Number of students learning under the Target Recruitment Program:

Educational institutions	Number of persons 2014	2015	2016
Siberian Federal University (students from Krasnoyarsk, Sayanogorsk and Bratsk)	31	51	**44**
Irkutsk State Technical University (students from Bratsk and Irkutsk)	9	18	**16**
Ural Federal University (students from Krasnoturyinsk and Kamensk-Uralsky)	4	14	**6**
Ural State Mining University (students from Severouralsk and Kamensk-Uralsky)	4	4	**16**
Siberian State Industrial University (students from Novokuznetsk)	4	4	**15**
Kamensk-Uralsky Polytechnical College (students from Kamensk-Uralsky)	—	25	**18**
Krasnoyarsk Industrial Metallurgical College (students from Krasnoyarsk)	11	5	**11**
Volgograd State Technical University (students from Volgograd)			**9**
Total	**63**	**121**	**135**

Forming and developing the internal talent pool

In 2016, 919 reservists were trained in the following areas (including, without limitation): manager's internal and external communications; strategic team building; corporate entrepreneurship business simulation; business result focus; leader and team; and basic managerial skills training.

Training personnel within functional academies

The Company continuously develops its personnel training systems through systematising and developing professional training of workers, managers, specialists and clerks, raising the relevancy of functional academies, and creating target modular programs for business objectives. The approach to the preparation of training in areas within functional academies was revised, experts for areas were defined, and topics of training were developed. Due to the new approach to developing topics for functional academies, employees raise their skills in accordance with the Company's targets and strategy.

In 2016, the following training programs were developed (including, without limitation):

Area	Content	Number of trainees
➢**Technology**	Aluminium production technology Operation and maintenance of slab casting systems ROBOGUIDE software Training of cold metal rolling operators SysCAD software STATISTICA software ANSIS mathematical simulation software Aluminium foil rolling processes	134
➢**Quality management**	Quality tools: SPC, APQP, FMEA, MSA, 8D International quality standards: ISO 9001:2015, IATF 16949 Production process audit Internal quality standards	822
➢**Laboratory and metrology**	Control of analysis result quality in analytical control laboratories Measurement methods: development, validation (including certification) and implementation in an analytical laboratory Development, testing and application of standard material samples based on requirements of GOST 8.315-97 Metallographic control technologies Laboratory accreditation: requirements and preparation issues Analytical laboratory management system	89

Area	Content	Number of trainees
➢**Energy and repair**	Electricity and capacity markets Vibration diagnostics Energy saving and energy management Operation and safe maintenance of electrical installations at industrial production facilities Energy trading	47
➢**Health, safety and environment**	Environment management system standard: ISO 14001:2015 Atmospheric air protection Ecologist atmosphere pollution calculation program and MPE Ecologist program Subsoil use practical training Radiation safety and radiation control	47
➢**Information technology**	Cisco ORACLE C# programming SAP Transportation Management Mitel MX-ONE TSE 5.0 system VMware vSphere: Install, Configure, Manage v.6 VPLEX Management IK-OPSYS	44

Area	Content	Number of trainees
➢**Project management**	Project management Strategic thinking Theory of inventive problem solving (TIPS)	91

Training process personnel at production facilities

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

- Standard 09.8.3.1 "Internal Nonconformity Management" - 100% of personnel were trained in Casthouse 1 and Casthouse 3, Finished Products Shipment Area;
- Visits to customers;
- Business etiquette;
- ISO/TS 16949;
- Collection of a PPAP document set and its submission to customer;
- Slab production technology;
- Technology of small ingot production using a foundry alloy at a BROCHOT line;
- Transport vehicle cleanness criteria;
- Technical minimum for employees of the core production;
- Standard 09.8.3.1 "Internal Nonconformity Management. Process Organisation Requirements";
- Casting technology.

Educating the Company's employees in higher educational institutions according to bachelor, master and postgraduate programs

The Company implements modular programs of obligatory training for workers and office employees to obtain bachelor's degree in branches of the Ural Federal University, Siberian Federal University and Siberian State Industrial University in the following areas: electric installation and systems; metallurgical machines and equipment, non-ferrous metal science; non-ferrous, rare and precious metal sciences; casting technologies; and low-melting/high-melting metal science.

Besides, training programs were implemented for managers to obtain master's degrees from the Siberian Federal University in non-ferrous metal science. The presidential skills-raising program was implemented for engineering personnel in the following areas: energy efficient and environmentally friendly technologies in aluminium production; problems and prospects; advanced resource-saving technologies of aluminium reduction; skills-raising for managers and specialists in relevant functional areas.

The basic chair of the Irkutsk National Research Technical University (IrNITU) was opened by SibVAMI together with RUSAL Bratsk in Shelekhov. Work was commenced to open the basic chair of IrNITU, by SibVAMI together with CJSC Kremny in Shelekhov. Besides, work was commenced to open the basic chair of the Siberian Federal University in Achinsk at Achinsk Alumina Refinery.

Distant learning system (DLS)

Item	2015	2016
Number of production facilities and business units using DLS	54	**62**
Number of trainees through DLS	16,693	**57,257**
Number of computer trainings (courses)	over 300	**over 400**
Number of educational institutions participating in the DLS program "RUSAL - to Russian Schools"	142	**178**

Other VR learning systems

The following simulators and training facilities were developed and launched in 2016:

- Interactive simulator of the technology producing small ingots of crude aluminium at RUSAL Sayanogorsk;
- Interactive simulator of reduction technology at RUSAL Bratsk;
- Interactive simulator of ore thermal furnace control panel at SUAL-Silicon-Ural;
- Crust breaking machine simulator at SUAL-Kremny-Ural.

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 a part of the competence of the risk management group created by the Board as a 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;
- 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 Center to reduce risks and optimise the Company's insurance program;
- 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 programs.

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 programs on a quarterly and annual basis respectively.

In 2016, 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.

The net effect of the risks in the year 2016 mentioned above was positive for the Company due to the influence of high LME prices exceeding influence of negative risk outcomes such as ruble appreciation and decrease of premiums. It is important to note that gross effect of negative risk outcomes was lower than the influence of LME prices due to the efficient risk management techniques applied by the Company in accordance with the Regulation on Risk Management that was significantly updated in the year 2016. Thus, the ongoing development of risk management techniques applied to increase shareholders wealth is one of the core goals of the Company.

Contingencies

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

Tax contingencies

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 a Russian tax-resident controlling shareholder of the Company, where such shareholder controls more than 50% of the Company (starting from 2016, more than 25% of the Company or 10% where all Russian tax-resident shareholders together control more than 50% of the Company). 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 2016, the amount of claims, where management assess outflows as possible approximate USD60 million (31 December 2015: USD37 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 22 May 2017.

Profiles of Directors **and Senior Management**

6

Executive Directors

Oleg Deripaska, aged 49 ***(President, Executive Director)***
Oleg Deripaska has been an executive Director of the Company since March 2007. From January 2009 until November 2014 he was the Chief Executive Officer of the Company, and the chief executive officer and head of the Moscow Branch of RUSAL Global. In November and December 2014 Mr. Deripaska was appointed as the President of the Company and the president of Rusal Global, respectively.

From April to December 2010, Mr. Deripaska held the position of chief executive officer of En+ Management LLC. From December 2010 till July 2011, Mr. Deripaska held the position of chairman of the board of directors of En+. In July 2011, he was appointed as the President of En+ and from June 2013 until April 2014 he was the chief executive officer of En+.

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 in 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 has been 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 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 43 *(Chief Executive Officer, Executive Director)*
Vladislav Soloviev was appointed as a non-executive Director of the Company in October 2007. In April 2010 he was appointed as the First Deputy Chief Executive Officer and executive Director of the Company. In November 2014 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. 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 in December 2014.

Mr. Soloviev was born in 1973. In 1995, he graduated from the Higher School of the State Academy of Management with Honors, 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.

