply Directorate.

Aiming to improve efficiency of production of silicon, aluminium powders, liquid aluminium, anode paste, vehicle components, extrusion billets and alloys, the Silicon Production Department, the Aluminium Powders Production Department, the Vehicle and Aluminium Production Department were established.

Training schemes

In the first half of 2015, our key focus areas in the field of personnel development and training were as follows:

- mandatory training programs for senior management and engineers;
- training programs for the Group's external candidate pool, in cooperation with educational institutions, at all education levels.

The following special programs and projects for the development of staff at the production facilities of the Company have been implemented:

- the 'Successors Development Programme';
- 'RUSAL's Professionals', a professional skills contest concerned with the development of leadership skills;
- 'Improvement of the Year', the third contest is aimed at the personnel involvement in the production system development;
- the 'RUSAL's Manager Standard' program renewal;
- start of equipment training simulators program by building and installing the first of them and building five more;
- training on the Quality Management System;
- training of expert engineers in respect of the Company's facilities;
- carrying out of the target program for the group of students of the Siberian Federal University and (SFU) Irkutsk Federal Technical University by 'Non-Ferrous Metals' specialisation and start of the target program for the new groups of students:
  - of the Siberian Federal University (SFU) by 'Non-Ferrous Metals' specialization;
  - of the Irkutsk Federal Technical University by 'Non-Ferrous Metals' specialization;
  - of the Ural State Mining University by 'Mining Engineer' specialization;
- the development of modular programs of mandatory training for workers.

- Training programmes for workers and white collars to obtain a bachelor's degree from branches of the Ural Federal University, the Siberian Federal University and the Siberian State Industrial University in the following areas:
  - electrical installations and systems
  - metallurgical machines and equipment
  - non-ferrous metal science
  - non-ferrous, rare, and noble metal sciences
  - foundry technologies
  - low/high melting metal sciences
- Training programmes for managers to obtain master's degrees from the Siberian Federal University in non-ferrous metal science.
- Presidential programme for engineering staff professional development in the following fields:
  - energy-effective and environmentally clean technologies in aluminium smelting; challenges and prospects.
  - modern resource-saving aluminium reduction technologies.
- Professional development of managers and specialists in respective functional areas.

Business risks

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

Risk management is part of the competence of the risk management group created by the Board as part of the Directorate for Control. The main internal documents governing activity in this area are:

- The Risk Management Policy, which determines the general concept and employee obligations in the risk management process; and
- The Regulations on Risk Management, which organise the risk management process and include a description of the key tools and methods for identifying, assessing and mitigating risks.

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

Key steps taken in risk management

- Organising independent risk audits at Company enterprises conducted by specialists of the Willis Group and the Ingosstrakh Engineering Centre to reduce risks and optimise the Company's insurance programme;
- Preparation of an annual Corporate Risk Map by the Directorate for Control and its quarterly updating;
- Performance of risk management system reviews and audits by the Directorate for Control;
- Preparation of the UC RUSAL risk insurance programmes.

Monitoring, reporting and performance assessment of the risk management system

The Directorate for Control regularly reports on its activities to the Board and Audit Committee. As part of these reports, the Directorate for Control provides information on the risk management system, the results of preparing risk maps, new risks, and the mitigation of various types of risks.

The Audit Committee oversees how well management monitors compliance with the Company's risk management policies and procedures. Based on the reporting submitted, the Audit Committee and the Board review the Company's risk profile and the results of its risk management programmes on a quarterly and annual basis respectively.

In 2015 the Company has identified the following risks which affect its business:

1. The Group operates in a cyclical industry that has recently experienced price and demand volatility, which has had and may continue to have a material adverse effect on the Group's performance and financial results.

2. The Group's competitive position in the global aluminium industry is highly dependent on continued access to inexpensive and uninterrupted electricity supply, in particular, long-term contracts for such electricity. Increased electricity prices (particularly as a result of deregulation of electricity tariffs), as well as interruptions in the supply of electricity, could have a material adverse effect on the Group's business, financial condition and results of operations.

3. The Group depends on the provision of uninterrupted transportation services and access to state-owned infrastructure for the transportation of its materials and end products across significant distances, and the prices for such services (particularly rail tariffs) could increase.

4. The terms of the credit facility agreements impose certain limits on the Group's capital expenditure and payment of dividends. Failure by the Group to comply with the terms and conditions of these agreements may materially adversely affect the Group and its Shareholders.

5. The Group benefits significantly from its low effective tax rate, and changes to the Group's tax position may increase the Group's tax liability and affect its cost structure.

6. The Group is exposed to foreign currency fluctuations which may affect its financial results.

7. En+ is able to influence the outcome of important decisions relating to the Group's business, which includes transactions with certain related parties.

8. The Group depends on the services of key senior management personnel and the strategic guidance of Mr. Oleg Deripaska.

9. Adverse media speculation, claims and other public statements could adversely affect the value of the Shares.

10. The Group's business may be affected by labor disruptions, shortages of skilled labor and labor cost inflation.

11. The Group relies on third-party suppliers for certain materials.

12. Equipment failures or other difficulties may result in production curtailments or shutdowns.

13. The Group is subject to certain requirements under Russian anti-monopoly laws.

14. The Group operates in an industry that gives rise to health, safety and environmental risks.

15. Ore Reserves and Mineral Resources data are estimates only and are inherently uncertain, and such Ore Reserves and Mineral Resources may be depleted more rapidly than anticipated.

16. The Group's licenses and concession rights to explore and mine Ore Reserves may be suspended, amended or terminated prior to the end of their terms or may not be renewed.

17. The Group is exposed to risks relating to the multi-jurisdictional regulatory, social, legal, tax and political environment in which the Group operates.

Contingencies

The Board has reviewed and considered the contingent liabilities of the Company and disclosed information concerning such contingent liabilities in note 29 to the consolidated financial statements. Accordingly, for detailed information about contingent liabilities, please refer to note 29 to the consolidated financial statements. Details of the amounts of provisions are also disclosed in note 24 to the consolidated financial statements.

Tax contingencies

New transfer pricing legislation was introduced in Russia from 1 January 2012 which applies to cross-border transactions between the Group companies in and out of Russia and to certain domestic related parties' transactions in Russia exceeding a certain annual threshold (RUB1 billion from 2014). The new legislation brings local transfer pricing rules closer to the OECD guidelines, however creates additional immediate uncertainty in their application and interpretation. Since there is no practice of applying the new rules by the Russian tax authorities and the pre-existing practice and case-law is of little reliance, it is difficult to predict the effect, if any, of the new transfer pricing rules on the consolidated financial statements. The Company nevertheless believes it is compliant with the new rules as it has historically applied the OECD-based transfer pricing principles to the relevant transactions in Russia.

The new 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. The Company is tax-resident in Cyprus and managed and controlled from Cyprus and the new CFC rules shall not directly apply to the Group in relation to any of its non-Russian affiliates. The CFC rules may apply to Russian tax-resident controlling shareholders of the Company, where such shareholder controls more than 50% of the Company (starting from 2016 more than 25% or 10% where all Russian tax-resident shareholders together control more than 50%). The rules also introduce certain reporting requirements for such Russian tax-resident controlling shareholders of the Company starting from 2015 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 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 24(c)) of the consolidated financial statements). As at 31 December 2015, the amount of claims, where management assess outflows as possible approximate USD37 million (31 December 2014: USD111 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the ALSCON and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG seeks compensatory damages in the amount of USD2.8 billion plus interest. The Company does not expect the case to have any material adverse effect on the Group's financial position or its operation as a whole. The Company has filed its statement of defense and witness statements in support of its legal position. The next hearing is scheduled for 11-12 May 2016.

Interests in associates and joint ventures

As at the Latest Practicable Date, the Group owns an interest of 28.05% in the share capital of Norilsk Nickel. In addition, the Group is a party to certain material joint venture agreements through which it owns the following:

- a 20% equity interest in QAL;
- a 50% equity interest in the companies comprising BEMO;
- a 50% equity interest in LLP Bogatyr Komir;
- a 50% equity interest in the transportation business;
- a 33% equity interest in North United Aluminium; and
- a 50% equity interest in VolkhOR.

The Group's interests in associates and joint ventures was USD3,214 million as at 31 December 2015, compared to USD4,879 million as at 31 December 2014. For additional information on the Group's interests in associates and joint ventures, please refer to note 16 to the consolidated financial statements.

Profiles of Directors **and Senior Management**

Executive Directors

Oleg Deripaska, aged 48
President,
Executive Director

Oleg Deripaska was appointed as the executive Director and Chief Executive Officer of the Company, and the chief executive officer and head of the Moscow Branch of RUSAL Global in January 2009. Mr. Deripaska was appointed as the President of the Company and ceased to be the Chief Executive Officer of the Company with effect from 17 November 2014.

From April to December 2010, Mr. Deripaska held the position of chief executive officer of En+ Management LLC. From 23 December 2010 till 8 July 2011, Mr. Deripaska held the position of chairman of the board of directors of En+. On 8 July 2011, he was appointed as the President of En+ and became the chief executive officer of En+ on 26 June 2013. Mr. Deripaska has been a member of the Company's Board since 26 March 2007. Mr. Deripaska was also appointed as the President of RUSAL Global with effect from 15 December 2014.

As the President of the Company, Mr. Deripaska is responsible for strategy and corporate development; external communications (public, government, international); supervision of the investment in Norilsk Nickel; succession planning; investor relations; research and development (including the supervision of such projects and the development of production systems) and coordination of initiatives on development of internal market.

Having raised his initial capital by trading in metals, Mr. Deripaska acquired shares in the Sayanogorsk aluminium smelter and became its director general in 1994. In 1997, Mr. Deripaska initiated the creation of the Sibirsky Aluminium Group LLC, which was Russia's first vertically integrated industrial group. Between 2000 and 2003, Mr. Deripaska was the director general of RA, which was set up as a result of the combination of the aluminium smelters and alumina refineries of Sibirsky Aluminium and the Sibneft Oil Company. From October 2003 to February 2007 he held the position of chairman of the board of RA. Since October 2002, Mr. Deripaska has been a director of Basic Element. From December 2001 to December 2002 and since September 2003, he has held the position of chairman of the supervisory board of Company Bazovy Element LLC, as well as from October 1998 to March 2001 and from March 2009 to July 2012 he had held the position of general director of that same company. Mr. Deripaska was the chairman of the board of OJSC Russian Machines (formerly RusPromAvto LLC) from 10 November 2006 until 29 June 2010. Mr. Deripaska was a member of the OJSC Russian Machines board since 29 June 2010 until 11 February 2013. He was a director of Transstroy Engineering & Construction Company LLC from April 2008 to April 2009 and the chairman of the board of directors of En+ since 23 December 2010. Mr. Deripaska has been a member of the board of directors of OJSC "AKME-Engineering" since 23 October 2009. From 31 July 2010 to 6 June 2013, Mr. Deripaska was a member of the board of directors of Norilsk Nickel.

Mr. Deripaska was born in the city of Dzerzhinsk in 1968. In 1993, he graduated with distinction from the Physics Department of Moscow State University, Lomonosov, and in 1996 he received a degree from Plekhanov Academy of Economics. Mr. Deripaska is vice president of the RSPP and chairman of the executive board of the Russian National Committee of the International Chamber of Commerce. He is also a member of the Competitiveness and Entrepreneurship Council, an agency of the Russian Government. In 2004, Russian President Vladimir Putin appointed Mr. Deripaska to represent the Russian Federation on the Asia-Pacific Economic Cooperation Business Advisory Council. In 2007, he was appointed chairman of the Russian section of the Council. He sits on the board of trustees of many institutions including the Bolshoi Theatre and the School of Economics at Moscow State University, Lomonosov and is co-founder of the National Science Support Foundation and the National Medicine Fund. His charity foundation, Volnoe Delo, supports a wide range of projects including initiatives to help children, improve medical care and increase educational opportunities throughout Russia.

Mr. Deripaska received the Order of Friendship in 1999, a state award from the Russian Federation. He was named businessman of the year in 1999, 2006 and 2007 by Vedomosti, a leading Russian business daily published in partnership with The Wall Street Journal and The Financial Times.

Save as disclosed in this Annual Report, Mr. Deripaska was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Vladislav Soloviev, aged 42
Chief Executive Officer, Executive Director

Vladislav Soloviev was appointed as a non-executive Director on 18 October 2007 and First Deputy Chief Executive Officer and executive Director on 9 April 2010. Mr. Soloviev was appointed as the Chief Executive Officer of the Company and ceased to be the First Deputy Chief Executive Officer of the Company with effect from 17 November 2014. As the Chief Executive Officer of the Company, Mr. Soloviev is responsible for the management of the production and supply-chain across all divisions; financial management and corporate finance; sales and marketing; supervising the legal, human resources and public relations functions and implementation of production system in the members of the Group.

From 2008 until April 2010, Mr. Soloviev was chief executive officer of En+ Management LLC. From 2007 to 2008, Mr. Soloviev was the head of the Company's Finance Directorate following the Company's formation. Before that, he was the director of the Company's accounting department. Prior to joining the Company, Mr. Soloviev was Deputy Director of the department of tax policy and worked as adviser to the Minister for taxes of the Russian Federation, where he was responsible for implementing amendments to tax laws. From 1994 to 1998, he held various top positions in UNICON/MC Consulting and was in charge of auditing oil and gas companies. From 1 January 2008 until January 2015, Mr. Soloviev was a director of En+. Mr. Soloviev serves on the board of directors of Norilsk Nickel. Mr. Soloviev was appointed as the chief executive officer and the chairman of the Executive Committee of RUSAL Global on 15 December 2014.

Mr. Soloviev was born in 1973. In 1995, he graduated from the Higher School of the State Academy of Management with Honours, and in 1996, he graduated from the Stankin Moscow Technical University. In 2004, Mr. Soloviev graduated from the Finance Academy under the Government of the Russian Federation and was awarded an MBA degree by Antwerp University in Belgium.

Save as disclosed in this Annual Report, Mr. Soloviev was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Stalbek Mishakov, aged 45
Executive Director

Stalbek Mishakov was appointed to the Board as an executive Director with effect from 16 August 2013. Mr. Mishakov has been an adviser to the CEO Office employed by RUSAL Global, a subsidiary of the Company, since October 2010. Since June 2012, Mr. Mishakov has been a member of the board of directors of PJSC MMC Norilsk Nickel and the Deputy CEO of EN+ Management LLC, a subsidiary of EN+, since July 2013.

Mr. Mishakov graduated from the Moscow State Institute for International Relations (international lawyer) in 1993 and obtained a Master of Arts degree in the University of Notre Dame in 1996 and a PhD in Economics in the Russian Foreign Ministry Diplomatic Academy in 2002.

Save as disclosed in this Annual Report, Mr. Mishakov was independent from and not related to any other Directors, members of senior management, substantial shareholder or controlling shareholder of the Company as at the end of the financial year.

Non-Executive Directors

Maxim Sokov, aged 37
Non-executive Director

Maxim Sokov has been re-designated as a non-executive Director with effect from 20 August 2014. Previously, Mr. Sokov was appointed to the Board as an executive Director with effect from 16 March 2012. From 1 May 2014, Mr. Sokov ceased to be an employee of the Company and any of its subsidiaries but remained an executive Director of the Company. Prior to 1 May 2014, Mr. Sokov was employed by RUSAL Global Management B.V. as an advisor on the management of strategic investments from 1 July 2013. Mr. Sokov was the director for corporate strategy of the Company from 2010 till 2012, during which period he focused on new opportunities for the Company to develop and diversify its businesses, and strengthen the Company's competitive advantages to increase its market value. He ceased to be the director for management of strategic investments of the Company and the general director of Limited Liability Company "United Company RUSAL Investment Management" with effect from 1 July 2013. He became the First Deputy CEO of En+ Group Limited on 5 July 2013 and was appointed as the CEO of En+ Group Limited on 28 April 2014. Mr. Sokov is also a member of the board of directors of each of PJSC MMC Norilsk Nickel, EuroSibEnergo Plc (a subsidiary of En+ Group Limited) and En+ Group Limited.

From 2009 to 2011, Mr. Sokov also served on the board of directors of OJSC OGK-3. Mr. Sokov joined the Group in 2007 and prior to 2010 he held various leading managerial positions in strategy and corporate development at the Moscow Branch of RUSAL Global Management B.V. and the legal department of LLC RUSAL-Management Company, where he was responsible for mergers and acquisitions. Prior to joining the Group, Mr. Sokov worked at the Moscow office of Herbert Smith CIS Legal Services.

Mr. Sokov was born in 1979 and graduated with honors from the Russian State Tax Academy under the Russian Ministry of Taxes, in 2000, majoring in law. Mr. Sokov also graduated from New York University School of Law with a master's degree in 2002.

Save as disclosed in this Annual Report, Mr. Sokov was independent from and not related to any other Directors, members of senior management, substantial shareholder or controlling shareholder of the Company as at the end of the financial year.

Maksim Goldman, aged 44
Non-executive Director

Maksim Goldman was appointed to the Board with effect from 16 March 2012. He is currently a director of strategic projects of LLC "Renova Management" which he joined in July 2007 as a deputy chief legal officer and was promoted to his current position in April 2008. Mr. Goldman became a member of the board of directors of Bank of Cyprus Public Company Limited and also became a member of the audit committee and the remuneration and human resources committee of Bank of Cyprus Public Company Limited with effect from 20 November 2014. He has been a member of the board of directors, member of the strategy committee and the remuneration committee of OJSC "Volga" since September 2011, a member of the board of directors of FC "Ural" since July 2011 and a member of the board of directors and the remuneration committee of Independence Group since December 2007. Between June 2009 and June 2010, he was a member of the board of directors and the corporate governance, nominations and remuneration committee of PJSC "MMC Norilsk Nickel" and from December 2006 and June 2009, he was a member of the board of directors and the chairman of the remuneration and personnel committee of OJSC "Kirovsky Plant". He was a director of the financing and securities department of RUSAL Global Management B.V. between April and May 2007 and prior to that, between July 2005 and April 2007, he was the vice president and international legal counsel of OJSC "Sual Holding", which is currently a part of the UC RUSAL Group. Mr. Goldman worked as an associate in the corporate department of Chadbourne & Parke LLP between October 1999 and July 2005. Mr. Goldman was born in 1971. He graduated from the UCLA School of Law in 1999 and received a bachelor of history degree (magna cum laude) from the University of California, Los Angeles, in 1996.

Save as disclosed in this Annual Report, Mr. Goldman was independent from and not related to any other Directors, members of senior management, substantial shareholder or controlling shareholder of the Company as at the end of the financial year.

Dmitry Afanasiev, aged 46
Non-executive Director

Dmitry Afanasiev was appointed as a member of the Board on 26 March 2007. He is the chairman of Egorov, Puginsky, Afanasiev & Partners, a Russian law firm that provides legal services to the Company. Prior to co-founding the firm in 1993, he worked at Schnader Harrison Segal & Lewis LLP and Wolf Block Schorr and Solis-Cohen LLP. He specialises in corporate transactions, dispute resolution and public policy. He has represented the interests of the Russian Federation and leading multinational and Russian corporations. He was a board member of MMC Norilsk Nickel in 2009 and of CTC Media Inc. between 2011 and 2012.

Mr. Afanasiev was born in 1969. He studied law at Leningrad State University, the University of Pennsylvania and the St. Petersburg Institute of Law. He was awarded a medal by the Federal Chamber of Advocates of the Russian Federation for professional excellence and received a commendation from the President of Russia for achievements in defending human rights. He is a member of the Russian Council for International Affairs, expert council under the Presidential Commissioner for Entrepreneurs' Rights, the general council of Business Russia, a national non-profit association, and a founding member of the Russian-American Business Council.

Save as disclosed in this Annual Report, Mr. Afanasiev was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Len Blavatnik, aged 58
Non-executive Director

Len Blavatnik was appointed as a member of the Board on 26 March 2007. Mr. Blavatnik was a director and a vice president of SUAL Partners from October 2006 until September 2012 and was a director of SUAL from October 2001 to September 2006. Mr. Blavatnik is the founder and Chairman of Access Industries, a privately-held industrial group with holdings in natural resources and chemicals, media and telecommunications, and real estate. Incorporated in 1986, Access Industries is currently an international industrial concern with strategic investments in the U.S., Europe, Russia and South America. He received his Master's degree in Computer Science from Columbia University in 1981 and his MBA from Harvard Business School in 1989.

Mr. Blavatnik serves on the board of numerous companies in the Access Industries portfolio, including Warner Music Group Corp. (one of the world's leading music companies), and maintains a significant stake in LyondellBasell Industries (the world's third largest independent chemical company). Mr. Blavatnik remains engaged in educational pursuits and, in addition to corporate directorships, sits on the boards at the Blavatnik School of Government at Oxford University, Cambridge University, Harvard University and Tel Aviv University. He is also a member of the Board of Governors of the New York Academy of Sciences and a Trustee of the State Hermitage Museum in St. Petersburg, Russia.

Save as disclosed in this Annual Report, Mr. Blavatnik was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Ivan Glasenberg, aged 59
Non-executive Director

Ivan Glasenberg was appointed as a member of the Board on 26 March 2007. He is a member of the board of directors of Glencore. Mr. Glasenberg joined Glencore in April 1984 and has been the Chief Executive Officer since January 2002. Mr Glasenberg initially spent three years working in the coal/coke commodity department in South Africa as a marketer, before spending two years in Australia as head of the Asian coal/coke commodity division.

Between 1988 and 1989, he was based in Hong Kong as manager and head of Glencore's Hong Kong and Beijing offices, as well as head of coal marketing in Asia, where his responsibilities included overseeing the Asian coal marketing business of Glencore and managing the administrative functions of the Hong Kong and Beijing offices.

In January 1990, he was made responsible for the worldwide coal business of Glencore for both marketing and industrial assets, and remained in this role until he became Chief Executive Officer in January 2002. Mr. Glasenberg is a Chartered Accountant of South Africa and holds a Bachelor of Accountancy from the University of Witwatersrand. Mr. Glasenberg also holds an M.B.A from the University of Southern California. Before joining Glencore, Mr. Glasenberg worked for five years at Levitt Kirson Chartered Accountants in South Africa.

Save as disclosed in this Annual Report, Mr. Glasenberg was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Gulzhan Moldazhanova, aged 49
Non-executive Director

Gulzhan Moldazhanova was appointed as a member of the Board on 15 June 2012. Ms. Moldazhanova has been the chief executive officer of "Company Bazovy Element" LLC since July 2012. She is a member of the board of Basic Element, a company which is ultimately beneficially owned by Mr. Oleg Deripaska. She has also been a member of the board of En+ since June 2012. Between 2009 and 2011, Ms. Moldazhanova was the chief executive officer of ESN Corporation. Between 2004 and 2009, Ms. Moldazhanova was managing director, deputy chief executive officer and then chief executive officer of "Company Bazovy Element" LLC. Prior to that, Ms. Moldazhanova worked as the deputy general director for strategy at RUSAL Management Company between 2002 and 2004 and deputy general director for sales and marketing at Open joint-stock company «Russian Aluminium Management» from 2000 and until 2002. Between 1995 and 1999, Ms. Moldazhanova held various positions in Siberian Aluminium including accountant, financial manager and commercial director. Ms. Moldazhanova graduated from the Kazakh State University with an honors degree in physics in 1989, received a doctorate in 1994 from Moscow State University and subsequently graduated from the Russian State Finance Academy. She also holds an EMBA from the Academy of National Economy and the University of Antwerp (Belgium).

Save as disclosed in this Annual Report, Ms. Moldazhanova was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Daniel Lesin Wolfe, aged 50
Non-executive Director

Daniel Lesin Wolfe was appointed as a member of the Board on 20 June 2014. Mr. Wolfe has since 2010 served on the management board and the board of directors of JSC "Quadra — Power Generation", Onexim Group Limited's public utility company. From June 2014 to August 2015, Mr. Wolfe was an executive director of Onexim Group Limited and continued as the deputy chief executive officer of this company since 1 August 2015.

Mr. Wolfe began his professional career in Russia in 1992. Initially working at Clifford Chance, Mr. Wolfe began working in finance sector in 1994, including four years as COO of Troika Dialog Investment Bank, where he was also a member of the board of directors. He also led the team which created Troika's private banking unit and was acting president of Troika Dialog Asset Management. From 2004 to 2008, Mr. Wolfe was the senior managing director at Alfa Capital Partners, a private equity fund manager which raised over USD600 million for investment in Russia and the former Soviet Union.

Mr. Wolfe graduated cum laude from Dartmouth College, receiving a Bachelor of Arts in 1987 with a double major in Government and Russian Language and Literature. In 1991, he received a Juris Doctor from the Columbia University. He has been a member of the New York Bar since 1992.

Save as disclosed in this Annual Report, Mr. Wolfe was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Ekaterina Nikitina, aged 42
Non-executive Director

Ekaterina Nikitina was appointed as a member of the Board with effect from 14 June 2013. Ms. Nikitina has been the Human Resources Director of En+ Management LLC, a wholly owned subsidiary of En+, since March 2013. Prior to joining En+ Management LLC, Ekaterina Nikitina served as the Human Resources Director of the Company since April 2011. From 2009 to 2011, she was the Human Resources Director of Basic Element Company LLC, being a diversified investment company, which is controlled by Mr. Oleg Deripaska (an executive Director and the Chief Executive Officer of the Company) as to more than 50% of the issued share capital. From 2006 to 2008, she was the Deputy Human Resources Director of Basic Element Company LLC. Ms. Nikitina has also been a director of EuroSibEnergo Plc. and SMR (both being subsidiaries of En+) from 15 March 2013 and 19 March 2013 respectively.

Ms. Nikitina graduated from the Frunze Simferopol State University (Romano-Germanic Philology) in 1996 and also took a course at the Management Consulting School at the Academy of National Economy under the Government of the Russian Federation in 1999.

Save as disclosed in this Annual Report, Ms. Nikitina was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Olga Mashkovskaya, aged 41
Non-executive Director

Olga Mashkovskaya was appointed as a member of the Board with effect from 30 September 2013. Ms. Mashkovskaya has been the Deputy Chief Executive Officer for Finance at Company "Bazovy Element" LLC since July 2012 and at Basic Element (a company of which Mr. Oleg Deripaska, an executive Director, is the ultimate beneficial owner) since July 2012. Ms. Mashkovskaya is responsible for the management and implementation of Basic Element's financial operations. Ms. Mashkovskaya is/was also a board member of the following legal entities which Mr. Oleg Deripaska has an interest in: En+ Group Ltd, LLC "Voenno-promyshlennaya kompaniya", LLC "Glavstroy-SPb", Rainco Holdings Ltd (until 4 December 2015), LLC "Glavmosstroy Corporation" (until 4 June 2015) and OAO"1 MPZ im.V.A. Kazakova" (until 16 June 2015). From 1997 to 2009, she held various positions at Basic Element, from an accountant to a director of finance for the company's energy assets. Before joining Basic Element, Ms. Mashkovskaya spent three years as the Chief Financial Officer of ESN Group. Ms. Mashkovskaya graduated from the Finance Academy under the Government of the Russian Federation with a degree in International Economic Relations. She also received an Executive MBA from Kingston University (England) and a degree in National Economy and Public Administration from the Russian Academy of National Economy and Public Administration under the President of the Russian Federation.

Save as disclosed in this Annual Report, Ms. Mashkovskaya was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Peter Nigel Kenny, aged 67
Independent non-executive Director

Dr. Peter Nigel Kenny was appointed independent non-executive Director on 26 March 2007. He is currently a partner at Sabre Capital Worldwide Inc., a private equity company specialising in emerging markets.

From 1992 to 2002, Dr. Kenny held a number of senior positions at Standard Chartered Bank Plc, including group head of Audit, regional general manager for UK & Europe, group head of Operations, Corporate and Institutional Banking and group finance director. In 1978 he joined Chase Manhattan Bank where he assumed regional responsibilities for the bank's audit activities throughout Europe, the Middle East and Africa.

Dr. Kenny started his career at PriceWaterhouse and is a Chartered Accountant. He holds a PhD in Theoretical Physics (1973) and a Bachelors of Science in Physics (1970); both degrees were awarded by the University of Surrey.

Dr. Kenny is currently an independent director of JPMorgan Emerging Markets Investment Trust plc.

Dr. Kenny was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Philip Lader, aged 70
Independent non-executive Director

Philip Lader is an independent non-executive Director of the Company appointed on 26 March 2007. From 2001 to 2015, he was the non-executive chairman of WPP plc, the worldwide advertising and communications services company. Since 2001, he has held the position of senior adviser to Morgan Stanley. A lawyer, he also serves on the boards of Marathon Oil Corporation, AES Corporation and The Atlantic Council. Formerly, in addition to senior executive positions in several U.S. companies, he was U.S. Ambassador to the United Kingdom and served in senior positions in the U.S. government, including White House Deputy Chief of Staff.

Mr. Lader holds a Bachelor's degree in Political Science from Duke University (1966) and a Master's degree in History from the University of Michigan (1967). He completed graduate studies in law at Oxford University in 1968 and obtained a Juris Doctor degree from Harvard Law School in 1972.

Mr. Lader was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Elsie Leung Oi-sie, aged 76
Independent non-executive Director

Dr. Elsie Leung was appointed as a member of the Board on 30 November 2009. From 1997 to 2005 Dr. Leung was the Secretary for Justice of the Hong Kong Special Administrative Region, as well as a member of the Executive Council of Hong Kong. Dr. Leung was admitted as a solicitor of the Supreme Court of Hong Kong in 1968. She was a partner of P. H Sin & Co., a Hong Kong law firm, which amalgamated with the law firm Iu, Lai & Li Solicitors & Notaries in 1993. Dr. Leung was a senior partner with Iu, Lai & Li Solicitors & Notaries from 1993 to 1997. In 2006, she resumed practice at Iu, Lai & Li Solicitors & Notaries. Dr. Leung has served on several government boards and committees, including the Independent Police Complaints Council, Equal Opportunities Commission, Social Welfare Advisory Committee and Inland Revenue Board of Review. Dr. Leung was appointed as a Delegate of the People's Congress of Guangdong Province in 1989. In 1993, she was appointed as a Delegate of the 8th National People's Congress as well as a Hong Kong Affairs Adviser. Since 2006 she has been the deputy director of the Hong Kong Basic Law Committee of the Standing Committee of the National People's Congress of the People's Republic of China. Dr. Leung was born in 1939.Dr. Leung is a qualified Solicitor in England and Wales and obtained a Master of Law degree from the University of Hong Kong in 1988. Dr. Leung was appointed as an independent non-executive director of China Resources Power Holdings Company Limited, a company listed on the Hong Kong Stock Exchange, with effect from 22 April 2010. Dr. Leung became an independent non-executive director of Beijing Tong Ren Tang Chinese Medicine Company Limited, a company listed on the Hong Kong Stock Exchange, with effect from 7 May 2013.

Dr. Leung was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Matthias Warnig, aged 60
Chairman, Independent non-executive Director

Matthias Warnig was appointed as a member of the Board with effect from 15 June 2012 and was appointed as the Chairman of the Board with effect from 1 October 2012. Mr. Warnig, since 2006, has been the Managing Director of Nord Stream AG (Switzerland). Since 2003 he has been a member of the Board of Directors of JSC "Bank "Rossija". Since 2014, Mr. Warnig has been a member of the Supervisory Board of VNG – Verbundnetz Gas Aktiengesellschaft (Germany). Mr. Warnig has been an independent member of the Supervisory Council of JSC VTB Bank since 2007. Since 2011, he has been President of the Board of Directors of GAZPROM Schweiz AG (Switzerland). He has also been the Chairman of the Board of Directors of JSC Transneft since June 2011 until 2015 but still remains as a director of this company. Since September 2011, Mr. Warnig has been an independent director of OJSC Rosneft and he has been the Vice-chairman of the Board of Directors of OJSC Rosneft since July 2014. Since November 2013, he has also been the President of the Board of Directors of Gas Project Development Central Asia AG (Switzerland). From 1997 to 2005 he was the Member of the Executive Board of Dresdner Bank. From early 1990s to 2006, he held other different positions at Dresdner Bank, including president, chairman of the board and chief coordinator. In 1981, Mr. Warnig graduated from the Higher School of Economics (Berlin) majoring in national economy.

Mr. Warnig was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Mark Garber, aged 58
Independent non-executive Director

Mark Garber was appointed as a member of the Board with effect from 14 June 2013. Mr. Garber has been the Senior Partner and the Chairman of the Board of Garber Hannam & Partners Group and the Board member of GHP Asset Management Limited Liability Company since 2009. GHP Group is a financial group focusing on wealth management, real estate investment, direct investments, merger and acquisitions and financial advisory. From 2000 to 2012, Mr. Garber was the Senior Partner and a Board Member of Fleming Family & Partners. From 1998 to 2000, he was the Chairman of the Board of Directors of Fleming UCB. He was the co-founder of UCB Financial Group and of Sintez Cooperative and was the Chairman of the Board of Directors of UCB Financial Group from 1995 to 1998 and the Partner of Sintez Cooperative from 1987 to 1995.

Mr. Garber graduated from the 2nd Moscow State Medical Institute named after N.I.Pirogov in 1981 and obtained a PhD in Medical Sciences in Moscow Research Institute of Psychiatry in 1985.

Mr. Garber was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Dmitry Vasiliev, aged 53
Independent non-executive Director

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

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

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

Mr. Vasiliev was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

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

Board committees Directors	Audit Committee	Corporate Governance & Nomination Committee	Remuneration Committee	Health, Safety and Environmental Committee*	Standing Committee	Marketing Committee*	Norilsk Nickel Investment Supervisory Committee
Maksim Goldman			X		X		X
Dmitry Afanasiev							X
Len Blavatnik							
Ivan Glasenberg		X			X		X
Daniel Lesin Wolfe	X				X		X
Matthias Warnig					C		C
Peter Nigel Kenny	C	X	X	X			
Philip Lader	X	C	X	X			
Elsie Leung Oi-sie	X		C				
Oleg Deripaska							X
Dmitry Vasiliev	X	X					
Gulzhan Moldazhanova						C	
Maxim Sokov							X
Vladislav Soloviev				X			X
Mark Garber		X	X	C			X
Olga Mashkovskaya	X						
Ekaterina Nikitina		X	X				
Stalbek Mishakov					X		

Notes:-
C – Chairman
X – member
* – These committees also consist of other non-Board members.

Senior Management

Alexandra Bouriko, aged 38
Chief Financial Officer

Alexandra Bouriko has been RUSAL's CFO since October 2013. She is responsible for the financial planning, auditing and preparation of financial reports and the execution of the company's investment programs.

From June to October 2013, Ms. Bouriko served on the board of UC RUSAL.

From November 2012 to October 2013, Ms. Bouriko had been the Deputy CEO of En+. She was responsible for En+ Group operational management, enhancement of business effectiveness and improvement of the Group's financial performance.

Prior to joining En+ Group, Ms. Bouriko spent 16 years with KPMG in Russia and Canada; since 2005 she held the position of partner at KPMG.

At KPMG, Ms. Bouriko worked with major Russian and international companies with focus on metals, mining, oil and gas industries. Ms. Bouriko played key roles in audits of IFRS, US GAAP and Russian GAAP financial statements of major Russian groups. Ms. Bouriko was in charge of IPO planning and preparation of major Russian metals and mining companies on London Stock Exchange and Hong Kong Stock Exchange.

Ms. Bouriko graduated from the economics faculty of Lomonosov Moscow State University.
She is a member of the Canadian Institute of Chartered Accountants and the American Institute of Certified Public Accountants.

Save as disclosed in this Annual Report, Ms. Bouriko was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Alexey Arnautov, aged 41
Deputy CEO, Director for new projects

Alexey Arnautov was appointed as the Head of New projects Directorate in February 2014.

Mr. Arnautov was appointed Director of the Aluminium Division West in July 2010. The Aluminium Division West, which encompasses the Volgograd, Volkhov, Kandalaksha and Nadavoitsy aluminium smelters, Zaporozhye Aluminium Complex (Ukraine) and KUBAL (Sweden), as well as the aluminium production facilities of the Urals and Bogoslovsk aluminium smelters, concentrates its efforts on the production of value-added products. The western smelters, situated near European customers, focus on supplying end consumers and working together with clients to create new value-added products. This task requires the implementation of modernisation projects and advanced training of the staff.

Mr. Arnautov assumed the role of acting director of the Aluminium Division of the Moscow Branch of RUSAL Global in March 2009. He was responsible for raising efficiency as well as achieving steadily high-performance results from the division's assets. He was also in charge of developing a new production management system, which aimed to match the world's best practices.
Prior to this appointment, Mr. Arnautov was financial director of the Aluminium Division from April 2006. From November 2004 until April 2006, he was the director of the financial department of the ECD. From 1998 to 2000, he held several positions in the financial services in Sibneft Oil Company. He began his professional career in Noyabrskneftegaz in the Far North of Russia in 1996.

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

Mr. Arnautov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Evgeny Nikitin, aged 50
Head of Aluminium Division

Evgeny Nikitin was appointed RUSAL's Head of Aluminium Division in January 2014.

Mr. Nikitin was appointed RUSAL's Head of Aluminium Division East in October 2013. He oversees the development of the company's core smelting capacities, based in Siberia, and is responsible for increasing management and production efficiency at the ADE smelters, meeting consumers' demands, including through expanding the range and quality of products and improving the plant's environmental performance.

In 2010, Mr. Nikitin was appointed Managing Director of KrAZ, one of the world's largest aluminium production facilities. From 2007 to 2010, he was a managing director of the Sayanogorsk Aluminium Smelter (SAZ) after beginning his career with RUSAL as a pot operator back in 1993.

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

Mr. Nikitin was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Roman Andryushin, aged 41
Head of Russia and CIS Sales

Roman Andryushin was appointed Head of Russia and CIS Sales Directorate on 1 February 2014.

Mr. Andryushin is responsible for marketing and sales of a wide range of Company' products in Russia and CIS, as well as for incentivising domestic industries to grow their aluminum consumption and search for new sales markets, including development of new products by UC RUSAL.

Since 2007, Mr. Andryushin worked in capacity of the Chief Operating Officer with RUSAL Marketing GmbH, RUSAL's Swiss office responsible for international sales of the Company's metal. He was involved in creation of an efficient sales organisation, relations with key customers, optimisation of supply chain, increase of value-added products sales and immediately responsible for operational management of RUSAL's export sales.

In 2003 - 2007 Mr. Andryushin worked as CFO of CJSC 'Komi Aluminium' (which at the time was a joint venture of RUSAL and UAL for bauxite mining and alumina production), CFO of the Rolling Division of RUSAL and CFO of Alcoa Russia.

In 1996 - 2002 Mr. Andryushin held a few key positions at the Belaya Kalitva metallurgical complex.

Mr. Andryushin graduated with honors from the Novocherkassk State technical University, Economics and Management Department. Later he obtained an EMBA degree from Lorange Institute of Business, Switzerland and an MBA from University of

Wales, Great Britain. He also holds a Ph.D. in economics.

Mr. Andryushin was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Sergey Belsky, aged 48
Director for Maritime Shipments

Sergey Belsky was appointed Director for Maritime Shipments in January 2016. He is leading the Marine Freight transportation of finished products and port transshipment of finished products and raw materials within RUSAL.

Sergey Belsky was appointed Chief Operating Officer for Sales in February 2014. He is responsible for developing an effective commercial corporate structure, optimizing logistics, trade financing, price risk management and contract administrative management in regional markets. Mr. Belsky has been Chief Operating Officer for Sales till January 2016.

Mr. Belsky was appointed Head of the Directorate for Russia and CIS Sales in June 2010. His responsibilities include increasing the share of the Company's domestic aluminium sales, which is viewed as a strategic priority of UC RUSAL, as well as to build cooperation with customers in order to develop new applications for aluminium and to encourage joint programmes with equipment manufacturers to devise high-technology products containing aluminium. Mr. Belsky has been Head of the Directorate for Russia and CIS Sales till February 2014.

Previously, since November 2008, Mr. Belsky was appointed director of the Marketing and Sales Directorate of the Company. Since the founding of Russian Aluminium in 2000, Mr. Belsky has worked as the head of the Sales Departments of Russia and the CIS, including as the sales director of the Company's Moscow office from 2007 to 2008. Between 1999 and 2000, he was the head of the export sales department in Sibirsky Aluminium. Mr. Belsky started his career as a trader in Raznoimport before working his way up to head a division at Trans World Group in 1996.

Mr. Belsky was born in Moscow in 1967. In 1991, Mr. Belsky graduated from the Moscow Institute of Steel and Alloys where he majored in metal engineering. A year later, he graduated from the Moscow Institute of International Business of the Ministry of Economic Relations and Trade. In 2003, he received a degree from the London Business School.

Mr. Belsky was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Dmitry Bondarenko, aged 37
Director, Production Development

Dmitry Bondarenko has been RUSAL's Director for Production Development since 2010. He oversees the development and introduction of RUSAL production system. He is also responsible for organisation of production and logistics as well as for the quality management system.

Between 2009 and 2010, Mr. Bondarenko was the Head of Production Department of RUSAL's Aluminium division. From 2001 through 2009, Mr Bondarenko was the lead expert at GAZ Group Managing Company LLC, where he was in charge of introducing the Toyota Production System.

Mr. Bondarenko graduated with honours from the Nizhny Novgorod State Technical University, majoring in Design of Technical and Technological Complexes.

Mr. Bondarenko was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Sergey Chestnoy, aged 53
Director, International and Special Projects

Sergey Chestnoy was appointed Director for International and Special Projects in January 2013. He is responsible for the Company's relations with regions and countries of strategic importance, providing public support for overseas initiatives. He coordinates RUSAL's action with executive bodies of Russian Federation regarding the international relations, with foreign governmental bodies.

From 2001 to 2012, Mr. Chestnoy was the Director of UC RUSAL International Department.

Between 2000 and 2001, he was the Advisor to the Chairman of the Board of Directors of OJSC BANK Rossiysky Credit.

From 1984 through 2000, Sergey Chestnoy served as a diplomat of the Soviet, and then Russian Ministry of Foreign Affairs, specialising in multilateral economic diplomacy, assistance to developing countries, including the debt problems, trade, economic and scientific cooperation with the United States, as well as Russia's role in the G8.

Mr. Chestnoy was Deputy Director of the Department of Economic Cooperation of the Russian Ministry of Foreign Affairs, Senior Advisor, head of the Economics Department at the Russian Embassy in the United States, Deputy Director of the North America Department at the Russian Ministry of Foreign Affairs, Russian Ministry of Foreign Affairs adviser to the Russian President's Envoy (Sherpa) at G8. In various periods he was a member of Russian and Soviet official delegations at negotiations with the IMF, the World Bank, the Paris Club, GATT/WTO, at the G7+1 and G8 summits. As a member of the Soviet delegation, he took part in the establishment of the European Bank of Reconstruction and Development and as a member of the Russian delegation he also took part in the establishment of the Black Sea Trade and Development Bank. Mr. Chestnoy's diplomatic rank is Counsellor, Grade 1.

In 1984, he graduated magna cum laude from the Moscow State University of International Relations of the USSR Ministry of Foreign Affairs (Faculty of International Economic Relations). In 1988 he completed his post-graduate studies at the same university. He also holds a PhD in Economics.

Mr. Chestnoy was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Valery Freis, aged 61
Director, Security

Valery Freis has been the head of the UC RUSAL Directorate of Security since February 2008. He is responsible for the creation and effective management of the security system and the development of a policy and strategy in the field of resource protection from causing harm to the Company's economic interests, business standing, business processes, and personnel.

Before joining the Company, Mr. Freis was a deputy general director for economic security at JSC Irkutskenergo and chairman of the board of directors of several companies. In the period between 1996 and 2002, he was deputy general director for security at Ust-Ulimsk Timber Processing Complex JSC. From 1989 to 1996, Mr. Freis held the post of general director of Lestorgurs.

Earlier he served in the Combating the Theft of Socialist Property Agency of the Ministry of the Interior of the Russian Federation. Valery Freis was born in 1954. In 1979, Mr. Freis graduated from the Kuybyshev Planning Institute. He underwent training at the Academy of National Economy of the Russian Federation Government.

Mr. Freis was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Victor Mann, aged 57
Technical Director

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

In 2002 - 2005, Mr. Mann was Head of RUSAL's Engineering and Technology Centre.

In 1998 - 2002 he was Deputy Technical Director of the Krasnoyarsk smelter.

In 1991 - 1998, Mr. Mann was promoted from Design Engineer to Head of Automation with the Krasnoyarsk smelter.

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

Mr. Mann was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Steve Hodgson, aged 49
Director, Sales and Marketing

Steve Hodgson was appointed Director for International Sales in June 2010, and Director for Sales and Marketing in September 2012. He is responsible for developing RUSAL's positions in the key aluminium markets, building and strengthening the Company's global customer relations.

Before taking up his current role, from 2007 until 2010 Mr. Hodgson was CEO and President of the Bauxite and Alumina Division of Rio Tinto Alcan. During this period he also held the post of President of the Australian Aluminium Council. Prior to this, he was the Managing Director of Rio Tinto's Diamond Division.

From 2004 to 2006, he was Managing Director of RUSAL's Alumina Division following a successful two years with RUSAL as its Head of Sales, based in Moscow.

From 1997 to 2002, Mr Hodgson was head of the International Sales and Marketing arm of Comalco (later renamed Rio Tinto Aluminium). Mr. Hodgson started his career with Comalco in New Zealand as a process engineer and rose to become the manager of the Metal Products Division and, later, the head of the Metal Products Division of Anglesey Aluminium Metal Ltd. in North Wales.

Mr. Hodgson holds an honours degree from the School of Engineering, Auckland University, New Zealand.

Mr. Hodgson was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Egor Ivanov, aged 39
Director, Control, Internal Audit and Business Coordination

Egor Ivanov has been UC RUSAL's Director for Control, Internal Audit and Business Coordination since 2012. He is responsible for the internal control system and raising the efficiency of business processes within the Company. He ensures the independent analysis of critical issues of the Company's operations for reporting to CEO and top management. He is also responsible for compliance with the requirements of the regulators and international lenders.

Mr. Ivanov joined CJSC "Armenal" in 2000 as a financial director. From 2000 to 2007 he held different financial positions at "RUSAL Managing Company" LLC and Trading House "Russian Aluminum Rolling". Since October 2010 he has headed a department in the Control, Internal Audit and Business Coordination Directorate. Between 2005 and 2010, he was Head of the Budget and Planning Department at Moscow Branch of RUSAL Global. Until 2001, he worked in ITERA International Group of Companies, one of the largest independent producers and traders of natural gas operating in the CIS and the Baltic states.

Mr. Ivanov was born in 1977 and graduated from the Finance Academy under the Government of the Russian Federation majoring in accounting and audit.

Mr. Ivanov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Yakov Itskov, aged 49
Head of Alumina Division

Yakov Itskov was appointed RUSAL's Alumina Division director in September 2014.

Mr. Itskov was appointed RUSAL's Director of Procurement and Logistics in January 2013.

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

Mr. Itskov became the first Vice President of RussNeft in 2009 and held that position until 2010. From 2008 to 2009, he was General Director of BazelDorStroy LLC and between 2007 and 2008 he was the General Director of Project and Construction Company Transstroy LLC. He was also the Managing Director of Basic Element LLC from 2006 until 2007 and, prior to this, he was the General Director of Soyuzmetallresurs CJSC from 2001 to 2006.

From 2000 to 2001, Mr. Itskov was the Deputy Commercial Director of JSC Russian Aluminium.

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

Mr. Itskov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Petr Maximov, aged 43
General Counsel

Petr Maximov has headed the Legal Directorate since July 2012. Before he joined the Group, Mr. Maximov was the Deputy CEO for Legal and Corporate Matters in Novorossiysk Sea Trade Port. From 2005 to 2009, he was a Corporate Assets Director in charge of a Legal Department in EastOne (Interpipe) Investment Group. Mr. Maximov was a member of the Board of Directors of TNK-BP Ukraine and EastOne Group UK.

From 2004 to 2005, he headed the Legal Department of COACLO AG Investment Company and was a member of the Board of Directors of OAO Mikhailovsky GOK. From 1995 to 2004, Mr. Maximov worked in a number of global leading law firms, namely: Milbank, Tweed, Hadley & McCloy; Coudert Brothers; Debevoise & Plimpton; and Squire, Sanders & Dempsey.

In 2001, Mr. Maximov graduated with an LLM degree from Columbia University School of Law, New York, USA. In 1999, he graduated from the Moscow State University with a Diploma in Law (magna cum laude). In 1994, he graduated from the Moscow Technical College with a Diploma in engineering (magna cum laude).

Mr. Maximov is an expert in M&A deals, international investments and corporate governance. He managed purchases and disposals of some of the largest assets in Russia and abroad. His corporate law studies have been published by a number of international legal newsletters and magazines.

Mr. Maximov was independent from and not related to the Directors, any other member of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Oleg Mukhamedshin, aged 42
Director for Strategy, Business Development and Financial Markets

Oleg Mukhamedshin was appointed Deputy CEO, Director for Strategy, Business Development and Financial Markets in 2012. Prior to his current position, Mr. Mukhamedshin worked as the Head of Equity and Corporate Development, Director for Financial Markets, and Director for Capital Markets from 2007 to 2011.

Mr. Mukhamedshin is responsible for developing and implementing the Company's strategy covering M&A and growth projects, debt and equity capital markets, as well as maintaining investor relations.

In 2009-2011, he led the restructuring of UC RUSAL's USD16.6 billion debt in and its USD2.2 billion IPO on the Hong Kong Stock Exchange and Euronext Paris in 2010. Under his leadership, UC RUSAL was the first company to launch a Russian Depository Receipts programme.

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

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

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

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

Mr. Mukhamedshin was born in 1973.

Mr. Mukhamedshin graduated from Moscow State University, Economics Department, with Honours.

Mr. Mukhamedshin was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Alexey Barantsev, aged 56
Head of Engineering and Construction Business

Alexey Barantsev has been in charge of RUSAL's Engineering and Construction Business since the end of May 2012. He is responsible for repair and maintenance activities across the Company's plants, management of construction, modernisation and new technology implementation projects.

From 2008 to 2011 Mr. Baratsev held positions of General Manager with Glavstroy-Management CJSC and TRANSSTROY Engineering & Construction Company Ltd.

In 2008, he was First Deputy CEO in Production with Russian Machines OJSC.

In July 2007, Mr. Baratsev was Head of Operational Development and First Deputy Chairman of the Management Board GAZ Management Company LLC.

In January 2007, he was appointed Head of Auto-components Division and Production and Restructuring Director with GAZ Group, First Deputy Chairman of the Management Board GAZ Group Management Company LLC.

In mid-2006, he was transferred to the position of First Deputy Chairman of the Management Board - Head of the Nizhny Novgorod unit of RusPromAvto Management Company LLC, which was subsequently renamed to GAZ Management company LLC.

In 2005, Mr. Barantsev graduated from the Russian Presidential Academy of National Economy and Public Administration and was awarded an MBA degree.

Starting since October 2005, he worked as Deputy CEO/Executive Director with RusPromAvto Management Company LLC.

In July 2002, he was appointed Deputy CEO GAZ OJSC, and a month later became CEO of the plant.

In February 2002, he was appointed Deputy CEO for new construction projects with Russian Aluminium Management OJSC.

In July 2000, he was appointed Managing Director of the Bratsk aluminium smelter.

In August 1998, he was appointed Executive Director of the Krasnoyarsk aluminium smelter. One month later he became General Manager of the smelter.

In February 1992, Mr. Baratsev started his career at the Bratsk aluminium smelter as Deputy Head of Procurement Unit. Later he became Deputy Head of Procurement for Operations, Bratsk smelter. In 1994 he was transferred to the position of Head of Reduction Shop No. 2. In February 1996 he was appointed Technical Director of the smelter.

In 1985, Mr. Barantsev graduated from the Irkutsk technical university.

Mr. Barantsev was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Sergey Goryachev, aged 42
Head of Packaging Division

Sergey Goryachev has been managing assets of UC RUSAL's Packaging Division since 2013. In 2010 he was appointed Chief Operating Officer of the Packaging Division and in 2011 he performed duties of a Director of Packaging Division.

Prior to that, Mr. Goryachev worked as the first Deputy CEO of GROSS – Group of Alcohol-producing companies (originally ROSSPIRTPROM) and beforehand at other positions for 8 years.

Mr. Goryachev holds a degree in Geology from Moscow State Mining University and a financial degree from Financial University under the Russian Government. He also holds a PhD in Economics.

Mr. Goryachev was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Natalia Beketova, aged 42
Director, Human Resources

Natalia Beketova was appointed as the Director, Human Resources in September 2015.

Her responsibilities include personnel management, developing the company's talent pool in line with RUSAL's aims and objectives, and the creation of a candidate talent pool. She is also responsible for facilitating social and motivational programmes for RUSAL employees.

Mrs. Beketova joined RUSAL from Procter&Gamble, where she held many senior positions during her 20 year tenure. From 2010 she was HR Director for Eastern Europe (Russia, Kazakhstan, Ukraine, and Belarus). From 2007 she was in charge of Procter&Gamble's training and development division for the CEEMEA region and was based in the company's European HQ in Geneva.

Mrs. Beketova graduated from the Tula State Pedagogical University named after L.N.Tolstoy with honors.

Mrs. Beketova was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Vera Kurochkina, aged 45
Director of Public Relations

Ms. Kurochkina has been the director of the Public Relations Directorate of the Moscow Branch of RUSAL Global since late March 2007. She is responsible for the development and the implementation of the external and internal communications strategy of the Company and for establishing co-operational ties with industrial and non-commercial associations. Ms. Kurochkina is also responsible for key media relations projects, event management, advertisements, charity and social programmes. Since 10 January 2012, she has also been the Deputy Chief Executive Officer, Public Relations of Basic Element. Ms. Kurochkina had also been a member of the board of directors of Joint Stock Company Agency "Rospechat" since 22 June 2012 until 17 June 2013.

From 2006 to 2007, Ms. Kurochkina was the public relations director of "RUSAL Managing Company" LLC. Prior to 2006, she headed "RUSAL Managing Company" LLC's mass media relations department. From 2001 to 2003, she was the public relations and marketing director at LUXOFT, a large Russian software developer. From 2000 to 2001, Ms. Kurochkina managed a group of projects at Mikhailov & Partners, a strategic communications agency, and from 1998 to 2000 she was a marketing and communications manager at PricewaterhouseCoopers.

Ms. Kurochkina holds a Master's degree from the Peoples' Friendship University of Russia in Moscow, from which she graduated with Honours in 1993. She also holds a Master's degree from the Finance Academy of the Russian Government.

Save as disclosed in this Annual Report, Ms. Kurochkina was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Oleg Vaytman, aged 46
Director, Government Relations

Oleg Vaytman was appointed as a director for Government Relations of the Moscow Branch of RUSAL Global in February 2012. He is responsible for the Company's relationships with federal and regional authorities, the Russian Parliament, the government, and public organisations.

Prior to joining the Group, Mr. Vaytman was Director of Moscow Representative Office of JSC "KazMunayGas" from 2009 till February 2012. In 2007-2008, Mr. Vaytman was Vice-president of RBI-Holdings. Between 2003 and 2007, Mr. Vaytman worked at TNK-BP and held the positions of Vice-President (Regional and Social Policy), Vice-President (Head of the New Projects Division). In 2002-2003, he was Vice-President (Relations with public authorities) of JSC "Sidanco". From 2000 to 2002, Mr. Vaytman was Head of the regional office of the Social Insurance Fund of the Russian Khanty-Mansiysk. Between 1998 and 2000, he held the position of Deputy Director General for Economic Affairs of the territorial fund of obligatory medical insurance of the Khanty-Mansi Autonomous District.

Mr. Vaytman was born in 1969 and graduated from Magnitogorsk Mining and Metallurgical Institute majoring in economics. Moreover, Mr. Vaytman graduated from the Tax Academy of the Russian Federation Ministry and has a diploma of Thunderbird University (Phoenix, USA). He also graduated from the Academy of National Economy under the RF Government.

Mr. Vaytman was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Maxim Balashov, aged 45
Director, Natural monopolies relations

Maxim Balashov has been in charge of Natural monopolies relations since October 2012. He is responsible for developing and implementation of the Company's strategy, cost optimisation and efficiency improvement in energy supply and railway transportation.

From 2010-2012, Mr. Balashov was Head of Power Supply Unit, Industry and Infrastructure Department of the Russian Government Office.

From 2008-2010, he was Deputy and then Head of Department for the Development of the Electrical Energy Industry at the Ministry of Energy of the Russian Federation.

From 2004-2008, Mr. Balashov was Deputy Head of the Department for structural and investment policy for industry and energy at the Ministry of Industry and Energy of Russian Federation.

From 2002-2004, he was Head of the Electrical energy Unit of the Department of natural monopolies restructuring at the Ministry of Economic Development of the Russian Federation.

From 2000-2002, Mr. Balashov was a Leading Specialist, Senior Specialist and Consultant at the Unit of Power Supply and Industry in the Property Department of the Ministry of Property of the Russian Federation.

Prior to this, he was the CFO of Asia Trading House from 1994-1999 and Sales Director of Garant from 1993-1994.

He has been recognised as an Honorary worker of the Energy Industry.

Mr. Balashov graduated from the Power engineering Faculty of the Bauman's Moscow Technical University and Faculty of accounting and audit of the Central University of Professional Development.

Mr. Balashov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Pavel Ulyanov, aged 44
Director, Energy business

Pavel Ulyanov was appointed Head of the Energy Division of United Company RUSAL when it was created in March 2007. His responsibility is to create an energy base that will provide the company with energy self-sufficiency for aluminium production, to search for new energy resources and opportunities for further business development.

From December 2004, Mr. Ulyanov headed RUSAL's Directorate for Strategy and Corporate Development. Before that, he held the position of Director for the Beverage Cans Business at RUSAL. Mr. Ulyanov entered the aluminium industry in 1997, when he was appointed President of ROSTAR Holding, part of the Siberian Aluminium Group. From 1991-1996, he worked in Toribank, where he held different positions from corporate client Manager to Advisor to the President of the Bank.

Mr. Ulyanov was born in 1972. In 1994, he graduated from the State Academy of Management. He also completed the PED programme for executives at the IMD institute (Lausanne, Switzerland) in 2004-2005.

Mr. Ulyanov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Alexander Gutorov, aged 43
Director, Business Support

Alexander Gutorov was born in 1972 in the city of Novokuznetsk in the Kemerovo region of Russia. In 1994, he graduated cum laude from the Siberian State Academy of Mining and Metals majoring in non-ferrous metallurgy. In 2011, Mr. Gutorov graduated from the International Academy of Entrepreneurship in Moscow with a degree in business management. His first place of work was the Novokuznetsk aluminium smelter (NkAZ), where he was employed as a maintenance technician. In 1991-1993 Mr. Gutorov served as a potroom operator at the same smelter, and in 1994 he was promoted to the position of a potroom area supervisor. In 1997, he made an internal transfer to administrative duties to work in the foreign economic relations unit of the smelter. In 2001, Mr Gutorov was appointed the head of the sales unit, from which he continued his way up the career ladder to become the head of the commercial department. Following his stint with NkAZ, Mr. Gutorov was head of commerce first at SAZ and then at KrAZ, which was then followed by an invitation to head the commercial function within the Aluminium Division. On 24 November 2014, Mr. Gutorov was appointed the Director of Business Support for the whole Group.

Mr. Gutorov was appointed as a member of the Executive Committee with effect from 2 March 2015.

Mr. Gutorov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Wong Po Ying, Aby, aged 50
Hong Kong Company Secretary

Wong Po Ying Aby was appointed Hong Kong Company Secretary on 29 November 2009. Ms. Wong has over 10 years of experience in corporate secretarial practice working with various law firms and corporate services companies as company secretary and company secretarial manager. Ms. Wong is an associate member of the Hong Kong Institute of Company Secretaries and an associate of The Institute of Chartered Secretaries and Administrators. Ms. Wong was born in 1965. Ms. Wong holds a bachelor degree with First Class Honors in the Bachelor of Arts (Hons) in Business Administration of University of Greenwich which she received in 2011.

Ms. Wong was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Directors' Report

The Directors are pleased to present this Annual Report and the audited consolidated financial statements of the UC RUSAL Group for the year ended 31 December 2015.

1 Principal activities

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

2 Financial summary

The results of the Group for the year ended 31 December 2015 are set out in the consolidated financial statements on pages 156 to 247.

3 Business review

Please refer to the section headed "Business Overview" and "Management Discussion and Analysis" on pages 20 to 49 for further information on the review of RUSAL's business.

4 Dividends

The Directors approved an interim dividend for the financial year ended 31 December 2015 in the aggregate amount of US Dollar 250 million (US Dollar 0.01645493026 per ordinary share) to shareholders of the Company whose names appeared on the principal register of shareholders of the Company in Jersey at 4:30pm Jersey time on 29 October 2015 (being 7:30pm Moscow time on the same date) and to the shareholders registered in the Hong Kong overseas branch register of shareholders of the Company at 11:30pm Hong Kong time on 29 October 2015 (being 4:30pm Paris time on the same date). The interim dividend was paid on 6 November 2015 in cash in a currency determined based on the registered address of each registered shareholder whose name appeared on the Company's registers of shareholders as follows: Hong Kong dollars for shareholders with registered address in Hong Kong and US dollars for shareholders with registered address in all other countries at the exchange rate «Buying TT» of US Dollar 1: Hong Kong Dollar 7.7200 as published by Hong Kong Association of Banks on 12 October 2015.

5 Reserves

The Directors propose to transfer the amount of USD2,275 million from reserves within the meaning of Schedule 4 to the Hong Kong Companies Ordinance. The amount of the reserves available for distribution to shareholders as at 31 December 2015 was USD7,640 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 14 to the consolidated financial statements.

7 Share capital

Share repurchases

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of their securities during the financial year ended 31 December 2015.

Share issues

No Shares were issued/allotted by the Company during the financial year ended 31 December 2015.

8 General mandate granted to the directors in respect of the issuance of shares

There was a general mandate granted to the Directors to issue Shares in effect during the financial year.

The details of the general mandate is as follows:

Type of mandate	Term	Maximum amount	Utilisation during the financial year
Issue of Shares			
A general and unconditional mandate was given to the Company and to the Directors on behalf of the Company on 26 June 2015, the date of the 2015 annual general meeting of the Company, to allot, issue and deal with Shares (and other securities) and such mandate came into effect on that date	From the date of the passing of the resolution granting the mandate to the earliest of (i) the conclusion of the Company's next annual general meeting of shareholders, (ii) the expiration of the period within which the Company's next annual general meeting of shareholders is required to be held and (iii) the variation or revocation of the mandate by an ordinary resolution of the shareholders in a general meeting	Save in certain specified circumstances, not more than the sum of 20% of the aggregate nominal value of the share capital at the date of the resolution granting the mandate and the aggregate nominal value of share capital of the Company repurchased by the Company (if any)	NIL

9 Shareholders' agreements

(a) Shareholders' Agreement with the Company

The principal terms of this agreement are 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.

10 Management contracts

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

11 Connected transactions

The transactions and arrangements summarised below were entered into by members of the Group with its connected persons (including their respective associates) prior to and during the financial year ended 31 December 2015, and are required to be disclosed by the Company in compliance with Rules 14A.49, 14A.71 and 14A.72 of the Listing Rules and, where applicable, were disclosed by the Company in accordance with the requirements of Chapter 14A of the Listing Rules.

Continuing connected transactions disclosed in the Director's report section of the annual report differ from the related party transaction disclosures included in note 30 of the consolidation financial statements. Differences arise as the definition of continuing connected transactions does not include operations with Glencore or operations with associates of the Group, while these transactions are treated as related party transactions in the consolidated financial statements of the Group. Additionally, transactions that are considered immaterial and meet the definition of de minimis are not included in the disclosure of continuing connected transactions.

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

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

(b) on normal commercial terms or better; and

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

(d) The Company's auditors were engaged to report on the Group's continuing connected transactions for the year ended 31 December 2015 in accordance with the Hong Kong Standard on Assurance Engagements 3000 *"Assurance Engagements Other Than Audits or Reviews of Historical Financial Information"* and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that auditors have issued an unqualified letter in accordance with Rule 14A.56, containing their confirmation that nothing has come to their attention that caused them to believe that the continuing connected transactions as disclosed by the Group in the annual report (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the cap.

A Electricity and Capacity Supply Contracts

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

Long-term electricity and capacity supply contracts

The Group through its three wholly-owned subsidiaries, KrAZ, BrAZ, and OJSC 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. OJSC SUAL and BrAZ each concluded the contracts with JSC Irkutskenergo for the period from 2010 to 2018. On 31 December 2014, OJSC SUAL, 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 OJSC SUAL 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 announcement of 12 March 2015, on 11 March 2015 KrAZ filed a claim against Krasnoyarskaya HPP in the Arbitration court of the Krasnoyarsk Province. On 31 March 2015 KrAZ submitted an explanation to the court together with certain additional documents. On 1 April 2015 the court officially commenced proceedings. The decision of the Arbitration court of Krasnoyarsk Province, dated 12 August 2015, upheld by the ruling of the Third arbitration appeal court, dated 6 November 2015, was to refuse KrAZ's claim.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2015 under the contract between BrAZ and JSC Irkutskenergo was USD126.7 million.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2015 under the contract between BrAZ (replaced OJSC SUAL pursuant to an addendum dated 31 December 2014) and JSC Irkutskenergo was USD64.7 million.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2015 under the contract between KrAZ and Krasnoyarskaya HPP was nil.

Short-term electricity and capacity supply contracts

On 27 March 2014, the framework agreements (as mentioned on pages 13 and 23 of the circular of the Company dated 13 December 2013), governing (i) the transactions under the short-term electricity and capacity supply contracts with En+'s associates and the miscellaneous electricity and capacity transmission contracts with En+'s associates (as further discussed below); and (ii) the transactions under certain aluminium sales contracts with Mr. Deripaska's associates (as further discussed below) respectively, were signed.

Members of the Group, including BrAZ, KrAZ, SAZ, NkAZ, and OJSC SUAL entered into, from time to time in the financial year ended 31 December 2015 as part of their ordinary course of business, short-term electricity and capacity supply contracts with duration not exceeding one year with the companies controlled by En+, including JSC Irkutskenergo, LLC "Avtozavodskaya CHP", OJSC "EuroSibEnergo" and Krasnoyarskaya HPP. The electricity and capacity supplied under these short-term electricity and capacity supply contracts are derived from the plants operated by JSC Irkutskenergo, OJSC "EuroSibEnergo" and Krasnoyarskaya HPP and also derived from LLC "Avtozavodskaya CHP".

The whole volume of electricity (excluding electricity supplied to residential users) is supplied at open (non-regulated) prices. There are exceptions (which include provision of power contracts and contracts for renewable energy) which require the electricity to be sold at prices or tariffs approved by the government. Payment under each of these contracts is made by installments in accordance with the regulations of the Market Council. The consideration was satisfied in cash via wire transfer.

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

The purchase of electricity and capacity at the wholesale market is effected at a price which is determined daily (for electricity) and monthly (for capacity), based on the trading results at the wholesale market, and subject to unpredictable external fluctuations (including, without limitation, weather factors, river stream flow rates, hydro-power plant output storage, transborder cross-flow 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 price under these contracts is derived from the wholesale market price regulated under the regulations of the Russian

Government. Payments are effected by tentatively scheduled instalments during each month, with the final payment effected in the middle of the month following the month of billing. The consideration was satisfied in cash via wire transfer.

During 2015, members of the Group have from time to time entered into short-term electricity and capacity supply contracts with LLC "Irkutskaya Energosbytovaya Company" ("**Irkutskenergosbyt LLC**"), a company controlled by En+ as to more than 30%, for the supply of electricity and capacity purchased at the wholesale electricity market and supplied to the consumers in the retail market on normal commercial terms (including the pricing terms) regulated under the regulations of the Russian Government. Payment under each of these contracts is made by installments during each month of supply. The consideration was satisfied in cash via wire transfer.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2015 under the contracts with JSC Irkutskenergo, LLC "Avtozavodskaya CHP", Krasnoyarskaya HPP, LLC MAREM+, OJSC "EuroSibEnergo" and Irkutskenergosbyt LLC was USD107.8 million.

Miscellaneous electricity and capacity transmission contracts

The Group has also entered into miscellaneous electricity and capacity transmission contracts with Joint Stock Company "Irkutsk Electronetwork Company" (JSC "**IENC**") being a company controlled by En+ as to more than 30% of its issued share capital, from time to time during the year ended 31 December 2015.

The consideration under such miscellaneous electricity and capacity transmission contracts shall follow the tariffs 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 uniform for all consumers (tariffs are differentiated depending on voltage levels). The consideration under these contracts is satisfied in cash via wire transfer.

The actual monetary value of electricity and capacity transmission purchased and sold for the year ended 31 December 2015 under these contracts with companies controlled by En+ was USD113.9 million.

The aggregate consideration for the long-term and short-term electricity and capacity supply contracts together with the miscellaneous electricity and capacity transmission contracts between the Group and the associates of En+ for the year ended 31 December 2015 was USD413.1 million, which is within the annual cap of USD1,054 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 2015.

B Aluminium Sale Contracts

Members of the Group have from time to time entered into aluminium sales contracts with associates of Mr. Oleg Deripaska ("**Mr. Deripaska**").

Aluminium Sales Contracts with Mr. Deripaska's Associates

Mr. Deripaska, an executive Director, indirectly controls more than 30% of each of (i) LLC Tradecom, (ii) LLC KraMZ, (iii) DOZAKL, (iv) members of the group of Open Joint Stock Company "GAZ" (the "**GAZ Group**") including LLC GAZ, "GAZ Group Autocomponents" LLC, OJSC "UMZ", JSC AVTODIZEL, JSC "URAL Motor Vehicles Plant" and (v) JSC "Barnaultransmash". Each of these companies is therefore an associate of Mr. Deripaska. As such, the transactions between members of the Group and LLC Tradecom, LLC KraMZ, DOZAKL, members of the GAZ Group including LLC GAZ, "GAZ Group Autocomponents" LLC, OJSC "UMZ", JSC AVTODIZEL and JSC "URAL Motor Vehicles Plant" and JSC "Barnaultransmash" (which became an associate of Mr. Deripaska since 9 June 2015), discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

(a) LLC Tradecom and LLC KraMZ

On 14 December 2006, the Group through UC RUSAL TH, entered into a long-term contract to supply aluminium to LLC Tradecom for a period until December 2021. Pursuant to the contract, the Group would supply aluminium to LLC Tradecom at arm's length prices tied to the price of aluminium on the LME. The consideration under the contract must be prepaid. For further details of this long-term contract, please refer to the circular dated 13 December 2013 issued by the Company.

As disclosed in the Company's announcement dated 18 March 2011, the substitution agreement was signed by UC RUSAL TH, LLC Tradecom and LLC KraMZ on 17 March 2011 pursuant to which LLC KraMZ substituted LLC Tradecom as the buyer to the above long-term supply contract.

The consideration for the aluminium supplied under this contract (as supplemented) to LLC KraMZ during the year ended 31 December 2015 amounted to USD115.9 million. The consideration was satisfied in cash via wire transfer.

(b) Members of GAZ Group

On 28 February 2009, the Group through UC RUSAL TH, entered into a framework agreement with LLC GAZ pursuant to which the Group agreed to supply aluminium at arm's length prices on a monthly basis until 31 December 2010. For secondary alloys, the consideration was to be partially pre-paid with the remaining amount to be settled within 30 business days from shipment. For other goods under the agreement, the consideration was 100% prepaid. The agreement was to be automatically extended for another calendar year unless the parties declared their intention to terminate it. The agreement was not extended as at 31 December 2012. Addendums to similar contracts in 2013 were entered into between members of the Group and members of the GAZ Group for the year ended 31 December 2015 with each of "GAZ Group Autocomponents" LLC, OJSC "UMZ", JSC AVTODIZEL and JSC "URAL Motor Vehicles Plant".

The total consideration for the aluminium supplied under these addendums to the members of GAZ Group during the year ended 31 December 2015 amounted to USD6.3 million. The consideration was satisfied in cash via wire transfer.

On 27 September 2010, RUSAL RESAL, a wholly-owned subsidiary of the Company, entered into a short-term agreement to supply secondary aluminium to LLC GAZ for a period until 31 December 2010 at arm's length prices determined on a monthly basis. On 15 February 2012, RUSAL RESAL entered into a short-term agreement to supply secondary aluminium to "GAZ Group Autocomponents" LLC for a period until 31 December 2012 at arm's length prices determined on a monthly basis. Under both of these agreements, 100% of the consideration was to be paid in 60 business days upon shipment. Both of these agreements were to be automatically extended for another calendar year unless the parties declared their intention to terminate it. Both of the agreements dated 27 September 2010 and 15 February 2012 were not extended as at 31 December 2012. Similar contracts were entered into between RUSAL RESAL and members of GAZ Group for the year ended 31 December 2015.

The total consideration for the aluminium supplied under these contracts to the members of GAZ Group for the year ended 31 December 2015 amounted to USD0.2 million. The consideration was satisfied in cash via wire transfer.

On 30 December 2011, the Group through UC RUSAL TH, entered into the contract with "GAZ Group Autocomponents" LLC pursuant to which the Group agreed to supply aluminium at arm's length prices on a monthly basis until 31 December 2014. The consideration was to be pre-paid in cash via wire transfer. Additional agreements to the contract in 2011 were entered into for the year ended 31 December 2015 with "GAZ Group Autocomponents". The total consideration for the aluminium supplied under these additional agreements to "GAZ Group Autocomponents" LLC during the year ended 31 December 2015 amounted to nil.

(c) DOZAKL

On 14 December 2006, the Group through UC RUSAL TH, entered into a long-term contract to supply aluminium to DOZAKL for a period until 31 December 2021 at arm's length prices tied to the price of aluminium on the LME. The consideration was to be paid within 30 days from delivery. The consideration was to be satisfied in cash via wire transfer. Since March 2010, there have been no supplies under this contract. The consideration for the aluminium supplied under this contract to DOZAKL during the year ended 31 December 2015 amounted to nil.

On 1 January 2014, RUSAL Foil LLC, a wholly-owned subsidiary of the Company, entered into a contract to supply aluminium tape to DOZAKL at arm's length prices tied to the price of aluminium on the LME until 31 December 2014. The consideration was to be paid within 30 days from delivery.

On 16 January 2015, UC RUSAL TH, a wholly-owned subsidiary of the Company, entered into a contract to supply aluminium tape to DOZAKL at arm's length prices tied to the price of aluminium on the LME. The term of this contract commences from 1 January 2015 to 31 December 2015. The consideration was to be paid within 30 days from delivery.

The consideration for the aluminium tape supplied under this contract to DOZAKL during the year ended 31 December 2015 amounted to USD5.2 million. The consideration was satisfied in cash via wire transfer.

(d) JSC Barnaultransmash

On 1 January 2013, the Group through UC RUSAL TH, entered into a contract to supply aluminium to JSC Barnaultransmash for a period until 31

December 2015. Under this contract, UC RUSAL TH supplied aluminium at arm's length prices determined on a monthly basis. Since 9 June 2015, Basic Element owns more than 30% of JSC Barnaultransmash which then became an associate of Mr. Deripaska. The consideration for the aluminium supplied under this contract to JSC Barnaultransmash during the year ended 31 December 2015 since 9 June 2015 amounted to USD0.4 million. The consideration was satisfied in cash via wire transfer.

The aggregate consideration for the aluminium supplied to each of the companies referred to above, which are associates of Mr. Deripaska, for the year ended 31 December 2015 was approximately USD128.0 million, which was within the annual cap of USD861 million as approved by the independent shareholders of the Company for such type of continuing connected transactions for the year ended 31 December 2015.

C Purchase of raw materials from the associates of Mr. Blavatnik for production

Mr. Len Blavatnik ("**Mr. Blavatnik**"), being a non-executive Director, indirectly controls more than 30% of the issued share capital of each of Closed Joint Stock Company "ENERGOPROM — Novosibirsk Electrode Plant" ("**CJSC "EPM-NovEP**""), Public Joint Stock Company "ENERGOPROM – Chelyabinsk Electrode Plant" ("**PJSC "EPM - ChEP** Doncarb Graphite Limited Liability Company ("**Doncarb Graphite**") and Public Joint Stock Company "ENERGOPROM — Novocherkassk Electrode Plant" ("**PJSC "EPM - NEP**""). Each of CJSC "EPM-NovEP", Doncarb Graphite, PJSC "EPM - ChEP" and PJSC "EPM - NEP" is therefore an associate of Mr. Blavatnik, and thus a connected person of the Company under the Listing Rules. Accordingly, the transactions between members of the Group on one part and CJSC "EPM-NovEP", PJSC "EPM - ChEP", Doncarb Graphite and PJSC "EPM - NEP" on the other, discussed below, constitute continuing connected transactions for the Company under the Listing Rules.

UC RUSAL TH and Closed Joint Stock Company "Kremniy" ("**CJSC "Kremniy**"") entered into a number of contracts with CJSC "EPM-NovEP", Doncarb Graphite, PJSC "EPM - ChEP" and PJSC "EPM - NEP" to purchase various raw materials for production purposes. The prices for the purchase of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

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

Buyer (member of the Group)	Seller (an associate of Mr. Blavatnik)	Date of contract	Term of contract	Type of raw materials	Payment terms	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
UC RUSAL TH	CJSC "EPM-NovEP"	20.11.2014	Up to 31.12.2015	Graphitized electrodes	Upon delivery	4.7
UC RUSAL TH	PJSC "EPM - NEP"	20.11.2014	Up to 31.12.2015	Graphitized electrodes	Upon delivery	1.9
UC RUSAL TH	Doncarb Graphite	28.11.2014 (addendum on 22.12.2014 and 07.07.2015)	Up to 31.12.2015	Graphitized electrodes	Upon delivery	0.4
UC RUSAL TH	CJSC "EPM-NovEP"	29.12.2014 (addendum to contract dated 26.02.2013)	Up to 31.12.2015	Calcined petroleum coke	within 3 clandar days upon receipt of invoice of shipped goods	1.6
UC RUSAL TH	CJSC "EPM-NovEP"	02.07.2015 (addendum to contract dated 18.06.2013)	Up to 31.12.2015	Carbon electrodes and graphitized carbon electrodes	Within 30 days from the date of shipment	0
UC RUSAL TH	PJSC "EPM - ChEP"	05.10.2015	Up to 31.12.2015	Anode blocks	Within 30 calendar days upon delivery	0.2
CJSC "Kremniy"	CJSC "EPM-NovEP"	18.11.2015	Up to 31.12.2015	Measurer for production	Within 20 days upon delivery	0
Total						**8.8**

The aggregate consideration for the raw materials supplied for production under these contracts by the associates of Mr. Blavatnik during the year ended 31 December 2015 amounted to USD8.8 million which was within the maximum aggregate consideration of USD30.086 million for 2015 as disclosed in the announcement dated 19 November 2015.

D Purchase of raw materials from the associates of Mr. Blavatnik for repairing

As discussed above, CJSC "EPM-NovEP" is the associate of Mr. Blavatnik. Accordingly, the purchase of raw materials contracts, discussed below, between members of the Group as buyers and CJSC "EPM-NovEP" as seller, for the purposes of the Group's repair programme, constitute continuing connected transactions for the Company under the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions disclosed below were aggregated as they are entered into by the Group with the associates of the same connected persons who are associated with one another and the subject matter of each of the agreements relate to the purchase of raw materials by members of the Group for repairing. The prices for the purchase of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of the contracts was satisfied in cash via wire transfer.

The details of these raw materials purchase contracts are set out below:

	Buyer (member of the Group)	Seller (an associate of Mr. Blavatnik)	Date of contract	Type of raw materials	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
1	RUS-Engineering LLC	CJSC "EPM-NovEP"	25.12.2014	Carbon paste	Up to 31.12.2015	From 1 January 2015 to 14 January 2015, payment within 20 calendar days after actual delivery. From 15 January 2015 to 31 December 2015, payment to within 45 calendar days after actual delivery	3.8
2	RUS-Engineering LLC	CJSC "EPM-NovEP"	30.12.2014	Cathode blocks	Up to 31.12.2015	From 1 January 2015 to 14 January 2015, payment within 20 calendar days after actual delivery. From 15 January 2015 to 31 December 2015, payment to within 45 calendar days after actual delivery	0.5
3	RUS-Engineering LLC	CJSC "EPM-NovEP"	27.02.2015	Cathode blocks Carbon paste	Up to 31.12.2015	Payment within 45 calendar days after actual delivery	22.4
4	OJSC "Siberian-Urals Aluminium Company" ("OJSC SUAL")	CJSC "EPM-NovEP"	31.03.2015	Cathode blocks Carbon paste	Up to 31.12.2015	Payment within 45 calendar days after actual delivery	0
Total							**26.7**

The aggregate consideration for the raw materials supplied under these contracts by the associates of Mr. Blavatnik during the year ended 31 December 2015 amounted to USD26.7 million, which was within the maximum aggregate consideration of USD33.726 million for 2015 as disclosed in the announcement dated 1 April 2015.

E Purchase of raw materials for production from BCP

Mr. Deripaska is indirectly interested in Limited Liability Company "BaselCement-Pikalevo" (formerly CJSC "BaselCement-Pikalevo") ("**BCP**") as to more than 30% of the issued capital. BCP is therefore an associate of Mr. Deripaska and a connected person of the Company under the Listing Rules.

Accordingly, the transaction entered into between a member of the Group as buyer and BCP as seller constitute continuing connected transaction of the Company under the Listing Rules. The price for the purchase of raw materials under the contract is determined on an arm's length basis. The consideration for the contract was satisfied in cash via wire transfer.

Details of the transaction is set out in the table below:

Buyer	Date of contract	Term of contract	Type of raw materials	Payment terms	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
UC RUSAL TH	31.12.2014	Up to 31.12.2017	Alumina and Hydrate	Prepayment on the 5th, the 15th, the 25th day of the supplying month, and the final settlement on the 5th day of the following month.	35.1
Total					**35.1**

The aggregate consideration for the raw materials supplied under these contracts by BCP during the year ended 31 December 2015 amounted to USD35.1 million which was within the maximum aggregate consideration of USD87.3 million for 2015 as disclosed in the announcement dated 14 January 2015.

F Sale of raw materials to the associates of Mr. Deripaska and En+

Mr. Deripaska indirectly controls more than 30% of each of Achinsk Cement, Stroyservice LLC ("**Stroyservice**"), LLC "Autocomponent – Group GAZ" and "Glavstroy Ust Labinsk" Ltd., and therefore, each of them is an associate of Mr. Deripaska and thus a connected person of the Company according to the Listing Rules. Each of "KraMZ-Auto" Limited Liability Company ("**KraMZ-Auto**"), CJSC "Irkutskenergoremont" ("**Irkutskenergoremont**"), LLC KraMZ, LLC "Sorskiy ferromolibdenoviy zavod", CJSC MC Soyuzmetallresource and JSC Irkutskenergo is held by En+ as to more than 30% of the issued share capital. En+ is in turn held by Mr. Deripaska as to more than 50% of the issued share capital. Each of KraMZ-Auto, LLC "Sorskiy ferromolibdenoviy zavod", Irkutskenergoremont, LLC KraMZ, CJSC MC Soyuzmetallresource and JSC Irkutskenergo is therefore an associate of En+ and of Mr. Deripaska. Accordingly, the contracts discussed below constitute continuing connected transactions for the Company under the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions disclosed below were aggregated as they are entered into by the Group with the associates of the same connected persons who are associated with one another and the subject matter of each of the agreements relate to the sale of raw materials by members of the Group. The prices for the sale of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

Buyer (associate of Mr. Deripaska / En+)	Seller (member of the Group)	Date of contract	Type of raw materials	Term of contract	Payment term	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
Achinsk Cement	RUSAL Achinsk	22.12.2014	Limestone	Up to 31.12.2015 (Note 1)	100% prepayment	2.9
Achinsk Cement	RUSAL Achinsk	22.12.2014	Nepheline mud	Up to 31.12.2015 (Note 1)	100% prepayment	0.5
Achinsk Cement	RUSAL Achinsk	22.12.2014 Addendum: 29.12.2015	Clay from overburden	Up to 31.12.2015 (Note 1)	100% prepayment (For transactions under the addendum payment for the first week will be made no later than the 30th date previous shipment. Payment for the subsequent weeks will be made no later than the last working day of previous week)	0.1
Achinsk Cement	RUSAL Achinsk	22.12.2014	Pulverized coal fuel	Up to 31.12.2015 (Note 1)	100% prepayment	0.2
Achinsk Cement	RUSAL Achinsk	22.12.2014	Coal	Up to 31.12.2015 (Note 1)	100% prepayment	1.9
Achinsk Cement	RUSAL Achinsk	22.12.2014	Fuel oil	Up to 31.12.2015 (Note 1)	100% prepayment	0.2

Buyer (associate of Mr. Deripaska / En+)	Seller (member of the Group)	Date of contract	Type of raw materials	Term of contract	Payment term	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
Achinsk Cement	RUSAL Achinsk	22.12.2014	Diesel fuel	Up to 31.12.2015 (Note 1)	100% prepayment	0
KraMZ-Auto	RUSAL Achinsk	22.12.2014	Diesel fuel	Up to 31.12.2015 (Note 1)	100% prepayment	0
KraMZ-Auto	RUSAL Sayanogorsk Aluminum Smelter OJSC	01.01.2015	Petrol, diesel fuel, oil, lubricants, anti-freeze liquid	Up to 31.12.2015	Payment after actual delivery and no later than 10 working days after receipt of invoice	0.3
KraMZ-Auto	RUSAL Bratsk aluminium smelter OJSC	01.01.2015	Petrol, diesel fuel, oil, lubricants, anti-freeze liquid	Up to 31.12.2015	Payment within 10 working days after actual delivery, or by mutual settlements if there are counter-obligations	0
KraMZ-Auto	RUSAL Krasnoyarsk Aluminium Smelter OJSC	01.01.2015	Petrol, diesel fuel, oil and lubricants	Up to 31.12.2015	Payment by the 15th day of the month following the month of delivery	0
Stroyservice	RUSAL Sayanogorsk Aluminum Smelter OJSC	01.01.2015	Petrol, anti-freeze liquid oil, inventories (Timber)	Up to 31.12.2015	Payment after actual delivery and no later than 10 working days after receipt of the invoice	1.5
LLC KraMZ	UC RUSAL TH	01.01.2015	Silicon	Up to 31.12.2015 (Note 2)	100% prepayment	0.3
CJSC MC Soyuzmetallresource	UC RUSAL TH	19.01.2015	Aluminium powder grade APG	Up to 31.12.2015	Payment within 30 days from date of shipment	0.6
"Glavstroy Ust Labinsk" Ltd.	UC RUSAL TH	06.02.2015	Aluminium Powder	Up to 31.12.2015	100% prepayment	0.6
JSC Irkutskenergo	JSC Kreminy	01.04.2015	Coal sweepings	Up to 31.12.2015 (Note 2)	Payment within 10 days from the date of shipment	0
LLC "Autocomponent - Group GAZ"	UC RUSAL TH	08.04.2015	Silicon	Up to 31.12.2015 (Note 2)	100% prepayment	0.1
LLC "Sorskiy ferromolibdenoviy zavod"	UC RUSAL TH	02.09.2015	Aluminium powder grade APG	Up to 31.12.2015	Payment within 30 days from date of shipment	0.2
LLC "Sorskiy ferromolibdenoviy zavod"	UC RUSAL TH	17.12.2015	Silicon	Up to 31.12.2016	Payment within 30 days from date of shipment	0
Total						**9.4**

Notes:

1. The contract is renewable upon agreement of both parties.
2. The contract will be renewed for one year automatically if neither party declares its intention to terminate the contract.

The aggregate consideration for the raw materials supplied under these contracts to the associates of Mr. Deripaska/En+ during the year ended 31 December 2015 amounted to USD9.4 million, which was within the maximum aggregate consideration of USD31.341 million for 2015 as disclosed in the announcement dated 18 December 2015.

G Sale of raw materials to the associates of Mr. Blavatnik

Mr. Blavatnik indirectly holds more than 30% of the issued share capital of Doncarb Graphite Limited Liability Company ("**Doncarb Graphite**"). Therefore, Doncarb Graphite is an associate of Mr. Blavatinik. As discussed above, CJSC "EPM – NovEP" is an associate of Mr. Blavatnik. Thus each of Doncarb Graphite and CJSC "EPM – NovEP" is a connected person of the Company under the Listing Rules. Accordingly, the transactions between members of the Group on one part and Doncarb Graphite or CJSC "EPM – NovEP" on the other, discussed below, constitute continuing connected transactions for the Company under the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions disclosed below were aggregated as they are entered into by the Group with the associates of the same connected persons who are associated with one another and the subject matter of each of the agreements relate to the sale of raw materials by members of the Group.