Siegfried Wolf, aged 59 *(Executive Director)*
Siegfried Wolf was appointed to the Board with effect from 24 June 2016. Mr. Wolf has served as the Business Development Director of Rusal Global Management BV, a Company's subsidiary, since February 2016. Since March 2010, Mr. Wolf has served as a Member of the Supervisory Board of Banque Eric Sturdza SA. Since April 2010, Mr. Wolf has served as the Chairman of the Supervisory Board of GAZ Group. Since August 2010, Mr. Wolf has served as the Chairman of the Supervisory Board of Russian Machines. Mr. Wolf has also served as a Member of the Supervisory Board of each of Continental AG and Schaeffler AG since December 2010 and December 2014, respectively. Since February 2012, Mr. Wolf has served as the Chairman of the Supervisory Board of SBERBANK Europe AG. Since June 2015, Mr. Wolf has served as a Member of the Supervisory Board of each of MIBA AG and Mitterbauer Beteiligungs AG. Mr. Wolf holds a degree in Technical Engineering from the University of Applied Sciences.

Save as disclosed in this Annual Report, Mr. Wolf 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.

Non-Executive Directors

Maxim Sokov, aged 38 *(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.

Ekaterina Nikitina, aged 43 *(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 President 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 board member of EuroSibEnergo Plc and KraMZ (both being subsidiaries of En+), from 15 March 2013 and from 7 April 2016, respectively. Ms. Nikitina had also been a director of Strikeforce Mining and Resources Plc (another subsidiary of En+) from 19 March 2013 till 3 June 2014. Ms. Nikitina is also the chairman of the remuneration committee of EuroSibEnergo Plc (a subsidiary of En+).

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.

Gulzhan Moldazhanova, aged 50 *(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. Ms. Moldazhanova was appointed to the supervisory board of STRABAG SE on 13 January 2016, after having already been a member of that board from August 2007 until April 2009. Ms. Moldazhanova ceased to be a member of the supervisory board of STRABAG SE on 6 February 2017. 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.

Olga Mashkovskaya, aged 42 *(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 also a board member of the following legal entities which Mr. Oleg Deripaska has an interest in: En+ Group Ltd, LLC "Voenno-promyshlennaya kompaniya" and LLC "Glavstroy-SPb". 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.

Maksim Goldman, aged 45 *(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 in November 2014 and also became a member of the risk committee with effect from January 2016 and the nominations and corporate governance committee of Bank of Cyprus Public Company Limited with effect from October 2015. 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 until June

2016. 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 47 *(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 the 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.

Ivan Glasenberg, aged 60 *(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.

Daniel Lesin Wolfe, aged 51 (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 board of directors of JSC "Quadra — Power Generation", Onexim Group Limited's public utility company, where he served on the management board from 2011 to 2014. Since 2015, he has also served on Quadra's audit committee. 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 serves on the Board of Directors of Renaissance Capital since 2014. In 2015 he joined the board of directors of Onexim Sports and Entertainment Holdings USA, Inc., Brooklyn Basketball Holdings LLC and Brooklyn Arena, LLC.

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 was a member of the New York Bar.

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.

Marco Musetti, aged 48, *(Non-executive Director)*
Marco Musetti was appointed as a member of the Board with effect from 15 December 2016.

Mr. Musetti has been a Senior Officer at Renova Management AG, an investment management company based in Zurich, Switzerland since 2007. He currently serves as Managing Director Investments of Renova Management AG. Mr. Musetti has also been serving as a member of the board of directors of Sulzer AG since 2011 and on the board of directors of Schmolz + Bickenbach AG since 2013.

Mr. Musetti was a member of the board of directors of CIFC Corp. from January 2014 to November 2016. Mr. Musetti was COO and deputy CEO of Aluminium Silicon marketing (Sual Group) from 2000 to 2007, Head of Metals and Structured Finance Desk for Banque Cantonale Vaudoise from 1998 to 2000, and Deputy Head of Metals Desk for Banque Bruxelles Lambert from 1992 to 1998.

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

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

Independent non-executive Directors

Philip Lader, aged 71 *(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 77 ***(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 and an independent non-executive director of China Life Insurance Company Limited, a company listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange and New York Stock Exchange, with effect from 20 July 2016.

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 61 ***(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 until 23 May 2016, has been the Managing Director of Nord Stream AG (Switzerland). Since September 2015 he holds a position of the CEO of Nord Stream 2 AG (Switzerland). Since 2003 to 2015 he has been a member of the Board of Directors of JSC "Bank "Rossija". Since 2014 to 2016, 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 to 2015, he has been President of the Board of Directors of GAZPROM Schweiz AG (Switzerland) and starting 2015 continues to serve as a member of the Board. 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 59 ***(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 54 ***(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 the Public Joint Stock Company "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).

Mr. Vasiliev works as the Managing Director of the Institute of Corporate Law and Corporate Governance since April 2009. Mr. Vasiliev serves on the supervisory board of Public Stock Corporation Bank "Financial Corporation Otkrytie" since February 2013 and on the supervisory board of the Non-Commercial Partnership "National Pension Association" since December 2013. He served on the Board of Directors of U.S.-Russia Foundation for Economic Advancement and the Rule of Law (USRF) since 13 January 2012 till 4 December 2015. He served as independent non-executive director on the supervisory board of JSC "RKS -Management" since 28 June 2013 till 31 December 2015 and serves as independent non-executive director on the supervisory board of the LLC "RKS – Holding" since 28 June 2013.

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.

Bernard Zonneveld, aged 60 ***(Independent non-executive Director)***
Bernard Zonneveld was appointed as a member of the Board with effect from 24 June 2016.

Since February 2017, Mr. Zonneveld was appointed Non-Executive Partner of Capitalmind, a corporate finance advisory firm of the Netherlands.

From August 2014 till 1 January 2015, Mr. Zonneveld served as the Head of ING Eurasia at ING Bank's Commercial banking division in Amsterdam. In May 2007 Mr. Zonneveld was appointed as Managing Director/Global Head of Structured Metals & Energy Finance at ING Bank's Commercial banking division in Amsterdam. Mr. Zonneveld joined ING Group in 1993 and since then he has held various senior positions, including Managing Director/Global Co-Head of Commodities Group, Managing Director/Global Head of Structured Commodity Finance and Product Development and Director/Head of Structured Commodity & Export Finance. He has served as Chairman of the Netherlands-Russian Council for Trade Promotion, a member of the Dutch Trade Board, a member of the Russian committee and a member of the Board of the Netherlands-Ukraine Council for Trade Promotion. He holds a master's degree in business law from Erasmus University in Rotterdam.

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

Mr. Zonneveld was independent from and not related to any other Directors, members of senior management, substantial shareholders or controlling shareholders of the Company.

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
Ivan Glasenberg		X			X		X
Daniel Lesin Wolfe	X				X		X
Matthias Warnig					C		C
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		X
Vladislav Soloviev				X			X
Mark Garber		X	X	C			X
Olga Mashkovskaya	X						
Ekaterina Nikitina		X	X				
Bernard Zonneveld	C	X	X	X			
Siegfried Wolf							
Marco Musetti						X	

Notes:

C – Chairman

X – member

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

Senior Management

Alexandra Bouriko, aged 39 *(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, Alexandra Bouriko had been serving on the board of UC RUSAL.

From November 2012 to October 2013, Alexandra 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, Alexandra Bouriko spent 16 years with KPMG in Russia and Canada; since 2005 she held the position of Partner at KPMG.

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

Alexandra graduated from the economic faculty of the 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 42 *(Deputy CEO, Director for new projects)*
Alexey Arnautov was appointed as the Head of New Projects Directorate in February 2014.

Prior to that appointment Mr. Arnautov held an office of Director of the Aluminium Division West since July 2010. From March 2009 until July 2010 Mr. Arnautov assumed the role of acting director of the Aluminium Division of the Moscow Branch of RUSAL Global. Prior to that appointment, Mr. Arnautov was financial director of the Aluminium Division from April 2006. From November 2004 until April 2006, he was the director of the financial department of the 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 the Donbass State Academy of Construction and Architecture with a degree in engineering and construction in 1996. He received a degree with honors from the International Academy of Entrepreneurship in 1998 and an MBA in Economics from the Institute of Business and Economics at California State University in 2004.

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

Evgeny Nikitin, aged 51 *(Head of Aluminium Division)*
Evgeny Nikitin was appointed RUSAL's Head of Aluminium Division in January 2014.

Before that he held an office of Director of Aluminium Division East since October 2013.

Prior to that appointment Mr. Nikitin was the Managing Director of KrAZ, one of the world's largest aluminium production facilities. From 2007 to 2010, he was managing director of the SAZ after beginning his career with RUSAL as a pot operator back in 1993.

Evgeny 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 42 *(Head of Russia and CIS Sales)*
Roman Andryushin was appointed Head of Russia and CIS Sales Directorate in February 2014.

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

From 2007 until 2014 Roman 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. In this position he was involved in creation of an efficient sales organization, relations with key customers, optimization of supply chain, increase of value-added products sales and immediately responsible for operational management of RUSAL's export sales.

In 2003 - 2007 Roman Andryushin worked as CFO with ZAO '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 with the Belaya Kalitva metallurgical complex.

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

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

Dmitry Bondarenko, aged 38 *(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 organization of production and logistics as well as for the quality management system.

Between 2009 and 2010 Dmitry Bondarenko was 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.

Dmitry Bondarenko graduated with honors 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.

Anton Bazulev, aged 45 *(Director, International Projects)*
Anton Bazulev was appointed as the Director, International Projects in January 2017.

He is responsible for the political support of international activities, trade policy development and strategic relations with stakeholders including government' bodies and industry associations in the countries of presence and major markets.

From 2013 to 2016, Anton Bazulev was the Director of External Relations, United Metallurgical Company (OMK).

From 2004 to 2013, Anton Bazulev was the Director for External Communications with the largest Russian steel company Novolipetsk (NLMK) responsible for the corporate profile with both international and Russian stakeholders with government relations, investor relations and PR functions under direct supervision.

From 2001 to 2004, Mr. Bazulev headed the Government Relations Department with the industry organization "Russian Steel" uniting all major producers steel in Russia and was an Assistant to Vice-President of Cherkizovsky Group, a largest Russian meat processor.

From 1993 through 2001, Anton Bazulev served in the Ministry of Foreign Affairs of Russia in various positions specialized in economic and multi-lateral diplomacy with EU, OECD, Council of Europe and served in the first Permanent Mission of Russia to NATO (1996-2001) in Brussels, Belgium.

Anton Bazulev graduated from Moscow State University majoring in international economic, social and political geography.

Mr. Bazulev 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 62 *(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 deputy general director for economic security at Irkutskenergo JSC 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 58 *(Technical Director)*
Victor Mann has been Technical Director of the Company 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 Victor 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 Victor Mann was promoted from Design Engineer to Head of Automation with the Krasnoyarsk smelter.

Victor Mann was awarded the Order of Merit for the Fatherland and is on the list of Honorable 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 50 *(Director, Sales and Marketing)*
Steve Hodgson was appointed as Director for Sales and Marketing in September 2012. He is responsible for developing Company's positions in the key aluminium markets, building and strengthening the Company's global customer relations.

From June 2010 until September 2012 Mr. Hodgson was Director for International Sales.

Before taking up that role, from 2007 until 2010 Mr Hodgson was CEO and President of the Bauxite and Alumina Division of Rio Tinto Alcan. During that period he also held the post of President of the Australian Aluminium Council. Prior to that, 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.

Steve Hodgson holds an honors 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 40 *(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 50 *(Head of Alumina Division)*
Yakov Itskov was appointed RUSAL's Alumina Division director in September 2014.

From January 2013 until September 2014 Mr. Itskov was the Company's Director of Procurement and Logistics.

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.

Yakov Itskov became the first Vice President of RussNeft in 2009 and held that position until 2010. From 2008 to 2009, he was General Director of BazelDorStroy LLC and between 2007 and 2008 he was the General Director of 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 OAO Russian Aluminium.

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

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

Petr Maximov, aged 44 ***(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 43 ***(Director for Strategy, Business Development and Financial Markets)***
Oleg Mukhamedshin was appointed as the 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.

Oleg 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 program.

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

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

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

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

Oleg Mukhamedshin was born in 1973.

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

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 57 *(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, modernization and new technology implementation projects.

From 2008 to 2011 Alexey 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, Alexey 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, Alexey 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, Alexey 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 43 *(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, Sergey Goryachev worked as the first Deputy CEO of GROSS – Group of Alcohol-producing companies (originally ROSSPIRT-PROM) and beforehand at other positions for 8 years.

Sergey Goryachev holds a degree in Geology from the Moscow State Mining University and a financial degree from the 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 43 ***(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 programs 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.

Natalia 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 46 ***(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 programs. 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 Honors 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 47 ***(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 organizations.

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 the 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 46 *(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 optimization 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.

Maxim 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 45 *(Director, Energy business)*

Pavel Ulyanov was appointed Head of the Energy Division of the Company in March 2007. His responsibility is to create an energy base that provides the Group with energy self-sufficiency for aluminium production, to search for new energy resources and opportunities for further business development.

From December 2004, Pavel 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.

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

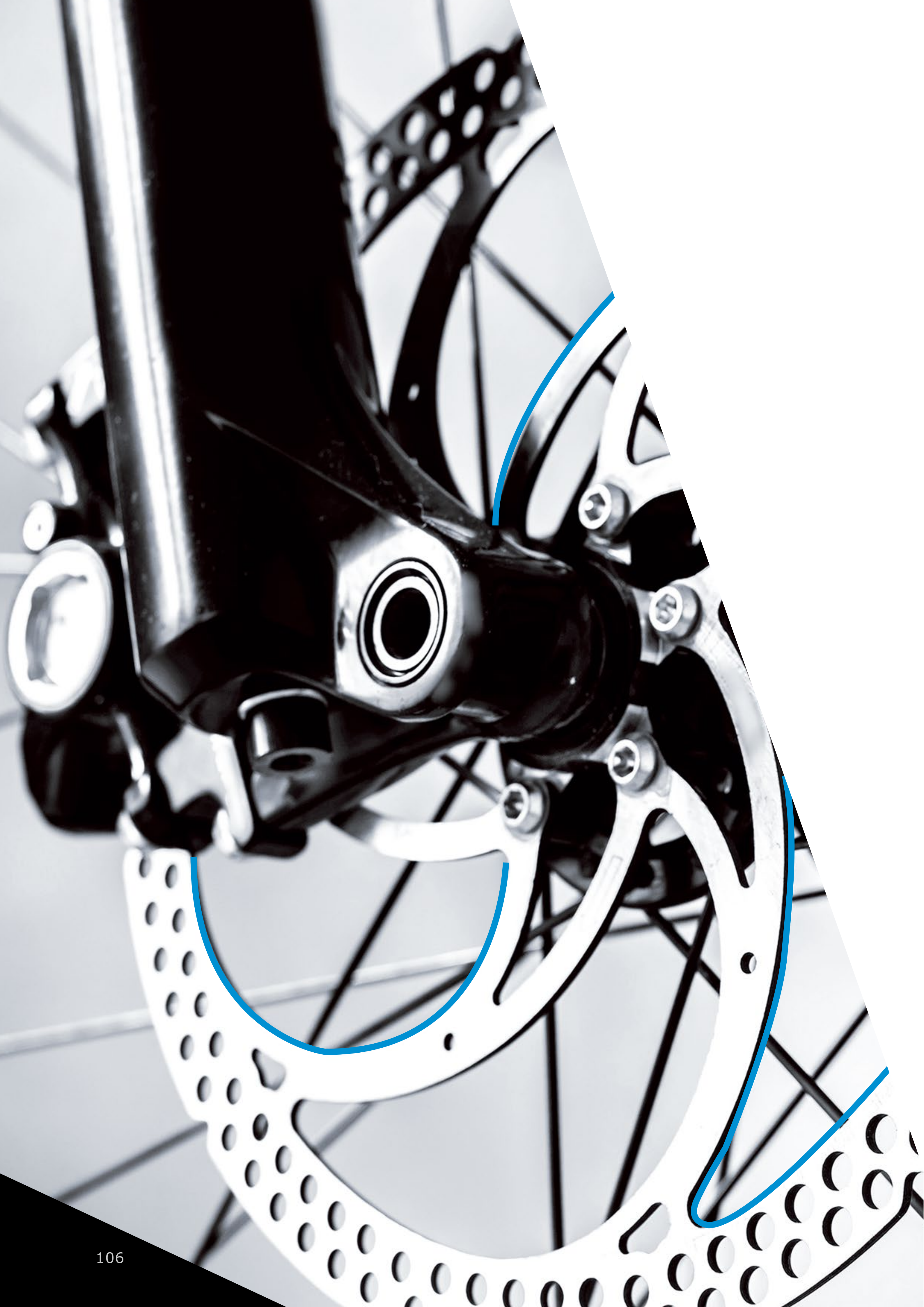
Mr. Ulyanov was independent from and not related to the Directors, any other members of senior management, substantial shareholders or controlling shareholders of the Company as at the end of the financial year.