The prices for the sale of raw materials under each of the contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer. The details of these contracts are set out below:

Buyer (associate of SUAL Partners or Mr. Blavatnik)	Seller (member of the Group)	Date of contract	Type of raw materials	Term of contract	Payment term	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
CJSC "EPM – NovEP"	UC RUSAL TH	29.12.2014 (addendum to contract dated 26.02.2013)	Green petroleum coke	Up to 31.12.2015	Payment within 25 calendar days upon receipt of invoice for shipped products	1.1
Doncarb Graphite	LLC SUAL Kremny Ural	19.01.2015	Silicon	Up to 31.12.2015 (Note 1)	100% prepayment	0.1
Total						**1.2**

Note:

1. The contract will be renewed for one year automatically unless either party declares its intention to terminate the contract.

The aggregate consideration for the raw materials supplied under these contracts by the Group during the year ended 31 December 2015 amounted to USD1.2 million, which was within the maximum aggregate consideration of USD16.255 million for 2015 as disclosed in the announcement dated 20 January 2015.

H Transportation Contracts

As discussed above, KraMZ-Auto is an associate of En+ and of Mr. Deripaska. En+, being held by Mr. Deripaska as to more than 50% of the issued share capital, holds more than 30% of the issued share capital of OJSC Otdeleniye Vremennoy Expluatatsii ("**OVE**") and thus OVE is also an associate of En+ and of Mr. Deripaska. Each of KraMZ-Auto and OVE is therefore an associate of En+ and/ or Mr. Deripaska and a connected person of the Company under the Listing Rules. Accordingly, the contracts between members of the Group on one part and KraMZ-Auto or OVE on the other, as discussed below, constitute continuing connected transactions for the Company under the Listing Rules. Pursuant to these contracts, KraMZ-Auto and OVE were to provide various transportation services to members of the Group. All these transportation contracts are on arms-length commercial terms. The consideration for each of these contracts was satisfied in cash via wire transfer.

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

Service provider (associate of En+ and/or Mr. Deripaska)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
KraMZ-Auto	Sayanogorsk Railcar Repair Works LLC	01.01.2015	Up to 31.12.2017	Payment within 10 days of receipt of the invoice	0
KraMZ-Auto	RUSAL Sayanogorsk Aluminum Smelter OJSC	01.01.2015	Up to 31.12.2017	Payment within 10 calendar days of receipt of the invoice	0.9
KraMZ-Auto	RUSAL Sayanogorsk Aluminum Smelter OJSC	01.01.2015	Up to 31.12.2017	Payment within 10 banking days of receipt of the invoice	0.2
KraMZ-Auto	RUSAL Krasnoyarsk Aluminium Smelter OJSC	01.01.2015	Up to 31.12.2017	Payment within 10 calendar days of receipt of the invoice	2.1
KraMZ-Auto	RUSAL Krasnoyarsk Aluminium Smelter OJSC	01.01.2015	Up to 31.12.2017	Payment within 10 calendar days of receipt of the invoice	0.6
OVE	RUSAL Sayanogorsk OJSC	01.01.2015	Up to 31.12.2015, may be extended subject to agreement between the parties	Payment within 10 working days of receipt of the invoice	1.6
KraMZ-Auto	RUSAL Bratsk Aluminium Smelter OJSC	01.01.2015	Up to 31.12.2017	Payment to be made within 10 banking days of receipt of the invoice	1.5
KraMZ-Auto	Sayanogorsk Railcar Repair Works LLC	01.01.2015	Up to 31.12.2017	Payment within 10 calendar days of receipt of the invoice	0
KraMZ-Auto	IT-Service LLC	01.01.2015	Up to 31.12.2015	Payment to be made within 60 calendar days of receipt of the invoice	0
KraMZ-Auto	RUSAL SAYANAL OJSC	30.12.2014	Up to 31.12.2015	Payment to be made within 10 calendar days after the receipt of the invoice	0.2
KraMZ-Auto	RUSAL SAYANAL OJSC	26.12.2014	Up to 31.12.2015	Payment to be made within 15 calendar days after the receipt of the invoice	0
OVE	RUSAL SAYANAL OJSC	29.12.2014 (Amendment contract: 30.03.2015)	Up to 31.12.2015, may be extended for next calendar year if neither party declares its intention to terminate the contract in writing at least one month prior to the expiry of the contract	Payment within 10 calendar days after the receipt of the invoice	0

Service provider (associate of En+ and / or Mr. Deripaska)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
KraMZ-Auto	RUS-Engineering LLC (Branch in Krasnoyarsk)	21.01.2015	Up to 31.12.2015	The first 50% of every invoiced amount is to be paid by the 15th day of the month following the month in which transportation services were provided, the remaining 50% is to be paid by the 30th day of the month following the month in which transportation services were provided.	0
KraMZ-Auto	RUS-Engineering LLC (Branch in Tayozhniy)	21.01.2015	Up to 31.12.2015	The first 50% of every invoiced amount is to be paid by the 15th day of the month following the month in which transportation services were provided, the remaining 50% is to be paid by the 30th day of the month following the month in which transportation services were provided.	0
KraMZ-Auto	RUS-Engineering LLC (Branch in Krasnoyarsk)	27.01.2015	Up to 31.12.2015	The first 50% of every invoiced amount is to be paid by the 15th day of the month following the month in which transportation services were provided, the remaining 50% is to be paid by the 30th day of the month following the month in which transportation services were provided.	0.5
KraMZ-Auto	RUS-Engineering LLC (Branch in Krasnoyarsk)	29.01.2015	Up to 31.12.2015	The first 50% of every invoiced amount is to be paid by the 15th day of the month following the month in which transportation services were provided, the remaining 50% is to be paid by the 30th day of the month following the month in which transportation services were provided.	0
KraMZ-Auto	RUS-Engineering LLC (Branch in Bratsk)	29.01.2015 (Amendment contract: 22.10.2015)	Up to 31.12.2015	The first 50% of every invoiced amount is to be paid by the 15th day of the month following the month in which transportation services were provided, the remaining 50% is to be paid by the 30th day of the month following the month in which transportation services were provided.	0.3
KraMZ-Auto	RUS-Engineering LLC (Branch in Sayanogorsk)	29.01.2015	Up to 31.12.2015	The first 50% of every invoiced amount is to be paid by the 15th day of the month following the month in which transportation services were provided, the remaining 50% is to be paid by the 30th day of the month following the month in which transportation services were provided.	0.1
KraMZ-Auto	RUS-Engineering LLC	23.07.2015	Up to 31.12.2015	The first 50% of every invoiced amount is to be paid by the 15th day of the month following the month in which transportation services were provided, the remaining 50% is to be paid by the 30th day of the month following the month in which transportation services were reported after receiving the original invoice.	0.2
Total:					**8.2**

The aggregate consideration for the transportation services provided by the associates of En+ and/or Mr. Deripaska during the year ended 31 December 2015 amounted to USD8.2 million, which was within the maximum aggregate consideration of USD19.093 million for 2015 as disclosed in the announcement dated 23 October 2015.

I Heat Supply Contracts with the associates of En+

Each of Baikalenergo Closed Joint Stock Company, Khakass Utility Systems Limited Liability Company and JSC Irkutskenergo is held by En+ (being a substantial shareholder of the Company) as to more than 30% of the issued share capital, and is therefore an associate of En+. Each of Baikalenergo Closed Joint Stock Company, Khakass Utility Systems Limited Liability Company and JSC Irkutskenergo is thus a connected person of the Company under the 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 are on arms-length commercial terms. The consideration for each of these contracts was satisfied in cash via wire transfer.

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 2015 USD million (excluding VAT)
JSC Irkutskenergo	OJSC SibVAMI	26.12.2013	Up to 31.12.2016	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the end of each month with the remainder (15%) being paid up by the 10th day of the next month	0
JSC Irkutskenergo	Branch of RUSAL Bratsk OJSC in Shelekhov	01.01.2015	Up to 31.12.2017	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the 30th day of each month with the remainder (15%) being paid up by the 10th day of the next month	1.1
JSC Irkutskenergo	Branch of RUSAL Bratsk OJSC in Shelekhov	01.01.2015	Up to 31.12.2017	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the 30th day of each month with the remainder (15%) being paid up by the 10th day of the next month	0.7
JSC Irkutskenergo	RUSAL Bratsk OJSC	01.01.2015	Up to 31.12.2015	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the end of each month with the remainder (15%) being paid up by the 10th day of the next month	0
Khakass Utility Systems Limited Liability Company	RUSAL Sayanogorsk OJSC	01.01.2015	Up to 31.12.2015	Payment within 15 days after the receipt of billing documents	3.5
Baikalenergo Closed Joint-Stock Company	RUSAL Sayanogorsk Aluminium Smelter OJSC	01.01.2015	Up to 31.12.2015	No later than the 20th day of the month following the month of settlement	0
Baikalenergo Closed Joint-Stock Company	RUSAL Sayanogorsk Aluminium Smelter OJSC	01.01.2015	Up to 31.12.2015	No later than the 20th day of the month following the billing month based on the invoice received	0

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 2015 USD million (excluding VAT)
Baikalenergo Closed Joint Stock Company	RUSAL Taishet Aluminium Smelter LLC	23.12.2014	Up to 31.12.2017	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the 30th day of each month with the remainder (15%) being paid up by the 10th day of the month following the billing month	0
Khakass Utility Systems Limited Liability Company	RUSAL SAYANAL OJSC	30.12.2014	Up to 31.12.2015 and will be extended for one year unless any party choose to terminate one month prior to expiry	Payment no later than the 28th day of the month following the billing month based on the invoice received	0.4
Total					**5.7**

The aggregate consideration for the heat supply provided by the associates of En+ during the year ended 31 December 2015 amounted to USD5.7 million, which was within the maximum aggregate consideration of USD12.120 million for 2015 as disclosed in the announcement dated 14 January 2015.

J Purchase of Vehicles from the associates of Mr. Deripaska

Each of OJSC Ruzhimmash, "GAZ Group Commercial Vehicles" LLC and "Russian Buses - GAZ Group" LLC is indirectly held by Mr. Deripaska as to more than 30% of the issued share capital, and therefore is an associate of Mr. Deripaska and a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group as buyers and OJSC Ruzhimmash, Achinsk Cement or «Russian Buses - GAZ Group» LLC as seller constitute continuing connected transactions of the Company under the Listing Rules. The prices for the purchase of vehicles under each of these contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

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

Buyer (member of the Group)	Seller (associate of Mr. Deripaska)	Date of contract	Subject matter of the purchase	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
RUSAL Trans	OJSC Ruzhimmash	24.11.2014	Railcars	Up to 31.12.2015	The cost for the relevant research and development and 70% of the price for the railcars shall be pre-paid, and the remaining 30% of the price for the railcars shall be paid within 7 days from the date of signing the act of acceptance of railcars according to the invoice	0
JSC "Ural foil"	"GAZ Group Commercial Vehicles" LLC	18.03.2015	1 vehicle	Up to 31.12.2015	100% prepayment	0
"Compagnie des Bauxites de Kindia" S.A.	"GAZ Group Commercial Vehicles" LLC	18.03.2015	Spare parts for vehicles	Up to 31.12.2015	100% prepayment	0
"Compagnie des Bauxites de Kindia" S.A.	"Russian Buses - GAZ Group" LLC	08.07.2015	Spare parts for bus	Up to 31.12.2015	50% of the consideration pre-paid and the remaining 50% be paid upon shipment	0.1
RUSAL Trans LLC	OJSC Ruzhimmash	02.09.2015	Develop, construct and deliver railcars	31 December 2016 (subject to extension of one year upon both parties' consent)	100% prepayment	0
RUSAL Trans LLC	OJSC Ruzhimmash	02.09.2015	Railcars	31 December 2016 (subject to extension of one year upon both parties' consent)	100% prepayment	0
"Compagnie des Bauxites de Kindia" S.A.	"Russian Buses - GAZ Group" LLC	02.09.2015	6 buses	Up to 31.12.2015	50% of total value of the agreement as advance payment shall be paid within 15 days from the date of invoice, and the balance payment shall be paid within 15 days from the date of receiving of notification regarding the readiness of goods for shipping	0
Compagnie de Bauxite etd'Aluminede Dian-Dian S.A.	"Russian Buses - GAZ Group" LLC	02.09.2015	5 buses	Up to 31.12.2015	50% of total value of the agreement as advance payment shall be paid within 15 days from the date of invoice, and the balance payment shall be paid within 15 days from the date of receiving of notification regarding the readiness of goods for shipping	0
Total						**0.1**

The aggregate consideration for the vehicles supplied under these contracts by the associates of Mr. Deripaska during the year ended 31 December 2015 amounted to USD0.1 million which was within the maximum aggregate consideration of USD36.67 million for 2015 as disclosed in the announcement dated 4 September 2015.

K Repair Services Contracts with the associates of En+

Each of Bratskenergoremont Closed Joint Stock Company ("Bratskenergoremont"), Irkutskenergoremont, JSC IENC, OVE and KraMZ-Auto, LLC KraMZ and Khakas Utility Systems Limited Liability Company is directly or indirectly held by En+ as to more than 30% of the issued share capital, each of them is therefore an associate of En+ and thus is a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group as customers and Bratskenergoremont, Irkutskenergoremont, JSC IENC, OVE and KraMZ-Auto, LLC KraMZ or Khakas Utility Systems Limited Liability Company as contractors constitute continuing connected transactions of the Company under the Listing Rules. The consideration for the repair services under each of these contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

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 2015 USD million (excluding VAT)
01.07.2015	RUSAL Achinsk	Bratskenergoremont	Up to 31 December 2015, may be extended by both parties signing an addendum	Maintenance of equipment	— 50% prepayment of the projected monthly scope within 5 banking days — final payment within 10 banking days after receiving a tax invoice	2.6
01.01.2015	RUSAL Sayanogorsk OJSC	Khakass Utility Systems LLC	Up to 31.12.2015	Monthly maintenance of the equipment of the heavy fuel oil pump house	Payment is to be made within 60 calendar days from the date of receiving the original tax invoices on the basis of the certificates signed by both parties	0
01.01.2015	RUSAL Sayanogorsk OJSC	Khakass Utility Systems LLC	Up to 31.12.2015	Monthly maintenance of the equipment of external heat systems and industrial pipelines	Payment is to be made within 60 calendar days from the date of receiving the original tax invoices on the basis of the certificates signed by both parties	0.1

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
29.01.2015	RUS-Engineering LLC	KraMZ-Auto	Up to 31.12.2015	Crank shaft maintenance (polishing)	50% of the amount — by the 15th date of the month following the month of reporting; 50% by the 30th date of the month following the month of reporting against an invoice issued to the customer	0
19.03.2015	RUS-Engineering LLC	LLC KraMZ	Up to 31.12.2015	Repairs of induction furnace's inductors and furnace's cable-hose	70% of the amount-advance payment; 30% of the amount - within 5 days from the date of the signing the certificate of work completion and the receipt of the original tax invoice	0
21.01.2015 (with amendment agreements signed on 01.03.2015, 16.04.2015, 13.05. 2015 and 03.06.2015)	RUSAL Bratsk Aluminium Smelter OJSC	Irkutskenergoremont	Up to 31.12.2015	Process equipment servicing and maintenance	Within 40 calendar days upon signing of the certificate of completion by the customer against an invoice	1.0
31.12.2014 (with amendment agreements signed on 27.02.2015, 19.03.2015, 10.04.2015, 08.06.2015 and 18.06. 2015)	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2015	Process equipment servicing and maintenance	Within 40 calendar days upon signing of the certificate of completion by the customer against an invoice	0.6
23.03.2015	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2015	Repairs on the transformer	Within 60 calendar days after receiving the original tax invoice from the contractor for the amount of completed and customer-accepted works against work acceptance certificates signed by the parties	0

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 2015 USD million (excluding VAT)
15.05.2015 (with an additional agreement signed on 20.08.2015 to transfer the rights and obligations of RUS-Engineering LLC under the original agreement to RUSAL Achinsk)	RUS-Engineering LLC (until 31.06.2015) RUSAL Achinsk (effective from 01.07.2015)	Bratskenergoremont	Up to 31.12.2015	Purchase of services to conduct an overhaul of the boiler	Within the period of 45 calendar days from the date the parties sign the certificate of acceptance of the performed work based on the original tax invoice issued by the contractor	0.1
31.12.2014	RUS-Engineering LLC	Bratskenergoremont	Up to 31.12.2015	Maintenance of equipment	90% of the amount be paid within the period of 30 calendar days, and 10% of the amount be paid within the period of 60 calendar days from the date the parties sign the certificate of acceptance of the performed work based on the original tax invoice issued by the contractor	0.8
16.03.2015	RUSAL Achinsk	Bratskenergoremont	Up to 31.12.2015	Cleaning of CHP equipment including boilers	Within 60 calendar days after the date of the work acceptance certificate and against a tax invoice issued by the contractor	0
01.04.2015	RUSAL Achinsk	Bratskenergoremont	Up to 31.12.2015	Cleaning of CHP equipment including cooling tower	Within 60 calendar days after the date of the work acceptance certificate and against a tax invoice issued by the contractor	0
01.01.2015	RUSAL Bratsk Aluminium Smelter OJSC	KraMZ-Auto	Up to 31.12.2015	Motor vehicle maintenance and repair	Within 10 banking days after receipt of the original proforma invoice issued under the service acceptance certificate signed by the parties	0

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 2015 USD million (excluding VAT)
01.01.2015	RUSAL Krasnoyarsk Aluminium Smelter OJSC	KraMZ-Auto	Up to 31.12.2017	Transport vehicle maintenance and repair services	Within 10 banking days after receipt of the original proforma invoice issued under the service acceptance certificate signed by the parties	0
06.02.2015	OJSC RUSAL Sayanogorsk	OVE	Up to 31.12.2015	Repairs of security devices, speed gauges and testing of railway tracks	Within 10 calendar days after receipt of the original VAT invoice drawn no later than 5 days after provision of the services	0
29.05.2015	OJSC RUSAL Sayanogorsk	OVE	Up to 31.12.2015	Turning of locomotive wheelsets and testing of locomotive wheel-engine units	100% advance payment against issued invoice	0
01.01.2015	Shelekhov Branch of RUSAL Bratsk OJSC	JSC IENC	Up to 31.12.2015	Equipment maintenance services	Within 5 days after execution of the service delivery and acceptance certificate by the parties against the original proforma invoice	0
01.01.2015	Shelekhov Branch of RUSAL Bratsk OJSC	JSC IENC	Up to 31.12.2015	Operation and maintenance services with respect to high-voltage line	Within 5 days after execution of the service delivery and acceptance certificate by the parties against the original proforma invoice	0
24.08.2015	RUSAL Achinsk Alumina Refinery OJSC	Bratskenergoremont	Up to 31.12.2015, may be extended by both parties by signing an addendum	Restoration of technical parameters of turbine and extension of life of generator	Payment to be made within 45 calendar days after signing work acceptance certificates	0.3
16.11.2015	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2015	Cold water pump replacement at water recycling pump station	Within 40 calendar days upon signing of the certificate of completion by the customer against an invoice	0

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 2015 USD million (excluding VAT)
23.11.2015	RUS-Engineering LLC	LLC KraMZ	Up to 31.12.2015	Repair services andmaintenance of two coils at an induction furnace and maintenance of one cable hose (umbilical)	70% advance payment within 5 banking days upon receiving the invoice and the remaining 30% - upon signing of the completion certificate and receipt of the invoice within 5 banking days	0
Total						**5.5**

The aggregate consideration for the repair services provided under these contracts by the associates of En+ during the year ended 31 December 2015 amounted to USD5.5 million which was within the maximum aggregate consideration of USD15.17 million for 2015 as disclosed in the announcement dated 24 November 2015.

L Transport Logistics Services Contracts with the associates of En+

Each of LLC "RTC", Global Commodity Transport Limited and LLC "EN+ LOGISTICA" is directly or indirectly held by En+ as to more than 30% of the issued share capital, each of them is therefore an associate of En+ and thus is a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group as customers and each of LLC "RTC", Global Commodity Transport Limited and LLC "EN+ LOGISTICA" as service provider constitute continuing connected transactions of the Company under the Listing Rules. The consideration for the transportation logistics services under each of these contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

Details of these 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 2015 USD million (excluding VAT)
31.12. 2013 (Addendum: 01.01.2015)	RUSAL Achinsk Alumina Refinery OJSC	LLC "RTC"	Up to 31.12.2015 and may be extended for the next calendar year upon the signing of a bilateral agreement between the parties	Payment to be made within 30 days of the month following the month of rendering of services.	0
31.12. 2013 (Addendum: 01.01.2015)	SUBR OJSC	LLC "RTC"	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 15 calendar days prior to its expiration	Payment to be made within 30 days of the month following the month of rendering of services.	0
31.12. 2013 (Addendum: 01.01.2015)	OJSC Boksit Timana	LLC "RTC"	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 15 calendar days prior to its expiration	Payment to be made within 30 days of the month following the month of rendering of services.	0
31.12. 2013 (Addendum: 01.01.2015)	OJSC SUAL	LLC "RTC"	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 15 calendar days prior to its expiration	Payment to be made within 30 days of the month following the month of rendering of services.	0
31.12. 2013 (Addendum: 01.01.2015)	OJSC SUAL	LLC "RTC"	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 30 calendar days prior to its expiration	Payment to be madewith in 30 days of the month following the month of rendering of services.	0
30.12. 2013 (Addendum: 01.01.2015)	United Company RUSAL -Trading House OJSC	LLC "RTC"	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 30 calendar days prior to its expiration	Payment to be made within 15 days of the month following the month of rendering of services.	0
30.12. 2013 (Addendum: 01.01.2015)	RTI Limited	LLC "RTC"	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 30 calendar days prior to its expiration	Payment to be made within 15 days of the month following the month of rendering of services.	0.1
30.12. 2013 (Addendum: 26.12.2014	LLC RUSALTRANS	LLC "RTC"	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 30 calendar days prior to its expiration	Payment to be made within 15 days of the month following the month of rendering of services.	0
30.12. 2013 (Addendum: 01.01.2015)	United Company RUSAL -Trading House OJSC	Global Commodity Transport Limited	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 30 calendar days prior to its expiration	Payment to be made within 10 days of the month of rendering of services.	0

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 2015 USD million (excluding VAT)
30.12. 2013 (Addendum: 01.01.2015)	RTI Limited	Global Commodity Transport Limited	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 30 calendar days prior to its expiration	Payment to be made within 10 days of the month of rendering of services.	0.7
30.12. 2012 (Addendum: 12.01.2015)	United Company RUSAL -Trading House OJSC	LLC "EN+ LOGISTICA"	Up to 31.12.2015 and may be extended for the next calendar year if neither party declares its intention to terminate the contract in writing not later than 30 calendar days prior to its expiration	Payment to be made within 15 days of the month of rendering of services.	0
01.01. 2015	RUSAL Boxitogorsk OJSC	LLC "RTC"	Up to 31.12.2015 and may be extended by additional agreement in writing	Payment to be made within 30 days of the month following the month of rendering of services.	0
Total:					**0.8**

The aggregate consideration for the transport logistics services provided under these above contracts by the associates of En+ during the year ended 31 December 2015 amounted to USD0.8 million which was within the maximum aggregate consideration of USD13.253 million for 2015 as disclosed in the announcement dated 14 January 2015.

M Operation of Ondskaya Hydro Power Station

"EuroSibEnergo — Thermal Energy" Ltd is directly or indirectly held by En+ as to more than 30% of the issued share capital, it is therefore an associate of En+ and thus is a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group and "EuroSibEnergo — Thermal Energy" Ltd constitute continuing connected transactions of the Company under the Listing Rules. The consideration under each of these contracts are determined on an arm's length basis. The consideration for each of these contracts was satisfied in cash via wire transfer.

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

Member of the Group	Associate of En+	Date of contract	Subject matter	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2015 USD million (excluding VAT)
JSC "Siberian and Urals Aluminium Company"	"EuroSibEnergo — Thermal Energy" Ltd	28.08.2014 and 28.07.2015	Lease of movable and immovable property of Ondskaya Hydro Power Station	Up to 31.12.2015	Paid monthly	6.6
JSC "Siberian and Urals Aluminium Company"	"EuroSibEnergo – Thermal Energy" Ltd	04.12.2014 and 28.07.2015	Provision of operation and maintenance services in relation to the movable and immovable property of Ondskaya Hydro Power Station	Up to 31.12.2015	Paid monthly	1.9
Total						**8.5**

The aggregate consideration for operation of Ondskaya Hydro Power Station under these contracts by EuroSibEnergo-Thermal Energy Ltd during the year ended 31 December 2015 amounted to USD8.5 million which was within maximum aggregate consideration of USD11.17 million for 2015 as disclosed in the announcement dated 29 July 2015.

(II) The transactions and arrangements summarised below were entered into by members of the Group on or prior to 31 December 2015 and are in relation to transactions for the year ending 31 December 2016 and subsequent years (and not for the year ended 31 December 2015):

A Sale of raw materials to the associates of Mr. Deripaska and En+

As discussed above, each of Achinsk Cement and Stroyservice is an associate of Mr. Deripaska and is thus a connected person of the Company; and KraMZ-Auto LLC is an associate of Mr. Deripaska and of En+, and is thus a connected person of the Company. Accordingly, the contracts discussed below constitute continuing connected transactions for the Company under the Listing Rules.

In December 2015, members of the Group, as sellers, entered into the following raw materials supply contracts with the associates of Mr. Deripaska/En+, as buyers, with particulars set out below:

No.	Date of contract	Seller (member of the Group)	Buyer (an associate of Mr. Deripaska/ En+)	Raw materials to be supplied	Estimated delivery volume for the year ending 31 December 2016	Estimated consideration payable for the year ending 31 December 2016, excluding VAT (USD)	Payment terms
1.	30.12.2015	RUSAL Krasnoyarsk Aluminium Smelter Open Joint Stock Company	KraMZ-Auto LLC	Petrol, diesel fuel, oil, lubricants	Diesel fuel: 850 tons Gasoline A-92: 105 tons Other petroleum products: 29.25 tons	564,016	Payment by the 15th day of the month following the month of delivery
2.	29.12.2015	RUSAL Bratsk Aluminium Smelter Open Joint Stock Company	KraMZ-Auto LLC	Petrol, diesel fuel, oil, lubricants	Liquid Cooling, Transmission oil -23 103 kg, Diesel fuel - 200 tons, Motor oil - 1480 litres	130,378	Payment within 10 working days after actual delivery, or by mutual settlements if there are counter-obligations
3.	28.12.2015	RUSAL Sayanogorsk Aluminium Smelter Open Joint Stock Company ("RUSAL Sayanogorsk")	KraMZ-Auto LLC	Petrol, diesel fuel, oil, lubricants	Gasoline — 60 tons Diesel fuel - 480 tons Fuel (Other) — 19.64 tons	319,447	Payment after actual delivery and no later than 10 working days after receipt of invoice
4.	28.12.2015	RUSAL Sayanogorsk	Stroyservice	Petrol, diesel fuel, lumber and building materials	Gasoline - 88.73 tons Diesel fuel - 97.422 tons Lumber and building materials - 20.9 m3	1,655,241	Payment after actual delivery and no later than 10 working days after receipt of invoice
5.	29.12.2015	RUSAL Achinsk	Achinsk Cement	Limestone	705,112 tons	2,475,269	Payment for the first week is made no later than the 30th date of the previous shipment. Payment for each of the subsequent weeks is made no later than the last working day of previous week
6.	29.12.2015	RUSAL Achinsk	Achinsk Cement	Nepheline sludge	410,840 tons	825,283	Payment for the first week is made no later than the 30th date of the previous shipment. Payment for each of the subsequent weeks is made no later than the last working day of previous week

No.	Date of contract	Seller (member of the Group)	Buyer (an associate of Mr. Deripaska/ En+)	Raw materials to be supplied	Estimated delivery volume for the year ending 31 December 2016	Estimated consideration payable for the year ending 31 December 2016, excluding VAT (USD)	Payment terms
7.	29.12.2015	RUSAL Achinsk	Achinsk Cement	Pulverized coal	12,000 tons	509,762	Payment for the first week is made no later than the 30th date of the previous shipment. Payment for each of the subsequent weeks is made no later than the last working day of previous week
8.	29.12.2015	RUSAL Achinsk	Achinsk Cement	Clay from overburden	73,747 tons	52,179	Payment for the first week is made no later than the 30th date of the previous shipment. Payment for each of the subsequent weeks is made no later than the last working day of previous week
9.	29.12.2015	RUSAL Achinsk	Achinsk Cement	Diesel fuel	7.2 tons	4,374	Payment for first week should be made not later than 30th day of previous month (payment for first 7 days) in amount of 25% of beforehand approved volume of sales. Payment for following weeks should be made not later than last business day of previous week
10.	29.12.2015	RUSAL Achinsk	Achinsk Cement	Heating oil	3,650 tons	587,030	Payment for first week should be made not later than 30th day of previous month (payment for first 7 days) in amount of 25% of beforehand approved volume of sales. Payment for following weeks should be made not later than last business day of previous week
11.	29.12.2015	RUSAL Achinsk	Achinsk Cement	Coal	166,164 tons	5,624,013	Payment for first week should be made not later than 30th day of previous month (payment for first 7 days) in amount of 25% of beforehand approved volume of sales. Payment for following weeks should be made not later than last business day of previous week

For each of the contracts set out in the table above, the consideration is to be satisfied in cash via wire transfer and the term is up to 31 December 2016. Each of the contracts is renewable upon agreement of both parties.

B Transportation Contracts

As discussed above, each of KraMZ-Auto and OVE is an associate of En+ and of Mr. Deripaska, and therefore is a connected person of the Company. Accordingly, the transactions entered into between members of the Group on one part, and KraMZ-Auto or OVE on the other, constitute continuing connected transactions of the Company under the Listing Rules.

During December 2015, members of the Group, as customers, entered into the following transportation contracts with particulars set out below:

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Transportation services	Estimated consideration for the relevant year payable excluding VAT (USD)	Scheduled termination date	Payment terms
28.12.2015	RUSAL Sayanogorsk	OVE	Cargo delivery, railway transportation, shipment of goods from factory and provision of wagons	2016: USD4,011,937	31 December 2016	Payment within 10 working days after receipt of invoice
28.12.2015	OJSC "RUSAL SAYANAL"	KraMZ-Auto	Cargo transportation	2016: USD202,086	31 December 2016	Payment within 15 days after receipt of invoice
30.12.2015	Limited Liability Company "IT-Service"	KraMZ-Auto	Provision of vehicles and mechanisms with or without driving services	2016: USD31,079 2017: USD33,519	31 December 2017	Payment within 60 days of signing of service acceptance by both parties and submission of original invoices
28.12.2015	RUS-Engineering LLC	KraMZ-Auto	Motor transportation services	2016: USD294,014	31 December 2016	50% of the total amount to be paid before the 15th day of the following month and the other 50% to be paid before the 30th day of the following month after the receipt of the original copy of the invoice
28.12.2015	RUS-Engineering LLC	KraMZ-Auto	Motor transportation services	2016: USD65,222	31 December 2016	50% of the total amount to be paid before the 15th day of the following month and the other 50% to be paid before the 30th day of the following month after the receipt of the original copy of the invoice

The consideration under these transportation contracts is to be paid in cash via wire transfer.

C Heat Supply Contracts with the associates of En+

As discussed above, each of JSC Irkutskenergo, Baikalenergo and Khakass Utility Systems Limited Liability Company is an associate of En+, and is thus a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group on one part and JSC Irkutskenergo, Baikalenergo or Khakass Utility Systems Limited Liability Company on the other, as discussed below, constitute continuing connected transactions of the Company under the Listing Rules.

During December 2015, 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 the year endwing 31.12.2016 excluding VAT (USD)	Payment terms
28 December 2015 (Note 1)	RUSAL Bratsk OJSC	JSC Irkutskenergo	Heat(water, steam)	Heat energy: 330 Gcal Coolant: 559 tons	Heat energy: 3,716 Coolant: 131	Advance payment of 35% of the total price on the 18th day of each month, and 50% by the 30th day of each month with the remainder (15%) being paid up by the 10th day of the month following the billing month
28 December 2015 (Note 1)	RUSAL Sayanogorsk Aluminium Smelter Open Joint Stock Company/ JSC "RUSAL Sayanogorsk Aluminium Plant"	Khakass Utility Systems LLC	Thermal energy in hot water	Thermal energy: 330,752 Gcal Demineralized water (coolant): 1,230,000m3	Thermal energy: 3,614,237 Demineralized water (coolant): 81,861	The first payment period not later than 18th day of the billing month, on the basis of the invoice, JSC "RUSAL Sayanogorsk" pays 35% of the total cost of thermal energy approved by the parties in Appendix No.2 to the contract; - Second payment period not later than the last day of the billing month, on the basis of the invoice, JSC "RUSAL Sayanogorsk" pays 50% of the total value of the amount of heat energy, agreed by the parties; - The third payment period not later than the 10th day of the month following the billing month, JSC "RUSAL Sayanogorsk" pays the difference between the cost of the actual received amount of heat, defined on the basis of meter readings or by calculation in the case of lack of metering, and the amount paid by JSC "RUSAL Sayanogorsk" previously.
28 December 2015 (Note 1)	RUSAL Sayanogorsk Aluminium Smelter Open Joint Stock Company/ JSC "RUSAL Sayanogorsk Aluminium Plant"	Baikalenergo	Thermal energy in hot water for a garage	Thermal energy 428 Gcal	USD10,789	No later than the 20th day of a month following the month of settlement
28 December 2015 (Note 1)	RUSAL Sayanogorsk Aluminium Smelter Open Joint Stock Company/ JSC "RUSAL Sayanogorsk Aluminium Plant"	Baikalenergo	Thermal energy in hot water	4,378.1 Gcal	Thermal energy: 111,428 Coolant: 11,984	Payment no later than the 20th day of a month following the billing month based on the invoice received

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 the year ending 31.12.2016 excluding VAT (USD)	Payment terms
28 December 2015 (Note 1)	RUSAL SAYANAL OJSC	Khakass Utility Systems LLC	Heat and chemically purified water	Heat: 34,000 Gcal Chemically purified water: 77,000m^3	Heat: 366,482 Chemically purified water: 4,985	Payment for supplied in the current billing month of heat and chemically purified water is made not later than on the 20th day of the following billing month

1. The scheduled termination date of the contract is 31 December 2016.

D Purchase of Vehicles from the associate of Mr. Deripaska

"Ural Motor Vehicles Plant" JSC is held by Basic Element as to more than 30% of the issued share capital. Basic Element is in turn held by Mr. Deripaska (an executive Director) as to more than 50% of the issued share capital. Accordingly, "Ural Motor Vehicles Plant" JSC is therefore an associate of Mr. Deripaska and thus is a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between members of the Group on one part, and "Ural Motor Vehicles Plant" JSC on the other, constitute continuing connected transactions of the Company under the Listing Rules.

On 22 December 2015, Compagnie de Bauxite et d'Alumine de Dian-Dian S.A., a member of the Group, as the buyer, and "Ural Motor Vehicles Plant" JSC, an associate of Mr. Deripaska, as the supplier, entered into an agreement (as disclosed in the Company's announcement dated 23 December 2015) pursuant to which Compagnie de Bauxite et d'Alumine de Dian-Dian S.A agreed to buy and "Ural Motor Vehicles Plant" JSC agreed to sell one mobile auto-repair truck in 2016 for a total consideration of up to approximately USD72,900. The consideration is to be satisfied in cash via wire transfer. 50% of total value of the agreement as advance payment shall be paid within 5 days from the date of invoice, and the balance payment shall be paid within 15 days from the date of receiving of notification regarding the readiness of goods for shipping.

E Repair Services Contracts with associates of En+Transportation Contracts

As discussed above, each of KraMZ-Auto and Bratskenergoremont is an associate of En+ and of Mr. Deripaska, and therefore is a connected person of the Company. Accordingly, the transactions entered into between members of the Group on one part, and KraMZ-Auto or Bratskenergoremont on the other, constitute continuing connected transactions of the Company under the Listing Rules.

During December 2015, members of the Group, as customers, entered into the following repair services contracts with particulars set out below:

Date of contract	Customer (member of the Group)	Service provider (associate of En+)	Repair services	Estimated consideration for the year ending 31.12.2016 payable excluding VAT (USD)	Scheduled termination date	Payment terms
29.12.2015	RUSAL Achinsk	Bratskenergoremont	Restoration of technical parameters of turbine and maintenance of generator	518,753	30 June 2016	Payment to be madewithin 45 calendar days after signing work acceptance certificates
29.12.2015	RUSAL Achinsk	Bratskenergoremont	Maintenance of the CHP equipment	6,154,164	Up to 31 December 2016, may be extended by both parties signing an addendum	– a 50% prepayment of the cost of the montly services to be made within 5 banking days – 50% payment to be made within 10 banking days after receiving a tax invoice
28.12.2015	RUSAL Bratsk Aluminium Smelter OJSC	KraMZ-Auto	Motor vehicle maintenance and repair	4,656	Up to 31 December 2016	Within 10 banking days upon receiving of the original proforma invoice issued under the service acceptance certificate signed by the parties

F Transport Logistics Services Contracts

Each of LLC "RTC, Global Commodity Transport Limited and LLC "EN+ LOGISTICA" is directly or indirectly held by En+ as to more than 30% of the issued share capital, each of them is therefore an associate of En+ and is a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between members of the Group on one part, and LLC "RTC", Global Commodity Transport Limited or LLC "EN+ LOGISTICA" on the other, constitute continuing connected transactions of the Company under the Listing Rules.

During December 2015, member of the Group, as customer, entered into the following transport logistics services contracts with particulars set out below:

Date of contract	Customer (member of the Group)	Service provider (an associate of En+)	Estimated consideration payable for the year ending 31 December 2016, excluding VAT (USD)	Payment terms	Scheduled termination date and extension clause, if any
30.12.2015 (addendum to contract dated 31.12.2013)	Open Joint Stock Company "United Company RUSAL-Trading House"	LLC "RTC"	6,581,439	Payment to be made within 22 days of the month following the month of rendering of services	Up to 31 December 2016 and may be extended for one calendar year if neither party declares its intention to terminate the contract in writing no later than 30 calendar days prior to its expiration
30.12.2015 (addendum to contract dated 30.12.2013)	RTI Limited	LLC "RTC"	1,202,666	Payment to be made within 22 days of the month following the month of rendering of services	Up to 31 December 2016 and may be extended for one calendar year if neither party declares its intention to terminate the contract in writing no later than 30 calendar days prior to its expiration
30.12.2015 (addendum to contract dated 30.12.2013)	LLC RUSALTRANS	LLC "RTC"	499,763	Payment to be made within 22 days of the month following the month of rendering of services	Up to 31 December 2016 and may be extended for one calendar year if neither party declares its intention to terminate the contract in writing no later than 30 calendar days prior to its expiration
30.12.2015 (addendum to contract dated 30.12.2013)	Open Joint Stock Company "United Company RUSAL-Trading House"	Global Commodity Transport Limited	370,000	Payment to be made within 10 days of the month following the month of rendering of services	Up to 31 December 2016 and may be extended for one calendar year if both parties agree in writing
30. 12.2015 (addendum to contract dated 30.12.2013)	RTI Limited	Global Commodity Transport Limited	2,200,000	Payment to be made within 10 days of the month following the month of rendering of services	Up to 31 December 2016 and may be extended for one calendar year if both parties agree in writing
30. 12.2015 (addendum to contract dated 31.12.2013)	Open Joint Stock Company "RUSAL Achinsk Alumina Refinery"	LLC "RTC"	633,455	Payment to be made no later than the last day of the month following the month of rendering of services	Up to 31 December 2016 and may be extended for one calendar year upon the signing of a bilateral agreement between the parties
30. 12.2015 (addendum to contract dated 31.12.2013)	OJSC SUAL	LLC "RTC"	196,340	Payment to be made within 22 days of the month following the month of rendering of services	Up to 31 December 2016 and may be extended for one calendar year if neither party declares its intention to terminate the contract in writing no later than 15 calendar days prior to its expiration
31. 12.2015 (addendum to contract dated 31.12.2013)	OJSC Boksit Timana	LLC "RTC"	147,731	Payment to be made within 22 days of the month following the month of rendering of services	Up to 31 December 2016 and may be extended for one calendar year if neither party declares its intention to terminate the contract in writing no later than 15 calendar days prior to its expiration
30. 12.2015	Open Joint Stock Company "United Company RUSAL-Trading House"	LLC "EN+ LOGISTICA"	109,134	Payment to be made within within 15 days after issue of invoice following the month of rendering of services	Up to 31 December 2016 and may be extended for one calendar year if neither party declares its intention to terminate the contract in writing no later than 30 calendar days prior to its expiration

G Purchase of raw materials from the associates of Mr. Blavatnik for repairing

As discussed above, CJSC "EPM – NovEP" is an associate of Mr. Blavatnik and thus is a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between members of the Group as buyers and CJSC "EPM – NovEP" as seller constitute continuing connected transactions of the Company under the Listing Rules.

On 30 December 2015, JSC "SUAL""KAZ-SUAL" branch, as buyer, entered into a purchase of cathode blocks and carbon mass agreement with CJSC "EPM-NovEP", as seller, for the purchase of cathode blocks in the estimated amount of up to 655.56 tonnes and carbon mass in the estimated amount of up to 168 tonnes for the two years ending 31 December 2017, for an estimated total consideration of approximately USD846,729 per year. The term of the agreement is up to 31 December 2017. The payment of the consideration is to be made within 45 days after actual delivery and is to be satisfied in cash via wire transfer.

On 21 December 2015, RUS-Engineering LLC, as buyer, entered into a purchase of cathode blocks and carbon paste agreement with CJSC "EPM-NovEP", as seller, for the purchase of cathode blocks in the estimated amount of up to 22,040 tonnes and carbon paste in the estimated amount of up to 5,931 tonnes for each of the two years ending 31 December 2017, for an estimated total consideration of approximately USD23,953,782(cathode blocks) and USD3,483,700 (carbon paste) each year. The term of the agreement is up to 31 December 2017. The payment of the consideration is to be made within 45 days after actual delivery and is to be satisfied in cash via wire transfer.

H Operation of Ondskaya Hydro Power Station

As discussed above, "EuroSibEnergo — Thermal Energy" Ltd is an associate of En+ and thus is a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between members of the Group and "EuroSibEnergo — Thermal Energy" Ltd constitute continuing connected transactions of the Company under the Listing Rules.

During December 2015, member of the Group, entered into the following contracts with "EuroSibEnergo — Thermal Energy" Ltd with particulars set out below:

Member of the Group	Associate of En+	Date of contract	Subject matter	Term of contract	Payment terms	Estimated consideration payable for the year ending 31 December 2016, excluding VAT (USD)
JSC "Siberian and Urals Aluminium Company"	"EuroSibEnergo — Thermal Energy" Ltd	15.12.2015	Lease of movable and immovable property of Ondskaya Hydro Power Station	Up to 30.11.2016 (which may be extended by further addendum in writing between the parties)	The rent is to be paid as to 50% by the 20th day of the current month of lease and the remaining 50% by the 5th day of the following month and is to be settled in cash via wire transfer	6,416,667
JSC "Siberian and Urals Aluminium Company"	"EuroSibEnergo — Thermal Energy" Ltd	15.12.2015	Provision of operation and maintenance services in relation to the movable and immovable property of Ondskaya Hydro Power Station	Same as the lease under the contract dated 15.12.2015	To be paid as to 50% by the 30th day of the current month and the remaining 50% within 10 calendar days from the date of signing of bilateral act of acceptance of services rendered and in cash via wire transfer	4,080,000

12 Agreements subject to change of control provisions

The following agreements with the Company contain change of control provisions allowing the other parties under such agreements to cancel their commitments in full and declare (or which action would result in) all outstanding loans immediately due and payable in the relevant event:

(a) Up to USD4,750,000,000 Aluminium Pre-Export Finance Term Facility Agreement and up to USD400,000,000 Multicurrency Aluminium Pre- Export Finance Term Facility Agreement each as amended and restated on 18 August 2014 and then from time to time, between United Company RUSAL Plc as Borrower and ING Bank N.V. as Facility Agent, BNP Paribas (Suisse) SA and ING Bank N.V. as Security Agents, and Natixis as Offtake Agent and others - in the event that any person (or persons acting in concert) other than the core shareholder (as defined in the credit facility agreement) has or gains control of the Company. As of 31 December 2015, the outstanding nominal value of debt was USD2.9 billion and EUR131 million and the final maturity of the debt was 31 December 2020.