Alexander Gutorov, aged 44 ***(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, Alexander 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 Alexander 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, Alexander 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 November 24th, 2014, Alexander Gutorov was appointed the Director of Business Support for the whole Group.

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 51 ***(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.



Director's **Report**

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The Directors are pleased to present the 2016 Annual Report and the audited consolidated financial statements of the UC RUSAL Group for the year ended 31 December 2016.

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 2016 are set out in the consolidated financial statements on pages 203 to 311.

3 Business Review

Please refer to the section headed "Business Overview" and "Management Discussion and Analysis" on pages 19 to 85 for further information on the review of the Group's business.

4 Dividends

The Directors approved an interim dividend for the financial year ended 31 December 2016 of US Dollar 0.01645 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 3 October 2016 and to the shareholders registered in the Hong Kong overseas branch register of shareholders of the Company at 4:30pm Hong Kong time on 3 October 2016. The interim dividend was paid on 31 October 2016 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 7.7240 as published by Hong Kong Association of Banks on 29 September 2016.

5 Reserves

The Directors propose to transfer the amount of USD2,139 million to reserves within the meaning of Schedule 4 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The amount of the reserves available for distribution to shareholders as at 31 December 2016 was USD9,529 million.

6 Fixed assets

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

7 Share capital

Share repurchases

Neither the Company nor any of its subsidiaries purchased, redeemed nor sold any of the Shares during the financial year ended 31 December 2016.

Share issues

No Shares were issued/allotted by the Company during the financial year ended 31 December 2016.

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	Utilization during the financial year
Issue of Shares			
A general and unconditional mandate was given to the Company and to the Directors on behalf of the Company on 24 June 2016, the date of the 2016 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, 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 2016, 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 Directors' Report section of the annual report for the year ended 31 December 2016 differ from the related party transaction disclosures included in note 5, note 6 and note 25 of the consolidation financial statements. Differences arise as the definition of continuing connected transactions does not include operations with Glencore 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;

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

The Company's auditors were engaged to report on the Group's continuing connected transactions for the year ended 31 December 2016 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 JSC "SUAL" entered into three long-term electricity and capacity supply contracts on 4 December 2009, 1 December 2009 and 15 November 2009 respectively. Under each of these contracts, 50% of the price must be paid before the 15th day of the month of supply and the remaining 50% of the price must be paid before the 25th day of the month of supply. The amount to be paid is satisfied in cash via wire transfer and is based on the estimated consumption of the Group as mutually agreed between the parties. The final settlement is made by the parties in the month following the month of supply. JSC "SUAL" and BrAZ each concluded the contracts with JSC Irkutskenergo for the period from 2010 to 2018. On 31 December 2014, JSC "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 JSC "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 Company's circular dated 11 October 2016, certain members of the Group entered into three new long-term electricity supply agreements to replace the abovementioned long-term electricity and capacity supply contracts. The cost of electricity to be supplied is based on a formula which is tied to the market prices of electricity at discount. For details of the formula, please refer to the Company's circular dated 11 October 2016. One of the three new long-term electricity supply agreements, the one between RUSAL Energo Limited Liability Company and EuroSibEnergo Joint Stock Company dated 28 October 2016, took effect from 1 November 2016.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2016 under the contract between BrAZ and Irkutskenergo was USD142.3 million.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2016 under the contract between BrAZ (replaced JSC "SUAL" pursuant to an addendum dated 31 December 2014) and JSC Irkutskenergo was USD69.4 million.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2016 under the contract between KrAZ and Krasnoyarskaya HPP was nil.

The actual monetary value of electricity purchased for the year ended 31 December 2016 under the contract between RUSAL Energo Limited Liability Company and EuroSibEnergo Joint Stock Company was USD27.2 million.

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, SAZ, NkAZ, "RUSAL Energo" LLC and JSC "SUAL" entered into, from time to time in the financial year ended 31 December 2016 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", and JSC "EuroSibEnergo". The electricity and capacity supplied under these short-term electricity and capacity supply contracts are derived from the plants operated by JSC Irkutskenergo, JSC "EuroSibEnergo" 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 capacity to be sold at tariffs prescribed by the Russian authorities and calculated on the basis of the mechanism approved by the Russian 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 SU-Silicon LLC, OJSC RUSAL SAYANAL, OJSC "Ural Foil", JSC "RUSAL Krasnoyarsk" and JSC "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 (and/or addendums to those contracts) with LLC MAREM+ (formerly CJSC MAREM+ until 3 August 2015), a company controlled by En+, and LLC "MAREM+K", a subsidiary of LLC MAREM+, 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/addendums 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 2016, members of the Group have from time to time entered into short-term electricity and capacity supply contracts and/or addendums to those 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/addendums 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 2016 under the contracts/addendums with JSC Irkutskenergo, LLC "Avtozavodskaya CHP", LLC MAREM+ (including LLC "MAREM+K", which is a subsidiary of LLC MAREM+), JSC "EuroSibEnergo" and Irkutskenergosbyt LLC was 106.8 million.

Miscellaneous electricity and capacity transmission contracts

The Group has also entered into miscellaneous electricity and capacity transmission contracts and/or addendums to those contracts with Joint Stock Company "Irkutsk Electronetwork Company" (**JSC "IENC"**) 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 2016.

The consideration under such miscellaneous electricity and capacity transmission contracts/addendums 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/addendums 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 2016 under these contracts/addendums with companies controlled by En+ was USD126.1 million.

Long-term capacity RSE contracts

The Group also entered into the capacity supply from renewable sources of energy contracts with a term of 15 years with companies controlled by En+ as sellers, including Krasnoyarskaya HPP, from time to time during the year ended 31 December 2016.

Long-term capacity RSE contracts are entered into in accordance with the governmental regulations requiring all participants in the electric energy wholesale market to purchase capacity by entering into standard form of contracts, the terms (including the mechanics of price determination and duration of contract of 180 months) of which are determined by the Market Council and which are published on the website of the Market Council. All the terms and conditions of the long-term capacity RSE contracts are regulated by the legislation and neither a supplier nor a buyer under such contract can amend them. The exact capacity volume to be supplied under the contract and its value is determined by the TSA. The payment is made via bank transfer using the special bank accounts of the parties under the TSA's instructions. Therefore, the Group does not have information regarding payment on the instant. Notifications from the TSA on the volumes supplied and payments made are submitted to the parties at a later stage. The price of capacity to be sold under the long-term capacity RSE contracts is determined by the TSA in accordance with procedures established by the rules of determination of the price of capacity of the generating facilities using renewable energy sources, approved by the Resolution of the Government of the Russian Federation and the Wholesale Market Rules the details of which were set out in the Company's circular dated 11 October 2016.

On 30 March 2016 the TSA on behalf of "RUSAL Energo" LLC entered into the long-term capacity RSE contract with Krasnoyarskaya HPP.

The actual monetary value of electricity and capacity purchased for the year ended 31 December 2016 under the long-term capacity RSE contracts with Krasnoyarskaya HPP was USD0.9 million.

The aggregate consideration for the long-term and short-term electricity and capacity supply contracts, long-term capacity RSE contracts together with the miscellaneous electricity and capacity transmission contracts between the Group and the associates of En+ for the year ended 31 December 2016 was USD472.7 million, which is within the annual cap of USD1,155 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 2016.

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 (ceased to be a connected party since 11 March 2016), (iv) members of the group of Public Joint Stock Company "GAZ" (the "**GAZ Group**") including LLC GAZ, "GAZ Group Autocomponents" LLC, JSC "UMZ", J-S.C. AVTODIZEL (YaMZ), 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 (ceased to be a connected party since 11 March 2016), members of the GAZ Group including LLC GAZ, "GAZ Group Autocomponents" LLC, JSC "UMZ", J-S.C. AVTODIZEL (YaMZ) and JSC "URAL Motor Vehicles Plant" and JSC "Barnaultransmash", 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 2016 amounted to USD126.0 million. The consideration was satisfied in cash via wire transfer.

(b) Members of GAZ Group and JSC Barnaultransmash

On 1 June 2016, RUSAL RESAL entered into a contract for supply of secondary aluminium to J-S.C. AVTODIZEL (YaMZ) for the period until 31 December 2016, at arm's length prices defined on monthly basis. The payment under the contract is made by 100% advance payment.

On 1 June 2016, RUSAL RESAL entered into a contract for supply of secondary aluminium to "GAZ Group Autocomponents" LLC for the period until 31 December 2016, at arm's length prices defined on monthly basis. The terms of payment were 100% advance payment.

The total consideration for the aluminium supplied under these contracts to the members of GAZ Group for the year ended 31 December 2016 amounted to USD0.2 million. The consideration was satisfied in cash via wire transfer.

On 1 January 2013, the Group, acting through UC Rusal TH, entered into framework agreements with members of GAZ Group (including J-S.C. AVTODIZEL (YaMZ), OJSC Automobile Plant URAL, JSC UMZ and JSC Barnaultransmash), under which the Group agreed to supply aluminium and alloys at arm's length prices defined on monthly basis until 31 December 2015. The payment under the contract was made by 100% advance payment. The said agreements were extended to 28 February 2016 for the three years ended 31 December 2013, 2014 and 2015 and the two months ended 29 February 2016, the Group, acting through UC Rusal TH, signed addenda to these agreements on sale of aluminium and alloys with J-S.C. AVTODIZEL (YaMZ), OJSC Automobile Plant URAL, JSC UMZ, and JSC Barnaultransmash; The Company also signed similar contracts in 2016. The total consideration for the aluminium supplied under these addendums to the members of GAZ Group during the year ended 31 December 2016 amounted to USD8.5 million. The consideration was satisfied in cash via wire transfer.

On 3 March 2016, the Group, acting through UC Rusal TH, entered into framework agreements with members of the GAZ Group, under which the Group agreed to supply aluminium and alloys at market prices defined on monthly basis until December 31, 2016, where the price for alloys is defined in accordance with the formula the details of which were stated in the Company's circular dated 11 October 2016. The total consideration for the aluminium supplied under these framework agreements to the members of GAZ Group during the year ended 31 December 2016 amounted to nil.

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, JSC "UMZ", J-S.C. AVTODIZEL (YaMZ) and JSC "URAL Motor Vehicles Plant". On 1 January 2016 the addendums to these contracts were entered into to prolong their terms for 2 months. In March 2016 new contracts between UC RUSAL TH and the companies of GAZ Group mentioned above were entered into until 31 December 2016, the consideration was to be paid within 20 business days from shipment.

The total consideration for the aluminium supplied under these addendums to the members of GAZ Group during the year ended 31 December 2016 amounted to nil. The consideration was satisfied in cash via wire transfer.

The total consideration for the aluminium supplied under these contracts to the members of GAZ Group for the year ended 31 December 2016 amounted to USD8.7 million. The consideration was satisfied in cash via wire transfer.

(c) DOZAKL (ceased to be a connected party since 11 March 2016)

On 14 December 2006, the Group through UC RUSAL TH, entered into a long-term contract to supply aluminium to DOZAKL (ceased to be a connected party since 11 March 2016) 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 2016 amounted to nil.

On 1 January 2016, UC RUSAL TH, a wholly-owned subsidiary of the Company, entered into a contract to supply aluminium tape to DOZAKL (ceased to be a connected party since 11 March 2016) at arm's length prices tied to the price of aluminium on the LME. The term of this contract commences from 1 January 2016 to 31 December 2016. The consideration was to be paid within 30 days from delivery.

The consideration for the aluminium tape supplied under this contract to DOZAKL (ceased to be a connected party since 11 March 2016) during the year ended 31 December 2016 (since 1 January 2016 till 11 March 2016) amounted to USD0.6 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 2016 was approximately USD135.3 million, which was within the annual cap of USD961 million as approved by the independent shareholders of the Company for such type of continuing connected transactions for the year ended 31 December 2016.

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

Mr. Len Blavatnik ("**Mr. Blavatnik**"), being a former 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 Close 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 2016 USD million (excluding VAT)
UC RUSAL TH	Doncarb Graphite	19.01.2016 (addendum to contract dated 28.11.2014)	Up to 31.03.2016	Graphitized electrodes	Within 20 calendar days upon delivery	0
UC RUSAL TH	CJSC "EPM-NovEP"	19.01.2016 (additional agreement to contract dated 18.06.2013)	Up to 31.12.2016	Graphitized electrodes	Within 30 calendar days upon delivery	3.6
UC RUSAL TH	PJSC "EPM - NEP"	19.01.2016 (additional agreement to contract dated 20.02.2013)	Up to 31.12.2016	Graphitized electrodes	Within 30 calendar days upon delivery	2.4
UC RUSAL TH	CJSC "EPM-NovEP"	01.04.2016	Up to 31.12.2016, can be extended by the parties by way of an addendum	Calcined petroleum coke	Within 3 calendar days from the date of receipt	1.8

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 2016 USD million (excluding VAT)
UC RUSAL TH	PJSC "EPM-CheEP"	05.05.2016	Up to 31.12.2016	Anode blocks	Within 30 calendar days upon delivery	12.5
UC RUSAL TH	Doncarb Graphite	06.07.2016 (addendum to the contract dated 28.11.2014)	Up to 31.12.2016	Graphitized electrodes	Within 20 calendar days upon delivery	0.1
UC RUSAL TH	CJSC "EPM-NovEP"	15.11.2016 (supplementary agreement no. 3 to annex 6 dated 19.01.2016 to the original contract dated 18.06.2013)	Up to 31.12.2016	Graphitized electrodes	Within 30 calendar days upon delivery	0.5
Total:						**20.9**

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 2016 amounted to USD20.9 million which was within the maximum aggregate consideration of USD27.73 million for 2016 as disclosed in the announcement dated 16 November 2016.

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

As discussed above, each of CJSC "EPM-NovEP" and PJSC "EPM-NEP" is an associate of Mr. Blavatnik. Accordingly, the purchase of raw materials contracts, discussed below, between members of the Group as buyers and each of CJSC "EPM-NovEP" and PJSC "EPM-NEP" as seller, for the purposes of the Group's repair program, 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 (for the contract number 2 in the table below – approximately 1% of consideration was satisfied by set-off).