(b) Up to RUB15,000,000,000 multicurrency facility agreement dated 16 December 2013 between, among others, VTB Capital Plc as Facility Agent and Security Agent and the Borrowers (United Company RUSAL Plc, Krasnoyarsk Aluminium Smelter, Bratsk Aluminium Smelter, JSC Siberian- Urals Aluminium Company) - in the event that any person (or persons acting in concert) other than the core shareholder (as defined in the credit facility agreement) has or gains control of the Company. As of 31 December 2015, the outstanding nominal value of debt was USD285 million and the final maturity of the debt was 17 December 2018.

13 Major customers and suppliers

Large scale end-customers of the Company include Glencore, Toyota, Mechem SA, LG International and ALCOA SMZ.

The largest customer and the five largest customers of the Group accounted for 34% and 48%, respectively, of the Group’s total sales for the year ended 31 December 2015.

The major suppliers of the Company are CJSC – “FSC” and JSC Irkutskenergo with respect to electricity and capacity and power supply or transmission, OJSC “Russian Railways” with respect to railway transportation, Rio Tinto Aluminium Limited with respect to bauxite and alumina supply and ENRC Marketing AG with respect to alumina supply.

The amount of purchases from the largest supplier and the five largest suppliers of the Group accounted for 12% and 29%, respectively, of the Group’s total cost of sales for the year ended 31 December 2015.

Save for the fact that Glencore is deemed to be interested in 9.02 % (long position) and 8.62% (short position) of the total issued share capital of the Company within the meaning of Part XV of the SFO as at 31 December 2015 and Mr. Ivan Glasenberg, a non-exective Director, is a member of the board of directors and the Chief Executive Officer of Glencore, no Director or their respective close associates (as defined in the Listing Rules) or any Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares of UC RUSAL) had any interests in the Group’s five largest customers of the primary aluminium or alumina at any time during 2015.

14 Directors

The following individuals served as Directors during the financial year ended 31 December 2015:

Name	Position at year end (unless specified otherwise)	Notes
Oleg Deripaska	President, executive Director	
Vladislav Soloviev	Chief Executive Officer, executive Director	
Stalbek Mishakov	Executive Director	
Vera Kurochkina	Executive Director	Ceased to be a Director on 26 June 2015
Maxim Sokov	Non-executive Director	
Daniel Lesin Wolfe	Non-executive Director	
Dmitry Afanasiev	Non-executive Director	
Ekaterina Nikitina	Non-executive Director	
Gulzhan Moldazhanova	Non-executive Director	
Ivan Glasenberg	Non-executive Director	
Len Blavatnik	Non-executive Director	
Maksim Goldman	Non-executive Director	
Olga Mashkovskaya	Non-executive Director	
Elsie Leung Oi-sie	Independent non-executive Director	
Mark Garber	Independent non-executive Director	
Matthias Warnig	Chairman of the Board, Independent non-executive Director	
Peter Nigel Kenny	Independent non-executive Director	
Philip Lader	Independent non-executive Director	
Dmitry Vasiliev	Independent non-executive Director	Appointed as a Director on 26 June 2015

Particulars of appointments of Directors

A. Executive Directors

Each of the executive Directors has agreed to act as executive Director with effect from their respective dates of appointment, with a term of up to the annual general meeting in the third year after the commencement of the appointment according to the Articles of Association, which may be terminated in accordance with the terms of their respective employment contracts and applicable legislation. The appointment of each executive Director is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

B. Non-executive Directors and independent non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company with effect from their respective dates of appointment with a term of up to the annual general meeting in the third year after the commencement of the appointment according to the Articles of Association. Appointments of non-executive Directors may be terminated by the non-executive Director by giving one month's notice of termination and/or otherwise in accordance with the Articles of Association. Appointments of independent non-executive Directors may be terminated by the Company or the independent non-executive Director by giving one month's notice of termination and/or otherwise in accordance with the Articles of Association. Each of the non-executive Directors and the independent non-executive Directors is entitled to a fixed director's fee. The appointment of each non-executive Director and independent non-executive Director is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Paragraph A.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term, subject to re-election, and paragraph A.4.2 provides that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least every three years. The Company has addressed these requirements by including Article 24.2 of the Articles of Association which provides that if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or re-appointment, he shall retire at the annual general meeting. As such, it is possible that a Director may be in office for more than three years depending upon the timing of the relevant annual general meeting.

There are no service contracts with any Directors who are proposed for re-election at the forthcoming annual general meeting that are not determinable by the Company within one year without payment of compensation (other than statutory compensation).

C. 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 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 Listing Rules.

D. Change of particulars of Directors

Mr. Ivan Glasenberg ceased to be a member of the board of directors of Xstrata plc. Also he ceased to be a non-executive director of Pirelli & C. SpA with effect from 19 October 2015.

Mr. Dmitry Vasiliev ceased to be a member of the board of directors of U.S. Russia Foundation for Economic Advance and the Rule of Law (USA) with effect from 4 December 2015 and ceased to be a member of the supervisory board of each of Joint Stock Company "RKS-Management" and Limited Liability Company "RKS-Holding" with effect from 1 January 2016.

Ms. Olga Mashkovskaya ceased to be a member of the board of directors of Rainco Holdings Ltd with effect from 4 December 2015.

Mr. Philip Lader ceased to be the non-executive chairman of WPP plc with effect from 16 June 2015.

E. Retirement of Director

Ms. Vera Kurochkina retired from directorship and did not offer herself for re-election at the annual general meeting held on 26 June 2015.

F. Appointment of Director

Mr. Dmitry Vasiliev was appointed as an independent non-executive Director with effect from 26 June 2015.

G. Changes to the composition of Board Committees

Mr. Dmitry Vasiliev was appointed as a member of the Audit Committee and Corporate Governance & Nomination Committee of the Company with effect from 16 November 2015.

Mr. Mark Garber was appointed as a chairman of the Health, Safety and Environmental Committee of the Company with effect from 16 November 2015.

15 Directors' and Chief Executive Officer's interests in Shares and in shares of associated corporations of UC RUSAL

As at 31 December 2015, the interests and short positions of the Directors and Chief Executive Officer in the Shares, underlying Shares and debentures of UC RUSAL as recorded in the register required to be kept pursuant to section 352 of the SFO or otherwise notified to UC RUSAL and the Hong Kong Stock Exchange pursuant to the Model Code (as incorporated by the Company in its "Codes for Securities Transactions" - for further information, please refer to the Corporate Governance Report) were as set out below.

Interests in Shares

Name of Director / Chief Executive Officer	Capacity	Number of Shares as at 31 December 2015	Percentage of issued share capital as at 31 December 2015
Oleg Deripaska	Beneficiary of a trust *(Note 1)*	7,312,299,974(L)	48.13%
	Beneficial owner *(Note 2)*	35,374,065 (L)	0.23%
	Total	7,347,674,039 (L)	48.36%
Vladislav Soloviev	Beneficial owner	1,311,629 (L)	0.008%
Maxim Sokov	Beneficial owner *(Note 2)*	413,751 (L)	0.003%

(L) Long position

Notes – see notes on page 135.

Interests in the shares of associated corporations of UC RUSAL

As at 31 December 2015, Mr. Oleg Deripaska, the President and an executive Director of UC RUSAL, had disclosed interests in the shares of a number of associated corporations (within the meaning of Part XV of the SFO) of UC RUSAL, the details of which are set out in the "Disclosure of Interests" section on the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

Interests and short positions in underlying Shares and in the underlying shares of the associated corporations of UC RUSAL

Name of Director / Chief Executive Officer	Capacity	Number of underlying Shares as at 31 December 2015	Percentage of issued share capital as at 31 December 2015
Oleg Deripaska	Beneficiary of a trust *(Note 1)*	1,539,481,200(L)*(Note 7)*	10.133%

(L) Long position

Notes – see notes on page 135.

Other than as disclosed, as at 31 December 2015, neither any Director or the Chief Executive Officer had any interest or short position, whether beneficial or non-beneficial, in the Shares, underlying Shares and debentures of the Company or in any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company or the Hong Kong Stock Exchange and entered into the register required to be kept under section 352 of the SFO, or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

16 Directors' interests in businesses that may compete with the Company

Mr. Deripaska, Ms. Gulzhan Moldazhanova, Mr. Maxim Sokov, Ms. Olga Mashkovskaya and Mr. Vladislav Soloviev (prior to 29 January 2015 the date when Mr. Soloviev ceased to be a director of En+) were interested in/were directors of En+, Mr. Len

Blavatnik was interested in SUAL Partners, Mr. Ivan Glasenberg was interested in Glencore and was a director and the chief executive officer of Glencore. En+, SUAL Partners and Glencore are businesses which compete or are likely to compete, either directly or indirectly, with the Company. The summary below provides a description of these businesses, as well as facts demonstrating that UC RUSAL is capable of carrying on its own business independently of and at arm's length from these businesses.

In considering whether the Board and senior management of the Company are independent from the senior management of each of En+, SUAL Partners and Glencore, the Directors have taken into account the following general reasons, as well as the specific reasons applicable to each of En+, SUAL Partners and Glencore:

(a) the Board consists of eighteen Directors, comprising three executive Directors, nine non-executive Directors and six independent non-executive Directors;

(b) the decision-making mechanism of the Board set out in the Articles of Association provides that all Directors with a conflicting interest shall not vote when a conflicted resolution is to be discussed and voted on;

(c) the Board has six independent non-executive Directors with extensive corporate governance and financial experience and is able to review, enhance and implement measures to manage any conflict of interests between the businesses in which the Directors have interests and the Group in order to protect minority shareholders' interests and to manage the affairs of the Group independently of the businesses in which the Directors have interests that may compete with the Company. The independent non-executive Directors make recommendations on proposed connected transactions by the Company. A committee of the independent non-executive Directors will make recommendations to the independent shareholders on how to vote for any resolution that relates to future connected transactions pursuant to the Listing Rules' requirements; and

(d) all connected transactions which are subject to reporting and announcement requirements under the Listing Rules have to be reviewed by the Audit Committee before they are approved by the Board.

In respect of each specific relevant business:

A. En+

En+ is a limited liability company incorporated under the laws of Jersey with its registered office at 44 Esplanade St. Helier, JE4 9WG, Channel Islands. En+ is ultimately controlled by one of its beneficial owners Mr. Deripaska, who indirectly holds 91.6% of the shares in En+.

En+'s strategy is to focus on businesses with mining expertise, including in relation to the extraction of raw materials for energy production, electricity generation and the production of non-ferrous metals. En+ specialises in metals that require high energy consumption and then looks for synergies between its energy producing and energy consuming businesses.

En+'s origins lie in its core business of aluminium production. Apart from being the Company's Controlling Shareholder, En+ also owns more than 30% in Krasnoyarsk Metallurgical Plant ("KraMZ"), a plant which produce semi-finished aluminium alloys and extrusion products.

Independence from En+

Having considered all relevant factors, including the following, the Directors are satisfied that the Group can conduct its business independently of En+:

Independence of the Board and the Group's Senior Management from the Senior Management of En+

The majority of the Board currently comprises of non-executive Directors due to a historical arrangement between En+, SUAL Partners, Glencore and Onexim, pursuant to which they are each entitled to nominate a certain number of candidates for appointment as Directors. As at the Latest Practicable Date, nine of the Directors were nominated by En+, four of which Directors are also directors of En+. The overlapping Directors at the Latest Practicable Date were Mr. Deripaska (being executive Director) and Mr. Sokov, Ms. Mashkovskaya and Ms. Moldazhanova (being non-executive Directors). All of the overlapping Directors have been elected on the basis of their qualifications and breadth of experience, as set out in further details in the "Profiles of Directors and Senior Management" section in this Annual Report. The Company's non-executive Directors attend Board meetings and provide guidance to and decide on the Company's important matters. Certain of the non-executive Directors also sit on the committees of the Board and are responsible for the matters related to such committees.

For the general reasons stated above, the Directors are of the view that the Group is able to operate independently from En+, notwithstanding the fact that nine Directors are nominated by En+.

Based on the above, the Board is satisfied that the Board as a whole, together with our senior management team, are able to perform their managerial role in the Group independently.

Operational Independence

The Group has full control of its assets and its businesses, and operates as a business group which is separate from and fully independent of En+.

The Group has, as disclosed under the section entitled "Connected Transactions" of this Annual Report, entered into contracts with companies controlled by Mr. Deripaska for the purchase of electricity, and may continue to do so in the future.

As aluminium production is energy intensive, access to relatively inexpensive Siberian hydropower is central to the competitive strategy of the Group. However, notwithstanding the volume of such purchases from companies owned and controlled by Mr. Deripaska and the importance of electricity costs to the production activities of the Group, the Company does not consider that it is, as a consequence, overly reliant on Mr. Deripaska for the following reasons:

(a) the Group has access to alternative sources of electricity as the Group's Russian smelters are connected to the Russian power grid, meaning that electricity supplies can be obtained from various power plants, all of which are also connected to the grid. These supplies are available to the Group at market prices;

(b) the Group purchases electricity in accordance with the Rules of the Wholesale Electricity and Capacity Market at contract prices in accordance with direct sale-purchase agreements with suppliers (both related or unrelated to the Controlling Shareholder) and/or at market prices for electricity sold on the market irrelative to the particular supplier. In 2015, the overall share of electricity purchased by the Group's aluminium plants from the suppliers related to the Controlling Shareholder did not exceed 40.2%.The Group has an option of switching to suppliers unrelated to the Controlling Shareholder including by purchasing electricity on the wholesale electricity market, though there would be certain price impact;

(c) none of the contracts is in take-or-pay format;

(d) the Group is currently already a very large volume user with significant negotiating power in the Russian power market. In 2015, the Group has consumed approximately 28.7% of the power generated in Siberia; and

(e) the power plants owned or controlled by Mr. Deripaska are located in remote regions where there is a limited number of large volume users located in proximity to such plants. Sales to distant users would involve significant transmission losses and, because Siberia is a surplus energy producer, the result is that these plants are more reliant on the customer rather than vice versa.

Financial Independence

The Group's financial auditing system is independent from En+ and employs a sufficient number of dedicated financial accounting personnel responsible for financial auditing of the Group's accounts. The Company has independent bank accounts and independent tax registration. The Group's treasury operations are handled by the Company's treasury department, whose functions include financing, treasury and cash managements and which operates independently from En+ and shares no functions or resources with En+. The Group's choice of financial institutions is mainly based on the credit standing of the institutions and the terms offered by them. As at the year end of 2015, En+ had not provided any security and/or guarantee over the Group's borrowings. As a result of the above analysis, the Directors believe that the Group is able to maintain financial independence from En+.

Extent of Competition

The only En+ businesses which compete with or are likely to compete with the Group's business, either directly or indirectly, are those excluded businesses described below. However, by reason of the nature of such excluded businesses and the clear delineation between the Group's business and such excluded business, the Group is fully capable of carrying on its business independently of and at arm's length from such excluded business.

There is no real competitive threat to the Group's business from the excluded business and there is no intention of the Company to acquire such excluded business.

Mr. Deripaska is a beneficial owner of En+, the substantial shareholder of CEAC.

Mr. Deripaska is a beneficial owner of En+, the substantial shareholder of the KraMZ group of companies. Most of the KraMZ plant's raw materials (principally aluminium) are purchased from companies within the Group (primarily KrAZ). KraMZ's main customers are industrial customers located within Russia and abroad that purchase aluminium rods, profiles, tubes and cast aluminium alloys.

In addition, Mr. Deripaska is a beneficial owner of En+, the substantial shareholder of DOZAKL, one of Russia's manufacturers of aluminium composite tape. It manufactures composite aluminium tape (Lamister, Alumopolyethylene), anodised sheet and strip for composite panels, strip for soft food cans and aluminium strips for lamplight reflectors and lath ceilings in Russia and the CIS. DOZAKL purchases most of its raw materials (principally aluminium coil) from the Group's foil mills and on market. DOZAKL's main customers are industrial customers located within Russia and the CIS.

KraMZ and DOZAKL are focused on the downstream market for aluminium products, and not the upstream market on which the Group has taken a strategic decision to focus. As a result, a decision was taken not to include them in the Group at the time of the 2007 merger that formed the Group because they do not fit the Group's strategic profile, which is to focus on more profitable upstream businesses. CEAC is a geographically isolated producer of aluminium and would not be of interest to the Group due to its relatively high cost structure and certain privatisation obligations. The Company does not consider the above operations to pose any real competitive threat due to their small size, limited geographical reach and focus on the downstream segment, which is not part of the Company's business strategy.

B. SUAL Partners

SUAL Partners is a limited liability company incorporated under the laws of the Bahamas whose registered office is at 2nd Terrace West, Centreville, Nassau, Commonwealth of the Bahamas. SUAL Partners is beneficially owned by a number of individuals, with Mr. Len Blavatnik being a shareholder of SUAL Partners as to more than 30% of the total issued share capital. SUAL Partners is a holding company that holds interests in the Company and a separate kitchenware and houseware business.

The Group has, as disclosed under the section entitled "Connected Transactions" of this Annual Report, entered into contracts with companies controlled by SUAL Partners for aluminium sales, and may continue to do so in the future. These aluminium sales contracts have been entered into as part of the ordinary course of business and pursuant to antimonopoly requirements to supply aluminium to Russian producers.

Independence from SUAL Partners

Having considered all relevant factors, including the following, the Group is satisfied that it can conduct its business independently of SUAL Partners:

Independence of the Board and the Group's Senior Management from the Senior Management of SUAL Partners

For the general reasons stated above, the Directors are of the view that the Group is able to operate independently from SUAL Partners because the Group's day-to-day operations are managed by three executive Directors who are independent of and not connected with SUAL Partners and the senior management team, who are all independent of and not connected with SUAL Partners.

Based on the above, the Board is satisfied that the Board as a whole, together with the senior management team, are able to perform their managerial role in the Group independently.

Operational Independence

The Group has full control of its assets and its businesses, and operates as a business group which is separate from and fully independent of SUAL Partners.

Financial Independence

The Group's financial auditing system is independent from SUAL Partners and employs a sufficient number of dedicated financial accounting personnel responsible for financial auditing of the Group's accounts. The Company has independent bank accounts and independent tax registration.

The Group's treasury operations are handled by the Company's treasury department, whose functions include financing, treasury and cash management and which operates independently from SUAL Partners and shares no functions or resources with SUAL Partners.

The Group's choice of financial institutions is mainly based on the credit standing of the institutions and the terms offered by them.

As at the year end of 2015, SUAL Partners had not provided any security and/or guarantee over the Group's borrowings.

As a result of the above analysis, the Board believes that the Group is financially independent from SUAL Partners.

Extent of Competition

The Board is of the opinion that SUAL Partners is not a competitor of the Company.

C. Glencore

Amokenga Holdings is a company incorporated in Bermuda whose registered office is at 22 Victoria Street, Canon's Court, Hamilton, HM12, Bermuda. Amokenga Holdings is ultimately controlled by Glencore, which is a public company listed on the London Stock Exchange, with secondary listings on the Hong Kong and Johannesburg Stock Exchanges. No individual shareholder controls more than 20% of the share capital of Glencore. Glencore's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries and employ around 200,000 people, including contractors. Mr. Glasenberg is a shareholder, director and chief executive officer of Glencore, whose principal business is the production and trading of commodities including aluminium. Mr. Glasenberg is a non-executive Director of the Company and is also a member of the corporate governance and nomination committee, the standing committee and the Norilsk Nickel investment supervisory committee. As he is not an executive Director, he does not participate in the day-to-day management of the Company, and accordingly is not involved in the daily operations of the aluminium trading division and so does not have access to confidential contracts entered into by that division. Notwithstanding that his role on the Board as a non-executive Director does not require his involvement in the day-to-day management of the Company, this does not preclude Mr. Glasenberg from fulfilling his fiduciary duties. In case Mr. Glasenberg has a conflicting interest, pursuant to the Articles of Association, he shall abstain from voting at Board meetings when a conflicted resolution is to be discussed and voted on, subject to certain exceptions.

When the Group acquired certain of the alumina businesses of Glencore in late March 2007, it became subject to a contract for the supply of alumina to Glencore that continued through 2008, in declining amounts. The Group sold to Glencore approximately 34.79% of its excess alumina in monetary terms in 2015. The Company also has long term supply contracts with Glencore for alumina and primary aluminium, and Glencore was the Group's largest customer of alumina and primary aluminium in the financial year, accounting for approximately 37.44% of the Group's sales of primary aluminium.

Independence from Glencore

Having considered all relevant factors, including the following, the Group is satisfied that it can conduct its business independently of Glencore:

Independence of the Board and the Group's Senior Management from the Senior Management of Glencore

For the general reasons stated above, the Directors are of the view that the Group is able to operate independently from Glencore notwithstanding that one Director is also a director of Glencore because the Group's day-to-day operations are managed by three executive Directors and the senior management team who are independent of and not connected with Glencore.

Based on the above, the Board is satisfied that the Board as a whole, together with the senior management team, are able to perform their managerial role in the Group independently.

Operational Independence

The Group has full control of its assets and its businesses, and operates as a business group which is separate from and fully independent of Glencore.

Financial Independence

The Group's financial auditing system is independent from Glencore and employs a sufficient number of dedicated financial accounting personnel responsible for financial auditing of the Group's accounts. The Company has independent bank accounts and independent tax registration.

The Group's treasury operations are handled by the Company's treasury department, whose functions include financing, treasury and cash management and which operates independently from Glencore and shares no functions or resources with Glencore.

The Group's choice of financial institutions is mainly based on the credit standing of the institutions and the terms offered by them.

As at the year end of 2015, Glencore had not provided any security and/or guarantee over the Group's borrowings. As a result of the above analysis, the Directors believe that the Group is financially independent from Glencore.

Extent of Competition

Glencore participates in the marketing of both aluminium and alumina from world markets as well as from industrial assets in which it has an interest. Glencore's subsidiaries own 100% of the Columbia

Falls aluminium smelter (which is currently idle), 100% of the Sherwin Alumina Refinery and has an economic interest of 47.5%[13] in Century Aluminium Company, a NASDAQ-quoted company whose assets include: the Ravenswood aluminium smelter (which is currently idle), the Hawesville aluminium smelter, the Nordural aluminium smelter and the Mt. Holly aluminium smelter. Glencore, in its business of trading, is also a customer of the Group.

17 Substantial Shareholders' Interests

As at 31 December 2015, so far as the Directors are aware, the following interests or short positions in the Shares or underlying Shares of the Company were notified to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and were entered in the register required to be kept by the Company under section 336 of the SFO and of article L.233-7 of the French Commercial Code:

Interests and short positions in Shares

Name of Shareholder	Capacity	Number of Shares held as at 31 December 2015	Percentage of issued share capital as at 31 December 2015
Oleg Deripaska	Beneficiary of a trust *(Note 1)*	7,312,299,974 (L)	48.13%
	Beneficial owner *(Note 2)*	35,374,065 (L)	0.23%
	Total	7,347,674,039 (L)	48.36%
Fidelitas Investments Ltd. *(Note 1)*	Interest of controlled corporation	7,312,299,974 (L)	48.13%
B-Finance Ltd. *(Note 1)*	Interest of controlled corporation	7,312,299,974 (L)	48.13%
En+ *(Note 1)*	Beneficial owner	7,312,299,974 (L)	48.13%
Victor Vekselberg *(Note 3)*	Beneficiary of a trust	3,710,590,137(L)	24.42%
TCO Holdings Inc. *(Note 3)*	Interest of controlled corporation	3,710,590,137(L)	24.42%
SUAL Partners *(Note 3)*	Beneficial owner	2,400,970,089(L)	15.80%
	Other	1,309,620,048(L)	8.62%
	Total	3,710,590,137(L)	24.42%
Mikhail Prokhorov *(Note 4)*	Beneficiary of a trust	2,586,499,596(L)	17.02%
Onexim Group Limited *(Note 4)*	Interest of controlled corporation	2,586,499,596(L)	17.02%
Onexim *(Note 4)*	Beneficial owner	2,586,499,596(L)	17.02%
Glencore International plc *(Note 5)*	Beneficial owner	1,328,988,048(L)	8.75%

(L) Long position

Notes – see notes on page 135.

13 Represents Glencore's economic interest, comprising 42.9 per cent voting interest and 4.6 per cent non-voting interest.

Interests and short positions in underlying Shares

Name of Shareholder	Capacity	Number of underlying Shares as at 31 December 2015	Percentage of issued share capital as at 31 December 2015
Oleg Deripaska *(Note 1)*	Beneficiary of a trust	1,539,481,200 (L) *(Note 7)*	10.133%
Fidelitas Investments Ltd. *(Note 1)*	Interest of controlled corporation	1,539,481,200 (L) *(Note 6)*	10.133%
B-Finance Ltd. *(Note 1)*	Interest of controlled corporation	1,539,481,200 (L) *(Note 6)*	10.133%
En+ *(Note 1)*	Beneficial owner	1,539,481,200 (L) *(Note 6)*	10.133%
Glencore International plc *(Note 5)*	Beneficial owner	41,807,668(L) *(Note 6)*	0.28%
		1,309,620,048(S) *(Note 6)*	8.62%

(L) Long position
(S) Short position

Other than the interests disclosed above, so far as the Directors are aware, as at 31 December 2015, the Company has not been notified of any other notifiable interests or short positions in Shares or underlying Shares.

(Note 1)
The Company has been informed that Fidelitas Investments Ltd. has changed its name to Fidelitas International Investments Corp. Based on the information provided by Mr. Deripaska and the records on the electronic filing systems operated by the Hong Kong Stock Exchange, Mr. Deripaska was the founder, trustee and a beneficiary of a discretionary trust which, as at 31 December 2015, held a majority stake of the share capital of Fidelitas International Investments Corp. (formerly known as Fidelitas Investments Ltd.), which, as at 31 December 2015, held a majority stake of the share capital of B-Finance Ltd. The Company has been informed that as at 31 December 2015, B-Finance Ltd. held 61.55% of the share capital of En+. Each of B-Finance Ltd., Fidelitas International Investments Corp., and Mr. Deripaska were deemed to be interested in the Shares and underlying Shares held by En+ by virtue of the SFO as at 31 December 2015.

(Note 2)
Including shares which represent the share awards which were granted under the long-term share incentive plan of the Company and vested on 21 November 2011, 21 November 2012, and 21 November 2013.

(Note 3)
These interests and short positions were directly held by SUAL Partners. SUAL Partners is controlled as to 35.84% by Renova Metals and Mining Limited, which is in turn wholly-owned by Renova Holding Limited. Renova Holding Limited is controlled by TZ Columbus Services Limited as to 100% under a trust and TZ Columbus Services Limited acts as trustee of the trust and is, in turn wholly-owned by TCO Holdings Inc. Mr. Vekselberg is the sole beneficiary of the relevant trust. Each of Renova Metals and Mining Limited, Renova Holding Limited, TZ Columbus Services Limited, TCO Holdings Inc. and Mr. Vekselberg is deemed to be interested in the Shares held by SUAL Partners by virtue of the SFO.

(Note 4)
These interests were directly held by Onexim. Onexim is wholly-owned by Onexim Group Limited, which is owned by a trust of which Mikhail Prokhorov is the beneficial owner. Each of Onexim Group Limited and Mikhail Prokhorov is deemed to be interested in the Shares held by Onexim.

(Note 5)
Amokenga Holdings Ltd. directly holds the relevant interests in the Company, and is wholly-owned by Glencore Finance (Bermuda) Ltd. which is, in turn, wholly-owned by Glencore Group Funding Limited. Glencore Group Funding Limited is wholly-owned by Glencore International AG, which is wholly-owned by Glencore International plc. In light of the fact that Glencore International plc, Glencore International AG, Glencore Group Funding Limited and Glencore Finance (Bermuda) Ltd. (together, the "Glencore Entities") directly or indirectly control one-third or more of the voting rights in the shareholders' meetings of Amokenga Holdings Ltd., in accordance with the SFO, the interests of Amokenga Holdings Ltd. are deemed to be, and have therefore been included in the interests of the Glencore Entities.

(Note 6)
These underlying Shares represent physically settled unlisted derivatives.

(Note 7)
These underlying Shares represent unlisted physically settled options.

As of the Latest Practicable Date, no Shareholders notified the Company of their change in ownership of the share capital or voting rights in application of article L.233-7 of the French Commercial Code.

None of the Major Shareholders have or will have different voting rights attached to the Shares they hold in the Company.

18 Pre-emptive rights

There are no applicable statutory pre-emption rights which apply to the Company and there are no restrictions on the exercise of voting rights or share transfers included in the Articles of Association. There are, however, certain restrictions and preferential terms and conditions relating to sales and acquisitions of certain Shares held by the Major Shareholders (see section 8 of the Directors' Report - Shareholders' agreements).

19 Emolument policy

There are no arrangements under which a Director has waived or agreed to waive any emoluments due by the Group.

The aggregate remuneration that the Directors have received (including fees, salaries, bonus, contributions to defined contribution benefit plans (including pension), housing and other allowances, and other benefits in kind) for the financial year ended 31 December 2015 was approximately USD23 million. Additional information on the remuneration of the Directors and the individuals with the highest emoluments can be found in notes 10 and 11 to the consolidated financial statements.

The Company does not have any agreements in place providing for indemnities to Directors in case of dismissal without cause or in case of tender offer, other than in relation to an obligation to pay unpaid salaries and expenses at termination of employment. The Company has agreements in place with several of its employees that provide for indemnities in case of dismissal without cause.

Basis for Compensation of Directors and Senior Management

Remuneration policies of UC RUSAL are considered by the Remuneration Committee on the basis of an employee's qualifications and performance, as well as the complexity of his or her job. Wages for each employee are generally reviewed annually and revised in accordance with a performance assessment and local labour market conditions. The following was approved by the Board, on the recommendation of the Remuneration Committee in relation to the compensation of the non-executive Directors, CEO and certain members of senior management and other employees:

A. Non-Executive Directors

1 Non-executive Chairman

The Chairman of the Board was entitled to receive a chairman's fee of USD400,000 per annum during the last financial year.

2 Non-executive Directors

(a) Commencing on 27 January 2010, all non-executive Directors were entitled to receive a GBP120,000 fee per annum; those non-executive Directors who were employed or retained by En+, SUAL Partners, Glencore and Onexim were expected to consult with those entities as to whether the Directors, as individuals, may retain such fees or whether such fees should be paid to their respective employing entities.

(b) Each non-executive Director was entitled to receive additional fees for committee assignments at the rate of GBP15,000 per annum for acting as the chairman and GBP10,000 per annum for participating as a member.

(c) 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.

B. Chief Executive Officer

For 2015, the CEO's annual compensation comprised the following:

(i) USD3.5 million per annum base salary, paid monthly;

(ii) Annual discretionary bonus at a target level of USD3.5 million (equivalent to 100% of the base salary), to be paid within 30 working days after the Remuneration Committee of the Company determines the exact bonus amount, on the basis of the performance results of the CEO and the Company;

(iii) Other ancillary benefits.

C. President

The President's annual compensation comprises the following:

(a) USD2 million per annum base salary, paid monthly;

(b) Annual discretionary bonus at a target level of USD4 million (equivalent to 200% of the base salary), to be paid within 30 working days after the Remuneration Committee of the Company determines the exact bonus amount, on the basis of the performance results of the President and the Company;

(c) Other ancillary benefits.

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 years presented.

D. LTIP and the Production System Incentive Plan (the "PSIP")

On 11 May 2011, the Board adopted the LTIP, in which eligible participants (being employees of the Group) were entitled to participate. From the pool of eligible participants, the Board selected employees for participation in the LTIP. The number of shares to be awarded to a selected employee is determined by the Company on the "Award Date" (as it is determined in the LTIP Rules). Unless otherwise determined by the Board, in its sole discretion, and with the exception of the vesting of the CEO's LTIP Award, the awarded shares and related income for the particular award period ("LTIP Award") that are transferable to a selected employee vest in that selected employee in installments (which each comprising 20% of the total LTIP Award), over a five year period (each a "Tranche"), provided that:

- the selected employee remains an employee at all times following the Award Date and on each of the LTIP Award vesting dates; and
- the first Tranche of each LTIP Award will vest on the vesting date during the calendar year immediately following the award period for which such LTIP Award is awarded.

During 2015, the Board did not approve any LTIP Award for 2014 and, therefore, no Shares were granted under the 2014 LTIP Award.

Out of those shares conditionally granted under the 2010 LTIP Award, the fifth tranche of the Shares vested in November 2015 comprised 1,338,734 Shares. For the year ended 31 December 2015, Elian Employee Benefit Trustee Limited, as trustee of the United Company RUSAL Plc Employee Benefit Trust and the LTIP ("Trustee") acquired a total of 698,297 Shares with a nominal value of USD0.01 per Share. The purchased Shares represent approximately 0.005% of the Company's issued share capital as at 31 December 2015 and at the Latest Practicable Date.

In June 2013, the Board decided to approve the establishment of the PSIP, an employee share award plan aimed at rewarding the Company's employees for achievements in the Production System implementation.

The PSIP is a one-off share award plan and its objectives are:

- to increase the employees' commitment to achievement of the Group's strategic goals in implementing of Production System;
- to share the Group's success with the employees;
- to recognize contributions made by certain employees in implementing of Production System;
- to enhance alignment of the interests of the employees with those of the shareholders.

No new shares of the Company were issued for the purposes of the Plan. The maximum number of shares awarded under the PSIP does not exceed 0.05% of the total number of issued shares as at the date of the Award.

The Company, in accordance with the PSIP rules, selected employee(s) for participation in the PSIP (the "Employee"). The Directors of the Company or other connected persons are not eligible for participation in the PSIP.

The shares awarded under the PSIP that are transferable to an Employee vested on each year over 3 (three) years.

In July 2015, there were 2,055,740 shares vested in the participants of the PSIP.

Neither LTIP nor the PSIP constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

20 Pension schemes

Information on the Company's pension schemes is set out in note 24(a) to the consolidated financial statements.

21 Sufficiency of public float

The Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1) (a) of the Listing Rules to accept a lower public float percentage of the Company of the higher of: (i) 10% of the Shares, and (ii) the percentage of public shareholding that equals HK$6 billion at the Listing Date, as the minimum percentage of public float of the Company. From the information publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has sufficiently maintained the abovementioned public float.

22 Auditors

The consolidated financial statements have been audited by JSC KPMG as a sole auditor who, having served for the whole of the financial year, retire and, being eligible, offer themselves for re-appointment as the Company's sole auditor. A resolution for the re-appointment of JSC KPMG as sole auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

23 Amendments to the constitution

The Articles of Association provide that the Memorandum and the Articles of Association are only capable of being amended by the passing of a special resolution. A special resolution is defined in the Articles of Association as a resolution of the Company passed by a majority of not less than three quarters of members who (being entitled to do so) vote in person, or by proxy, at a general meeting of the Company of which not less than twenty-one clear days' notice, specifying the intention to propose the special resolution, has been given. Provided that, if it is so agreed by a majority in number of the members having the right to attend and vote at such meeting upon the resolution, being a majority together holding not less than ninety-five per cent. of the total voting rights of the members who have that right, a resolution may be proposed and passed as a special resolution at a meeting at which less than twenty-one clear days' notice has been given in accordance with the Jersey Companies Law.

24 Litigation

Details of the litigation in which the Company, its subsidiaries and certain beneficial owners are involved in are set out in notes 24(c) (provisions for legal claims) and 29(c) (legal contingencies) to the consolidated financial statements.

25 Social investments and charity

Contribution to the development of the company's habitat is a priority for UC RUSAL. UC RUSAL is not only one of the leaders in aluminium production, but also one of the most socially responsible companies in the regions where it operates, with rich experience in the development and realisation of social activities and charity projects. When implementing social investment programmes RUSAL actively cooperates with governmental, non-profit and business structures, sharing its business experience with local communities and supporting social initiatives valuable to the communities in which it operates. UC RUSAL is widely recognized for its long-running and effective social programmes and shares its experience with other large companies and governmental agencies on the national level. In 2015, UC RUSAL allocated more than USD11 million for social investments and charity projects.

26 Directors' interests in contracts

Save as disclosed in section 11 (Connected Transactions) and section 16 (Directors' interests in businesses that may compete with the Company) above, there has been no transaction, arrangement or contract of significance to the Group, subsisting during or at the end of 2015 in which a Director or an entity connected with a director is or was materially interested, either directly or indirectly.

On behalf of the Board
Wong Po Ying, Aby
Company Secretary
29 April 2016

Corporate Governance **Report**

1 Corporate governance practices

The Company adopts international standards of corporate governance. The Directors believe that high quality corporate governance leads to successful business development and increases the investment potential of the Company, providing more security for shareholders, partners and customers as well as reinforcing the Company's internal control systems.

By working with international institutions such as the European Bank for Reconstruction and Development and the International Finance Corporation, the Company developed and implemented its corporate governance standards, based on the principles of transparent and responsible business operations.

The Company adopted a corporate code of ethics on 7 February 2005. Based on recommendations of the European Bank for Reconstruction and Development and the International Finance Corporation, the Company further amended the corporate code of ethics in July 2007. The corporate code of ethics sets out the Company's values and principles for many of its areas of operations.

The Directors adopted a corporate governance code which is based on the CG Code in a Board meeting on 11 November 2010. The Directors believe that the Company has complied with the code provisions of the CG Code during the Review Period, other than as described in paragraph 3(i) of this Corporate Governance Report.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by the Company during the Review Period.

2 Directors' securities transactions

The Company has adopted the Code for Securities Transactions by Directors of the Company. The Code for Securities Transactions was based on the Model Code as set out in Appendix 10 to the Listing Rules but it was made more exacting than the required standard set out in the Model Code. It was also based on the provisions of articles L.451-2-1, L.465-2 and L.621-18-2 of the French Monetary and Financial Code, Chapters II and III of Title II of Book II of the General Regulation of the AMF and Titles II and III of Book VI of the General Regulation of the AMF with respect to insider dealing and market misconduct. The Code for Securities Transactions was adopted by the Board on 9 April 2010. 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 application of the aforementioned provisions.

3 Board of Directors

(a) Composition of the Board and attendance at Board meetings and Board committee meetings

The Board currently comprises a combination of executive, non-executive and independent non-executive Directors. During the year ended 31 December 2015, the Board consisted of the Directors listed below and their attendance record for the 10 Board meetings held by the Board during the Review Period, other Board committee meetings held during the Review Period and the annual general meeting held on 26 June 2015 ("**AGM**") is as follows:

	Attendance and number of meetings				
	Board meetings (total: 10 meetings in 2015)	Corporate Governance and Nomination Committee meetings (total: 5 meetings in 2015)	Remuneration Committee meetings (total: 3 meetings in 2015)	Audit Committee meetings (total: 9 meetings in 2015)	AGM (total: 1 meeting in 2015)
Executive Directors					
Oleg Deripaska	9 (Note 1)	—	—	—	1
Vladislav Soloviev	10	—	—	—	1
Vera Kurochkina (ceased to be a Director with effect from 26 June 2015)	4(4 Board meetings were held during her tenure)	—	—	—	0
Stalbek Mishakov	7 (Note 2)	—	—	—	1
Non-executive Directors					
Maxim Sokov	10	—	—	—	1
Len Blavatnik	6 (Note 3)	—	—	—	0
Dmitry Afanasiev	5 (Note 4)	—	—	—	0
Ivan Glasenberg	6 (Note 5)	5	—	—	0
Maksim Goldman	10	—	3	—	1
Daniel Lesin Wolfe	10	—	—	7 (Note 6)	0
Gulzhan Moldazhanova	8 (Note 7)	—	—	—	0
Olga Mashkovskaya	10	—	—	9	0
Ekaterina Nikitina	10	5	3	—	1
Independent non-executive Directors					
Peter Nigel Kenny	10	5	3	9	1
Philip Lader	10	5	3	9	1

	Attendance and number of meetings				
	Board meetings (total: 10 meetings in 2015)	**Corporate Governance and Nomination Committee meetings (total: 5 meetings in 2015)**	**Remuneration Committee meetings (total: 3 meetings in 2015)**	**Audit Committee meetings (total: 9 meetings in 2015)**	**AGM (total: 1 meeting in 2015)**
Elsie Leung Oi-sie	10	—	3	9	1
Matthias Warnig	10	—	—	—	1
Mark Garber	10	5	3	—	1
Dmitry Vasiliev (appointed as a Director on 26 June 2015)	5(6 Board meetings were held during his tenure)	0(no meetings were held during his tenure)		1(1meeting was held during his tenure)	

Notes:

1. During 2015, Oleg Deripaska attended 9 Board meetings in person, and 1 Board meeting was attended by his alternate.
2. During 2015, Stalbek Mishakov attended 7 Board meetings in person, and 3 Board meetings were attended by his alternate.
3. During 2015, Len Blavatnik attended 6 Board meetings in person, and 4 Board meetings were attended by his alternate.
4. During 2015, Dmitry Afanasiev attended 5 Board meetings in person, and 5 Board meetings were attended by his alternate.
5. During 2015, Ivan Glasenberg attended 6 Board meetings in person, and 4 Board meetings were attended by his alternate. During 2015, Ivan Glasenberg attended 3 Corporate Governance and Nomination Committee meetings in person, and 2 Corporate Governance and Nomination Committee meetings were attended by his alternate.
6. During 2015, Daniel Lesin Wolfe attended 7 Audit Committee meetings in person, and 1 Audit Committee meeting was attended by his alternate.
7. During 2015, Gulzhan Moldazhanova attended 8 Board meetings in person, and 2 Board meetings were attended by her alternate.

Biographical details of the Directors are set out in the section headed Profiles of Directors and Senior Management on pages 68 to 90 of this Annual Report.

(b) Term of appointment of Directors

Paragraph A.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. Paragraph A.4.2 of the 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. Each of the non-executive Directors signed an appointment letter with the Company providing for the same three years term. Article 24.2 of the Articles of Association provides that if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or re-appointment, he shall retire at the annual general meeting. As such, it is possible that a director may be in office for more than three years depending upon the timing for calling the annual general meeting.

(c) Board meetings

During 2015, 10 Board meetings were held.

On 8 March 2016 the Directors approved the annual results of the Company for the year ended 31 December 2015. On 18 March 2016, the Board approved updated annual results of the Company for the year ended 31 December 2015.

The schedule for Board meetings is approved on an annual basis. The Directors are then also provided on a timely basis with the relevant documents and copies of the draft resolutions to be considered at that particular meeting. All Directors are given an opportunity to include matters in the agenda for the Board meeting and have access to the secretary of the Board 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. The Board secretary is responsible for keeping minutes of the Board meetings and the secretary of the Company is responsible for the safe keeping of minutes and resolutions of the Board at the registered office of the Company.

(d) Board functions and duties

The Board is collectively responsible for the management and operations of the Company. The principal functions and duties conferred on the Board include:

- responsibility for the approval and monitoring of the overall development strategies, annual budgets, business plans and material investment plans relating to the Company's business;
- monitoring and evaluating the performance of the Company in respect of its strategies, budgets and plans;
- approving and supervising the management;
- giving an account of the Company's activities to the parties to whom an account is properly due; and
- ensuring the maintenance of accounting records in compliance with the legal obligations of the Company.

The Board has delegated the day-to-day operation of the Group to executive Directors and the executive committee to ensure effectiveness and appropriateness of functions.

The primary role of the executive committee is to assist the Chief Executive Officer and senior management with the day-to-day management of the Group and to assist the Board in formulating and implementing the strategy of the Group and monitoring its performance.

Additional duties and responsibilities of the executive committee include, but are not limited to, developing Group strategy for Board approval and implementing such strategy once approved, reviewing and opining on any matter involving expenditure of more than USD75 million before referring such matter to the Board, and overseeing and monitoring the financial performance of the Group. In addition, the executive committee is empowered to establish committees comprising of its members, as well as other managers from time to time.

The executive committee meets as frequently as necessary, but not less than twice per month. The executive committee operates as the management board of RUSAL Global. The Chief Executive Officer formally reports the decisions and actions of the executive committee to the Board at meetings of the Board.

(e) Board powers to issue shares

The Board has been given authority by the Company's shareholders to issue Shares. The mandate is described on page 94 of this Annual Report.