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 2016 USD million (excluding VAT)
1	JSC SUAL branch "KAZ-SUAL"	CJSC "EPM-NovEP"	On or around 30.12.2015	Cathode blocks and carbon mass	Up to 31.12.2017	Payment within 45 calendar days after actual delivery	0.9
2	RUS-Engineering LLC	CJSC "EPM-NovEP"	21.12.2015	Cathode blocks and carbon paste	Up to 31.12.2017	Payment within 45 calendar days after actual delivery	24.6
3	RUS-Engineering LLC	CJSC "EPM-NovEP"	26.04.2016	Furnace blocks	Up to 31.12.2016	Payment within 45 calendar days after actual delivery	0.1
4	RUS-Engineering LLC	PJSC "EPM-NEP"	17.05.2016	Graphitized Electrodes	Up to 31.12.2016 (can be automatically extended to 31.12.2018, subject to the entering into additional contracts for 2017 and 2018	Payment within 45 calendar days after actual delivery	0.1
5	RUS-Engineering LLC	PJSC "EPM-NovEP"	12.07.2016	Thermoanthracite	Up to 31.12.2016 (automatic renewal up to 3 years)	Payment within 30 calendar days from the date of shipment	0
6	RUS-Engineering LLC	PJSC "EPM-NEP"	31.08.2016 (addendum to the contract dated 17.05 2016)	Graphitized Electrodes	Up to 31.12.2016 (automatic renewal up to 3 years)	Payment within 45 calendar days after delivery	0

	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 2016 USD million (excluding VAT)
7	JSC SUAL branch "KAZ-SUAL"	CJSC "EPM-NovEP"	01.10.2016 (addendum to the contract dated 30.12 2015)	Cathode blocks and carbon mass	Up to 31.12.2016	Payment within 45 calendar days after delivery	0
8	RUS-Engineering LLC	PJSC "EPM-NEP"	24.10.2016 (addendum to the contract dated 17.05 2016)	Graphitized Electrodes	Up to 31.12.2016 (automatic renewal up to 3 years)	Payment within 45 calendar days after delivery	0
9	Closed Joint-Stock Company "Kremniy"	CJSC "EPM-NovEP"	28.12.2016	Electrode paste	Up to 31.12.2016. If one month before the expiration of the contract, neither party has not declared its termination, the contract will be extended for a period of one year	Payment within 30 calendar days from the date of shipment	0
	Total						**25.7**

The aggregate consideration for the raw materials supplied under these contracts by the associates of Mr. Blavatnik during the year ended 31 December 2016 amounted to USD25.7 million, which was within the maximum aggregate consideration of USD28.69 million for 2016 as disclosed in the announcement dated 29 December 2016.

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 a 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 are 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 2016 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.	32.7
Total:					**32.7**

The aggregate consideration for the raw materials supplied under these contracts by BCP during the year ended 31 December 2016 amounted to USD32.7 million which was within the maximum aggregate consideration of USD87.3 million for 2016 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**"), "GAZ Group Autocomponents" LLC 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**"), LLC KraMZ, LLC "Sorskiy ferromolibdenoviy zavod", 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 KraMZ, LLC "Sorskiy ferromolibdenoviy zavod" 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 or by mutual settlements of counter obligations.

The details of these contracts are set out below:

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 2016 USD million (excluding VAT)
LLC "Sorskiy ferromolibdenoviy zavod"	RUSAL TH	17.12.2015	Silicon	Up to 31.12.2016	100% payment within 30 days from date of shipment	0
KraMZ-Auto	RUSAL Krasnoyarsk Aluminium Smelter Joint Stock Company	On or around 30.12.2015	Petrol, diesel fuel, oil, lubricants	Up to 31.12.2016 (Note 3)	Payment by the 15th day of the month following the month of delivery	0
KraMZ-Auto	RUSAL Bratsk Aluminium Smelter Open Joint Stock Company	29.12.2015	Petrol, diesel fuel, oil, lubricants	Up to 31.12.2016 (Note 3)	Payment within 10 working days after actual delivery or by mutual settlement if there are counter-obligations	0
KraMZ-Auto	RUSAL Sayanogorsk Aluminium Smelter Joint Stock Company	28.12.2015	Petrol, diesel fuel, oil, lubricants	Up to 31.12.2016 (Note 3)	Payment after actual delivery and no later than 10 working days after receipt of invoice	0.2
Stroyservice	RUSAL Sayanogorsk Aluminium Smelter Joint Stock Company	28.12.2015	Petrol, diesel fuel, lumber and building materials	Up to 31.12.2016 (Note 3)	Payment after actual delivery and no later than 10 working days after receipt of invoice	1.6
Achinsk Cement	RUSAL Achinsk OJSC	29.12.2015	Limestone	Up to 31.12.2016 (Note 3)	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	2.6

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 2016 USD million (excluding VAT)
Achinsk Cement	RUSAL Achinsk OJSC	29.12.2015	Nepheline sludge	Up to 31.12.2016 (Note 3)	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	0.4
Achinsk Cement	RUSAL Achinsk OJSC	29.12.2015	Pulverized coal	Up to 31.12.2016 (Note 3)	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	5
Achinsk Cement	RUSAL Achinsk OJSC	29.12.2015	Clay from overburden	Up to 31.12.2016 (Note 3)	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	0.1
Achinsk Cement	RUSAL Achinsk OJSC	29.12.2015	Diesel fuel	Up to 31.12.2016 (Note 3)	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 no later than last business day of previous week	0

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 2016 USD million (excluding VAT)
Achinsk Cement	RUSAL Achinsk OJSC	29.12.2015	Heating oil	Up to 31.12.2016 (Note 3)	Payment for first week should be made no 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 no later than last business day of previous week	0.1
Achinsk Cement	RUSAL Achinsk OJSC	29.12.2015	Coal	Up to 31.12.2016 (Note 3)	Payment for first week should be made no 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 no later than last business day of previous week	0
LLC "Sorskiy ferromolibdenoviy zavod"	RUSAL TH	26.01.2016 (addendum to the contract dated 02.09.2015)	Aluminium powder grade APG	Up to 31.12.2016 (Note 2)	100% payment within 30 days from date of shipment	0.8
"GAZ Group Autocomponents" LLC	RUSAL TH	04.02.2016 (addendum to the contract dated 08.04.2015)	Silicon	Up to 31.12.2016 (Note 2)	100% prepayment	0.1

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 2016 USD million (excluding VAT)
"Glavstroi Ust-Labinsk" Ltd.	RUSAL TH	04.02.2016 (addendum to the contract dated 06.02.2015)	Granules of high purity aluminium	Up to 31.12.2016 (Note 2)	100% prepayment	0.3
LLC KraMZ	RUSAL TH	02.03.2016 (addendum to the contract dated 01.01.2015)	Silicon	Up to 31.12.2016 (Note 2)	100% prepayment	0.3
JSC "Irkutskenergo"	CJSC "Kremniy"	14.03.2016	Coal sweepings	Up to 31.12.2016	Payment to be made within 10 days from the date of issuance of the invoice	0
Achinsk Cement	JSC RUSAL Achinsk	05.09.2016 (additional agreement to the contract dated 22.12.2014)	Limestone	Up to 31.12.2016	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 the previous week.	0
Achinsk Cement	JSC RUSAL Achinsk	05.09.2016 (additional agreement to the contract dated 22.12.2014)	Clay from overburden	Up to 31.12.2016	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 the previous week.	0

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 2016 USD million (excluding VAT)
"GAZ Group Autocomponents" LLC	RUSAL TH	12.09.2016 (addendum to the contract dated 08.04.2015)	Silicon	Up to 31.12.2016 (Note 2)	100% prepayment	0
"GAZ Group Autocomponents" LLC	RUSAL TH	18.10.2016 (addendum to the contract dated 08.04.2015)	Silicon	Up to 31.12.2016 (Note 1)	100% prepayment.	0
KraMZ-Auto	JSC "RUSAL Bratsk" (branch in Shelekhov)	21.12.2016	Gasoline, diesel fuel, oil and grease	Up to 31.12.2017	Payment is due upon delivery within 10 business days, or by the netting of counter-obligations	0
Total						**11.5**

Notes:
1. The contract may be extended automatically for the following calendar year.
2. The contract will be renewed for one year automatically if neither party declares its intention in writing to terminate the contract.
3. The contract may be extended by further agreement between the parties.

The aggregate consideration for the raw materials supplied under these contracts to the associates of Mr. Deripaska/En+ during the year ended 31 December 2016 amounted to USD11.5 million, which was within the maximum aggregate consideration of USD16.276 million for 2016 as disclosed in the announcement dated 30 December 2016.

G 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 each of OJSC Otdeleniye Vremennoy Expluatatsii ("**OVE**") and JSC Irkutskenergotrans, thus each of OVE and JSC Irkutskenergotrans is also an associate of En+ and of Mr. Deripaska. Each of KraMZ-Auto, OVE and JSC Irkutskenergotrans 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 or JSC Irkutskenergotrans on the other, as discussed below, constitute continuing connected transactions for the Company under the Listing Rules. Pursuant to these contracts, KraMZ-Auto, OVE and JSC Irkutskenergotrans 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 or set-off of obligations.