(f) Relationships among members of the Board

Please refer to the profiles of Directors 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 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) Shareholder Options

Glencore has granted En+ and SUAL Partners the Glencore Call Option to acquire all Shares held by Glencore on the date of exercise of the Glencore Call Option that were also (i) held by Glencore on 26 March 2007 or (ii) issued to Glencore by the Company after 26 March 2007 but before the exercise of the Glencore Call Option. The Glencore Call Option may only be exercised by En+ but, following exercise, SUAL Partners has the right to participate in proportion to their holding of Shares at that time vis- -vis En+. The Glencore Call Option is exercisable until 26 March 2017.

The exercise price of the option will be determined by an investment bank as 120% of the higher of (i) the market value of Glencore's option securities, which is determined by reference to the enterprise value of the Group on the relevant option exercise date or after an initial public offering, the volume weighted average price of a Share over the preceding five trading days; and (ii) a valuation calculated by reference to the cumulative aggregate EBITDA of the Group for the preceding 12 quarters and the discounted enterprise value/ EBITDA multiple at which certain of the Group's competitors trade.

(i) Board meetings at which Directors have material interests

A.1.7 of the CG Code states that *"If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting."*

The Board generally endeavoured throughout the twelve-month period ended 31 December 2015 to ensure that it did not deal with business by way of written resolution where a substantial shareholder of the Company or a Director had disclosed an interest in a matter to be considered by the Board which the Board determined to be material. As a result, there was only one occurrence (out of the twenty two written resolutions the Board passed during the period) when urgent business was dealt with by the Board by way of written resolution where a material interest of a Director was stated to have been disclosed. In that instance, the interest of the Director was a potential conflict of interest by virtue of the fact that he acted as a committee member and a member of a supervisory council for the parent company of the entity contracting with the Company. On that occurrence, the written resolution was passed by the requisite majority excluding the materially interested Director.

Of the ten Board meetings held in the twelve-month period ended 31 December 2015 where one or more Director(s) had disclosed a material interest, all the independent non-executive Directors were present at nine of the Board meetings held. One Board meeting was held where one of the six independent non-executive Directors was absent from the meeting. Given the size of the Board and the amount of urgent business transacted by the Company where Directors and substantial shareholders have material interests, it is difficult to rearrange any scheduled Board meeting or postpone the discussion of such business in order to ensure all of the independent non-executive Directors are present. The Board meeting on that occasion therefore proceeded despite the fact that one independent non-executive Director was unable to attend but on such occasion the other independent non-executive Directors were present.

Of the ten board meetings held, there were four occasions where an independent non-executive Director had a material interest in the transaction. On such occurrences, the independent non-executive Director abstained from voting and the resolutions approving entry into such transactions were passed by the requisite majority excluding the materially interested independent non-executive Director.

4 Chairman and Chief Executive Officer

The roles of the Chairman of the Board and the Chief Executive Officer are segregated and are independent to each other. The Chairman (being Mr. Matthias Warnig) 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 role as Chief Executive Officer is primarily concerned with the supervision of the execution of the policies determined by the Board particularly in the areas of production and supply chain, financial management and corporate finance, sales and marketing and others. The Company has approved a policy statement setting out those responsibilities to be undertaken by the Chairman and those to be undertaken by the Chief Executive Officer. The Chairman is responsible for leadership of the Board and for creating the conditions necessary to allow the Board and individual Directors to operate effectively. The Chief Executive Officer is responsible for the day to day management of the Group and ensuring that the strategic decisions made by the Board are implemented.

5 Independent non-executive Directors

Rule 3.10A of the Listing Rules requires that an issuer must appoint independent non-executive directors representing at least one-third of the board. In this regard, the Hong Kong Stock Exchange has granted a waiver to the Company from strict compliance with the requirements under Rules 3.10A and 3.11 of the Listing Rules. After the appointment of Mr. Dmitry Vasiliev as independent non-executive Director, the percentage of the number of our independent non-executive Directors is the same as the one-third requirement under Rule 3.10A of the Listing Rules. 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, the Company had 6 out of 18 Directors who are independent non-executive Directors, and there is no change in the shareholders' agreement in relation to board nominations/appointments (as described on pages 287 and 288 of the Company's prospectus dated 31 December 2009).

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 shareholders of the Company. One of the independent non-executive Directors, Dr. Peter Nigel Kenny, started his career at PriceWaterhouse and is a Chartered Accountant.

Each of the independent non-executive Directors has undertaken to inform the Hong Kong Stock Exchange and the Securities and Futures Commission as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence. The Board considers that all independent non-executive Directors are independent by reference to the factors stated in the Listing Rules.

6 Nomination of Directors and the work of the Corporate Governance and Nomination Committee

The Company established a corporate governance and nomination committee with written terms of reference in compliance with the CG Code.

The primary functions of the Corporate Governance and Nomination Committee are, among other things, to develop, recommend and annually review corporate governance guidelines, policies and practices for 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 review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, to develop, review and monitor the Company's code of conduct and compliance manual and applicable to employees and Directors, reviewing the Company's compliance with the CG Code set out in Appendix 14 to the Listing Rules and disclosure in the Corporate Governance Report, and to make recommendations to the Board, including those in relation to the appointment and removal of Directors. The Corporate Governance and Nomination 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 appointment to the Board, the Corporate Governance and Nomination 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 Nomination 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 Nomination Committee consists of a majority of independent non-executive Directors. The members are as follows:

- Mr. Philip Lader *(chairman of the committee, independent non-executive Director)*
- Dr. Peter Nigel Kenny *(independent non-executive Director)*
- Mr. Mark Garber *(independent non-executive Director)*
- Mr. Ivan Glasenberg *(non-executive Director)*

- Ms. Ekaterina Nikitina *(non-executive Director)*

- Mr. Dmitry Vasiliev *(independent non-executive Director)* (with effect from 16 November 2015)

The Corporate Governance and Nomination Committee has held 5 meetings during the Review Period. At these meetings, the Corporate Governance and Nomination Committee considered, amongst other things, (i) the annual general meeting materials, (ii) the recommendation of qualified individuals to the Board, including Mr. Dmitry Vasiliev, (iii) changes to the composition of the Board committees, (iv) Board of Directors' performance self-evaluation.

The members of the Corporate Governance and Nomination Committee have regularly attended and actively participated in meetings. For the attendance record of the meetings held by the Corporate Governance and Nomination Committee during 2015, please refer to paragraph 3(a) of this Corporate Governance Report.

According to the Articles of Association, at every annual general meeting, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or reappointment, he shall retire at the annual general meeting. The Directors to retire by rotation shall be, first, those who wish to retire and not be re-appointed to office and, second, those who have been longest in office since their last appointment or re-appointment. As between persons who became or were last re-appointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The details of the Directors who will retire and offer themselves for re-election at the forthcoming annual general meeting are set out in the relevant circular issued by the Company.

The Corporate Governance and Nomination Committee also monitors the implementation of the Board Diversity Policy of the Company. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The current mix of skills, experience and other diversity criteria of directors, including but not limited to sex, age, nationality and educational background, provides for a balanced composition of the Board.

Diversity

Independent directors on the Board

- 6 Independent directors.
- 9 Non-executive directors.
- 3 Executive directors.

Women on the Board

- 4 Women.
- 14 Men.

The Board Diversity Policy of the Company is set out below:

1. Purpose

1.1 This Policy aims to set out the approach to achieve diversity on the Company's board of directors (the "Board").

2. Vision

2.1 The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

3. Policy Statement

3.1 With a view to achieving a sustainable and balanced development, the Company sees 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 will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

4. Measurable Objectives

4.1 Selection of candidates will take into consideration a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the candidates will bring to the Board.

5. Monitoring and Reporting

5.1 The Corporate Governance and Nomination Committee will monitor the implementation of this Policy. It will also report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives (including gender, ethnicity, age, length of service).

6. Review and Revision of this Policy

6.1 The Corporate Governance and Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Corporate Governance and Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

7. Disclosure of this Policy

7.1 This Policy will be published on the Company's website for public information.

7.2 A summary of this Policy together with the measurable objectives set for implementing this Policy, and the progress made towards achieving those objectives will be disclosed in the annual Corporate Governance Report.

7 Information relating to the remuneration policy and the work of the Remuneration Committee

The Company has established a remuneration committee with written terms of reference in compliance with the CG Code. The primary functions of the Remuneration Committee are, among other things, to make recommendations to the Board on the remuneration package of the Directors and senior management, and to assist the Board in overseeing the administration of the Company's compensation and benefits plans. Remuneration policies are determined on the basis of an employee's qualifications and performance, as well as the complexity of his or her job. Wages for each employee are generally reviewed annually and revised in accordance with a performance assessment and local labour market conditions. The Remuneration Committee consists of a majority of independent non-executive Directors. The members are as follows:

- Dr. Elsie Leung Oi-sie *(chairman of the committee, independent non-executive Director)*
- Mr. Philip Lader *(independent non-executive Director)*

- Dr. Peter Nigel Kenny *(independent non-executive Director)*
- Mr. Mark Garber *(independent non-executive Director)*
- Mr. Maksim Goldman *(non-executive Director)*
- Ms. Ekaterina Nikitina *(non-executive Director)*

The Remuneration Committee has held 3 meetings during the Review Period. At those meetings, the Remuneration Committee discussed and recommended the Board to approve KPIs of senior executives, STIP 2014 and 2015 KPIs for CEO and President, KPIs of the senior executives for 2016. For details of the Company's emolument policy, including in respect of the LTIP, please refer to section 19 of the Directors' Report. 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 2015, please refer to paragraph 3(a) of this Corporate Governance Report.

Pursuant to paragraph B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the financial year ended 31 December 2015 is set out below:

	Year ended 31 December	
	2015 Number of individuals	**2014 Number of individuals**
HK$34,000,001-HK$34,500,000 (US$4,350,001 – US$4,450,000)	**—**	1
HK$46,000,001-HK$46,500,000 (US$5,900,001 – US$6,000,000)	**1**	1
HK$51,500,001-HK$52,000,000 (US$6,600,001 – US$6,700,000)	**—**	1
HK$56,000,001-HK$56,500,000 (US$7,200,001 – US$7,300,000)	**1**	—
HK$64,000,001-HK$64,500,000 (US$8,250,001 – US$8,350,000)	**—**	1
HK$65,500,001-HK$66,000,000 (US$8,400,001 – US$8,500,000)	**—**	1
HK$67,000,001-HK$67,500,000 (US$8,600,001 – US$8,700,000)	**1**	—

The total remuneration, including the basic salary, performance-linked salary, incentive-linked salary and bonus of the Directors in 2015 amounted to approximately USD22.9 million. All other 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. Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are detailed in note 10 and note 11 to the consolidated financial statements for the year ended 31 December 2015 as disclosed in this Annual Report.

8 The work of Audit Committee

The Company established an audit committee with written terms of reference in compliance with the 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, internal control and risk management systems, to oversee the audit process and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board. The Audit Committee is assisted by the Company's internal audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Audit Committee consists of a majority of independent non-executive Directors. The members are as follows:

- Dr. Peter Nigel Kenny *(chairman of the committee, independent non-executive Director, with relevant professional qualifications and knowledge related to accounting and financial management)*
- Mr. Philip Lader *(independent non-executive Director)*
- Dr. Elsie Leung Oi-sie *(independent non-executive Director)*
- Ms. Olga Mashkovskaya *(non-executive Director)*
- Mr. Daniel Lesin Wolfe *(non-executive Director)*
- Mr. Dmitry Vasiliev *(independent non-executive Director, appointed as a member of the committee with effect from 16 November 2015)*

During the Review Period, the Audit Committee has held 9 meetings. The Company's external auditors are regularly invited to attend meetings of the Audit Committee. At the meeting on 24 February 2015, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2014. At a meeting on 26 August 2015, members of the Audit Committee reviewed the consolidated interim condensed financial information as at and for the three and six months ended 30 June 2015, and at a meeting on 3 March 2016, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2015. The Audit Committee is of the opinion that such consolidated financial statements have complied with the applicable accounting standards, the Listing Rules, other legal requirements and that adequate disclosures have been made. Minutes of Audit Committee meetings are taken, recorded and kept.

The Audit Committee reviews the Company's financial and accounting policies and practices, meets the external auditors on a regular basis, and reviews all related party transactions before the Board's consideration. The Audit Committee also reviews the Company's financial controls, internal control and risk management system.

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 2015, please refer to paragraph 3(a) of this Corporate Governance Report.

9 Auditors' remuneration in respect of audit and non-audit services

For the year ended 31 December 2015, the total fees paid or payable in respect of audit and non-audit services provided by the Group's external auditor, JSC KPMG, are set out below:

	For the year ended 31 December 2015 USD'000
Audit services	
Annual audit services	**7,000**
Annual non-audit services	**1,400**

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

The responsibilities of JSC KPMG with respect to the 2015 consolidated financial statements are set out in the "Independent Auditors' Report" on page 157.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at annual general meetings of the Company by its shareholders.

10 Statement of Directors' responsibilities

The Directors acknowledge that it is their responsibility to prepare the consolidated financial statements for the year ended 31 December 2015, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

11 Internal control

The Company's internal control system has been designed to safeguard the assets of the Company, maintain proper accounting records, ensure execution with appropriate authority and compliance with relevant laws and regulations.

The Board is responsible for maintaining and reviewing the effectiveness of the Company's internal control system. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established a risk management group within the Directorate for control, internal audit and business coordination (hereinafter referred to as the Directorate for control), which is responsible for developing and monitoring the Company's risk management policies. The Directorate for control reports regularly to the Board on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, 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 Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the Company'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.

The internal control capability is regularly improved and enhanced.

The Board has conducted a quarterly review of the effectiveness on the Company's internal control system during 2015. The following activities were implemented in 2015:

Key steps for the optimisation of procurement activities 2015

- Control of procurement of materials, equipment, transportation and construction services selection.
- Operation of the Tender Committee of the Group and participation in other corporate commissions and committees.
- Implementation of disposal of non- liquid and non-core assets of the Company project.
- Implementation of B2B trading platform Transtrade. Rusal for transportation services selection and price reduction.
- Cooperation with Fabrikant electronic trading platform aimed at using auction trading to achieve minimum prices.
- Maintenance of transparency of procurement procedures by on-line monitoring Hotline and portal "Suppliers" on the Company's corporate website.
- Organisation of training workshop related to the improvement of efficiency of procurement of the production facilities of the Aluminium Division.
- Development and implementation of tools to improve the efficiency of procurement activity:
  - √ refusal/reduction of purchases from a single supplier with the aim of expanding the range of possible suppliers and cost reduction;
  - √ publishing of UC RUSAL Procurement Plan 2016 on the official website in order to increase competition and transparency, to interact effectively with suppliers;
  - √ development and implementation of the algorithm 'Organization of procurement process' in activities of UC RUSAL commercial divisions.

Key steps for the Company's risk management 2015

- Organization of independent risk audits of Company production facilities conducted by specialists Willis Group for risk mitigation purposes and optimisation of Company insurance programmes.
- Formation of the annual Corporate Risk Map of the Company and providing quarterly reports to the Audit Committee on the status of the Company's risk management.
- Preparing of UC RUSAL risk insurance programme in 2015-2016.

Audit process is linked to planned activity which includes risk charts in operational areas and tasks given by the management bodies of the Company. All audits aimed on identification of material risks, assessment of the existing key parameters of the business processes and issuing recommendations for improving the internal control system and monitoring recommendations issued as follow-up to audits.

Pursuant to the Listing Rules and IFRS 24, 28, 31 the Company has developed and implemented a multi-level system of control over transactions with connected persons (as defined in the Listing Rules) and related parties, so that the Company can prevent non-compliance with the Listing Rules and other applicable regulations.

These measures led to the improvement of risk identification quality and increased responsibility of persons involved in risk management process.

For the year ended 31 December 2015, the Audit Committee conducted regular assessment of risks and the Group's internal control system effectiveness.

For the year ended 31 December 2015, the Directors consider that the Group's internal control system complied with the CG Code.

12 Relevant Officers' Securities Transactions

The Company has also adopted a code for Securities Transactions by Relevant Officers of the Company (the "**Relevant Officers Code**"). The Relevant Officers Code was based on Appendix 10 to the Listing Rules but it was made more exacting. It was also based on the requirements of the French Monetary and Financial Code, Chapters II and III of Title II of Book II of the General Regulation of the AMF and Titles II and III of Book VI of the General Regulation of the AMF with respect to insider dealing and market misconduct. It applies to any employee of the Company or a director or employee of a subsidiary of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. The Relevant Officers Code was adopted by the Board on 9 April 2010.

The Company has not been notified of any transaction by any Relevant Officer in application of requirements of the French monetary and financial code and the General Regulations of the AMF.

13 Directors' Continuous Professional Development

Pursuant to Code Provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Review Period, all Directors of the Company (namely, Mr. Oleg Deripaska, Ms. Vera Kurochkina (before 26 June 2015), Mr. Maxim Sokov, Mr. Vladislav Soloviev, Mr. Stalbek Mishakov, Mr. Dmitry Afanasiev, Mr. Len Blavatnik, Mr. Ivan Glasenberg, Mr. Maksim Goldman, Ms. Gulzhan Moldazhanova, Mr. Daniel Lesin Wolfe, Ms. Olga Mashkovskaya, Ms. Ekaterina Nikitina, Mr. Mark Garber, Dr. Peter Nigel Kenny, Mr. Philip Lader, Dr. Elsie Leung Oi-sie, Mr. Matthias Warnig and Mr. Dmitry Vasiliev (after 26 June 2015)), received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to salient rules and regulations applicable to the Group were provided to the Directors.

14 Going Concern

As of 31 December 2015, there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

15 Investor Relations

The Company has established a designated department for investor relations, which is responsible for matters concerning investor relations and has developed its own systems and process for communications with investors. The Company's management also maintains close communication with investors, analysts and the media.

There has been no change to the Memorandum and Articles of Association of the Company during 2015.

16 Shareholders' Right

Right to convene an extraordinary general meeting

Shareholder(s) holding, at the date of deposit of a written requisition to the Directors or the secretary of the Company, 5 per cent or more of the Company's voting share capital may require an extraordinary general meeting to be called for the transaction of any business specified in such requisition.

If the Directors do not within 21 days from the date of the deposit of the requisition call a meeting to be held within 2 months of the date of the deposit of the requisition, the requisitionists or any of them holding more than half of the total voting rights of all of them may call a meeting which may not be held after 3 months from that date. All reasonable expenses incurred by the requisitionists as a result of the failure of the board shall be reimbursed to the requisitionists by the Company.

No business other than that stated in the requisition as the objects of the meeting shall be transacted at the meeting.

Putting forward proposals at general meetings

Shareholder(s) holding 2.5 per cent or more of the total voting rights of all shareholders or 50 or more of them holding shares on which there has been paid up an average sum, per shareholder, equivalent of 2,000 Hong Kong dollars or more have the right at their own expense (unless the Company otherwise resolves) to require the Company to (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting and (b) circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The Company does not have to give notice of any resolution or circulate any statement unless (a) a copy of the requisition signed by the requisitionists is deposited at the Company's registered office (i) at least 6 weeks before the meeting in the case of a requisition requiring notice of a resolution (although this requirement does not apply if an annual general meeting is called for a date 6 weeks or less after the copy has been deposited) or (ii) at least 1 week before the meeting in the case of any other requisition and (b) there is deposited with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect to the requisition.

The Company shall also not be bound to circulate any statement if, on the application either of the Company or of any other person who claims to be aggrieved, a court is satisfied that the rights are being abused to secure needless publicity for defamatory matter; and the court may order the Company's costs on an application to be paid in whole or in part by the requisitionists, notwithstanding that they are not parties to the application.

Company's contact details

Any proposal to convene an extraordinary general meeting, to put forward a proposal at a general meeting and any general enquiries of the Board should be sent to "The Board of Directors c/o the Company Secretary, United Company RUSAL Plc, 44 Esplanade, St Helier, Jersey, JE4 9WG".

17 Company Secretary

The Company engages Ms. Aby Wong Po Ying of Elian Fiduciary Services (Hong Kong) Limited as its company secretary. The primary contact person in the Company is Mr. Eugene Choi, the Authorised Representative of the Company.

Financial Statements

Independent auditor's report to the members of United Company RUSAL Plc

(Incorporated in Jersey with limited liability)

JSC KPMG
10 Presnenskaya Naberezhnaya
Moscow, Russia 123317

We have audited the accompanying consolidated financial statements of United Company RUSAL Plc ("the Company") and its subsidiaries (the "Group"), which comprise the Consolidated and Company Statements of Financial Position as at 31 December 2015, the Consolidated Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

(a) Directors' Responsibility for the Consolidated Financial Statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 151, the directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with applicable law, International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for being satisfied that the consolidated financial statements give a true and fair view.

(b) Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with the relevant legal and regulatory requirements and International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(c) Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of the Group's net profit and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the disclosure requirements of the Hong Kong Companies Ordinance.

(d) Other matter

In our report dated 8 March 2016, we expressed an opinion on the Group's consolidated financial statements as at and for the year ended 31 December 2015 that was qualified for the effect of such adjustments, if any, that might have been determined to be necessary had we been able to obtain sufficient appropriate audit evidence in relation to the Group's estimate of the share of profit, other comprehensive income and foreign currency translation loss of the Group's equity investee, PJSC MMC Norilsk Nickel ("Norilsk Nickel"). Since that date, the directors have obtained the required information and have adjusted the Group's accounting for the Norilsk Nickel investment. We have audited the adjustments described in note 1(e) to the consolidated financial statements and, in our opinion, such adjustments are appropriate and have been properly applied. Accordingly, our present report on the Group's consolidated financial statements as at and for the year ended 31 December 2015, as presented herein and approved by the Board of Directors on 18 March 2016, is different from our previous report dated 8 March 2016.

(e) Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the financial statements of the Company are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Andrei Shvetsov
For and on behalf of JSC "KPMG"
Recognized Auditor
18 March 2016

Consolidated Statement of Income

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 USD million	2014 USD million
Revenue	5	**8,680**	9,357
Cost of sales		**(6,215)**	(7,223)
Gross profit		**2,465**	2,134
Distribution expenses		**(336)**	(402)
Administrative expenses		**(533)**	(605)
Loss on disposal of property, plant and equipment		**(17)**	(10)
Impairment of non-current assets		**(132)**	(103)
Other operating expenses	6	**(38)**	(72)
Results from operating activities		**1,409**	942
Finance income	7	**23**	30
Finance expenses	7	**(1,132)**	(1,361)
Share of profits of associates and joint ventures	16	**368**	536
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiaries		**95**	—
Profit before taxation		**763**	147
Income tax	8	**(205)**	(238)
Profit/(loss) for the year		**558**	(91)
Attributable to Shareholders of the Company		**558**	(91)
Profit/(loss) for the year		**558**	(91)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (USD)	13	**0.037**	(0.006)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 USD million	2014 USD million
Profit/(loss) for the year		**558**	(91)
Other comprehensive income			
Items that will never be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on post retirement benefit plans	24(a)	**(3)**	12
		(3)	12
Items that are or may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates	16	**4**	10
Change in fair value of cash flow hedges		**144**	(81)
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiaries	1(b)	**(95)**	—
Foreign currency translation differences for equity-accounted investees	16	**(975)**	(3,452)
Foreign currency translation differences on foreign operations		**(229)**	(709)
		(1,151)	(4,232)
Other comprehensive income for the period, net of tax		**(1,154)**	(4,220)
Total comprehensive income for the year		**(596)**	(4,311)
Attributable to:			
Shareholders of the Company		**(596)**	(4,311)
Total comprehensive income for the year		**(596)**	(4,311)

There was no significant tax effect relating to each component of other comprehensive income.

Consolidated Statement of Financial Position

For the year ended 31 December 2015

	Note	31 December 2015 USD million	31 December 2014 USD million
ASSETS			
Non-current assets			
Property, plant and equipment	14	**3,854**	3,953
Intangible assets	15	**2,274**	2,572
Interests in associates and joint ventures	16	**3,214**	4,879
Deferred tax assets	17	**51**	57
Derivative financial assets	25	**71**	30
Other non-current assets		**51**	80
Total non-current assets		**9,515**	11,571
Current assets			
Inventories	18	**1,837**	1,998
Trade and other receivables	19	**710**	672
Dividends receivable		**189**	14
Derivative financial assets	25	**50**	32
Cash and cash equivalents	20	**508**	570
Total current assets		**3,294**	3,286
Total assets		**12,809**	14,857
EQUITY AND LIABILITIES			
Equity	21		
Share capital		**152**	152
Shares held for vesting		**—**	(1)
Share premium		**15,786**	15,786
Other reserves		**2,823**	2,679
Currency translation reserve		**(9,978)**	(8,679)
Accumulated losses		**(7,392)**	(7,700)
Total equity		**1,391**	2,237

	Note	31 December 2015 USD million	31 December 2014 USD million
Non-current liabilities			
Loans and borrowings	22	**7,525**	8,847
Bonds	23	**—**	113
Provisions	24	**487**	507
Deferred tax liabilities	17	**531**	515
Derivative financial liabilities	25	**—**	350
Other non-current liabilities		**63**	48
Total non-current liabilities		**8,606**	10,380
Current liabilities			
Loans and borrowings	22	**1,334**	303
Bonds	23	**21**	144
Current tax liabilities	17(e)	**10**	41
Trade and other payables	26	**941**	1,321
Derivative financial liabilities	25	**421**	318
Provisions	24	**85**	113
Total current liabilities		**2,812**	2,240
Total liabilities		**11,418**	12,620
Total equity and liabilities		**12,809**	14,857
Net current assets		**482**	1,046
Total assets less current liabilities		**9,997**	12,617

Approved and authorised for issue by the board of directors on 18 March 2016.

Vladislav A. Soloviev
Chief Executive Officer

Alexandra Y. Bouriko
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Note	Share capital USD million	Shares held for vesting USD million	Share premium USD million	Other reserves USD million	Currency translation reserve USD million	Accumulated losses USD million	Total equity USD million
Balance at 1 January 2015		**152**	**(1)**	**15,786**	**2,679**	**(8,679)**	**(7,700)**	**2,237**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**558**	**558**
Other comprehensive income for the year		**—**	**—**	**—**	**145**	**(1,299)**	**—**	**(1,154)**
Total comprehensive income for the year		**—**	**—**	**—**	**145**	**(1,299)**	**558**	**(596)**
Share-based compensation	21(b)	**—**	**1**	**—**	**(1)**	**—**	**—**	**—**
Dividends	12	**—**	**—**	**—**	**—**	**—**	**(250)**	**(250)**
Balance at 31 December 2015		**152**	**—**	**15,786**	**2,823**	**(9,978)**	**(7,392)**	**1,391**
Balance at 1 January 2014		152	(1)	15,786	2,740	(4,518)	(7,609)	6,550
Loss for the year		—	—	—	—	—	(91)	(91)
Other comprehensive income for the year		—	—	—	(59)	(4,161)	—	(4,220)
Total comprehensive income for the year		—	—	—	(59)	(4,161)	(91)	(4,311)
Share-based compensation	21(b)	—	—	—	(2)	—	—	(2)
Balance at 31 December 2014		152	(1)	15,786	2,679	(8,679)	(7,700)	2,237

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 USD million	2014 USD million
OPERATING ACTIVITIES			
Profit/(loss) for the year		**558**	(91)
Adjustments for:			
Depreciation	9(b)	**443**	445
Amortisation	9(b)	**14**	14
Impairment of non-current assets		**132**	103
Share-based compensation	21(b)	**—**	1
Impairment of trade and other receivables	6	**8**	4
Debtors write-off		**1**	—
Impairment of inventories	18	**20**	8
Provision for legal claims	6	**6**	3
(Reversal) of pension provision/pension provision		**(2)**	4
Change in fair value of derivative financial instruments	7	**352**	487
Foreign exchange loss		**140**	13
Loss on disposal of property, plant and equipment		**17**	10
Interest expense	7	**640**	847
Interest income	7	**(23)**	(30)
Income tax expense	8	**205**	238
Foreign currency translation gain recycled from other comprehensive income on deconsolidation of subsidiaries	1(b)	**(95)**	—
Share of profits of associates and joint ventures	16	**(368)**	(536)
Cash from operating activities before changes in working capital and provisions		**2,048**	1,520
Decrease in inventories		**148**	261
Increase in trade and other receivables		**(88)**	(32)
Decrease/(increase) in prepaid expenses and other assets		**7**	(2)
Decrease in trade and other payables		**(323)**	(236)
Decrease in provisions		**(25)**	(20)
Cash generated from operations before income tax paid		**1,767**	1,491

	Note	Year ended 31 December 2015 USD million	 2014 USD million
Income taxes paid	17(e)	**(199)**	(93)
Net cash generated from operating activities		**1,568**	1,398
Proceeds from disposal of property, plant and equipment		**8**	37
Interest received		**21**	28
Acquisition of property, plant and equipment		**(510)**	(465)
Dividends from associates and joint ventures		**755**	926
Acquisition of intangible assets	15	**(12)**	(14)
Changes in restricted cash	20	**(1)**	2
Net cash generated from investing activities		**261**	514
FINANCING ACTIVITIES			
Proceeds from borrowings		**735**	1,631
Repayment of borrowings		**(1,476)**	(2,271)
Refinancing fees and other expenses		**—**	(130)
Interest paid		**(516)**	(677)
Purchases of shares held for vesting		**—**	(1)
Settlement of derivative financial instruments		**(320)**	(452)
Dividends	12	**(250)**	—
Net cash used in financing activities		**(1,827)**	(1,900)
Net increase in cash and cash equivalents		**2**	12
Cash and cash equivalents at the beginning of the year	20	**557**	701
Effect of exchange rate fluctuations on cash and cash equivalents		**(65)**	(156)
Cash and cash equivalents at the end of the year	20	**494**	557

Restricted cash amounted to USD14 million and USD13 million at 31 December 2015 and 31 December 2014, respectively.

Non-cash repayment of borrowings and interest amounted to USD173 million and USD57 million for the years ended 31 December 2015 and 31 December 2014, respectively.

Notes to the Consolidated Financial Statements

1 Background

(a) Organisation

United Company RUSAL Plc (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 dual placing on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Professional Segment of NYSE Euronext Paris ("Euronext Paris") (the "Global Offering") 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 Company's registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG.

The Company directly or through its wholly owned subsidiaries controls a number of production and trading entities (refer to note 31) engaged in the aluminium business and other entities, which together with the Company are referred to as "the Group".

Upon successful completion of the Global Offering, the Company issued 1,636,363,646 new shares in the form of shares listed on the Stock Exchange, and in the form of global depositary shares ("GDS") listed on Euronext Paris representing 10.81% of the Company's issued and outstanding shares, immediately prior to the Global Offering.

The shareholding structure of the Company as at 31 December 2015 and 31 December 2014 was as follows:

	31 December 2015	31 December 2014
En+ Group Limited ("En+")	**48.13%**	48.13%
Onexim Holdings Limited ("Onexim")	**17.02%**	17.02%
SUAL Partners Limited ("SUAL Partners")	**15.80%**	15.80%
Amokenga Holdings Limited ("Amokenga Holdings")	**8.75%**	8.75%
Held by Directors	**0.25%**	0.25%
Shares held for vesting	**0.00%***	0.00%*
Publicly held	**10.05%**	10.05%
Total	**100%**	**100%**

* As at 31 December 2015 and 2014 the Group held 4,773 and 514,056 ordinary shares, respectively, for long term incentive plan ("LTIP") (note 21(b)).

Ultimate beneficiary of En+ is Mr. Oleg Deripaska. Ultimate beneficiary of Onexim is Mr. Mikhail Prokhorov. Major ultimate beneficiaries of SUAL Partners are Mr. Victor Vekselberg and Mr. Len Blavatnik. Amokenga Holdings is a wholly owned subsidiary of Glencore International Plc ("Glencore").

Related party transactions and controlling parties are disclosed in notes 30 and 32, respectively.

(b) Deconsolidation of subsidiaries

On 11 March 2015, the Supreme Court of Ukraine denied the Group's appeal to reconsider the previous court decision that 68% of shares of PJSC Zaporozhye Aluminium Combine ('ZALK'), an indirect subsidiary of UC RUSAL PLc, should be deprivatized and returned to the State of Ukraine.

On 9 June 2015 ZALK shares were written off the Company's account and transferred to the State of Ukraine.

The Company intends to pursue all available legal alternatives, including, but not limited to, the European Court on Human Rights, to overturn the above decision. However as a result of the Supreme Court ruling the Group no longer has the rights to varying returns from ZALK or the ability to control this entity to affect those returns.

The assets and liabilities of ZALK have been deconsolidated which resulted in recognition of USD9 million gain in these consolidated financial statements. Additionally, USD155 million of foreign currency translation gain arising on the translation of ZALK accumulated from 2007 was recycled through profit and loss.

In August 2015 one of the Group's intermediary holding subsidiaries was liquidated. Consequently, USD60 million of foreign currency translation loss arising on translation of investments in foreign assets accumulated by this subsidiary was recycled through profit and loss.

(c) Operations

The Group operates in the aluminium industry primarily in the Russian Federation, Ukraine, Guinea, Jamaica, Ireland, Italy, Nigeria 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.

(d) Business environment in emerging economies

The Russian Federation, Ukraine, Jamaica, Nigeria 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 conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. In particular, some Russian entities may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of recently 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, Ukrainian, Jamaican, Nigerian and Guinean business environments on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Previously issued Consolidated Financial Statements as at and for the year ended 31 December 2015

The Group has previously issued consolidated financial statements as at and for the year ended 31 December 2015 dated 8 March 2016. At that date the Group was unable to obtain consolidated IFRS financial statements of the Group's significant equity investee, PJSC MMC Norilsk Nickel, as at and for the year ended 31 December 2015. Consequently the Group estimated its share in the profits and other comprehensive income of PJSC MMC Norilsk Nickel for the year ended 31 December 2015 based on publicly available information at that time. On 15 March 2016 PJSC MMC Norilsk Nickel published its IFRS consolidated financial statements and management reassessed its share in the profits and other comprehensive income of PJSC MMC Norilsk Nickel based on this information. As a result, management concluded that foreign currency translation differences of equity accounted investees and interests in associates were each understated by USD1,060 million, in the Group's previously issued consolidated financial statements as at and for the year ended 31 December 2015 dated 8 March 2016.

These consolidated financial statements as at and for the year ended 31 December 2015 have been adjusted accordingly.

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 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.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing these consolidated financial statements, the Group has adopted all these new and revised IFRSs, except for any new standards or interpretations that are not yet effective as at 31 December 2015. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2015 are set out in note 36.

(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 policy in note 3(c) 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"), Ukrainian Hryvna and Euros ("EUR"). The consolidated financial statements are presented in USD, rounded to the nearest million, except as otherwise stated herein.

(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 are discussed in note 35.

(e) Changes in accounting policies and presentation

The accounting policies and judgements applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

3 Significant accounting policies

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. These accounting policies have been consistently applied to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries and non-controlling interests

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.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

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 (see note 3(c)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 3(a (iv)).

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Acquisitions of non-controlling interests

The acquisition of an additional non-controlling interest in an existing subsidiary after control has been obtained is accounted for as an equity transaction with any difference between the cost of the additional investment and the carrying amount of the net assets acquired at the date of exchange recognised directly in equity.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the common control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of the equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital. Any cash paid for the acquisition is recognised directly in equity.

(iv) Associates and joint ventures (equity accounted investees)

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) (see note

1(b)). 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 profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 3(c)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(v) 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.

(b) 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 are translated using the exchange rate at the date of transaction. Foreign currency differences arising on retranslation are recognised in the statement of income, except for differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which is recognised in the other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated from their functional currencies to USD at the exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates approximating exchange rates at the dates of the transactions.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income and presented in the currency translation reserve in equity. For the purposes of foreign currency translation, the net investment in a foreign operation includes foreign currency intra-group balances for which settlement is neither planned nor likely in the foreseeable future and foreign currency differences arising from such a monetary item are recognised in the statement of comprehensive income.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount of the currency translation reserve is transferred to the statement of income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of income.

(c) Financial instruments

(i) Non-derivative financial instruments

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 are recognised initially at fair value plus any directly attributable transaction costs.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Held-to-maturity investments
If the Group has the positive intent and ability to hold securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h) (i)).

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities at initial recognition of three months or less that are subject to insignificant risk of changes in their fair values, and are used by the Group in the management of its short-term commitments.

Others
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses (refer to note 3(h) (i)). Investments in equity securities that are not quoted on a stock exchange and where fair value cannot be estimated on a reasonable basis by other means are stated at cost less impairment losses (refer to note 3(h) (i)).

Non-derivative financial liabilities
The Group's non-derivative financial liabilities, subsequent to initial recognition, are measured at amortised cost using the effective interest method.

(ii) Derivative financial instruments, including hedge accounting

The Group enters, from time to time, into various derivative financial instruments to manage its exposure to commodity price risk, foreign currency risk and interest rate risk.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variation in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

The measurement of fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Changes in the fair value therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in the statement of comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of a derivative is recognised in the statement of income.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to the statement of income in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the statement of income.

Changes in the fair value of separated embedded derivatives and derivative financial instruments not designated for hedge accounting are recognised immediately in the statement of income.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs (refer to note 3(gg)). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of periodic relining of electrolysers is capitalised and depreciated over the expected production period.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within gain/(loss) on disposal of property, plant and equipment in the statement of income.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

(iii) Exploration and evaluation assets

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activities include:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the statement of income.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Exploration and evaluation expenditure is capitalised as exploration and evaluation assets when it is expected that expenditure related to an area of interest will be recouped by future exploitation, sale, or, at the reporting date, the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves. Capitalised exploration and evaluation expenditure is recorded as a component of property, plant and equipment at cost less impairment losses. As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where there are indicators of potential impairment, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but which require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the statement of income.

Exploration and evaluation assets are transferred to mining property, plant and equipment or intangible assets when development is sanctioned.

(iv) Stripping costs

Expenditure relating to the stripping of overburden layers of ore, including estimated site restoration costs, is included in the cost of production in the period in which it is incurred.

(v) Mining assets

Mining assets are recorded as construction in progress and transferred to mining property, plant and equipment when a new mine reaches commercial production.

Mining assets include expenditure incurred for:

- Acquiring mineral and development rights;
- Developing new mining operations.

Mining assets include interest capitalised during the construction period, when financed by borrowings.

(vi) Depreciation

The carrying amounts of property, plant and equipment (including initial and any subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated mine or mineral lease, if shorter. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The property, plant and equipment is depreciated on a straight-line or units of production basis over the respective estimated useful lives as follows:

• Buildings	30 to 50 years;
• Plant, machinery and equipment	5 to 40 years;
• Electrolysers	4 to 15 years;
• Mining assets	units of productio on proven and probable reserves;
• Other (except for exploration and evaluation assets)	1 to 20 years.

(e) Intangible assets

(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.

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. 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 (refer to note 3(h)(ii)).

(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 (refer to note 3(h)(ii)).

(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;
- contracts, acquired in business combinations 2-8 years.

The amortisation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Leased assets

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The corresponding finance lease obligation is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

Assets held under other leases (operating leases) are not recognised in the statement of financial position. Payments made under the lease are charged to the statement of income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the statement of income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

(g) Inventories

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.

(h) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset occurred after the initial recognition of that asset and the impact can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of income.

Impairment losses for trade receivables included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the statement of income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other asset groups. Impairment losses are recognised in the statement of income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately and, therefore, is not tested for impairment separately. Instead, the entire amount of the investment is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

An impairment loss in respect of an investment in an associate or joint venture is calculated as the difference between its carrying amount after application of the equity method of accounting (refer to note 3(a) (iv)) and its recoverable amount. The recoverable amount of such investment is the greater of its value in use and its fair value less cost to sell. In determining the value in use of the investment the Group estimates: (a) its share of the present value of the estimated future cash flows expected to be generated by the investee, including the cash flows from the operations of the investee and the proceeds on the ultimate disposal of the investment; or (b) the present value of the estimated future cash flows expected to arise from the dividends to be received from the investee and from its ultimate disposal depending on which available information with respect to each investee is more reliable. An impairment loss is reversed to the extent that the recoverable amount of the investment subsequently increases and the resulting carrying amount does not exceed the carrying amount that would have been determined, after application of the equity method, had no impairment loss previously been recognised.

(i) Insurance contracts

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies, controlled by the beneficial shareholder of the Group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(j) Employee benefits

(i) Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits

Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit pension and other post-retirement plans

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 any unrecognised past service costs 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 the statement of 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 and past service costs that had not previously been recognised.

(iii) State pension fund

The Group makes contributions for the benefit of employees to Russia's and the Ukrainian State's pension funds. The contributions are expensed as incurred.

(k) Provisions

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.

(i) 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.

Provisions for the cost of each restoration and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass obligated and reasonably estimable restoration and rehabilitation activities expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate restoration and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are specific to the country in which the operation is located. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of restoration and rehabilitation activities is amortised over the estimated economic life of the operation on a units of production or straight-line basis. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised as part of finance expenses.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the statement of income. Changes to the capitalised cost result in an adjustment to future amortisation charges. Adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include revisions to estimated reserves, resources and lives of operations; developments in technology; regulatory requirements and environmental management strategies; changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates; and movements in general interest rates affecting the discount rate applied.

(ii) Restructuring
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(l) Revenue

Goods sold
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the good and the amount of revenue can be measured reliably. This is generally when title passes. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

For the majority of sales transactions agreements specify that title passes on the bill of lading date, which is the date the commodity is delivered to the shipping agent.

Revenue is not reduced for royalties or other taxes payable from production.

(m) Other expenses

Social expenditure
To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in the statement of income as incurred.

(n) Finance income and expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and changes in the fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in the statement of income using the effective interest method, except for borrowing costs related to the acquisition, construction and production of qualifying assets which are recognised as part of the cost of such assets.

Foreign currency gains and losses are reported on a net basis.

(o) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of income and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liability. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

(p) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities), that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that has been abandoned may also qualify.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance and for which discrete consolidated financial information or statements are available.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4 Segment reporting

(a) Reportable segments

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 2015 and 2014.

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.

The Group's customer base includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2015 revenues from sales of primary aluminium and alloys to this customer amounted to USD2,710 million (2014: USD2,745 million). Details of concentrations of credit risk arising from this customer are set out in note 27(e).

(i) Reportable segments

Year ended 31 December 2015

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	**7,279**	**617**	**1**	**—**	**7,897**
Inter-segment revenue	**147**	**1,477**	**—**	**—**	**1,624**
Total segment revenue	**7,426**	**2,094**	**1**	**—**	**9,521**
Segment profit/(loss)	**1,607**	**212**	**(2)**	**—**	**1,817**
Impairment of non-current assets	**(76)**	**(56)**	**—**	**—**	**(132)**
Share of (losses)/profits of associates and joint ventures	**(19)**	**(293)**	**194**	**486**	**368**
Depreciation/amortisation	**(364)**	**(86)**	**—**	**—**	**(450)**
Non-cash expense other than depreciation	**(32)**	**(26)**	**—**	**—**	**(58)**
Additions to non-current segment assets during the year	**303**	**164**	**1**	**—**	**468**
Non-cash additions to non-current segment assets related to site restoration	**—**	**30**	**—**	**—**	**30**
Segment assets	**7,631**	**1,763**	**48**	**—**	**9,442**
Interests in associates and joint ventures	**—**	**—**	**438**	**2,776**	**3,214**
Total segment assets					**12,656**
Segment liabilities	**(1,419)**	**(704)**	**(101)**	**—**	**(2,224)**
Total segment liabilities					**(2,224)**

Year ended 31 December 2014

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	7,823	612	3	—	**8,438**
Inter-segment revenue	162	1,267	—	—	**1,429**
Total segment revenue	**7,985**	**1,879**	**3**	**—**	**9,867**
Segment profit/(loss)	**1,330**	**(60)**	**(20)**	**—**	**1,250**
Impairment of non-current assets	(25)	(78)	—	—	**(103)**
Share of profits of associates and joint ventures	1	(15)	35	515	**536**
Depreciation/amortisation	(365)	(85)	—	—	**(450)**
Non-cash expense other than depreciation	(17)	5	—	—	**(12)**
Additions to non-current segment assets during the year	257	195	5	—	**457**
Non-cash additions to non-current segment assets related to site restoration	—	12	—	—	**12**
Segment assets	7,919	1,675	28	—	**9,622**
Interests in associates and joint ventures	20	327	389	4,141	**4,877**
Total segment assets					**14,499**
Segment liabilities	(1,958)	(847)	(101)	—	**(2,906)**
Total segment liabilities					**(2,906)**

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	Year ended 31 December 2015 USD million	Year ended 31 December 2014 USD million
Revenue		
Reportable segment revenue	**9,521**	9,867
Elimination of inter-segment revenue	**(1,624)**	(1,429)
Unallocated revenue	**783**	919
Consolidated revenue	**8,680**	**9,357**

	Year ended 31 December	
	2015 USD million	**2014 USD million**
Profit		
Reportable segment profit	**1,817**	1,250
Impairment of non-current assets	**(132)**	(103)
Share of profits of associates and joint ventures	**368**	536
Finance income	**23**	30
Finance expenses	**(1,132)**	(1,361)
Foreign currency translation gain recycled from other comprehensive income on deconsolidated subsidiaries	**95**	—
Unallocated expenses	**(276)**	(205)
Consolidated profit before taxation	**763**	**147**

	31 December 2015 USD million	**31 December 2014 USD million**
Assets		
Reportable segment assets	**12,656**	14,499
Elimination of inter-segment receivables	**(346)**	(165)
Unallocated assets	**499**	523
Consolidated total assets	**12,809**	**14,857**

	31 December 2015 USD million	**31 December 2014 USD million**
Liabilities		
Reportable segment liabilities	**(2,224)**	(2,906)
Elimination of inter-segment payables	**346**	165
Unallocated liabilities	**(9,540)**	(9,879)
Consolidated total liabilities	**(11,418)**	**(12,620)**

(iii) Geographic information

The Group's operating segments are managed on a worldwide basis, but operate in four principal geographical areas: the CIS, Europe, Africa and the Americas. In the CIS, production facilities operate in Russia and Ukraine. In Europe, production facilities are located in Italy, Ireland and Sweden. African production facilities are represented by bauxite mines and an alumina refinery in Guinea and an aluminium plant in Nigeria. In the Americas the Group operates two production facilities in Jamaica, one in Guyana and a trading subsidiary in the United States of America.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset. Unallocated specified non-current assets comprise mainly goodwill and interests in associates and joint ventures.