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 2016 USD million (excluding VAT)
KraMZ-Auto	Sayanogorsk Railcar Repair Works Limited Liability Company	01.01.2015	Up to 31.12.2017	Payment within 10 days of receipt of the invoice	0
KraMZ-Auto	RUSAL Sayanogorsk Aluminum Smelter Open Joint-Stock Company	01.01.2015	Up to 31.12.2017	Payment within 10 calendar days of receipt of the invoice	1.3
KraMZ-Auto	RUSAL Sayanogorsk Aluminum Smelter Open Joint-Stock Company	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 Open Joint-Stock Company	01.01.2015	Up to 31.12.2017	Payment within 10 calendar days of receipt of the invoice	1.9
KraMZ-Auto	RUSAL Krasnoyarsk Aluminium Smelter Open Joint-Stock Company	01.01.2015	Up to 31.12.2017	Payment within 10 calendar days of receipt of the invoice	0.6
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	1.8
KraMZ-Auto	Sayanogorsk Railcar Repair Works Limited Liability Company	01.01.2015	Up to 31.12.2017	Payment within 10 calendar days of receipt of the invoice	0
OVE	RUSAL Sayanogorsk Aluminium Smelter Open Joint Stock Company	28.12.2015	Up to 31.12.2016	Payment within 10 working days after receipt of invoice	3.3
KraMZ-Auto	OJSC "RUSAL SAYANAL"	28.12.2015	Up to 31.12.2016	Payment within 15 days after receipt of invoice	0.1

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 2016 USD million (excluding VAT)
KraMZ-Auto	Limited Liability Company "IT-Service"	On or around 30.12.2015 (addendum to the contract dated 01.01.2015)	Up to 31.12.2017	Payment within 60 days of signing of service acceptance by both parties and submission of original invoices	0
KraMZ-Auto	RUS-Engineering LLC	28.12.2015	Up to 31.12.2016	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	0.1
KraMZ-Auto	RUS-Engineering LLC	28.12.2015	Up to 31.12.2016	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	0.3
KraMZ-Auto	OJSC "RUSAL SAYANAL"	19.01.2016	Up to 31.12.2016	Payment within 10 days after receipt of invoice	0
OVE	OJSC "RUSAL SAYANAL"	On or around 20.01.2016	Up to 31.12.2016 (will be extended for one year unless any party choose to terminate one month prior to expiry)	Payment within 10 working days after receipt of 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 2016 USD million (excluding VAT)
KraMZ-Auto	RUS-Engineering LLC(Branch in Krasnoyarsk)	03.03.2016	Up to 31.12.2016	Payment to be made in two equal installations of 50% of the total amount, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after the receipt of the original copy of the invoice for the total amount of services performed and accepted, on the basis of performed works acceptance certificates signed by the parties	0.6
KraMZ-Auto	RUS-Engineering LLC	05.04.2016	Up to 31.12.2016	Payment to be made in two equal installations of 50% of the total amount, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after the receipt of the original copy of the invoice for the total amount of services performed and accepted, on the basis of performed works acceptance certificates signed by the parties	0
JSC Irkutskenergotrans	Russian Engineering Company	19.05.2016	Up to 31.12.2016 If 30 calendar days prior to the scheduled termination date none of the parties notifies the other party in writing of the intention to terminate the contract, the contract shall be automatically extended for 12 months	Payment is due within 60 calendar days after services performed	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 2016 USD million (excluding VAT)
KraMZ-Auto	RUS-Engineering LLC (branch in Krasnoyarsk)	30.05.2016	Up to 31.12.2016	Payment to be made in two equal installations of 50% of the total amount, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after the receipt of the original copy of the invoice for the total amount of services performed and accepted, on the basis of performed works acceptance certificates signed by the parties	0
KraMZ-Auto	Joint stock company "RUSAL Sayanogorsk Aluminum Plant"	01.07.2016 (addendum to the contract dated 01.01.2015)	Up to 31.12.2017	Payment is due within 10 banking days after date of receipt of the original invoice	0
OVE	OJSC "RUSAL SAYANAL"	13.07.2016 (addendum to the contract dated 20.01.2016)	Up to 31.12.2016 The scheduled termination date will be extended for one year if none of the parties announces its intention to terminate the contract one month prior to expiry of the contract	Payment is due within 10 banking days after receipt of VAT 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 2016 USD million (excluding VAT)
KraMZ-Auto	RUS-Engineering LLC	25.08.2016	Up to 31.12.2016	Payment to be made in two equal installations of 50% of the total amount, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after the receipt of the invoice	0.1
KraMZ-Auto	RUS-Engineering LLC	25.08.2016 (addendum to the contract dated 03.03.2016)	Up to 31.12.2016	Payment to be made in two equal installations of 50% of the total amount, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after the receipt of the invoice	0
KraMZ-Auto	Joint stock company "RUSAL Bratsk aluminum plant"	01.10.2016 (addendum to the contract dated 01.01.2015)	Up to 31.12.2017	Within 10 banking 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 2016 USD million (excluding VAT)
KraMZ-Auto	OJSC "RUSAL SAYANAL"	12.10.2016 (addendum to the contract dated 28.12.2015.) *Note: all terms of the original contract dated 28.12.2015 will remain the same, apart from amendment to the basis of calculation of payments as disclosed in the announcement dated 13.10.2016.*	Up to 31.12.2016	Payment within 15 days after receipt of invoice	0
KraMZ-Auto	"RUSAL Bratsk" (branch in Shelekhov)	21.12.2016	Up to 31.12.2017	Deferred payment of 60 calendar days, or the netting of counter-obligations	0
KraMZ-Auto	"RUSAL Bratsk" (branch in Shelekhov)	21.12.2016	Up to 31.12.2017	Deferred payment of 60 calendar days, or the netting of counter-obligations	0.1
KraMZ-Auto	Russian Engineering Company	28.12.2016	Up to 31.12.2017. If by 30 calendar days prior to the expiration of the agreement none of the parties notifies the other party in writing of the intention to terminate the agreement, the agreement shall be automatically extended for the subsequent calendar year	Payment to be made within 60 calendar days after the render of the service	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 2016 USD million (excluding VAT)
KraMZ-Auto	Russian Engineering Company	28.12.2016 (Addendum to the contract dated 03.03.2016)	Up to 31.12.2016	Payment to be made in two equal installations of 50% of the total amount, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after the receipt of the invoice.	0
KraMZ-Auto	Russian Engineering Company	28.12.2016 (Addendum to the contract dated 03.03.2016)	Up to 31.12.2016	Payment to be made in two equal installations of 50% of the total amount, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after the receipt of the invoice.	0
Total:					**10.4**

The aggregate consideration for the transportation services provided by the associates of En+ and/or Mr. Deripaska during the year ended 31 December 2016 amounted to USD10.4 million, which was within the maximum aggregate consideration of USD16.586 million for 2016 as disclosed in the announcement dated 30 December 2016.

H 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 or set-off of obligations.