	Revenue from external customers	
	Year ended 31 December	
	2015 USD million	**2014 USD million**
Netherlands	**1,708**	1,553
Russia	**1,680**	1,793
Turkey	**834**	977
USA	**631**	888
Japan	**584**	871
South Korea	**411**	530
Poland	**404**	267
Greece	**254**	272
Italy	**223**	214
Sweden	**220**	182
France	**189**	179
Germany	**129**	164
Norway	**103**	226
China	**78**	91
Other countries	**1,232**	1,150
	8,680	**9,357**

	Specified non-current assets	
	31 December 2015 USD million	**31 December 2014 USD million**
Russia	**3,103**	3,244
Ireland	**372**	355
Ukraine	**195**	227
Guyana	**63**	64
Guinea	**56**	46
Armenia	**50**	51
Unallocated	**5,676**	7,584
	9,515	**11,571**

5 Revenue

	Year ended 31 December	
	2015 USD million	2014 USD million
Sales of primary aluminium and alloys	**7,279**	**7,823**
Third parties	***4,208***	*4,627*
Related parties – companies capable of exerting significant influence	***2,945***	*2,936*
Related parties – companies under common control	***125***	*226*
Related parties – associates and joint ventures	***1***	*34*
Sales of alumina and bauxite	**617**	**612**
Third parties	***382***	*377*
Related parties – companies capable of exerting significant influence	**207**	*235*
Related parties – associates and joint ventures	**28**	—
Sales of foil	**270**	**303**
Third parties	***265***	*291*
Related parties – companies under common control	***5***	*12*
Other revenue including energy and transportation services	**514**	**619**
Third parties	***426***	*530*
Related parties – companies capable of exerting significant influence	***17***	*26*
Related parties – companies under common control	***20***	*26*
Related parties – associates and joint ventures	***51***	*37*

The Group's customer base is diversified and includes only one major customer - Glencore International AG (a member of Glencore International Plc Group which is a shareholder of the Company with a 8.75% share – refer to note 1(a)) - with whom transactions have exceeded 10% of the Group's revenue. In 2015 revenues from sales of primary aluminium and alloys to this customer amounted to USD2,710 million (2014: USD2,745 million).

6 Other operating expenses

	Year ended 31 December	
	2015 USD million	2014 USD million
Impairment loss on trade and other receivables	**(8)**	(4)
Provision for legal claims	**(6)**	(3)
Charitable donations	**(11)**	(13)
Net other operating expense	**(13)**	(52)
	(38)	**(72)**

7 Finance income and expenses

	Year ended 31 December	
	2015 USD million	2014 USD million
Finance income		
Interest income on third party loans and deposits	**21**	28
Interest income on loans to related parties – *companies under common control*	**2**	2
	23	**30**
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	**(315)**	(461)
Interest expense on bank loans wholly repayable after 5 years	**(290)**	(357)
Interest expense on company loans from related parties – *companies exerting significant influence*	**(22)**	(18)
Change in fair value of derivative financial instruments (refer to note 25)	**(352)**	(487)
Net foreign exchange loss	**(140)**	(27)
Interest expense on provisions	**(13)**	(11)
	(1,132)	**(1,361)**

8 Income tax

	Year ended 31 December 2015 USD million	2014 USD million
Current tax		
Current tax for the year	**173**	149
Deferred tax		
Origination and reversal of temporary differences	**32**	89
Actual tax expense	**205**	**238**

The Company is a tax resident of Cyprus with an applicable corporate tax rate of 12.5%. Subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For subsidiaries domiciled in Russia, the applicable tax rate is 20%; in Ukraine of 18%; Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 22% and Italy of 30.4%. For the Group's subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary's tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates for 2015 are 9.27% and 14.60% for different subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the year ended 31 December 2015 were the same as for the year ended 31 December 2014 except for Italy which was at 31.4% for the year ended 31 December 2014.

	Year ended 31 December 2015		2014	
	USD million	%	USD million	%
Profit before taxation	**763**	**100**	**147**	**100**
Income tax at tax rate applicable to the tax residence of the Company	**95**	**13**	18	13
Effect of different income tax rates	**(71)**	**(10)**	94	64
Financial expenses non-deductible for tax purposes	**74**	**10**	66	45
Effect of changes in investment in Norilsk Nickel	**(1)**	**—**	(19)	(13)
Change in unrecognised deferred tax assets	**98**	**13**	42	28
Other non-deductible taxable items	**10**	**1**	37	25
Actual tax expense	**205**	**27**	**238**	**162**

9 Profit/(loss) for the year

Profit/(loss) for the year is arrived at after charging:

(a) Personnel costs

	Year ended 31 December 2015 USD million	2014 USD million
Contributions to defined contribution retirement plans	**143**	207
Contributions to defined benefit retirement plans	**2**	5
Total retirement costs	**145**	212
Wages and salaries	**616**	795
Share-based compensation (refer to note 21(b))	**—**	1
	761	**1,008**

The employees of the Group are 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 above.

(b) Other items

	Year ended 31 December 2015 USD million	2014 USD million
Amortisation of intangible assets	**14**	14
Depreciation (net of amount included in inventories)	**443**	445
Impairment losses in respect of:		
– property, plant and equipment	**115**	96
Mineral restoration tax	**25**	26
Net increase in provisions	**47**	31
Auditors' remuneration	**7**	7
Operating lease charges in respect of property	**14**	17
Cost of inventories (refer to note 18)	**5,892**	6,826

10 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 2015			
	Directors' fees USD thousand	Salaries,allowances, benefits in kind USD thousand	Discretionary bonuses USD thousand	Total USD thousand
Executive Directors (c)				
Oleg Deripaska	—	**1,852**	**4,150**	**6,002**
Vladislav Soloviev	—	**3,956**	**3,317**	**7,273**
Vera Kurochkina (a)	—	**260**	**132**	**392**
Stalbek Mishakov	—	**1,633**	**4,085**	**5,718**
Non-executive Directors				
Maksim Goldman	**229**	—	—	**229**
Dmitry Afanasiev	**202**	—	—	**202**
Len Blavatnik	**183**	—	—	**183**
Ivan Glasenberg	**229**	—	—	**229**
Gulzhan Moldazhanova	**206**	—	—	**206**
Ekaterina Nikitina	**214**	—	—	**214**
Olga Mashkovaskaya	**198**	—	—	**198**
Daniel Lesin Wolfe	**229**	—	—	**229**
Maksim Sokov	**198**	—	—	**198**
Independent Non-executive Directors				
Matthias Warnig (Chairman)	**469**	—	—	**469**
Nigel Kenny	**252**	—	—	**252**
Philip Lader	**305**	—	—	**305**
Elsie Leung Oi-Sie	**237**	—	—	**237**
Mark Garber	**245**	—	—	**245**
Dmitry Vasiliev (b)	**98**	—	—	**98**
	3,494	**7,701**	**11,684**	**22,879**

a. Vera Kurochkina resigned from her position as a member of the Board of Directors in June 2015.

b. Dmitry Vasiliev was appointed as an Independent Non-executive Director in June 2015.

c. Compensation of Executive Directors in the form of shares of the Company relates to a share-based long-term incentive plan (hereinafter "LTIP") (refer to note 21(b)). The fair value of the share-based compensation was recognised as an employee expense during the vesting period. On 21 November 2015 one-fifth of LTIP in relation to the eligible employees vested as follows:

	Number of shares awarded	Number of shares vested on 21 November 2015	Value of share-based compensation vested USD thousand
Vladislav Soloviev	**1,311,629**	**262,326**	**109**

	Year ended 31 December 2014			
	Directors' fees USD thousand	**Salaries, allowances, benefits in kind USD thousand**	**Discretionary bonuses USD thousand**	**Total USD thousand**
Executive Directors (g)				
Oleg Deripaska	—	1,761	—	1,761
Vladislav Soloviev	—	3,970	—	3,970
Vera Kurochkina	—	543	632	1,175
Stalbek Mishakov	—	2,643	651	3,294
Non-executive Directors				
Maksim Goldman	247	—	—	247
Dmitry Afanasiev	214	—	—	214
Len Blavatnik	198	—	—	198
Ivan Glasenberg	247	—	—	247
Gulzhan Moldazhanova	222	—	—	222
Ekaterina Nikitina	230	—	345	575
Olga Mashkovaskaya	214	—	—	214
Christophe Charlier (d)	119	—	—	119
Daniel Lesin Wolfe (e)	128	—	—	128
Maksim Sokov (f)	75	1,876	—	1,951
Independent Non-executive Directors				
Matthias Warnig (Chairman)	474	—	—	474
Nigel Kenny	272	—	—	272
Philip Lader	331	—	—	331
Elsie Leung Oi-Sie	255	—	—	255
Mark Garber	263	—	—	263
	3,489	10,793	1,628	15,910

	Number of shares awarded	Number of shares vested on 21 November 2014	Value of share-based compensation vested USD thousand
Vladislav Soloviev	1,311,629	262,326	226
Vera Kurochkina	354,346	70,869	61

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.

Retirement scheme contributions for the directors, who are members of management, are not disclosed as the amount is considered not significant for either year presented. There are no retirement scheme contributions for non-executive directors.

11 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two were directors in the year ended 31 December 2015, whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other individuals are as follows:

	Year ended 31 December	
	2015 USD thousand	2014 USD thousand
Salaries	**9,351**	14,127
Discretionary bonuses	**12,500**	19,474
Share-based payments (*)	**91**	189
	21,942	33,790

(*) The remuneration in the form of shares of the Company for the years ended 31 December 2015 and 2014 in relation to a share-based long-term incentive plan (refer to note 21(b)).

d. Christophe Charlier resigned from his position as a member of the Board of Directors in June 2014.
e. Daniel Lesin Wolfe was appointed as a Non-executive Director in June 2014.
f. Maksim Sokov was redesignated from the Executive to a Non-executive Director in August 2014.
g. Compensation of Executive Directors in the form of shares of the Company relates to a share-based long-term incentive plan (hereinafter "LTIP") (refer to note 21(b)). The fair value of the share-based compensation was recognised as an employee expense during the vesting period. On 21 November 2014 one-fifth of LTIP in relation to the eligible employees vested as follows:

The emoluments of the other individuals with the highest emoluments are within the following bands:

	Year ended 31 December 2015 Number of individuals	2014 Number of individuals
HK$34,000,001-HK$34,500,000 (US$4,350,001 – US$4,450,000)	**—**	1
HK$46,000,001-HK$46,500,000 (US$5,900,001 – US$6,000,000)	**1**	1
HK$51,500,001-HK$52,000,000 (US$6,600,001 – US$6,700,000)	**—**	1
HK$56,000,001-HK$56,500,000 (US$7,200,001 – US$7,300,000)	**1**	—
HK$64,000,001-HK$64,500,000 (US$8,250,001 – US$8,350,000)	**—**	1
HK$65,500,001-HK$66,000,000 (US$8,400,001 – US$8,500,000)	**—**	1
HK$67,000,001-HK$67,500,000 (US$8,600,001 – US$8,700,000)	**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.

Retirement scheme contributions to individuals with highest emoluments are not disclosed as the amount is considered not significant for either year presented.

12 Dividends

On 12 October 2015 the Board of Directors of the Company approved an interim dividend in the aggregate amount of USD250 million (USD0.01645493026 per ordinary share) for the financial year ending 31 December 2015. The interim dividend was paid in cash on 6 November 2015.

No dividends were declared and paid by the Company during the year ended 31 December 2014.

The Company is subject to external capital requirements (refer to note 27(f)).

13 Earnings/(loss) per share

The calculation of earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of shares in issue during the years ended 31 December 2015 and 31 December 2014. Weighted average number of shares:

	Year ended 31 December 2015	2014
Issued ordinary shares at beginning of the period	**15,193,014,862**	15,193,014,862
Effect of treasury shares	**(1,824,099)**	(4,330,505)
Weighted average number of shares at end of the period	**15,191,190,763**	15,188,684,357
Profit/(loss) for the period, USD million	**558**	**(91)**
Basic and diluted earnings/(loss) per share, USD	**0.037**	**(0.006)**

There were no outstanding dilutive instruments during the years ended 31 December 2015 and 2014.

14 Property, plant and equipment

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 2014	3,785	6,088	2,121	167	668	1,598	14,427
Additions	1	1	143	2	12	318	477
Acquired through business combination	1	4	—	—	—	1	6
Disposals	(13)	(54)	(111)	(3)	(35)	(15)	(231)
Transfers	26	181	4	1	29	(241)	—
Foreign currency translation	(328)	(288)	(77)	(6)	(217)	(202)	(1,118)
Balance at 31 December 2014	**3,472**	**5,932**	**2,080**	**161**	**457**	**1,459**	**13,561**
Balance at 1 January 2015	3,472	5,932	2,080	161	457	1,459	13,561
Additions	1	3	106	10	40	380	540
Disposals	(12)	(49)	(17)	(2)	—	(27)	(107)
Transfers	42	220	13	3	80	(358)	—
Foreign currency translation	(120)	(107)	(34)	(4)	(85)	(57)	(407)
Balance at 31 December 2015	**3,383**	**5,999**	**2,148**	**168**	**492**	**1,397**	**13,587**
Accumulated depreciation and impairment losses							
Balance at 1 January 2014	2,103	4,410	1,719	149	647	1,232	10,260
Depreciation charge	77	221	160	7	3	—	468
Impairment loss	12	32	6	—	34	12	96
Disposals	(7)	(39)	(102)	(3)	(35)	—	(186)
Foreign currency translation	(287)	(208)	(135)	(6)	(215)	(179)	(1,030)
Balance at 31 December 2014	**1,898**	**4,416**	**1,648**	**147**	**434**	**1,065**	**9,608**
Balance at 1 January 2015	1,898	4,416	1,648	147	434	1,065	9,608
Depreciation charge	75	218	162	3	1	—	459
Impairment loss	15	60	(1)	1	98	(58)	115
Disposals	(3)	(44)	(14)	(1)	—	(11)	(73)

USD million	Land and buildings	Machinery and equipment	Electro-lysers	Other	Mining assets	Construc-tion in progress	Total
Foreign currency translation	(108)	(101)	(32)	(5)	(83)	(47)	(376)
Balance at 31 December 2015	**1,877**	**4,549**	**1,763**	**145**	**450**	**949**	**9,733**
Net book value							
At 31 December 2014	**1,574**	**1,516**	**432**	**14**	**23**	**394**	**3,953**
At 31 December 2015	**1,506**	**1,450**	**385**	**23**	**42**	**448**	**3,854**

Depreciation expense of USD421million (2014: USD421 million) has been charged to cost of goods sold, USD5 million (2014: USD6 million) to distribution expenses and USD17 million (2014: USD18 million) to administrative expenses.

During the years ended 31 December 2015 and 2014, no interest cost was capitalised due to postponement of construction projects as a result of the economic environment.

Included into construction in progress at 31 December 2015 and 2014 are advances to suppliers of property, plant and equipment of USD41 million and USD20 million, respectively.

(a) Impairment

Management reviewed the carrying amount of the group's non-financial assets at the reporting date to determine whether there were any indicators of impairment. Management identified several factors including declining aluminium prices and plant closures in the industry that indicated that a number of the Group's cash-generating units may be impaired.

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.

Based on results of impairment testing for the year 2015 and 2014, management has concluded that no impairment loss relating to property, plant and equipment should be recognised in these financial statements.

The recoverable amount of a number of the cash generating units tested for impairment are particularly sensitive to changes in forecast aluminium prices, foreign exchange rates and applicable discount rates.

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 USD115 million at 31 December 2015 (2014: USD96 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.

(b) Security

The carrying value of property, plant and equipment subject to lien under loan agreements was USD612 million as at 31 December 2015 (31 December 2014: USD600 million), refer to note 22.

(c) Net book value of properties

	31 December 2015 USD million	31 December 2014 USD million
Owned and leased properties		
In the Russian Federation		
Freehold	**1,343**	1,404
short-term leases	**22**	22
medium-term leases	**7**	7
Outside the Russian Federation		
Freehold	**134**	141
	1,506	1,574
Representing		
Land and buildings	**1,506**	1,574

Included in the above mentioned amounts is the land held on long lease in the Russian Federation that comprised USD29 million and USD29 million at 31 December 2015 and 31 December 2014, respectively. The Group does not hold land in Hong Kong.

15 Intangible assets

	Goodwill USD million	Other intangible assets USD million	Total USD million
Cost			
Balance at 1 January 2014	3,846	523	4,369
Additions	—	14	14
Disposals	—	(2)	(2)
Foreign currency translation	(916)	(7)	(923)
Balance at 31 December 2014	**2,930**	**528**	**3,458**
Balance at 1 January 2015	2,930	528	3,458
Additions	—	12	12
Disposals	—	(1)	(1)
Foreign currency translation	(291)	(4)	(295)
Balance at 31 December 2015	**2,639**	**535**	**3,174**
Amortisation and impairment losses			
Balance at 1 January 2014	(449)	(423)	(872)
Amortisation charge	—	(14)	(14)
Balance at 31 December 2014	**(449)**	**(437)**	**(886)**
Balance at 1 January 2015	(449)	(437)	(886)
Amortisation charge	—	(14)	(14)
Balance at 31 December 2015	**(449)**	**(451)**	**(900)**
Net book value			
At 31 December 2014	**2,481**	**91**	**2,572**
At 31 December 2015	**2,190**	**84**	**2,274**

(a) Amortisation charge

The amortisation charge is included in cost of sales in the consolidated statement of income.

(b) Goodwill

Goodwill recognised in these consolidated financial statements initially arose on the formation of the Group in 2000 and the acquisition of a 25% additional interest in the Group by its controlling shareholder in 2003. The amount of goodwill was principally increased in 2007 as a result of the acquisition of certain businesses of SUAL Partners and Glencore.

(c) Impairment testing of goodwill and other intangible assets

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.

At 31 December 2015, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2014 and performed an impairment test for goodwill at 31 December 2015 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.7 million metric tonnes of primary aluminium, of 7.5 million metric tonnes of alumina and of 12.0 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;

- Sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD1,561 per tonne for primary aluminium in 2016, USD1,710 in 2017, USD1,787 in 2018, USD1,853 in 2019, USD1,984 in 2020. Operating costs were projected based on the historical performance adjusted for inflation;

- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB63.3 for one USD in 2016, RUB63.1 in 2017, RUB62.5 in 2018, RUB64.8 in 2019, RUB67.5 in 2020. Inflation of 5.3% – 7.4% in RUB and 1.6% - 2.4% in USD was assumed in determining recoverable amounts;

- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 15.9%;

- A terminal value was derived following the forecast period assuming a 2.0% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in a decrease in the recoverable amount by 29% and would not lead to an impairment;

- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 25% decrease in the recoverable amount and would not lead to an impairment;

- A 1% increase in the discount rate would have resulted in a 13% decrease in the recoverable amount and would not lead to an impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2015.

At 31 December 2014, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2013 and performed an impairment test for goodwill at 31 December 2014 using the following assumptions to determine the recoverable amount of the segment:

- Total production was estimated based on average sustainable production levels of 3.6 million metric tonnes of primary aluminium, of 7.4 million metric tonnes of alumina and of 12.4 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;

- Sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD2,010 per tonne for primary aluminium in 2015, USD2,127 in 2016, USD2,203 in 2017, USD2,270 in 2018, USD2,313 in 2019. Operating costs were projected based on the historical performance adjusted for inflation;

- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB59.6 for one USD in 2015, RUB55.6 in 2016, RUB53.2 in 2017, RUB51.2 in 2018, RUB49.3 in 2019. Inflation of 4.9% – 11.8% in RUB and 1.5% - 2.5% in USD was assumed in determining recoverable amounts;

- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 16.2%;

- A terminal value was derived following the forecast period assuming a 2.1% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium price level would have resulted in a decrease in the recoverable amount by 17% and 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 5% decrease in the recoverable amount and would not lead to an impairment;
- A 1% increase in the discount rate would have resulted in a 6% decrease in the recoverable amount and would not lead to an impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2014.

16 Interests in associates and joint ventures

		31 December
	2015 USD million	2014 USD million
Balance at the beginning of the year	**4,879**	8,760
Group's share of profits, impairment and reversal of impairment	**368**	536
Dividends	**(1,062)**	(975)
Group's share of other comprehensive income	**4**	10
Foreign currency translation	**(975)**	(3,452)
Balance at the end of the year	**3,214**	**4,879**
Goodwill included in interests in associates	**2,062**	2,863

The following list contains only the particulars of associates and joint ventures, all of which are corporate entities, which principally affected the results or assets of the Group.

Name of associate / joint venture	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Group's nominal interest	Principal activity
PJSC MMC Norilsk Nickel	Russian Federation	158,245,476 shares, RUB1 par value	28.05%	27.82%	Nickel and other metals production
Queensland Alumina Limited	Australia	2,212,000 shares, AUD2 par value	20%	20%	Production of alumina under a tolling agreement
BEMO project	Cyprus, Russian Federation	BOGES Limited and BALP Limited – 10,000 shares EUR1.71 each	50%	50%	Energy/Aluminium production – construction in progress

The summary of the consolidated financial statements of associates and joint ventures for the year ended 31 December 2015 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	**4,056**	**6,746**	**139**	**595**	**1,108**	**2,540**	**156**	**312**
Current assets	**1,858**	**6,625**	**29**	**151**	**67**	**135**	**163**	**504**
Non-current liabilities	**(2,192)**	**(7,734)**	**(97)**	**(245)**	**(810)**	**(1,620)**	**(38)**	**(76)**
Current liabilities	**(946)**	**(3,376)**	**(71)**	**(361)**	**(36)**	**(72)**	**(172)**	**(464)**
Net assets	**2,776**	**2,261**	**—**	**140**	**329**	**983**	**109**	**276**

	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	**2,396**	**8,542**	**142**	**712**	**204**	**407**	**966**	**2,694**
Profit/(loss) from continuing operations	**486**	**1,734**	**(293)**	**13**	**176**	**64**	**(1)**	**41**
Other comprehensive income	**(817)**	**(561)**	**(35)**	**(15)**	**(45)**	**(184)**	**(74)**	**(144)**
Total comprehensive income	**(331)**	**(1,173)**	**(328)**	**(2)**	**131**	**(120)**	**(75)**	**(103)**

The summary of the consolidated financial statements of associates and joint ventures for the year ended 31 December 2014 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	4,987	7,464	493	676	997	2,700	285	565
Current assets	1,582	5,685	37	190	36	71	222	613
Non-current liabilities	(1,820)	(6,174)	(111)	(269)	(270)	(540)	(71)	(142)
Current liabilities	(608)	(2,182)	(92)	(455)	(565)	(1,130)	(223)	(592)
Net assets	**4,141**	**4,793**	**327**	**142**	**198**	**1,101**	**213**	**444**

	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	3,302	11,869	153	766	88	176	1,065	2,889
Profit/(loss) from continuing operations	515	2,003	(14)	4	4	8	31	66
Other comprehensive income	(3,243)	(3,519)	(30)	(13)	(137)	(569)	(32)	(67)
Total comprehensive income	**(2,728)**	**(1,516)**	**(44)**	**(9)**	**(133)**	**(561)**	**(1)**	**(1)**

(a) PJSC MMC Norilsk Nickel

The Group's investment in Norilsk Nickel is accounted for using equity method and the carrying value as at 31 December 2015 and 31 December 2014 amounted USD2,776 million and USD4,141 million, respectively. The market value amounted USD5,542 million and USD6,388 million as at 31 December 2015 and 31 December 2014, respectively, and is determined by multiplying the quoted bid price per share on the Moscow Exchange on the year-end date by the number of shares held by the Group.

(b) Queensland Alumina Limited

The carrying value and market value of the Group's investment in Queensland Alumina Limited as at 31 December 2015 and 31 December 2014 amounted USD nill and USD327 million, respectively.

The Group's share of profits/(losses) in associate for the year ended 31 December 2015 includes impairment losses relating to investment in Queensland Alumina Limited of which USD283 million was recognised by the Group.

The recoverable amount of investment in Queensland Alumina Limited as at 31 December 2015 was determined by discounting the expected future net cash flows of the cash generating unit and applying the share of Group's ownership to the resulting figure.

The pre-tax discount rate applied to discount the cash flows was 11.0%, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amount of the cash generating unit is particularly sensitive to changes in forecast alumina prices, foreign exchange rates, applicable discount rate.

The Group recognised its share of impairment losses in Queensland Alumina Limited to the extent of its investment in the entity in the amount of USD283 million and made the necessary adjustment to the carrying value of the investment which was written down to nil.

(c) BEMO project

The carrying value and market value of the Group's investment in BEMO project as at 31 December 2015 and 31 December 2014 amounted USD329 million and USD198 million, respectively.

The Group's share of profits/(losses) in joint ventures for the year ended 31 December 2015 includes reversal of impairment losses relating to property, plant and equipment of the BEMO project of which USD143 million was recognised by the Group.

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.

The pre-tax discount rates applied to discount the cash flows for BoAZ and BoGES were 16.5% and 18.9%, respectively, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amounts of the two cash generating units are particularly sensitive to changes in forecast aluminium and electricity prices, foreign exchange rates, applicable discount rates and, in respect to BoAZ, the forecast period to reach full production capacity.

The Group recognised its share of reversal of impairment losses in BoGES and made the necessary adjustment to the carrying value of investment. The Group's share of gains related to BoGES was recognized in the amount of USD143 million.

As a result of impairment testing no further impairment of investment in BoAZ project or reversal of previously recorded impairment was identified by management.

At 31 December 2015, losses of USD357 million related to impairment charges at BoAZ have not been recognised because the Group's investment has already been fully written down to nil.

At 31 December 2014, management analysed changes in the economic environment and developments in the aluminium and power generation industries since 31 December 2013 and performed an impairment test for its investment in BEMO project at 31 December 2014.

The pre-tax discount rates applied to discount the cash flows for BoAZ and BoGES were 17.2% and 21.5%, respectively, estimated in nominal terms based on an industry weighted average cost of capital.

The recoverable amounts of the two cash generating units are particularly sensitive to changes in forecast aluminium and electricity prices, foreign exchange rates, applicable discount rates and, in respect to BoAZ, the expected timing of commencement of the project and the forecast period to reach full production capacity.

As a result of impairment testing, no further impairment of investment in BEMO project or reversal of previously recorded impairment was identified by management.

At 31 December 2014, losses of USD375 million related to impairment charges at BoAZ have not been recognised because the Group's investment has already been fully written down to nil.

Summary of the additional financial information of the Group's effective interest in BEMO project for the year ended 31 December 2015 and 31 December 2014 is presented below (all in USD million):

	2015 USD million	2014 USD million
Cash and cash equivalents	**16**	14
Current financial liabilities	**(778)**	(534)
Non-current financial liabilities	**(3)**	(241)
Depreciation and amortisation	**(18)**	(21)
Interest income	**2**	1
Interest expense	**(23)**	(6)
Income tax expense or income	**(10)**	(3)

17 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following temporary differences:

USD million	Assets		Liabilities		Net	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Property, plant and equipment	**29**	27	**(548)**	(569)	**(519)**	(542)
Inventories	**29**	42	**(1)**	(1)	**28**	41
Trade and other receivables	**10**	6	**—**	—	**10**	6
Derivative financial liabilities	**—**	33	**(22)**	(9)	**(22)**	24
Tax loss carry-forwards	**27**	29	**—**	—	**27**	29
Others	**62**	70	**(66)**	(86)	**(4)**	(16)
Deferred tax assets/(liabilities)	**157**	207	**(637)**	(665)	**(480)**	(458)
Set-off of deferred taxation	**(106)**	(150)	**106**	150	**—**	—
Net deferred tax assets/ (liabilities)	**51**	**57**	**(531)**	**(515)**	**(480)**	**(458)**

(b) Movement in deferred tax assets/(liabilities) during the year

USD million	1 January 2014	Recognised in profit or loss	Foreign currency translation	31 D`ecember 2014
Property, plant and equipment	(503)	(39)	—	(542)
Inventories	37	4	—	41
Trade and other receivables	18	(12)	—	6
Derivative financial liabilities	—	24	—	24
Tax loss carry-forwards	134	(65)	(40)	29
Others	(15)	(1)	—	(16)
Total	**(329)**	**(89)**	**(40)**	**(458)**

USD million	1 January 2015	Recognised in profit or loss	Foreign currency translation	31 December 2015
Property, plant and equipment	**(542)**	**23**	**—**	**(519)**
Inventories	**41**	**(13)**	**—**	**28**
Trade and other receivables	**6**	**4**	**—**	**10**
Derivative financial liabilities	**24**	**(46)**	**—**	**(22)**
Tax loss carry-forwards	**29**	**(3)**	**1**	**27**
Others	**(16)**	**12**	**—**	**(4)**
Total	**(458)**	**(23)**	**1**	**(480)**

Recognised tax losses expire in the following years:

Year of expiry	31 December 2015 USD million	31 December 2014 USD million
From 6 to 10 years	**24**	20
From 2 to 5 years	**2**	9
Up to 1 year	**1**	—
	27	29

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2015 USD million	31 December 2014 USD million
Deductible temporary differences	**658**	692
Tax loss carry-forwards	**551**	529
	1,209	1,221

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 2015 USD million	31 December 2014 USD million
Without expiry	**492**	440
From 6 to 10 years	**40**	66
From 2 to 5 years	**18**	20
Up to 1 year	**1**	3
	551	529

(d) Unrecognised deferred tax liabilities

Retained earnings of the Group's subsidiaries where dividend distributions are subject to taxation included USD1,160 million and USD1,249 million as at 31 December 2015 and 31 December 2014, respectively, for which deferred taxation has not been provided because remittance of the earnings has been indefinitely postponed through reinvestment and, as a result, such amounts are considered to be permanently invested. It was not practicable to determine the amount of temporary differences relating to investments in subsidiaries where the Group is able to control the timing of reversal of the difference. Reversal is not expected in the foreseeable future. For other subsidiaries in the Group, including the significant trading companies, the distribution of dividends does not give rise to taxes.

(e) Current taxation in the consolidated statement of financial position represents:

	31 December 2015 USD million	31 December 2014 USD million
Net income tax payable at the beginning of the year	**(26)**	(8)
Income tax for the year	**(173)**	(149)
Income tax paid	**199**	93
Dividend withholding tax	**51**	62
Translation difference	**3**	(24)
	54	(26)
Represented by:		
Income tax payable	**(10)**	(41)
Prepaid income tax (note 19)	**64**	15
Net income tax recoverable	**54**	(26)

18 Inventories

	31 December 2015 USD million	31 December 2014 USD million
Raw materials and consumables	**881**	986
Work in progress	**549**	625
Finished goods and goods held for resale	**649**	680
	2,079	2,291
Provision for inventory obsolescence	**(242)**	(293)
	1,837	1,998

Inventories at 31 December 2015 and 31 December 2014 are stated at cost.

Inventory with a carrying value of USD114 million and USD76 million is pledged under existing secure bank loans and loans from related parties, respectively, at 31 December 2015 (31 December 2014: USD3 million and USD104 million, respectively), refer to note 22.

Inventory with a carrying value of USD81 million is pledged under existing trading contracts at 31 December 2015 (31 December 2014: USD123 million).

The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December 2015 USD million	2014 USD million
Carrying amount of inventories sold	**5,892**	6,826
Write-down of inventories	**(20)**	(8)
	5,872	6,818

19 Trade and other receivables

	31 December 2015 USD million	31 December 2014 USD million
Trade receivables from third parties	**161**	167
Impairment loss on trade receivables	**(18)**	(18)
Net trade receivables from third parties	**143**	**149**
Trade receivables from related parties, including:	**79**	**61**
Companies capable of exerting significant influence	***76***	*43*
Impairment loss	***(7)***	*—*
Net trade receivables from companies capable of exerting significant influence	***69***	*43*
Companies under common control	***4***	*14*
Related parties – associates and joint ventures	***6***	*4*
VAT recoverable	**214**	219
Impairment loss on VAT recoverable	**(26)**	(31)
Net VAT recoverable	**188**	**188**
Advances paid to third parties	**86**	85
Impairment loss on advances paid	**(4)**	(4)
Net advances paid to third parties	**82**	**81**
Advances paid to related parties, including:	**47**	**66**
Related parties – companies capable of exerting significant influence	**—**	*2*
Related parties – companies under common control	***5***	*3*
Related parties – associates and joint ventures	***42***	*61*

	31 December 2015 USD million	31 December 2014 USD million
Prepaid expenses	**15**	**21**
Prepaid income tax	**64**	**15**
Prepaid other taxes	**15**	**27**
Other receivables from third parties	**74**	73
Impairment loss on other receivables	**(1)**	(14)
Net other receivables from third parties	**73**	**59**
Other receivables from related parties, including:	**4**	**5**
Related parties – companies under common control	**4**	5
	710	*672*

All of the trade and other receivables are expected to be settled or recognised as an expense within one year or are repayable on demand.

The specific allowance for doubtful trade and other receivables and the uncollectible amount of trade and other receivables written off during the year ended 31 December 2015 amounted USD8 million and USD13 million, respectively (31 December 2014: USD4 million and USD29 million, respectively).

Trade receivables in the amount of USD68 million are pledged under existing secure loans from related parties at 31 December 2015 (31 December 2014: USD67 million), refer to note 22.

(a) Ageing analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as of the reporting dates:

	31 December 2015 USD million	31 December 2014 USD million
Current	**152**	193
Past due 0-90 days	**54**	11
Past due 91-365 days	**12**	5
Past due over 365 days	**4**	1
Amounts past due	**70**	17
	222	210

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. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. Further details of the Group's credit policy are set out in note 27(e).

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	Year ended 31 December	
	2015 **USD million**	**2014** **USD million**
Balance at the beginning of the year	**(18)**	(53)
(Impairment loss recognised)/Impairment loss reversal	**(8)**	13
Uncollectible amounts written off	**1**	22
Balance at the end of the year	**(25)**	(18)

As at 31 December 2015 and 31 December 2014, the Group's trade receivables of USD25 million and USD18 million, respectively, were individually determined to be impaired. Management assessed that the receivables were not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised.

The Group does not hold any collateral over these balances.

20 Cash and cash equivalents

	31 December 2015 USD million	**31 December 2014 USD million**
Bank balances, USD	**375**	184
Bank balances, RUB	**69**	16
Bank balances, other currencies	**43**	39
Cash in transit	**2**	3
Short-term bank deposits	**5**	315
Cash and cash equivalents in the consolidated statement of cash flows	**494**	557
Restricted cash	**14**	13
	508	570

As at 31 December 2015 and 31 December 2014 included in cash and cash equivalents was restricted cash of USD14 million and USD13 million, respectively, pledged under a Swiss Law Pledged Agreement with BNP Paribas (Suisse) SA and Banca Nazionale Del Lavoro S.p.A.

21 Equity

(a) Share capital

	31 December 2015 USD	31 December 2015 Number of shares	31 December 2014 USD	31 December 2014 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) Share-based compensation

As at 31 December 2015 and 31 December 2014 the Group held 4,773 and 2,700,950 of its own shares, respectively, which were acquired on the open market for the share-based incentive plans ("Shares held for vesting"). During the year ended 31 December 2015 the trustees acquired on the open market 698,297 shares (2014: 1,750,886 shares) and vested to eligible employees 2,055,740 shares in July and 1,338,734 shares in November (in July and November 2014 2,006,218 shares and 1,343,514 shares vested, respectively). For the year ended 31 December 2015 and 31 December 2014, the Group recognised an additional employee expense of nill and USD1 million in relation to the share based plans, respectively, with a corresponding change in equity.

(c) Other reserves

The acquisition of RUSAL Limited by the Company has been accounted for as a non-substantive acquisition. The consolidated share capital and share premium represent only the share capital and share premium of the Company and the share capital and other paid in capital of RUSAL Limited prior to the acquisition has been included in other reserves.

In addition, other reserves include the cumulative unrealised actuarial gains and losses on the Group's defined post retirement benefit plans, the effective portion of the accumulative net change in fair value of cash flow hedges and the Group's share of other comprehensive income of associates.

(d) Distributions

In accordance with the Companies (Jersey) Law 1991 (the "Law"), the Company may make distributions at any time in such amounts as are determined by the Company out of the assets of the Company other than the capital redemption reserves and nominal capital accounts, provided that the directors of the Company make a solvency statement in accordance with that Law of Jersey at the time the distributions are proposed. Dividend pay-outs are restricted in accordance with the credit facility agreements.

(e) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations and equity accounted investees. The reserve is dealt with in accordance with the accounting policies set out in note 3(u).

(f) Movement in components of equity within the Company

USD million	Share capital	Reserves	Total
Balance at 1 January 2014	152	3,431	3,583
Net profit for the year	—	6,734	6,734
Balance at 31 December 2014	152	10,165	10,317
Balance at 1 January 2015	**152**	**10,165**	**10,317**
Net loss for the year	**—**	**(2,275)**	**(2,275)**
Dividends	**—**	**(250)**	**(250)**
Balance at 31 December 2015	**152**	**7,640**	**7,792**

22 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 27(c) (ii) and 27(c) (iii), respectively.

	31 December 2015 USD million	31 December 2014 USD million
Non-current liabilities	**48.13%**	48.13%
Secured bank loans	**7,418**	8,651
Unsecured bank loans	**107**	—
Secured loans from related parties	**—**	196
	7,525	8,847
Current liabilities		
Secured bank loans	**1,023**	102
Unsecured bank loans	**100**	—
Secured loans from related parties	**186**	153
Accrued interest	**25**	48
	1,334	303

Terms and debt repayment schedule as at 31 December 2015

	TOTAL USD million	2016 USD million	2017 USD million	2018 USD million	2019 USD million	2020 USD million	Later years USD million
Secured bank loans							
Variable							
USD – 3M Libor + 2.8%	1,892	468	632	792	—	—	—
USD – 3M Libor + 5.65%	884	—	97	97	347	343	—
EUR – 3M Euribor + 2.8%	138	34	46	58	—	—	—
USD – 1Y Libor + 5.45%*	4,068	—	—	—	198	2,194	1,676
USD – 3M Libor + 5.05%	283	95	94	94	—	—	—
USD – 3M Libor + 6.5%	471	174	163	107	27	—	—
USD – 3M Libor + 3.15%	19	—	19	—	—	—	—
EUR – 3M Libor + 6.5%	110	37	29	36	8	—	—
USD – 2.5% + cost of funds	19	19	—	—	—	—	—
EURO – 2.5% + cost of funds	1	1	—	—	—	—	—
Fixed							
RUB – 10.9%*	261	—	—	—	12	140	109
USD – 4.95%	19	19	—	—	—	—	—
USD – 5%	51	51	—	—	—	—	—
USD – 4.75%	119	19	100	—	—	—	—
USD – 2.5%	106	106	—	—	—	—	—
	8,441	**1,023**	**1,180**	**1,184**	**592**	**2,677**	**1,785**
Secured company loans							
Variable							
USD – 3M Libor + 4.95%	**186**	**186**	**—**	**—**	**—**	**—**	**—**
Total	**8,627**	**1,209**	**1,180**	**1,184**	**592**	**2,677**	**1,785**
Unsecured bank loans							
Variable							
USD – 3M Libor + 5.5%	100	—	—	100	—	—	—

	TOTAL USD million	2016 USD million	2017 USD million	2018 USD million	2019 USD million	2020 USD million	Later years USD million
Fixed							
USD – 4.30%	100	100	—	—	—	—	—
RUB – 5%	7	—	—	3	4	—	—
Total	**8,834**	**1,309**	**1,180**	**1,287**	**596**	**2,677**	**1,785**
Accrued interest	**25**	**25**	**—**	**—**	**—**	**—**	**—**
Total	**8,859**	**1,334**	**1,180**	**1,287**	**596**	**2,677**	**1,785**

* - including payment in kind ("PIK") margin

The secured bank loans are secured by pledges of shares of the following Group companies:

- 40% + 1 share of RUSAL Novokuznetsk
- 36% + 1 share of SUAL
- 50% + 2 shares of RUSAL Sayanogorsk
- 50% + 2 shares of RUSAL Bratsk
- 50% + 2 shares of RUSAL Krasnoyarsk
- 100% of Gershvin Investments Corp. Limited
- 100% Seledar Holding Corp Limited
- 100% Aktivium Holding B.V.

The agreement with Glencore AG is secured by pledges of shares of the following Group companies

- 100% shares of Limerick Alumina Refining Limited
- 75% shares of Aughunish Alumina Limited.

The secured bank loans are also secured by pledges of shares of associate:

- 27.8% share of Norilsk Nickel

The secured bank loans and loans from related parties are also secured by the following:

- property, plant and equipment, inventory, receivables with a carrying amount of USD756 million (31 December 2014: USD772 million);
- inventory with a carrying value of USD114 million (31 December 2014: USD3 million).

As at 31 December 2015 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 USD4.75 billion syndicated facility and USD400 million multicurrency credit facility.

The nominal value of the Group's loans and borrowings was USD9,011 million at 31 December 2015 (31 December 2014: USD9,346 million).

In October 2015 the Group entered into a new credit facility of USD100 million with OJSC Credit Bank of Moscow with a maturity up to 1 year and an interest rate of 4.30% p.a.

In December 2015 the Group entered into a new credit facility of USD100 million with PJSC SovcomBank with a maturity of 3 year and an interest rate of 3MLibor + 5.5% p.a.

In December 2015 the Group through its subsidiaries entered into the REPO transaction backed by bonds issued by RUSAL Bratsk – in number of 6,500,000 series 08 bonds and 2,865,475 series 07 bonds. As result of the transactions the Group raised funding in the amount of USD100 million with fifteen months maturity at a rate of 4.75% p.a.

During 2015 the Group made a principal repayment in total amounts of USD590 million, RUB777 million (USD14 million) and EUR25 million (USD29 million) under the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility, credit facilities with

Sberbank, Gazprombank and VTB Capital, including prepayments via cash sweep in total amount of USD309 million, RUB777 million (USD14 million) and EUR10 million (USD12 million).

As a result of a massive decline in LME aluminium price as well as the premiums over 2015 management had started negotiations with the lenders to reset covenants to a sustainable level for the remaining term of the credit facilities and refinance remaining in 2016 scheduled repayments of pre-export syndicated and certain bilateral facilities. On 2 March 2016 the Company obtained lenders consent on the reset of the covenant ratios of the credit facilities. The Company expects the approval of the new refinancing facility no later than 29 April 2016.

Terms and debt repayment schedule as at 31 December 2014

	TOTAL USD million	2015 USD million	2016 USD million	2017 USD million	2018 USD million	2019 USD million	Later years USD million
Secured bank loans							
Variable							
USD – 3M Libor + 5.75% *	2,178	—	674	674	830	—	—
USD – 3M Libor + 6.9% *	940	—	—	120	120	370	330
EUR – 3M Euribor + 5.75%*	178	—	55	55	68	—	—
USD – 1Y Libor + 5.45%*	4,167	—	—	—	—	518	3,649
USD – 3M Libor + 4.5%	60	—	60	—	—	—	—
USD – 3M Libor + 6.5%	488	—	185	175	103	25	—
USD – 3M Libor + 4.15%	86	86	—	—	—	—	—
EUR – 3M Libor + 6.5%	128	—	43	38	38	9	—
RUB – Mosprime + 4%	178	13	55	55	55	—	—
USD – 3.35% + cost of funds	3	3	—	—	—	—	—
Fixed							
RUB – 10.9%*	347	—	—	—	—	43	304
	8,753	**102**	**1,072**	**1,117**	**1,214**	**965**	**4,283**
Secured company loans							
Variable							
USD – 3M Libor + 4.95%	349	153	196	—	—	—	—
Total	**9,102**	**255**	**1,268**	**1,117**	**1,214**	**965**	**4,283**
Accrued interest	48	—	—	—	—	—	—
Total	**9,150**	**255**	**1,268**	**1,117**	**1,214**	**965**	**4,283**

* - including PIK margin

The secured bank loans are secured by pledges of shares of the following Group companies:

— 40% + 1 share of RUSAL Novokuznetsk

— 36% + 1 share of SUAL

— 50% + 2 shares of RUSAL Sayanogorsk

— 50% + 2 shares of RUSAL Bratsk

— 65% + 2 shares of RUSAL Krasnoyarsk

— 25.1% of Khakas Aluminium Smelter

— 100% of Gershvin Investments Corp. Limited

— 100% Seledar Holding Corp Limited

— 100% Aktivium Holding B.V.

The agreement with Glencore AG is secured by pledges of shares of the following Group companies

— 100% shares of Limerick Alumina Refining Limited

— 75% shares of Aughunish Alumina Limited.

The secured bank loans are also secured by pledges of shares of associate:

— 27.8% share of Norilsk Nickel

The secured bank loans are also secured by the following:

— property, plant and equipment, inventory, receivables with a carrying amount of USD772 million (31 December 2013: nil);

— inventory with a carrying value of USD3 million (31 December 2013: USD16 million).

As at 31 December 2014 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 USD4.75 billion syndicated facility and USD400 million multicurrency credit facility.

The nominal value of the Group's loans and borrowings was USD9,346 million at 31 December 2014 (31 December 2013: USD10,018 million).

On 26 February 2014, the Group and Sberbank of Russia entered into an amendment agreement to the non-revolving credit facility agreement dated 1 December 2011 in order to increase the credit limit by RUB2.4 billion from RUB18.3 billion to RUB20.7 billion to allow the Group to fulfil its obligations under the put option of Rouble bonds issued by OJSC RUSAL Bratsk (series 07), which was due for repayment on 3 March 2014.

In February 2014 the Group entered into a facility agreement with Glencore AG for a prepayment facility of up to USD400 million for the supply of alumina from one of the Group's subsidiaries to Glencore AG for the period 2014-2016. Interest of 3M Libor + 4.95% and principal payable under the facility agreement will, to the extent such amounts are due, be offset against amounts due by Glencore AG under its alumina supply contract at USD40 per metric tonne for the first six months and USD286 per metric tonne thereafter. The facility is to be repaid on or before 31 December 2016 in accordance with an agreed amortization schedule which commenced on 30 September 2014.

In February 2014 the Group entered into a new credit facility of RUB2 billion (USD56 million) with Moscow Credit Bank with a maturity of 1 year and an interest rate of 10.4% p.a.

In March 2014 the Group refinanced its credit facilities with Gazprombank in the amount of USD242.7 million and EUR74.7 million. The facilities bear interest at 3M LIBOR + 6.5% and with a maturity date of 5 years from drawdown.

In August 2014 the PXF Amendments relating to the refinancing of USD4.75 billion syndicated facility and USD400 million multicurrency credit facility were signed and became effective. Pursuant to the PXF Amendments, the two PXF facilities are now combined into a single facility agreement such facility agreement comprising:

— Tranche A amounting to USD2.56 billion is to be repaid in equal quarterly instalments starting from the 12 January 2016 with a final maturity date in December 2018.

Loans under tranche A bear interest at the rate of 3-month LIBOR plus margin (cash + PIK) based on Total Net Debt/EBIDTA ratio which is revised quarterly. Interest is to be paid quarterly.

Leverage Ratio Cash Margin

Greater than 4.5:1	4.50 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	4.25 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	4.00 per cent. per annum
Greater than 3:1 but less than or equal to 3.5:1	3.60 per cent. per annum
Less than or equal to 3:1	2.80 per cent. per annum

Leverage Ratio PIK Margin

Greater than 5:1	1.25 per cent. per annum
Greater than 4.5:1 but less than or equal to 5:1	0.80 per cent. per annum
Greater than 4:1 but less than or equal to 4.5:1	0.50 per cent. per annum
Greater than 3.5:1 but less than or equal to 4:1	0.25 per cent. per annum
Less than or equal to 3.5:1	0 per cent. per annum

— A second tranche which is comprised of the refinanced tranche B under the 2011 PXF Facility Agreement amounting to USD1 billion is to be repaid in quarterly instalments commencing from 30 January 2017 with a final maturity date in December 2020. The first eight instalments will be in the amount of USD31.25 million and the remaining eight instalments will be in the amount of USD93.75 million. Loans under this second tranche will bear interest at a rate of 3-month LIBOR plus 5.65% per annum plus a PIK Margin determined in line with Tranche A and such amounts will be paid quarterly.

The relevant amendments to credit facilities with Sberbank of Russia ("Sberbank") in line with the PXF Amendments were executed on 25 August 2014 (the "Sberbank Amendment Agreements"). According to Sberbank Amendment Agreements entered into between the Company as borrower and Sberbank, the maturity of the bilateral facility agreements with Sberbank (including: (a) a credit facility agreement dated 30 September 2010 for the amount of USD4,583 million; (b) credit facility agreement dated 30 September 2011 for the amount of USD453 million; (c) a non-revolving credit facility agreement dated 1 December 2011 for the amount of RUB20.7 billion) was extended by no more than 84 months from the date of execution of Sberbank Amendment Agreements. The repayments to be made thereunder will be made quarterly in equal instalments during the sixth and seventh years from the date of the execution of the relevant Sberbank Amendment Agreement.

During 2014 the Group made a scheduled repayment of principal under the USD4.75 billion syndicated facility in the amount of USD203 million. Additional principal repayments in total amount USD332 million, RUB815million (USD15 million) and EUR23 million (USD28 million) were made under the USD4.75 billion syndicated facility and USD400 million multicurrency credit facility, credit facilities with Sberbank and Gazprombank as prepayments.

23 Bonds

On 3 March and 18 April 2011, the Company's subsidiary RUSAL Bratsk issued two tranches of rouble denominated bonds, each including 15 million bonds, with a par value of 1,000 roubles each, trading on MICEX. Maturity of the first tranche is seven years subject to a put option exercisable in March 2014. Maturity of the second tranche is ten years subject to a put option exercisable in April 2015.

Simultaneously, the Group entered into cross-currency swaps with an unrelated financial institution in relation to each tranche whereby the first tranche with semi-annual coupon payments of 8.3% p.a. was transformed into a USD obligation with a matching maturity of USD530 million bearing interest at 5.13% p.a. and the second tranche with semi-annual coupon payments of 8.5% p.a. was transformed into a USD obligation with a matching maturity of USD533 million bearing interest at 5.09% p. a. The proceeds of the bond issues were used for repayment of part of the Group's outstanding debts.

On 25 February 2014 RUSAL Bratsk entered into a bond sale agreement for the purpose of selling up to 5,000,000 (five million) series 07 bonds which were expected to be bought back on a bondholders' put-option realization date scheduled for 3 March 2014. The selling price under the terms of bonds sale agreement was RUB998.356, or 99.8356% of the par value of each bond. Simultaneously United Company RUSAL Aluminium Limited entered into a put-option transaction which may be exercised for up to 5,000,000 (five million) series 07 bonds at a strike price which will be a function of the announced coupon rate, purchase price, tenor and the expected yield of the transaction, and is exercisable on 22 February 2016. At the Company's request this transaction was early terminated in full and settled on 30 June 2015.

On 26 February 2014 cross-currency swap in relation to the first tranche expired.

On 21 February 2014 RUSAL Bratsk announced a coupon rate in respect to the series 07 bond issue at the level of 12% per annum for the 7-10 semi-annual coupon periods after which the series 07 bonds will be subject to a put option and coupon rate revision.

On 3 March 2014 RUSAL Bratsk successfully performed its obligations under the terms of bondholders' put-option. As result of the put-option being exercised 10,947,149 series 07 bonds (about 73% of the issue) were purchased back by the issuer.

On 6 April 2015 RUSAL Bratsk announced a coupon rate in respect to the series 08 bonds at the level of 12% per annum for the 9-12 semi-annual coupon periods after which the series 08 bonds will be subject to a put option and coupon rate revision.

On 13 April 2015 cross-currency swap in relation to the second tranche expired.

On 15 April 2015 RUSAL Bratsk fulfilled its obligations under a bondholders' put option in regard to the series 08 bonds. 8,067,213 bonds were repurchased from bondholders at the bondholders' request.

As of 31 December 2015 1,482,559 series 07 bonds and 53,680 series 08 bonds were outstanding (traded in the market). The closing market price at 31 December 2015 was RUB999.80 and RUB1000 per bond for the first and second tranches, respectively.

24 Provisions

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Provision for guarantee	Total
Balance at 1 January 2014	116	491	12	68	100	787
Provisions made during the year	12	16	6	—	—	34
Provisions reversed during the year	—	—	(3)	—	—	(3)
Actuarial gain	(12)	—	—	—	—	(12)
Provisions utilised during the year	(10)	(7)	—	(3)	—	(20)
Foreign currency translation	(43)	(123)	—	—	—	(166)
Balance at 31 December 2014	**63**	**377**	**15**	**65**	**100**	**620**
Non-current	***57***	***354***	***—***	***35***	***61***	***507***
Current	***6***	***23***	***15***	***30***	***39***	***113***
Balance at 1 January 2015	63	377	15	65	100	620
Provisions made during the year	4	37	15	—	—	56
Provisions reversed during the year	—	—	(9)	—	—	(9)
Actuarial loss	3	—	—	—	—	3
Provisions utilised during the year	(5)	(1)	(8)	(11)	—	(25)
Foreign currency translation	(13)	(48)	—	(12)	—	(73)
Balance at 31 December 2015	**52**	**365**	**13**	**42**	**100**	**572**
Non-current	***47***	***350***	***—***	***35***	***55***	***487***
Current	***5***	***15***	***13***	***7***	***45***	***85***

(a) Pension liabilities

Group subsidiaries in the Russian Federation

The Group voluntarily provides long-term and post-employment benefits to its former and existing employees including death-in-service, jubilee, lump sum upon retirement, material support for pensioners and death-in-pension benefits. Furthermore, the Group provides regular social support payments to some of its veterans of World War II.

The above employee benefit programs are of a defined benefit nature. The Group finances these programs on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries in Ukraine

Due to legal requirements, the Ukrainian subsidiaries are responsible for partial financing of the state hardship pensions for those of its employees who worked, or still work, under severe and hazardous labour conditions (hardship early retirement pensions). These pensions are paid until the recipient reaches the age of entitlement to the State old age pension (55-60 years for female (dependent on year of birth) and 60 years for male employees). In Ukraine, the Group also voluntarily provides long-term and post-employment benefits to its employees including death-in-service, lump sum benefits upon retirement and death-in-pension benefits.

The above employee benefit programs are of a defined benefit nature. The Group finances these programs on a pay-as-you-go basis, so plan assets are equal to zero.

Group subsidiaries outside the Russian Federation and Ukraine

At its Guinean and Nigerian 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.

All pension plans of the Group are unfunded.

The number of employees eligible for the plans as at 31 December 2015 and 2014 was 57,501 and 56,750, respectively. The number of pensioners as at 31 December 2015 and 2014 was 46,626 and 48,414, respectively.

The following tables summarise the components of the benefit expense recognised in the consolidated statement of income and the amounts recognised in the consolidated statement of financial position and in the consolidated statement of comprehensive income in relation to the plans. The amounts recognised in the consolidated statement of income are as follows:

	31 December 2015 USD million	31 December 2014 USD million
Current service cost	**2**	5
Past service costs recognised during the year	**—**	—
Interest cost	**6**	7
Actuarial expected return on plan assets	**—**	—
Curtailment/settlement	**(4)**	—
Net expense recognised in the statement of income	**4**	12

The reconciliation of the present value of the defined benefit obligation to the liabilities recognised in the consolidated statement of financial position is as follows:

	31 December 2015 USD million	31 December 2014 USD million
Present value of defined benefit obligations	**52**	63
Unrecognised past service cost	**—**	—
Net liability in the statement of financial position	**52**	**63**

Changes in the present value of the net liability are as follows:

	31 December 2015 USD million	31 December 2014 USD million
Net liability at beginning of the year	**63**	116
Net expense recognised in the statement of income	**4**	12
Contributions paid into the plan by the employers	**(5)**	(10)
Actuarial losses/(gains) charged directly to equity	**3**	(12)
Foreign currency translation	**(13)**	(43)
Net liability at end of the year	**52**	**63**

The change of the present value of the defined benefit obligations ("DBO") is as follows:

	31 December 2015 USD million	31 December 2014 USD million
Present value of defined benefit obligations at beginning of the year	**63**	116
Service cost	**2**	5
Interest cost	**6**	7
Actuarial losses/(gains)	**3**	(12)
Currency exchange losses	**(13)**	(43)
Benefits paid	**(5)**	(8)
Settlement and curtailment gain	**(4)**	(2)
Present value of defined benefit obligations at the end of the year	**52**	**63**

Movement in fair value of plan assets:

	31 December 2015 USD million	31 December 2014 USD million
Fair value of plan assets at the beginning of the year	**—**	—
Contributions paid into the plans by the employers	**5**	10
Benefits paid by the plan	**(5)**	(8)
Settlement and curtailment gain	**—**	(2)
Fair value of plan assets at the end of the year	**—**	—

Actuarial gains and losses recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2015 USD million	2014 USD million
Cumulative amount at beginning of the year	**(36)**	(24)
Recognised during the year	**3**	(12)
Cumulative amount at the end of the year	**(33)**	**(36)**

The Group expects to pay the defined benefit retirement plans an amount of USD5 million during the 12 month period beginning on 1 January 2016.

Actuarial valuation of pension liabilities

The actuarial valuation of the Group and the portion of the Group funds specifically designated for the Group's employees were completed by a qualified actuary, Robert van Leeuwen AAG, as at 31 December 2015, 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 2015 % per annum	31 December 2014 % per annum
Discount rate	**8.9**	11.7
Expected return on plan assets	**N/A**	N/A
Future salary increases	**7.9**	8.8
Future pension increases	**3.3**	7.0
Staff turnover	**4.0**	4.0
Mortality	**USSR population table for 1985, Ukrainian population table for 2000**	USSR population table for 1985, Ukrainian population table for 2000
Disability	**70% Munich Re for Russia; 40% of death probability for Ukraine**	70% Munich Re for Russia; 40% of death probability for Ukraine

As at 31 December 2015 and 31 December 2014 the Group's obligations were fully uncovered.

The Group has wholly unfunded plans.

(b) Site restoration

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.

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 2015	31 December 2014
Timing of inflated cash outflows	**2016: USD12 million 2017-2021: USD213 million 2022-2032: USD133 million after 2032: USD106 million**	2015: USD23 million 2016-2020: USD223 million 2021-2031: USD159 million after 2031: USD119 million
Risk free discount rate after adjusting for inflation (a)	**1.75%**	2.63%

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

The Group's subsidiaries are subject to a variety of lawsuits and claims in the ordinary course of its business. As at 31 December 2015, there

(a) the risk free rate for the year 2014-2015 represents an effective rate, which comprises rates differentiated by years of obligation settlement and by currencies in which the provisions were calculated 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 USD13 million (31 December 2014: USD15 million). The amount of claims, where management assesses outflow as possible approximates USD37 million (31 December 2014: USD111 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

At each reporting date the Directors have assessed the provisions for taxation and concluded that the provisions and disclosures are adequate.

(e) Provision for guarantees

In September 2013 the Group entered into an agreement with OJSC RusHydro to provide funds to BoAZ, if the latter is unable to fulfil its obligations under its credit facility with GK Vnesheconombank. This agreement represents a surety for the increased credit limit obtained for the financing of BoAZ. The aggregate exposure under the agreement is limited to RUB16.8 billion (USD231 million) and is split between the Group and OJSC RusHydro in equal proportion.

25 Derivative financial assets/liabilities

	31 December 2015 USD million		31 December 2014 USD million	
	Derivative assets	**Derivative liabilities**	**Derivative assets**	**Derivative liabilities**
Cross-currency swaps	**—**	**370**	—	446
Petroleum coke supply contracts and other raw materials	**109**	**—**	45	—
Interest rate swaps	**40**	**—**	30	
Cross-currency option on loan	**—**	**—**	—	166
Forward contracts for aluminium and other instruments	**12**	**11**	17	26
Total	**121**	**421**	**62**	**668**

Derivative financial instruments are recorded at their fair value at each reporting date. Fair value is estimated in accordance with Level 3 of the fair value hierarchy based on management estimates and consensus economic forecasts of relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. The following significant assumptions were used in estimating derivative instruments:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
LME Al Cash, USD per tonne	1,522	1,569	1,621	1,678	1,755	1,812	1,863	1,911	1,959	1,995
Platt's FOB Brent, USD per barrel	41	48	52	54	—	—	—	—	—	—
Forward exchange rate, RUB to USD	70.4221	77.3117	—	—	—	—	—	—	—	—
Forward 1Y LIBOR, %	0.87	—	—	—	—	—	—	—	—	—

The movement in the balance of Level 3 fair value measurements of derivatives is as follows:

	31 December 2015 USD million	2014 USD million
Balance at the beginning of the period	**(606)**	(288)
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	**144**	(327)
Unrealised changes in fair value recognised in statement of income (finance expense) during the period	**(352)**	(487)
Realised portion during the period	**514**	496
Balance at the end of the period	**(300)**	(606)

During the year 2015 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 cross-currency swaps are particularly sensitive to changes in RUB/USD exchange rate forward curve. A 10% increase in RUB/USD exchange rate would result in USD22 million of additional loss. The results for other derivative instruments are not particularly sensitive to any factors.

Cross-currency option

On 16 December 2013 the Group entered into a credit facility up to RUB15 billion with VTB Capital Plc with a maturity of 5 years and an interest rate of 3M Mosprime + 4.0% and drew down RUB10.1 billion (USD309 million) on 17 December 2013. The credit facility includes an option which may be exercised by the bank two years from the date of entering into the credit facility to convert the credit facility to USD with a 3M LIBOR + 5.05% interest rate. On 17 December 2015 the option was exercised by VTB Capital.

Cross-currency swaps

During the year ended 31 December 2011, the Group entered into cross-currency swaps to transform the two tranches of its rouble bonds into USD obligations of USD530 million and USD533 million, respectively (refer to note 23). The terms of the swaps were 3 and 4 years, respectively. In February 2012 – August 2013 the Group entered into cross-currency swaps to convert RUB18.3 billion of 5 year rouble denominated credit facility into a USD denominated liability of USD598 million.

At 31 December 2014 the Group recognised a loss on part of the instruments as they were considered ineffective. The reasons for this were partial buy-back of bonds in relation to the second tranche, and change of maturity date for RUB18.3 billion facility as a result of refinancing.

Petroleum coke supply contracts and other raw materials

In November 2015, the Group entered into long-term pitch supply contract where the price of pitch is determined with reference to the LME aluminium price. The strike price for aluminium is set at USD1,508 per tonne.

In May 2014, the Group entered into long-term petroleum coke supply contract where the price of coke is determined with reference to the LME aluminium price and average monthly aluminium quotations, namely of Aluminum MW US Transaction premium, MB Aluminium Premium Rotterdam Low - High» and Aluminum CIF Japan premium. The strike price for aluminium is set at USD1,809.65 per tonne while the strike aluminium quotations for US, Europe and Japan are set at USD403.956 per tonne, USD313.3 per tonne and USD366.0 per tonne, respectively.

In May and September 2011, the Group entered into long-term petroleum coke supply contracts where the price of coke is determined with reference to the LME aluminium price and the Brent oil price. The strike price for aluminium is set at USD2,403.45 per tonne and USD2,497.72 per tonne, respectively, while the strike price for oil is set at USD61.10 per barrel and USD111.89 per barrel, respectively.

26 Trade and other payables

	31 December 2015 USD million	31 December 2014 USD million
Accounts payable to third parties	**326**	**454**
Accounts payable to related parties, including:	**66**	**51**
Related parties – companies capable of exerting significant influence	***20***	*24*
Related parties – companies under common control	***13***	*25*
Related parties – associates and joint ventures	***33***	*2*
Advances received	**164**	**169**
Advances received from related parties, including:	**165**	**405**
Related parties – companies capable of exerting significant influence	***165***	*404*
Related parties – associates and joint ventures	**—**	*1*
Other payables and accrued liabilities	**116**	**138**
Other payable and accrued liabilities related parties, including:	**7**	**10**
Related parties – companies capable of exerting significant influence	**—**	*3*
Related parties – associates and joint ventures	***7***	*7*
Other taxes payable	**97**	**93**
Non-trade payables to third parties	**—**	**1**
	941	**1,321**

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.

	31 December 2015 USD million	31 December 2014 USD million
Due within twelve months or on demand	**392**	505

27 Financial risk management and fair values

(a) Fair values

Management believes that the fair values of short-term financial assets and liabilities approximate their carrying amounts.

The methods used to estimate the fair values of the financial instruments are as follows:

Trade and other receivables, cash and cash equivalents, current loans and borrowings and trade and other payables: the carrying amounts approximate fair value because of the short maturity period of the instruments.

Long-term loans and borrowings, other non-current liabilities: the fair values of other non-current liabilities are based on the present value of the anticipated cash flows and approximate carrying value, other than bonds issued.

Derivatives: the fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Option-based derivatives are valued using Black-Scholes models and Monte-Carlo simulations. The derivative financial instruments are recorded at their fair value at each reporting date.

The following table presents the fair value of Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined by IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group as at 31 December 2015

	Note	Carrying amount					Fair value			
		Designated at fair value USD million	Fair value - hedging instrument USD million	Loans and receivables USD million	Other financial liabilities USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets measured at fair value										
Petroleum coke supply contracts and other raw materials	25	**109**	—	—	—	**109**	—	—	**109**	**109**
Forward contracts for aluminium and other instruments	25	**12**	—	—	—	**12**	—	—	**12**	**12**
		121	—	—	—	**121**	—	—	**121**	**121**
Financial assets not measured at fair value*										
Trade and other receivables	19	—	—	**676**	—	**676**	—	**676**	—	**676**
Cash and cash equivalents	20	—	—	**508**	—	**508**	—	**508**	—	**508**
		—	—	**1,184**	—	**1,184**	—	**1,184**	—	**1,184**
Financial liabilities measured at fair value										
Cross-currency swaps	25	**(370)**	—	—	—	**(370)**	—	—	**(370)**	**(370)**
Interest rate swaps	25	**(40)**	—	—	—	**(40)**	—	—	**(40)**	**(40)**
Forward contracts for aluminium and other instruments	25	**(11)**	—	—	—	**(11)**	—	—	**(11)**	**(11)**
		(421)	—	—	—	**(421)**	—	—	**(421)**	**(421)**
Financial liabilities not measured at fair value*										
Secured bank loans and company loans	22	—	—	—	**(8,652)**	**(8,652)**	—	**(8,645)**	—	**(8,645)**
Unsecured bank loans	22				**(207)**	**(207)**	—	**(205)**	—	**(205)**
Unsecured bond issue	23	—	—	—	**(21)**	**(21)**	**(21)**	—	—	**(21)**
Trade and other payables	26	—	—	—	**(612)**	**(612)**	—	**(612)**	—	**(612)**
		—	—	—	**(9,492)**	**(9,492)**	**(21)**	**(9,462)**	—	**(9,483)**

* The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

The Group as at 31 December 2014

	Note	Carrying amount					Fair value			
		Designated at fair value USD million	Fair value - hedging instrument USD million	Loans and receivables USD million	Other financial liabilities USD million	Total USD million	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets measured at fair value										
Petroleum coke supply contracts and other raw materials	25	45	—	—	—	45	—	—	45	45
Forward contracts for aluminium and other instruments	25	17	—	—	—	17	—	—	17	17
		62	—	—	—	62	—	—	62	62
Financial assets not measured at fair value*										
Trade and other receivables	19	—	—	476	—	476	—	476	—	476
Cash and cash equivalents	20	—	—	570	—	570	—	570	—	570
		—	—	1,046	—	1,046	—	1,046	—	1,046
Financial liabilities measured at fair value										
Cross-currency swaps	25	—	(446)	—	—	(446)	—	—	(446)	(446)
Interest rate swaps	25	—	(30)	—	—	(30)	—	—	(30)	(30)
Cross-currency option on loan	25	—	(166)	—	—	(166)	—	—	(166)	(166)
Forward contracts for aluminium and other instruments	25	(26)	—	—	—	(26)	—	—	(26)	(26)
		(26)	(642)	—	—	(668)	—	—	(668)	(668)
Financial liabilities not measured at fair value*										
Secured bank loans and company loans	22	—	—	—	(9,150)	(9,150)	—	(8,603)	—	(8,603)
Unsecured bond issue	23	—	—	—	(257)	(257)	(258)	—	—	(258)
Trade and other payables	26	—	—	—	(747)	(747)	—	(747)	—	(747)
		—	—	—	(10,154)	(10,154)	(258)	(9,350)	—	(9,608)

* The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a risk management group within its Department of Internal Control, which is responsible for developing and monitoring the Group's risk management policies. The Department reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the Group's Internal Audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

(i) Commodity price risk

During the years ended 31 December 2015 and 2014, 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 note 25.

(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 22). 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 2015		31 December 2014	
	Effective interest rate %	USD million	Effective interest rate %	USD million
Fixed rate loans and borrowings				
Loans and borrowings	**2.50%-12.00%**	**682**	8.50%-12.00%	748
		682		748
Variable rate loans and borrowings				
Loans and borrowings	**2.36%-7.63%**	**8,173**	3.27%-24.95%	8,755
		8,173		8,755
		8,855		9,503

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 USD million
As at 31 December 2015			
Basis percentage points	**+100**	**(82)**	**79**
Basis percentage points	**-100**	**82**	**(79)**
As at 31 December 2014			
Basis percentage points	+100	(88)	71
Basis percentage points	-100	88	(71)

(iii) Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily USD but also the Russian Rouble, Ukrainian Hryvna and Euros. The currencies in which these transactions primarily are denominated are RUB, USD and EUR.

Borrowings are primarily denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD but also RUB and EUR. This provides an economic hedge.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances or entering into currency swap arrangements.

The Group's exposure at the reporting date to foreign currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is set out in the table below. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are ignored.

As at 31 December	USD-denominated vs. RUB functional currency		RUB-denominated vs. USD functional currency		EUR-denominated vs. USD functional currency		Denominated in other currencies vs. USD functional currency	
	2015 USD million	2014 USD million	2015 USD million	2014 USD million	2015 USD million	2014 USD million	2015 USD million	2014 USD million
Non-current assets	**—**	—	**4**	4	**—**	—	**1**	31
Trade and other receivables	**—**	—	**297**	202	**30**	37	**15**	16
Cash and cash equivalents	**—**	—	**64**	306	**37**	17	**16**	22
Derivative financial assets	**—**	—	**73**	45	**—**	—	**—**	—
Loans and borrowings	**(153)**	(178)	**(267)**	(525)	**(250)**	(306)	**—**	—
Provisions	**—**	—	**(70)**	(75)	**(33)**	(30)	**(19)**	(16)
Derivative financial liabilities	**—**	—	**—**	(1)	**—**	—	**—**	—
Income taxation	**—**	—	**(1)**	(12)	**(1)**	(1)	**(7)**	(7)
Trade and other payables	**(5)**	(2)	**(254)**	(314)	**(23)**	(42)	**(63)**	(69)
Net exposure arising from recognised assets and liabilities	**(158)**	**(180)**	**(154)**	**(370)**	**(240)**	**(325)**	**(57)**	**(23)**

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 2015		
	Change in exchange rates	USD million Effect on profit before taxation for the year	USD million Effect on equity for the year
Depreciation of USD vs. RUB	**15%**	**1**	**1**
Depreciation of USD vs. EUR	**5%**	**(12)**	**(12)**
Depreciation of USD vs. other currencies	**5%**	**(3)**	**(3)**

	Change in exchange rates	Year ended 31 December 2014 USD million Effect on profit before taxation for the year	USD million Effect on equity for the year
Depreciation of USD vs. RUB	15%	(28)	(24)
Depreciation of USD vs. EUR	5%	(16)	(16)
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 other financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for all years presented.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The group policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its operating and financial commitments.

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 2015 Contractual undiscounted cash outflow					
	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
Trade and other payables to third parties	**442**	**—**	**—**	**—**	**442**	**442**
Trade and other payables to related parties	**73**	**—**	**—**	**—**	**73**	**73**
Bonds, including interest payable	**21**	**—**	**—**	**—**	**21**	**21**
Loans and borrowings, incl. interest payable	**1,746**	**1,571**	**5,540**	**2,147**	**11,004**	**8,859**
Guarantees	**52**	**63**	**—**	**—**	**115**	**100**
	2,334	**1,634**	**5,540**	**2,147**	**11,655**	**9,495**

	Within 1 year or on demand USD million	More than 1 year but less than 2 years USD million	More than 2 years but less than 5 years USD million	More than 5 years USD million	TOTAL USD million	Carrying amount USD million
	31 December 2014 Contractual undiscounted cash outflow					
Trade and other payables to third parties	593	—	—	—	593	593
Trade and other payables to related parties	61	—	—	—	61	61
Bonds, including interest payable	164	119	—	—	283	257
Loans and borrowings, including interest payable	788	1,770	4,466	5,039	12,063	9,150
Guarantees	47	102	—	—	149	100
	1,653	1,991	4,466	5,039	13,149	10,161

(e) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The majority of the Group's third party trade receivables represent balances with the world's leading international corporations operating in the metals industry. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Goods are normally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables. The details of impairment of trade and other receivables are disclosed in note 19. The extent of the Group's credit exposure is represented by the aggregate balance of financial assets and financial guarantees given.

At 31 December 2015 and 2014, the Group has certain concentrations of credit risk as 7.5% and 10.2% of the total trade receivables were due from the Group's largest customer and 8.9% and 13.0% of the total trade receivables were due from the Group's five largest customers, respectively (refer to note 5 for the disclosure on revenue from largest customer).

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. Management have recognised a provision of USD100 million against the Group's exposure to guarantees (refer to note 24(e)).

(f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries were subject to externally imposed capital requirements in the both years presented in these consolidated financial statements.

(g) Master netting or similar agreements

The Group may enter into sales and purchase agreements with the same counterparty in the normal course of business. The related amount receivable and payable do not always meet the criteria for offsetting in the statement of financial position. This is because the Group may not have any currently legally enforceable right to offset recognised amounts, because the right to offset may be enforceable only on the occurrence of future events.

There are no financial instruments that meet the offsetting criteria in the statement of financial position for the year ended 31 December 2015. Amount of USD21 million related to recognised financial instruments that do not meet some or all of the offsetting criteria is included within financial assets and liabilities of the Group as at 31 December 2015 (31 December 2014: USD35 million).

28 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 2015 and 31 December 2014 approximated USD169 million and USD319 million, respectively. These commitments are due over a number of years.

(b) Purchase commitments

Commitments with third parties for purchases of alumina, bauxite, other raw materials and other purchases in 2016-2034 under supply agreements are estimated from USD3,793 million to USD4,912 million at 31 December 2015 (31 December 2014: USD3,400 million to USD3,962 million) depending on the actual purchase volumes and applicable prices.

Commitments with related parties – companies under common control for purchases of alumina in 2016-2017 under supply agreements are estimated at USD110 million at 31 December 2015 (31 December 2014: USD262 million). Commitments with a related party - joint venture for purchases of primary aluminium and alloys in 2016-2030 under supply agreements are estimated from USD5,512 million to USD6,838 million (31 December 2014: nil) depending on the actual purchase volumes and applicable prices.

(c) Sale commitments

Commitments with third parties for sales of alumina and other raw materials in 2016-2034 are estimated from USD793 million to USD1,349 million at 31 December 2015 (31 December 2014: from USD958 million to USD1,946 million) and will be settled at market prices at the date of delivery. Commitments with related parties for sales of alumina in 2016-2019 approximated from USD504 million to USD1,046 million at 31 December 2015 (31 December 2014: from USD852 million to USD1,324 million).

Commitments with related parties for sales of primary aluminium and alloys in 2016-2030 are estimated to range from USD4,441 million to USD5,016 million at 31 December 2015 (31 December 2014: from USD5,780 million to USD6,690 million). Commitments with third parties for sales of primary aluminium and alloys at 31 December 2015 are estimated to range from USD307 million to USD654 million (31 December 2014: from USD923 million to USD1,144 million). These commitments will be settled at market price at the date of delivery. Commitments include sales to Glencore in accordance with a long-term contract for which the sales volumes will depend on the actual production in 2016-2017. The volume of sales commitments to Glencore for 2016 year under the agreement is specified and is estimated to be from USD2,179 to USD2,268 million.

(d) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	31 December 2015 USD million	31 December 2014 USD million
Less than one year	**9**	5
Between one and five years	**7**	14
	16	19

(e) 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.

29 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.

Tax declarations, together with related documentation, are subject to review and investigation by a number of authorities, each of which may impose fines, penalties and interest charges. Fiscal periods remain open to review by the authorities for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. In addition, in some instances, new tax regulations effectively have been given retroactive effect. Additional taxes, penalties and interest which may be material to the financial position of the taxpayers may be assessed in the Russian Federation as a result of such reviews.

In addition to the amounts of income tax the Group has provided, there are certain tax positions taken by the Group where it is reasonably possible (though less than 50% likely) that additional tax may be payable upon examination by the tax authorities or in connection with ongoing disputes with tax authorities. The Group's best estimate of the aggregate maximum of additional amounts that it is reasonably possible may become payable if these tax positions were not sustained at 31 December 2015 is USD237 million (31 December 2014: USD357 million).

The Group's major trading companies are incorporated in low tax jurisdictions outside Russia and a significant portion of the Group's profit is realised by these companies. Management believes that these trading companies are not subject to taxes outside their countries of incorporation and that the commercial terms of transactions between them and other group companies are acceptable to the relevant tax authorities. These consolidated financial statements have been prepared on this basis. However, as these companies are involved in a significant level of cross border activities, there is a risk that Russian or other tax authorities may challenge the treatment of cross-border activities and assess additional tax charges. It is not possible to quantify the financial exposure resulting from this risk.

New transfer pricing legislation enacted in the Russian Federation starting from 1 January 2012 provides for major modifications making local transfer pricing rules closer to OECD guidelines, but creating additional uncertainty in practical application of tax legislation in certain circumstances.

The new transfer pricing rules introduce an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and prescribe new basis and mechanisms for accruing additional taxes and interest in case prices in the controlled transactions differ from the market level. The new transfer pricing rules eliminated the 20-percent price safe harbour that existed under the previous transfer pricing rules applicable to transactions on or prior to 31 December 2011.

The new transfer pricing rules primarily apply to cross-border transactions between related parties, as well as to certain cross-border transactions between independent parties, as determined under the Russian Tax Code. In addition, the rules apply to in-country transactions between related parties if the accumulated annual volume of the transactions between the same parties exceeds a particular threshold (RUB3 billion in 2012, RUB2 billion in 2013, and RUB1 billion in 2014 and thereon).

Since there is no practice of applying the new transfer pricing rules by the tax authorities and courts, it is difficult to predict the effect, if any, of the new transfer pricing rules on these consolidated financial statements.

The Company believes it is compliant with the new rules as it has historically applied the OECD -based transfer pricing principles. Estimating additional tax which may become payable is inherently imprecise. It is, therefore, possible that the amount ultimately payable may exceed the Group's best estimate of the maximum reasonably possible liability; however, the Group considers that the likelihood that this will be the case is remote.

The new 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. The Company is tax-resident in Cyprus and managed and controlled from Cyprus and the new CFC rules shall not directly apply to the Group in relation to any of its non-Russian affiliates. The CFC rules may apply to Russian tax-resident controlling shareholders of the Company, where such shareholder controls more than 50% of the Company (starting from 2016 more than 25% or 10% where all Russian tax-resident shareholders together control more than 50%). The rules also introduce certain reporting requirements for such Russian tax-resident controlling shareholders of the Company starting from 2015 in relation to non-Russian affiliates of the Group where such shareholders directly or indirectly control more than 10% of those affiliates.

(b) Environmental contingencies

The Group and its predecessor entities have operated in the Russian Federation, Ukraine, Jamaica, Guyana, the Republic of Guinea and the European Union for many years and certain environmental problems have developed. Governmental authorities are continually considering environmental regulations and their enforcement and the Group periodically evaluates its obligations related thereto. As obligations are determined, they are recognised immediately. The outcome of environmental liabilities under proposed or any future legislation, or as a result of stricter enforcement of existing legislation, cannot reasonably be estimated. Under current levels of enforcement of existing legislation, management believes there are no possible liabilities, which will have a material adverse effect on the financial position or the operating results of the Group. However, the Group anticipates undertaking significant capital projects to improve its future environmental performance and to bring it into full compliance with current legislation.

(c) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated financial statements (refer to note 24). As at 31 December 2015 the amount of claims, where management assesses outflow as possible approximates USD37 million (31 December 2014: USD111 million).

In January 2013, the Company received a writ of summons and statement of claim filed in the High Court of Justice of the Federal Capital Territory of Nigeria (Abuja) by plaintiff BFIG Group Divino Corporation ("BFIG") against certain subsidiaries of the Company. It is a claim for damages arising out of the defendants' alleged tortious interference in the bid process for the sale of the Nigerian government's majority stake in the Aluminium Smelter Company of Nigeria ("ALSCON") and alleged loss of BFIG's earnings resulting from its failed bid for the said stake in ALSCON. BFIG seeks compensatory damages in the amount of USD2.8 billion. In January 2014 the court granted the Company's motion to join the Federal Republic of Nigeria and Attorney General of Nigeria to the case as co-defendants. The next hearing is currently scheduled for 22 March 2016. Based on a preliminary assessment of the claim, the Company does not expect the case to have any material adverse effect on the Group's financial position or its operation as a whole.

(d) Risks and concentrations

A description of the Group's major products and its principal markets, as well as exposure to foreign currency risks are provided in note 1 "Background" and note 27 "Financial risk management and fair values". The price at which the Group can sell its products is one of the primary drivers of the Group's revenue. The Group's prices are largely determined by prices set in the international market. The Group's future profitability and overall performance is strongly affected by the price of primary aluminium that is set in the international market.

(e) Insurance

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies, controlled by the beneficial shareholder of the Group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

30 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 9(a)):

	Year ended 31 December	
	2015 USD million	**2014 USD million**
Salaries and bonuses	**65**	60
Share-based compensation	**—**	1
	65	61

(b) Transactions with associates and joint ventures

Sales to associates and joint ventures are disclosed in note 5, accounts receivable from associates and joint ventures are disclosed in note 19 and accounts payable to associates and joint ventures are disclosed in note 26.

(c) Transactions with other related parties

The Group transacts with other related parties, the majority of which are entities under common control with the Group or under the control of SUAL Partners Limited or its controlling shareholders or Glencore International Plc or entities under its control or Onexim Holdings Limited or its controlling shareholders.

Sales to related parties for the year are disclosed in note 5, accounts receivable from related parties are disclosed in note 19, accounts payable to related parties are disclosed in note 26, commitments with related parties are disclosed in note 28, directors remuneration in note 10 and other transactions with shareholders are disclosed in notes 21 and 12.

Purchases of raw materials and services from related parties and interest income and expense are recurring and for the year were as follows:

	Year ended 31 December	
	2015 USD million	**2014 USD million**
Purchases of raw materials – companies under common control	**55**	90
Purchases raw materials – companies capable of exerting significant influence	**129**	196
Purchases of raw materials – associates and joint ventures	**62**	27
Energy costs – companies under common control	**428**	537
Energy costs – companies capable of exerting significant influence	**23**	42
Energy costs – associates and joint ventures	**143**	—
Other costs – companies under common control	**25**	20
Other costs – associates and joint ventures	**141**	152
Distribution expenses - companies under common control	**1**	1
	1,007	1,065

Electricity contracts
The Group has indicated the intention to purchase electricity during the years 2016 through 2018 under long-term agreements with related parties. The estimated value of this commitment for each year is presented in the table below, excluding the impact of embedded derivatives recognised in these consolidated financial statements.

Year	**2016**	**2017**	**2018**
Volumes, KWh million	45,830	46,900	46,952
Estimated value, USD million	405	417	418

In the beginning of 2011, the rules and regulations of the wholesale electricity and capacity market in the Russian Federation changed. Amongst all the changes, companies are required to submit and register notifications for purchase and sale of electricity and capacity under the long-term electricity and capacity supply contracts on a monthly and quarterly basis.

(d) Related parties balances

At 31 December 2015, included in non-current assets and non-current liabilities are balances of related parties – companies under common control of USD38 million and balances of related parties – associates and joint ventures of USD55 million, respectively (31 December 2014: USD35 million and USD61 million).

(e) Pricing policies

Prices for transactions with related parties are determined on a case by case basis but are not necessarily at arm's length.

The Group has entered into three categories of related-party transactions: (i) those entered into on an arm's length basis, (ii) those entered into on non-arm's length terms but as part of a wider deal resulting from arms' length negotiations with unrelated third parties, and (iii) transactions unique to the Group and the counterparty.

(f) Connected transactions

Not all the related party transactions and balances disclosed above meet the definition of connected transactions as per Chapter 14 of the Listing Rules of Hong Kong Stock Exchange. For particulars of the continuing connected transactions please refer to the Director's Report section of the Annual Report of the Company for the year ended 31 December 2015.

31 Particulars of subsidiaries

As at 31 December 2015 and 2014, the Company has direct and indirect interests in the following subsidiaries, which principally affected the results, assets and liabilities of the Group:

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
Compagnie Des Bauxites De Kindia S.A.	Guinea	29 November 2000	2,000 shares of GNF 25,000 each	100.0%	Bauxite mining
Friguia	Guinea	9 February 1957	388 649 shares of GNF 35,000 each	100.0%	Alumina
OJSC RUSAL Achinsk	Russian Federation	20 April 1994	4,188,531 shares of RUB1 each	100.0%	Alumina
RUSAL Mykolaev Ltd	Ukraine	16 September 2004	1,524,126,720 UAH	100.0%	Alumina
OJSC 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
OJSC RUSAL Bratsk	Russian Federation	26 November 1992	5,505,305 shares of RUB0.2 each	100.0%	Smelting
OJSC RUSAL Bratsk	Russian Federation	26 November 1992	5,505,305 shares of RUB0.2 each	100.0%	Smelting
OJSC RUSAL Krasnoyarsk	Russian Federation	16 November 1992	85,478,536 shares of RUB20 each	100.0%	Smelting
OJSC 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	59,902,661,099 shares of RUB0.068 each	100.0%	Smelting
RUSAL RESAL Ltd	Russian Federation	15 November 1994	charter fund of RUB27,951,217.29	100.0%	Processing
OJSC 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	3,140,700 shares of AMD 1,000 each	100.0%	Foil
RUS-Engineering Ltd	Russian Federation	18 August 2005	charter fund of RUB 1,751,832,184	100.0%	Repairs and maintenance
JSC Russian Aluminium	Russian Federation	25 December 2000	23,124,000,000 shares of RUB1 each	100.0%	Holding company
RUSAL Global Management B.V.	Netherlands	8 March 2001	charter fund of EUR25,000	100.0%	Management company
OJSC United Company RUSAL Trading House	Russian Federation	15 March 2000	163,660 shares of RUB100 each	100.0%	Trading

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
RUSAL America Corp.	USA	29 March 1999	1,000 shares of USD 0.01 each	100.0%	Trading
RS International GmbH	Switzerland	22 May 2007	1 share with nominal value of CHF 20,000	100.0%	Trading
RUSAL Marketing GmbH	Switzerland	22 May 2007	Capital quota of CHF2,000,000	100.0%	Trading
RTI Limited	Jersey	27 October 2006	21,600 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
CJSC Komi Aluminii	Russian Federation	13 February 2003	4,303,000,000 shares of RUB1 each	100.0%	Alumina
OJSC Bauxite-Timana	Russian Federation	29 December 1992	44,500,000 shares of RUB10 each	100.0%	Bauxite mining
OJSC Severo-Uralsky Bauxite Mine	Russian Federation	24 October 1996	2,386,254 shares of RUB275.85 each	100.0%	Bauxite mining
OJSC SUAL	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
CJSC Kremniy	Russian Federation	3 August 1998	320,355 shares of RUB1,000 each	100.0%	Silicon production
SUAL-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 USD1 each	100.0%	Alumina
UC RUSAL Alumina Jamaica II Limited	Jamaica	16 May 2004	200 shares of USD1 each	100.0%	Alumina
Kubikenborg Aluminium AB	Sweden	26 January 1934	25,000 shares of SEK 1,000 each	100.0%	Smelting
RFCL Sarl	Luxembourg	13 March 2013	119,919,200,000 RUB	100.0%	Finance services
Aktivium B.V.	Netherlands	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

Trading entities are engaged in the sale of products to and from the production entities.

32 Immediate and ultimate controlling party

At 31 December 2015 and 2014, the directors consider the immediate parent of the Group to be En+, which is incorporated in Jersey with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG. En+ is controlled by Fidelitas International Investments Corp. (a company incorporated in Panama) through its wholly-owned subsidiary. Mr. Oleg V. Deripaska is the founder, the trustee and a principal beneficiary of a discretionary trust, which controls Fidelitas International Investments Corp. None of these entities produce financial statements available for public use.

33 Statement of Financial Position of the Company as at 31 December 2015

	31 December 2015 USD million	31 December 2014 USD million
ASSETS		
Non-current assets		
Investments in subsidiaries	**15,841**	21,688
Loans to related parties	**1,779**	—
Total non-current assets	**17,620**	21,688
Current assets		
Other receivables	**187**	1,839
Cash and cash equivalents	**11**	13
Total current assets	**198**	1,852
Total assets	**17,818**	23,540
EQUITY AND LIABILITIES		
Equity		
Share capital	**152**	152
Reserves	**7,640**	10,165
Total equity	**7,792**	10,317
Non-current liabilities		
Loans and borrowings	**6,745**	7,810
Total non-current liabilities	**6,745**	7,810

	31 December 2015 USD million	31 December 2014 USD million
Current liabilities		
Loans and borrowings	**1,686**	1,146
Trade and other payables	**813**	2,638
Other current liabilities	**782**	1,629
Total current liabilities	**3,281**	5,413
Total liabilities	**10,026**	13,223
Total equity and liabilities	**17,818**	23,540
Net current liabilities	**(3,083)**	(3,561)
Total assets less current liabilities	**14,537**	18,127

Approved and authorised for issue by the board of directors on 8 March 2016.

34 Events subsequent to the reporting date

There were no significant events subsequent to the reporting date.

35 Accounting estimates and judgements

The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Property, plant and equipment – recoverable amount

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), reserves (refer to 'Bauxite reserve estimates' below), operating costs, restoration and rehabilitation costs and future capital expenditure. This policy requires management to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be impaired and the impairment would be charged against the statement of income.

Inventories – net realisable value

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.

Goodwill – recoverable amount

In accordance with the Group's accounting policies, goodwill is allocated to the Group's Aluminium segment as it represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is tested for impairment annually by preparing a formal estimate of the recoverable amount. The recoverable amount is estimated as the value in use of the Aluminium segment.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to goodwill.

Investments in associates and joint ventures – recoverable amount

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.

Legal proceedings

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.

Provision for restoration and rehabilitation

The Group's accounting policies require the recognition of provisions for the restoration and rehabilitation of each site when a legal or constructive obligation exists to dismantle the assets and restore the site. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: changes to the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and interest charges.

For closed sites, changes to estimated costs are recognised immediately in the statement of income.

Taxation

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.

Bauxite reserve estimates

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.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Since economic assumptions used to estimate reserves change from period to period, and since additional geological data is generated during the course of operations, estimates of reserves may change from period to period.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows.
- Depletion charged in the statement of income may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of income.

Development expenditure

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist such that development may be sanctioned. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the statement of income.

Defined benefit pension and other post retirement schemes

For defined benefit pension schemes, the cost of benefits charged to the statement of income includes current and past service costs, interest costs on defined benefit obligations and the effect of any curtailments or settlements, net of expected returns on plan assets. An asset or liability is consequently recognised in the statement of financial position based on the present value of defined obligations, less any unrecognised past service costs and the fair value of plan assets.

The accounting policy requires management to make judgements as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme. For defined benefit pension schemes, management is required to make annual estimates and assumptions about future returns on classes of scheme assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, exchange rates, life expectancy and expected remaining periods of service of employees.
In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in the statement of comprehensive income.

36 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year

The IASB has issued the following amendments, new standards and interpretations which are not yet effective in respect of the financial years included in these consolidated financial statements, and which have not been adopted in these consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but is not yet in a position to state whether these amendments, new standards and interpretations would have a significant impact on the Group's results of operations and financial position.

	Effective for accounting periods beginning on or after
Annual Improvements to IFRSs, 2012-2014 cycle, various standards	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28, *Investment entities: applying the consolidation exemption*	1 January 2016
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to IFRS 11: *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to IAS 1: *Disclosure Initiative*	1 January 2016
Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to IAS 16 and IAS 41, *Agriculture: Bearer plants*	1 January 2016
Amendments to IAS 27, Separate Financial Statements: *Equity Method in Separate Financial Statements*	1 January 2016
IFRS 9, Financial Instruments	1 January 2018
IFRS 15, Revenue from Contracts with Customers	1 January 2018
IFRS 16, Leases	1 January 2019

Statement of Responsibility for this Annual Report

I, Vladislav Soloviev, declare, to the best of my knowledge, that the financial statements contained in this Annual Report have been prepared in accordance with applicable accounting principles and give a true and fair view of the business, results of operations and financial condition of the Company and the other entities to which the financial statements apply, and that the management report (comprising the Business Overview, Management Discussion and Analysis, Directors' Report and Corporate Governance Report sections) of this Annual Report presents a fair review of developments in the business, results of operations and financial conditions of the Company and the other entities to which the financial statements apply, as well as a description of the main risks and uncertainties that they are facing.

VLADISLAV SOLOVIEV
CHIEF EXECUTIVE OFFICER

29 April 2016

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 Listing Rules and except as may be required by applicable law, the Company undertakes no obligation to revise any forward-looking statements that appear in this Annual Report to reflect any change in the Company's expectations, or any events or circumstances, that may occur or arise after the date of this Annual Report.

All forward-looking statements in this Annual Report are qualified by reference to this cautionary statement.

Glossary

"Achinsk Alumina Refinery", "RUSAL Achinsk" or **"OJSC RUSAL Achinsk"** means OJSC RUSAL Achinsk, a company incorporated under the laws of the Russian Federation, which is a wholly-owned subsidiary of the Company.

"Achinsk Cement" means Achinsk Cement Limited Liability Company, a company incorporated in the Russian Federation, more than 30% of which is indirectly controlled by Mr. Deripaska.

"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 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.

"Agreed Subsidiaries" means an agreed list of subsidiaries of the Company, as defined in the Shareholders' Agreement between Major Shareholders only.

"Alpart" means Alumina Partners of Jamaica, in which the Company indirectly holds a 65% interest.

"ALSCON" means Aluminium Smelter Company of Nigeria, a company incorporated in Nigeria and in which the Company indirectly holds a 85% interest.

"Aluminium Division East" means the Company's division comprising all smelters located in Siberia, Russia.

"Aluminium Division West" means the Company's division comprising all smelters located in the European part of Russia, the Urals and Sweden.

"Aluminium segment cost per tonne" means aluminium segment revenue, less aluminium segment results, less amortisation and depreciation, divided by sales volume of aluminium segment.

"AMF" means the French Autorit des march s financiers.

"Amokenga Holdings" means Amokenga Holdings Limited, a company incorporated in Bermuda and which is a wholly owned subsidiary of Glencore and a shareholder of the Company.

"Annual Report" means this annual report dated 29 April 2016.

"Articles of Association" means the articles of association of the Company, conditionally adopted on 24 November 2009, and effective on the Listing Date.

"Audit Committee" means the audit committee established by the Board in accordance with the requirements of the CG Code.

"Aughinish Alumina Refinery" means Aughinish Alumina Limited, a company incorporated in Ireland, which is a wholly owned subsidiary of the Company.

"Basic Element" means Basic Element Limited, a company incorporated in Jersey, of which Mr. Oleg Deripaska is the ultimate beneficial owner.

"BAZ" or **"BAZ-SUAL"** or **"Bogoslovsk Alumina Refinery"** means Bogoslovsky aluminium smelter, a branch of OJSC SUAL.

"BEMO" means the companies comprising the Boguchanskoye Energy and Metals Complex.

"BEMO HPP" or **"BOGES"** means the Boguchanskaya hydro power plant.

"BEMO Project" means the Boguchanskoye Energy & Metals project involving the construction of the BEMO HPP and the Boguchansky aluminium smelter as described at pages 202 and 203 of this Annual Report.

"Board" means the board of Directors of the Company.

"Boguchansky aluminium smelter" or **"BEMO aluminium smelter"** or **"BoAZ"** means the aluminium smelter project involving the construction of a 588 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 202 and 203 of this Annual Report.

"Bratsk aluminium smelter", "RUSAL Bratsk" or **"BrAZ"** means OJSC RUSAL Bratsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"Boksitogorsk Alumina Refinery" means OJSC RUSAL Boksitogorsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Group.

"CEAC" means the Central European Aluminium Company.

"CG Code" means the Code setting out, among others, the principles of good corporate governance practices as set out in Appendix 14 to the Listing Rules (as amended from time to time).

"Century Aluminium Company" means Century Aluminium Company, a company incorporated under the laws of Delaware and the common stock of which is traded on the NASDAQ, in which Glencore AG has a 46.4% interest.

"CEO" or **"Chief Executive Officer"** means the chief executive officer of the Company.

"Chairman" or **"Chairman of the Board"** means the chairman of the Board.

"CIS" means the Commonwealth of Independent States.

"CJSC Kremniy" means a company incorporated under the laws of the Russian Federation and a subsidiary of the Company.

"Code for Securities Transactions" means the Code for Securities Transactions by Directors of the Company adopted by the Board on 9 April 2010 and based on Appendix 10 to the Listing Rules.

"Columbia Falls aluminium smelter" means the Columbia Falls Aluminium Smelter which is owned and operated by Columbia Falls Aluminium Company LLC, a company incorporated under the laws of Delaware, the sole member of which is Glencore USA LLC, a wholly-owned subsidiary of Glencore AG.

"Company" or **"UC RUSAL"** or **"RUSAL"** means United Company RUSAL Plc., a company incorporated under the laws of Jersey with limited liability.

"Connected transaction(s)" has the meaning ascribed to such expression in the Listing Rules.

"controlling shareholder" has the meaning ascribed to such expression in the Listing Rules.

"Corporate Governance and Nomination Committee" means the corporate governance and nomination committee established by the Board in accordance with the requirements of the CG Code.

"Covenant EBITDA" has the meaning given to it in the PXF Facility Agreement.

"Crispian" means Crispian Investment Limited, a company incorporated in Cyprus, to the best knowledge information and belief of the Directors is affilated with Mr.Roman Abramovich.

"Directors" means the directors of the Company.

"DOZAKL" means Open Joint Stock Company "Dmitrov Aluminium Rolling Mill", a company incorporated under the laws of the Russian Federation.

"EBITDA" means earnings before interest, taxes, depreciation, and amortisation.

"ECD" means the Engineering and Construction Division of the Company.

"En+" means En+ Group Limited, a company incorporated in Jersey and which is a shareholder of the Company.

"EPCM" means Engineering, Procurement, Construction and Management.

"EUR" means Euros, the lawful currency of the relevant member states of the European Union that have adopted the Euro as their currency.

"Euronext Paris" means the Professional Segment of Euronext Paris.

"Eurallumina" means the alumina refinery located in Portoscuso, on the southwest coast of Sardinia, Italy. During the year ended 31 December 2006, the Group entered into an agreement with Rio Tinto Aluminium Ltd and acquired a 56.2% interest in Eurallumina, the remaining 43.8% interest in Eurallumina was owned by Glencore and was acquired by the Group as part of the acquisition of SUAL and Glencore Businesses during the year ended 31 December 2007.

"financial year" means the financial year ended 31 December 2015.

"Friguia Alumina Refinery" means Friguia S.A., a company incorporated in Guinea, which is a wholly owned subsidiary of the Company.

"Gazprombank" means OJSC Gazprombank.

"GBP" means Pounds Sterling, the lawful currency of the United Kingdom.

"Glencore" means Glencore Plc, a public company incorporated in Jersey and listed on the London Stock Exchange, with a secondary listing on the Hong Kong Stock Exchange, which is an indirect shareholder of the Company.

"Glencore Businesses" means the alumina and aluminium businesses of Glencore.

"Glencore Call Option" means a deed dated 25 July 2008 between En+, SUAL Partners and Glencore whereby Glencore granted En+ and SUAL Partners an option to acquire certain Shares held by Glencore.

"Global Depositary Shares" or **"GDS"** means global depositary shares evidenced by global depositary receipts, each of which represents 20 Shares.

"GWh" means gigawatts hours.

"Group" or **"UC RUSAL Group"** means UC RUSAL 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.

"Hawesville aluminium smelter" means the Hawesville Aluminium Smelter, which is owned and operated by Century Kentucky, Inc., a company incorporated under the laws of Delaware, which is a wholly-owned subsidiary of Century Aluminium Company, an entity in which Glencore AG holds a 46.4% interest.

"HK$" means Hong Kong dollars, the lawful currency of Hong Kong.

"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" means the Main Board of The Stock Exchange of Hong Kong Limited.

"IFRS" means the International Financial Reporting Standards.

"Indicated Mineral Resource" or **"Indicated"** means the part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

"Inferred" means a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

"Interros" means Interros International Investments Limited.

"Irkutsk aluminium smelter" or **"IrkAZ"** means Irkutsk Aluminium Smelter, a branch of OJSC SUAL.

"IPO" means the initial public offering of UC RUSAL on the Hong Kong Stock Exchange and Euronext Paris.

"Jersey Companies Law" means the Companies (Jersey) Law 1991, as amended.

"JORC" means Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists & the Minerals Council of Australia.

"JSC Irkutskenergo" means Irkutsk Joint Stock Company of Energetics and Electrification, a power generating company controlled by En+ as to more than 30% of its issued share capital.

"kA" means kilo-amperes.

"Kandalaksha aluminium smelter" or **"KAZ"** means Kandalaksha Aluminium Smelter, a branch of OJSC SUAL.

"Khakas aluminium smelter" or **"KhAZ"** means Khakas Aluminium Smelter Limited, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"KPIs" means key performance indicators.

"KraMZ" means Krasnoyarsk Metallurgical Plant, a company incorporated in the Russian Federation.

"KraMZ-Auto" means KraMZ-Auto LLC, a company incorporated in the Russian Federation.

"Krasnoyarsk aluminium smelter", "RUSAL Krasnoyarsk" or **"KrAZ"** means OJSC RUSAL Krasnoyarsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"Krasnoyarskaya HPP" means JSC Krasnoyarsk Hydro-Power Plant, a hydroelectric power station controlled by En+ as to more than 30% of its issued share capital.

"kt" means kilotonnes.

"KUBAL" means Kubikenborg Aluminium AB, a company incorporated in Sweden, which is a wholly owned subsidiary of the Company.

"kWh" means kilowatt hour.

"Latest Practicable Date" means 19 April 2016, being the latest practicable date prior to the printing 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.

"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.

"Listing Rules" means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time).

"LLC GAZ" means LLC Torgovo-Zakupochnaya Kompaniya GAZ, being a member of the group of companies which also include "GAZ Group Autocomponents" LLC, J-S.C. AVTODIZEL (YaMZ) and others, collectively, the "GAZ Group", of which OJSC "GAZ" being the holding company, is controlled by Mr. Deripaska as to more than 30%.

"LLP Bogatyr Komir" means the joint venture described at page 26 of this Annual Report.

"LME" means the London Metal Exchange.

"LTIFR" means the Lost Time Injury Frequency Rate which was calculated by the Group as a sum of fatalities and lost time injuries per 200,000 man-hours.

"LTIP" means the Company's Long-Term Incentive Plan, adopted on 11 May 2011.

"LTIP Rules" means the LTIP implementation rules adopted on 11 May 2011, or as amended from time to time in accordance with their provisions.

"Major Shareholders" means En+, SUAL Partners, Glencore and Onexim.

"Major Shareholders' Shares" means the Shares held by the Major Shareholders and their respective wholly owned subsidiaries.

"Management Company" or **"RUSAL Management Company"** means a subsidiary of the Group retained for accounting, general management, administration and secretarial functions.

"Market Council" means the non-commercial organisation formed as a result of a non-commercial partnership, which is intended to unite energy market participants and major consumers of electrical energy through membership of that body. The council is intended to ensure the proper functioning of commercial market infrastructure and effective exchanges between the wholesale and retail electrical energy markets. Additionally, it is intended to promote investment in the electrical energy industry by creating a healthy market and even playing field for participants of both the wholesale and retail electrical energy markets, when drafting new rules and regulations concerning the electrical energy industry, and facilitate self-regulation of the wholesale and retail trade in electrical energy, power and other products and services which is permissible in the wholesale and retail electrical energy markets. The council's aim is to ensure the security of energy supply in the Russian Federation, unity within the economic space, economic freedom and competition in the wholesale and retail electrical energy markets, by striking a balance between the interests of suppliers and buyers and the needs of society in general in terms of having a reliable and stable source of electrical energy.

"Measured Mineral Resource" or **"Measured"** means a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

"Memorandum" means the memorandum of association of the Company conditionally adopted on 26 December 2009, and effective on the Listing Date.

"MOEX" means the Moscow Exchange.

"MICEX" means the MICEX Stock Exchange.

"Mineral Resource" means a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

"Model Code" means the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

"mt" means million tonnes.

"MW" means megawatt.

"Mt. Holly aluminium smelter" means the Mt. Holly Aluminium Smelter in which, pursuant to it ownership structure, Century Aluminium Company, an entity in which Glencore AG holds a 46.5% interest, holds a 49.67% interest through its wholly owned subsidiary Berkeley Aluminum, Inc.

"Natixis" means the investment bank listed on the Paris stock exchange, and a party to the International Override Agreement.

"Net Debt" is calculated as Total Debt less cash and cash equivalents as at 31 December 2015.

"**Nadvoitsy aluminium smelter**" or **"NAZ"** means Nadvoitsy Aluminium Smelter, a branch of OJSC SUAL.

"Nikolaev Alumina Refinery" or **"NGZ"** means Nikolaev Alumina Refinery Company Limited, a company incorporated under the laws of the Ukraine, which is a wholly owned subsidiary of the Company.

"Norilsk Nickel" means OJSC MMC NORILSK NICKEL, a company incorporated under the laws of the Russian Federation.

"Novokuznetsk aluminium smelter" or **"NkAZ"** or **"RUSAL Novokuznetsk"** means OJSC RUSAL Novokuznetsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"OHSAS 18001" means Occupational Health and Safety Specification (OHSAS) 18001.

"OJSC KUMZ" means Kamensk-Uralsky Metallurgical Works Joint-Stock Company, a company incorporated under the laws of the Russian Federation.

"OJSC SUAL" means OJSC "Siberian-Urals Aluminium Company", a company incorporated under the laws of the Russian Federation.

"Onexim" means Onexim Holdings Limited, a company incorporated in Cyprus and which is a shareholder of the Company.

"Ore Reserves" means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

"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.

"Production System" means the system developed and implemented at all of the Company's production facilities by the Company's Production Development Directorate business unit, for the purposes of introducing best practices to increase efficiency and the standardising of production processes.

"Proved Ore Reserve" means the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

"Prospectus" means the Company's prospectus for the Listing dated 31 December 2009. The Prospectus is available on the Company's website under the link http://www.rusal.ru/investors/EWP101.pdf.

"PSIP" means Production System Incentive Plan, a one-off employee share award incentive plan of the Company.

"Aluminium Pre-Export Finance Term Facility Agreement" means up to USD4,750,000,000 aluminium pre-export finance term facility agreement and up to USD400,000,000 multicurrency aluminum pre-export finance term facility agreement each as amended and restated on 18 August 2014 and as amended and restated from time to time thereafter, between United Company RUSAL PLC as borrower and ING Bank N.V. as facility agent, BNP Paribas (Suisse) SA and ING Bank N.V. as security agents, and Natixis as offtake agent and others,- in the event that any person (or persons acting in concert) other than the core shareholder (as defined in the credit facility agreement) has or gains control of the Company.

"QAL" means Queensland Alumina Limited, a company incorporated in Queensland, Australia, in which the Company indirectly holds a 20% equity interest.

"RA" means JSC Russian Aluminium.

"Ravenswood aluminium smelter" means the Ravenswood Aluminium Smelter, which is owned and operated by Century Aluminium of West

Virginia, Inc., which is a wholly owned subsidiary of Century Aluminium Company, an entity in which Glencore AG holds a 46.5% interest.

"RDR" means Russian Depository Receipts.

"related party" of an entity means a party who is:

(a) directly, or indirectly through one or more intermediates, a party which:

i. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

ii. has an interest in the entity that gives it significant influence over the entity; or

iii. has joint control over the entity;

(b) an associate of the entity;

(c) a joint venture in which the entity is a venturer;

(d) a member of the key management personnel of the entity or its parent;

(e) a close member of the family of any individual referred to in (a) or (b) above;

(f) an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) above;

(g) a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

"related party transaction" means a transfer of resources, services or obligations between related parties, regardless of whether the price is charged.

"Recurring Net Profit" for any period means Adjusted Net Profit plus the Company's effective share of Norilsk Nickel's profits, net of tax.

"Relevant Officer" means any employee of the Company or a director or employee of a subsidiary of the Company.

"Relevant Officers Code" means the code for Securities Transactions by Relevant Officers of the Company.

"Remuneration Committee" means the remuneration committee established by the Board in accordance with the requirements of the CG Code.

"Review Period" means the period commencing from 1 January 2014 and ending on 31 December 2014.

"RSPP" means the Russian Union of Industrialists and Entrepreneurs.

"RTS" means OJSC "Russian Trading System" Stock Exchange.

"RUB" or **"Rouble"** means Roubles, the lawful currency of the Russian Federation.

"RUSAL ARMENAL" CJSC or **"RUSAL ARMENAL"** or **"ARMENAL"** means Closed Joint Stock Company "RUSAL ARMENAL", an indirect wholly-owned subsidiary of the Company.

"RUSAL Global" means "RUSAL Global Management B.V.", a company incorporated under the laws of the Netherlands.

"RUSAL RESAL" means RUSAL RESAL Limited Liability Company, an indirect wholly-owned subsidiary of the Company.

"RUSAL-Sayana Foil" LLC or **"Sayana Foil"** means Limited Liability Company «RUSAL-Sayana Foil», an indirect wholly-owned subsidiary of the Company.

OJSC "RUSAL SAYANAL" or **"SAYANAL"** means Open Joint-Stock Company RUSAL SAYANAL, an indirect wholly-owned subsidiary of the Company.

"RUS-Engineering" means RUS-Engineering LLC, an indirect wholly-owned subsidiary of the Company.

"RusHydro" means JSC Rushydro (Federal Hydrogenation Company), a company organised under the laws of the Russian Federation, which is an independent third party.

"R&D" means research and development or the Research and Development Centres operated by the Company, as the context requires.

"Samruk-Energo" means Samruk-Energo, a company incorporated in Kazakhstan, which is an independent third party.

"Samruk-Kazyna" means the Kazakhstan state controlled national welfare fund.

"Sayanogorsk aluminium smelter", "RUSAL Sayanogorsk" or **"SAZ"** means JSC RUSAL Sayanogorsk, a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company.

"Sberbank" means Sberbank of Russia.

"SFO" means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

"Share(s)" means the ordinary share(s) with nominal value of USD0.01 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.

"Sherwin Alumina Refinery" means the Sherwin Alumina Refinery which is owned and operated by Sherwin Alumina Company LLC, the sole member of which is Allied Alumina Inc., a wholly-owned subsidiary of Glencore AG.

"South Ural Cryolite Plant" means Open Joint-Stock Company "South Ural Cryolite Plant", an indirect non wholly-owned subsidiary of the Company.

"Standing Committee" means the standing committee of the Company.

"STIP" means the Company's Short-Term Incentive Program.

"SUAL" means SUAL International Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of the Company.

"SUAL-Kremniy-Ural" or **"SUAL-Silicon-Ural" LLC** means SUAL-Kremniy-Ural LLC, an indirect non wholly-owned subsidiary of the Company.

"SUAL Partners" means SUAL Partners Limited, a company incorporated under the laws of the Bahamas, which is a shareholder of the Company.

"SUAL – PM" means SUAL-PM LLC, an indirect wholly-owned subsidiary of the Company.

"SUBR" means OJSC Sevuralboksitruda, a company incorporated in Russia, which is a wholly-owned subsidiary of the Company.

"Taishet","Taishet aluminium smelter" or **"TAZ"** means the aluminium smelter project that located 8 km from the centre of the town of Taishet in the Irkutsk region of the Russian Federation.

"Taishet Anode shop" means the new anode shop which is a project currently being implemented not far from the town of Taishet in the Irkutsk region of the Russian Federation.

"total attributable alumina output" is calculated based on pro rata share of the Group's ownership in corresponding alumina refineries.

"total attributable bauxite output" is calculated based on pro rata shares of the Group's ownership in corresponding bauxite mines and mining complexes, including the total production of Timan and Bauxite Co. De Guyana, notwithstanding that minority interests in these subsidiaries are held by third parties.

"Total Net Debt" has the meaning given to it in the PXF Facility Agreement.

"tpa" means tonnes per annum

OJSC "Ural Foil" or **"Ural Foil"** means Open Joint-Stock Company "Ural Foil", an indirect non wholly-owned subsidiary of the Company.

"Urals aluminium smelter", "Urals Alumina Refinery", or **"UAZ"** means Urals Aluminium Smelter, a branch of OJSC SUAL.

"USD", "US Dollar" or **"US$"** means United States dollars, the lawful currency of the United States of America.

"VAP" means value added products.

"VAT" means value added tax.

"VEB" means State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)".

"Volgograd aluminium smelter" or **"VgAZ"** means Volgograd Aluminium Smelter, a branch of OJSC SUAL.

"Volkhov aluminium smelter" or **"VAZ"** means Volkhov Aluminium Smelter, a branch of OJSC SUAL.

"Wholesale Electricity Market" means the wholesale market for the sale of electrical energy and power within the confines of the "Russian United Energy System" in the unified economic space of the Russian Federation. Large suppliers and purchasers of electrical energy and power participate in this market, as well as other participants which have obtained the status of wholesale market participants and act in accordance with the Wholesale Electricity Market Rules.

"Wholesale Electricity Market Rules" means the regulatory act (passed by the government of the Russian Federation as specified in the law "On the Electric Energy Industry"), which regulates the sale of electrical energy and power in the Wholesale Electricity Market.

"Windalco" means West Indies Alumina Company, a company incorporated in Jamaica, in which the Company indirectly holds a 100% interest.

"Working Capital" means trade and other receivables and inventories less trade and other payables.

Appendix A – Principal terms of the Shareholders' **Agreement with the Company**

The principal terms of the Shareholders' Agreement with the Company are described below. Unless otherwise stated, references to En+, SUAL Partners, Glencore and Onexim are deemed to include reference to other entities controlled by those Major Shareholders (other than any member of the Group).

Right of first refusal — bauxite, alumina, aluminium

The Major Shareholders must offer the Company a right of first refusal in respect of any assets or development opportunities related to the production of bauxite, alumina or aluminium ("Industrial Assets") that they wish to acquire where such Industrial Asset or a group of related Industrial Assets has a value in excess of an amount determined by reference to the prevailing LME (high grade premium aluminium three month offer side) price of aluminium at the time of the proposed acquisition. If that LME price is US$1,500 per tonne or less then the trigger value is $500 million, if it is US$4,500 or more than the trigger price is US$1 billion and if it is between these two prices then the trigger price is pro-rated 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 CG Code.

Termination for particular Shareholders

The Shareholders' Agreement with the Company shall terminate in respect of the relevant Major Shareholder in the following circumstances:

- Upon completion of the Glencore Call Option[1] or the put option granted by Glencore under the deed described in footnote 1.
- Upon Onexim ceasing to hold a minimum shareholding of 5% of the total Shares in issue, other than as a result of dilution on a further share issue, it shall lose all of its rights and obligations under the Shareholders' Agreement with the Company.
- If Onexim holds less than 5% of the total Shares in issue, but still has any rights under the Shareholders' Agreement with the Company, it shall lose all of its rights and obligations under the Shareholders' Agreement with the Company upon any subsequent disposal by it of Shares or entry into derivative contracts or arrangements in relation to Shares.
- 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.
- Subject to certain exceptions, if there is a change of control of Glencore or a third party acquires all or substantially all of Glencore's assets, it shall lose its rights and obligations of first refusal outlined above.
- If there is a change of control of Onexim or a third party acquires all or substantially all of Onexim's assets, it shall lose all rights and its obligations under the Shareholders' Agreement with the Company

1 Pursuant to a deed dated 25 July 2008 between En+, SUAL Partners and Glencore, Glencore granted En+ and SUAL Partners the option to acquire all ordinary shares in the Company held by Glencore on the date of exercise of the Glencore Call Option that were also (i) held by Glencore on 26 March 2007 or (ii) issued to Glencore by the Company after 26 March 2007 but before exercise of the Glencore Call Option (both of which, for the avoidance of doubt, exclude any shares in the Company acquired by Glencore on an arms length basis from anyone other than the Company following an initial public offering or any shares in the Company sold by Glencore to any third party in compliance with the shareholders' agreement then in force in relation to the Company) (the "Glencore Option Securities"). The Glencore Call Option may only be exercised by En+, but following exercise, SUAL Partners has the right to participate in proportion to their holding of Shares at that time vis- -vis En+. The Glencore Call Option is exercisable until 26 March 2017.

The exercise price of the option will be determined by an investment bank as 120% of the higher of (i) market value of Glencore option securities, which is determined by reference to the enterprise value of the Group on the relevant option exercise date or after an initial public offering, the volume weighted average price of an ordinary share over the preceding five trading days; and (ii) a valuation calculated by reference to the cumulative aggregate EBITDA of the Group for the preceding 12 quarters and the discounted enterprise value/EBITDA multiple at which certain of the Group's competitors trade.

Appendix B – Principal terms of the Shareholders' **Agreement between Major Shareholders only**

The principal terms of the Shareholders' Agreement between Major Shareholders 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 or Onexim on the grounds set out in the Shareholders' Agreement between Major Shareholders only.

- For as long as Glencore holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue), Glencore shall have the right to propose for nomination and removal as a Director the chief executive officer of Glencore and to veto the appointment of any independent Director nominated by En+, SUAL Partners or Onexim on the grounds set out in the Shareholders' Agreement between Major Shareholders only.

- For as long as SUAL Partners holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue), SUAL Partners shall have the right to propose for nomination and removal three Directors, one of whom shall be independent, and to veto the appointment of any independent Director nominated by En+ or Onexim on the grounds set out in the Shareholders' Agreement between Major Shareholders only.

- For as long as Onexim holds at least 5% of the total Shares in issue, Onexim shall have the right to propose for nomination and removal one Director and to veto the appointment of any independent Director nominated by En+ or SUAL Partners on the grounds set out in the Shareholders' Agreement between Major Shareholders only. In addition, following Mr. Barry Cheung Chun-yuen's resignation as a Director, Onexim is entitled to propose for nomination and approval one independent Director.

- For as long as En+ holds less than 30% of the Major Shareholders' Shares, the Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Board shall consist of between 15 and 19 directors comprising:

- four independent Directors, to be nominated in accordance with the rights of proposal of En+, SUAL Partners and Onexim described above (if relevant) and, to the extent required, by the Corporate Governance and Nomination Committee;

- one director proposed by VEB, if required; and

- Directors (other than independent Directors) who shall be proposed for nomination and removal by the Major Shareholders in proportion to their respective holdings of Shares from time to time.

- The Major Shareholders have agreed to exercise their respective voting and other rights to procure that, for as long as the Company is able to appoint between two and five Directors to the board of Norilsk Nickel, Onexim is entitled to propose one Director for appointment to that board, and for as long as the Company is able to appoint six or more directors, Onexim is entitled to propose two directors for appointment to that board.

Boards of Subsidiaries

The Major Shareholders have agreed to use their respective voting and other rights to procure, so far as they are able, that the Directors proposed for nomination or dismissal by the shareholders of the Company will be appointed to or removed from the boards of the Agreed Subsidiaries to achieve the following:

- The board of each of RUSAL Global and RUSAL America Corp. shall comprise:
  - four directors proposed by En+, for as long as the shareholding of En+ as a percentage of the Major Shareholders' Shares is at least 40%, provided that the number of directors to be proposed by En+ shall be three where such percentage is between 30% and 40%, shall be two where it is between 20%

and 30% and shall be one where it is less than 20%; and

- one director proposed by each of Glencore, SUAL Partners and Onexim, for as long as in each case the relevant Major Shareholder holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue), in the case of each of Glencore and SUAL Partners, and 5% of the total Shares in issue, in the case of Onexim.

- The board of each other Agreed Subsidiary shall comprise:
  - three directors proposed by En+ for as long as the shareholding of En+ as a percentage of the Major Shareholders' Shares is at least 40%, provided that the number of directors to be proposed by En+ shall be two where such percentage is between 20% and 40% and shall be one where it is less than 20%; and
  - one director proposed by each of Glencore and SUAL Partners, for as long as in each case the relevant Major Shareholder holds at least 8.6% of the total Shares in issue (or such lesser percentage as results from dilution on a further share issue).

Committees of the Board

The Major Shareholders have agreed to procure, so far as they are able, that certain committees of the Board are to be established, as follows:

- An audit committee, remuneration committee and corporate governance and nomination committee, each to be established in accordance with the requirements of the CG Code. The audit committee shall consist of five members, of whom three shall be independent Directors (as approved by the Board), one shall be appointed by En+ and one by Onexim. The remuneration committee shall consist of five members, of whom three shall be independent Directors (as approved by the Board), one shall be appointed by En+ and one by SUAL Partners. The Corporate Governance and Nomination Committee shall consist of five members, of whom three shall be independent Directors (as approved by the Board), one shall be appointed by En+ and one by Glencore. Summaries of the functions of these committees are set out in "Directors and Senior Management — Committees".

- 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 standing committee consisting of five members who may or may not be Directors, one proposed for appointment by each of En+, SUAL Partners, Glencore and Onexim and one independent Director. The standing committee shall have authority to take certain decisions in relation to the Group without further approval of the Board or the shareholders of the Company.

Exercise of voting rights by Onexim

At general meetings of the Company, with respect to certain agreed matters customarily reserved to shareholders, Onexim has undertaken to exercise its voting rights in the same manner as En+ exercises its voting rights, provided that in no event shall Onexim be required to vote its holding of Shares: (A) in a manner that would contravene applicable law; (B) in a manner that would be directly and materially adverse to the interests of Onexim in its capacity as a direct or indirect holder of Shares; (C) if Onexim shall have exercised a right of "veto" (as described below) in respect of the relevant matter; or (D) if and for so long as En+ is in material breach of the Shareholders' Agreement between Major Shareholders only or the Shareholders' Agreement with the Company.

Veto rights

- The Major Shareholders have agreed to exercise their voting rights with a view to giving the Major Shareholders effective veto rights as set out below, by procuring that Directors proposed by them for appointment vote against any resolution in respect of which a Major Shareholder has exercised its "veto":

- Each of En+, Glencore, SUAL Partners and Onexim is given an effective right of veto in relation to any related party transaction (or amendment to or renewal of an existing related party transaction).
- Each of En+, Glencore and SUAL Partners and Onexim is given an effective right of veto in respect of any matter proposed to be undertaken by the Company or any of its subsidiaries which would require a special resolution were the Company or the relevant subsidiary incorporated in England and Wales (e.g., alteration of Articles of Association; change of name; re-registration of a private company as a public company; re-registration of an unlimited company as limited; re-registration of a public company as a private company; offer to issue shares or rights to subscribe for shares other than pro rata to existing shareholders by disapplying statutory pre-emption rights; reduction of share capital; to give, revoke, renew or vary the authority for the Company to purchase (off market) shares in itself; and to redeem or purchase own shares out of capital).
- The Company does not believe that these veto rights will have any material impact on the operation of the Company.

Matter sinconsistent 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/OJSC 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 Listing Rules in respect of the supply agreement entered into between the Group and OJSC KUMZ, and the supply agreement entered into between the Group and KraMZ group companies, a group of companies owned by Mr. Deripaska 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 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.

Encumbrances over Shares

- Until 26 March 2012, and subject to the exception stated below, En+ agreed not to encumber Shares comprising 40% of the Major Shareholders Shares. Notwithstanding the foregoing, En+ would be entitled to encumber Shares equal to a maximum of 17% of the total Shares in issue from time to time in favour of a finance provider as bona fide security for indebtedness of En+ or its subsidiaries.

- Glencore and SUAL Partners have agreed not to encumber any Shares except for (i) pursuant to certain Glencore security agreements; (ii) a pledge as set out below; and (iii) the same proportion of their holding of Shares as the proportion which En+ is entitled to encumber as stated above.
- There will be no restrictions on Onexim encumbering its Shares.

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 on-market transaction, it must serve notice on En+, offering it a right of first refusal. The price at which En+ will be entitled to acquire the Shares offered by SUAL Partners is the volume weighted average price per Share for the three trading days prior to the date on which the relevant notice is sent by SUAL Partners.
- SUAL Partners will not be obliged to offer En+ a right of first refusal in respect of Shares sold by it to the extent that:
- the aggregate number of Shares sold in any one trading day by SUAL Partners does not exceed 20% of the daily average trading volume for the 30 trading days immediately preceding that trading day; and
- the aggregate number of Shares sold within the above limits does not in any period of four months exceed 0.5% of the total Shares in issue at the time of the relevant sale.

Rights of first refusal — Glencore's Shares

Glencore must offer En+ and SUAL Partners a right of first refusal in respect of any proposed sale of Shares by Glencore in an on-market transaction, on substantially the same terms as the right of first refusal to be offered in respect of Shares held by SUAL Partners (as described above), subject to the same carve outs as described above in relation to SUAL Partners.

Onexim tag along rights

Upon any sale of Shares by En+, SUAL Partners or Onexim, such that the aggregate number of Shares sold by those three Major Shareholders in any rolling four month period exceeds 25% of the Shares then in issue, the sale shall not proceed unless the purchaser has also offered, on the same terms, to acquire the Shares then held by Onexim which were received by Onexim as part consideration for the acquisition by the Company of a stake of 25% plus one share in Norilsk Nickel.

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.

Licences

For as long as Onexim is a shareholder, En+, SUAL Partners and Glencore have agreed not to, and to use their respective voting and other rights to procure that neither the Company nor any of its subsidiaries will, bid for or acquire, and that the Company will take reasonable steps to procure that Norilsk Nickel will not bid for or acquire, certain specified geological licences relating to nickel, copper, platinum and cobalt without the prior written consent of Onexim.

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 completion of the Glencore Call Option described in footnote 1 above.
- Upon either Glencore or 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) Glencore or 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 Onexim ceasing to hold at least 5% of the total Shares in issue, other than as a result of dilution on a further share issue, it shall lose all of its rights and obligations under the Shareholders' Agreement between Major Shareholders only.
- If Onexim holds less than 5% of the total Shares in issue, but still has any rights under the Shareholders Agreement between Major Shareholders only, it shall lose all of its rights and obligations under the Shareholders' Agreement between Major Shareholders only upon any subsequent disposal by it of Shares or entry into derivative contracts or arrangements in relation to Shares.
- 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.
- Subject to certain exceptions, if there is a change of control of Glencore or a third party acquires all or substantially all of Glencore's assets, it shall lose its rights to propose Directors for nomination to the Board and the veto rights described above.
- If there is a change of control of Onexim or a third party acquires all or substantially all of Onexim's assets, it shall lose all rights and its obligations under the Shareholders' Agreement between Major Shareholders only.

Corporate Information

UNITED COMPANY RUSAL PLC

(Incorporated under the laws of Jersey with limited liability)

HKEx stock code: 486
Euronext Paris symbols: Rusal/Rual
Moscow Exchange symbol for shares: RUAL
Moscow Exchange symbols for RDRs: RUALR/RUALRS
Euronext Paris symbols: Rusal/Rual

BOARD OF DIRECTORS

Executive Directors
Mr. Oleg Deripaska (President)
Mr.Vladislav Soloviev (Chief Executive Officer)
Mr. Stalbek Mishakov

Non-executive Directors
Mr. Dmitry Afanasiev
Mr. Len Blavatnik
Mr. Ivan Glasenberg
Mr. Maksim Goldman
Ms. Olga Mashkovskaya
Ms. Gulzhan Moldazhanova
Ms. Ekaterina Nikitina
Mr.Maxim Sokov
Mr. Daniel Lesin Wolfe

Independent non-executive Directors
Dr. Elsie Leung Oi-sie
Mr. Mark Garber
Mr. Matthias Warnig (Chairman of the Board)
Dr. Peter Nigel Kenny
Mr. Philip Lader
Mr. Dmitry Vasiliev (appointed as a Director effective 26 June 2015)

REGISTERED OFFICE IN JERSEY

44 Esplanade,
St Helier,
Jersey,
JE4 9WG.

PRINCIPAL PLACE OF BUSINESS

Themistokli Dervi, 12
Palais D'Ivoire House
P.C. 1066
Nicosia
Cyprus

PLACE OF BUSINESS IN HONG KONG

11th Floor
Central Tower
28 Queen's Road Central
Central
Hong Kong

JERSEY COMPANY SECRETARY

Elian Corporate Services (Jersey) Limited
44 Esplanade,
St Helier,
Jersey,
JE4 9WG

HONG KONG COMPANY SECRETARY

Ms. Aby Wong Po Ying
Elian Fiduciary Services (Hong Kong) Limited
11th Floor
Central Tower
28 Queen's Road Central
Central
Hong Kong

AUDITORS

JSC KPMG
Naberezhnaya Tower Complex, Block C
10 Presnenskaya Naberezhnaya
Moscow, 123317
Russia

AUTHORISED REPRESENTATIVES

Mr. Vladislav Soloviev
Ms. Aby Wong Po Ying
Mr. Eugene Choi

PRINCIPAL SHARE REGISTRAR

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street, St Helier
Jersey,
JE1 1ES

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

DEPOSITORY FOR THE GLOBAL DEPOSITARY SHARES LISTED ON EURONEXT PARIS

The Bank of New York Mellon
One Wall Street,
New York, NY 10286

AUDIT COMMITTEE MEMBERS

Dr. Peter Nigel Kenny *(chairman)*
Mr. Philip Lader
Dr. Elsie Leung Oi-sie
Ms. Olga Mashkovskaya
Mr. Daniel Lesin Wolfe
Mr. Dmitry Vasiliev

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE MEMBERS

Mr. Philip Lader *(chairman)*
Dr. Peter Nigel Kenny
Mr. Ivan Glasenberg
Mr. Mark Garber
Ms. Ekaterina Nikitina
Mr. Dmitry Vasiliev

REMUNERATION COMMITTEE MEMBERS

Dr. Elsie Leung Oi-sie (chairman)
Mr. Philip Lader
Dr. Peter Nigel Kenny
Mr. Mark Garber
Mr. Maksim Goldman
Ms. Ekaterina Nikitina

PRINCIPAL BANKERS

Sberbank
VTB Bank
ING N.V.
Gazprombank

CORPORATE BROKERS

Bank of America Merrill Lynch
Credit Suisse

INVESTOR RELATIONS CONTACT

Moscow
Boris Krasnozhenov
13/1 Nikoloyamskaya str.
Moscow 109240
Russia
Boris.Krasnozhenov@rusal.com

Hong Kong
Karen Li Wai-Yin
Suite 3301, 33rd Floor,
Jardine House
1 Connaught Place
Central
Hong Kong
Karen.Li@rusal.com

COMPANY WEBSITE

www.rusal.com