Supplier (associate of En+)	Customer (member of the Group)	Date of contract	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2016 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 remaining (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 end of each month with the remaining (15%) being paid up by the 10th day of the next month	1.2
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 end of each month with the remaining (15%) being paid up by the 10th day of the next month	0.7
JSC Irkutskenergo	RUSAL Bratsk OJSC	On or around 28.12.2015	Up to 31.12.2016 and will be extended for one year unless any party chooses to terminate one month prior to expiry.	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 remaining (15%) being paid up by the 10th day of the next month	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 2016 USD million (excluding VAT)
Khakass Utility Systems Limited Liability Company	RUSAL Sayanogorsk Aluminium Smelter Open Joint Stock Company/JSC "RUSAL Sayanogorsk Aluminium Plant"	On or around 28.12.2015	Up to 31.12.2016	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 no 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 no 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	3.7

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 2016 USD million (excluding VAT)
Baikalenergo Closed Joint Stock Company	RUSAL Sayanogorsk Aluminium Smelter Open Joint Stock Company/JSC "RUSAL Sayanogorsk Aluminium Plant"	28.12.2015	Up to 31.12.2016	No later than the 20th day of the month following the month of settlement	0
Baikalenergo Closed Joint Stock Company	RUSAL Sayanogorsk Aluminium Smelter Open Joint Stock Company/JSC "RUSAL Sayanogorsk Aluminium Plant"	28.12.2015	Up to 31.12.2016	No later than the 20th day of the month following the billing month based on the invoice received	0
Khakass Utility Systems Limited Liability Company	RUSAL SAYANAL OJSC	On or around 28.12.2015	Up to 31.12.2016	Payment for supplied in the current billing month of heat and chemically purified water is made no later than on the 20th day of the following billing month	0.4
Baikalenergo Closed Joint Stock Company	JSC "RUSAL Sayanogorsk Aluminum Plant"	05.07.2016	Up to 31.12.2016	Payment no later than the 20th day of a month following the billing month based on the invoice received	0
Baikalenergo Closed Joint Stock Company	JSC "RUSAL Sayanogorsk Aluminum Plant"	05.07.2016	Up to 31.12.2016	Payment no later than the 20th day of a 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 2016 USD million (excluding VAT)
Baikalenergo Closed Joint Stock Company	Limited Liability Company RUSAL Taishet Aluminium Smelter	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 end of each month with the remaining (15%) being paid up by the 10th day of the month following the billing month	0
Khakass Utility Systems LLC	RUSAL Sayanogorsk Aluminium Smelter Joint Stock Company	Addendum dated 30.12.2016 to the contract dated 28.12.2015	Up to 31.12.2016	The first payment period no later than the 18th day of the billing month, on the basis of the invoice, the purchaser pays 35% of the total cost of thermal energy; – The second payment period no later than the last day of the billing month, on the basis of the invoice, the purchaser pays 50% of the total value of the amount of heat energy; – The third payment period no later than the 10th day of the month following the billing month, the purchaser pays the difference between the cost of the actual amount of heat received, and the amount paid previously.	0
Total:					**6**

The aggregate consideration for the heat supply provided by the associates of En+ during the year ended 31 December 2016 amounted to USD6.0 million, which was within the maximum aggregate consideration of USD9.538 million for 2016 as disclosed in the announcement dated 30 December 2016.

I Purchase of Vehicles from the associates of Mr. Deripaska/En+

Each of JSC Ruzhimmash, Commercial Automobiles — GAZ Group LLC, "Ural Motor Vehicles Plant" JSC and LLC "Production association KraMZ Tekhnoservice" is indirectly held by Mr. Deripaska/En+ as to more than 30% of the issued share capital, and therefore is an associate of Mr. Deripaska/En+ and a connected person of the Company under the Listing Rules.

Accordingly, the transactions entered into between members of the Group as buyers and JSC Ruzhimmash, Commercial Automobiles — GAZ Group LLC, "Ural Motor Vehicles Plant" JSC or LLC "Production association KraMZ Tekhnoservice" 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/En+)	Date of contract	Subject matter of the purchase	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2016 USD million (excluding VAT)
RUSAL Trans LLC	JSC 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	JSC Ruzhimmash	02.09.2015	Railcars	31 December 2016 (subject to extension of one year upon both parties consent)	100% prepayment	0
Compagnie de Bauxite et d'Alumine de Dian-Dian S.A.	"Ural Motor Vehicles Plant" JSC	22.12.2015	One mobile auto-repair truck	Up to 30.06.2016	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 notification regarding the readiness of goods for shipping.	0

Buyer (member of the Group)	Seller (associate of Mr. Deripaska/En+)	Date of contract	Subject matter of the purchase	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2016 USD million (excluding VAT)
Compagnie des Bauxites de Kindia S.A.	Commercial Automobiles – GAZ Group LLC	16.06.2016	Four automobiles	Up to 31.12.2016	50% of total value of the contract shall be paid within 10 business days from the date of contract on condition of receipt of the invoice for payment from the seller, 50% of total value of the contract as the balance payment shall be paid within 10 business days from the date of receiving of notification regarding readiness of goods for shipping.	0.1
RUSAL Novokuznetsk	LLC "Production association KraMZ Tekhnoservice"	26.12.2016 which is addendum #1 to the assets supply contract dated 26.12.2016	Reinforced adapter, automatic grab for anode holders, clamshell grab and support	Up to 31.01.2017	50% prepayment within 10 calendar days from the contract date; remaining 50% to be paid within 15 calendar days after delivery to the buyer's warehouse	0
RUSAL Novokuznetsk	LLC "Production association KraMZ Tekhnoservice"	26.12.2016 which is addendum #2 to the assets supply contract dated 26.12.2016	Two anode superstructures with risers	Up to 31.05.2017	50% prepayment within 10 calendar days from the contract date; remaining 50% to be paid within 15 calendar days after delivery to the buyer's warehouse	0

Buyer (member of the Group)	Seller (associate of Mr. Deripaska/En+)	Date of contract	Subject matter of the purchase	Term of contract	Payment terms	Actual consideration for the year ended 31 December 2016 USD million (excluding VAT)
RUSAL Novokuznetsk	LLC "Production association KraMZ Tekhnoservice"	26.12.2016 which is addendum #3 to the assets supply contract dated 26.12.2016	Temporary anode suspension system	Up to 31.07.2017	50% prepayment within 10 calendar days from the contract date; 40% to be paid upon delivery; remaining 10% to be paid after testing and approval by the industrial safety review board	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 2016 amounted to USD0.1 million which was within the maximum aggregate consideration of USD21.123 million for 2016 as disclosed in the announcement dated 30 December 2016.

J Repair Services Contracts with the associates of En+

Each of Bratskenergoremont Closed Joint Stock Company ("**Bratskenergoremont**"), Irkutskenergoremont, OVE, ZAO "Baikalenergo", KraMZ-Auto and Limited Liability Company "Khakassia Utilities" 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, OVE, ZAO "Baikalenergo", KraMZ-Auto or Limited Liability Company "Khakassia Utilities" 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 or set-off of obligations.

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

Date of contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Repair services	Payment terms	Actual consideration for the year ended 31 December 2016 USD million (excluding VAT)
01.01.2015	Open Joint Stock Company "RUSAL Krasnoyarsk Aluminium Smelter"	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
29.12.2015	RUSAL Achinsk	Bratskenergoremont	Up to 30.06.2016	Restoration of technical parameters of turbine and maintenance of generator	Payment to be made within 45 calendar days after signing work acceptance certificates	0.5
29.12.2015	RUSAL Achinsk	Bratskenergoremont	Up to 31.12.2016, may be extended by both parties signing an addendum	Maintenance of the CHP equipment	–50% prepayment of the cost of the monthly services to be made within 5 banking days –50% payment to be made within 10 banking days after receiving a tax invoice	6
28.12.2015	RUSAL Bratsk Aluminium Smelter OJSC	KraMZ-Auto	Up to 31.12.2016	Motor vehicle maintenance and repair	Within 10 banking days upon receiving of the original proforma invoice issued under the service acceptance certificate signed by the parties	0
11.01.2016	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2016	Production equipment servicing and repair	Within 40 calendar days upon signing of the certificate of completion by the customer against an invoice	0.6

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 2016 USD million (excluding VAT)
11.01.2016	RUSAL Bratsk Aluminium Smelter OJSC	Irkutskenergoremont	Up to 31.12.2016	Production equipment servicing and repair	Within 40 calendar days upon signing of the certificate of completion by the customer against an invoice	1.1
04.02.2016	RUSAL Achinsk	Bratskenergoremont	Up to 31.07.2016	Extensive repairs of boiler	30% of the amount advance payment within 5th date of the month; 70% of the amount – within 30 calendar days from the date of the signing the certificate of work completion	2.7
29.03.2016	RUSAL Achinsk	Bratskenergoremont	Up to 31.08.2016	Extensive repair service for turbine and generator	– 50% prepayment of the cost of the monthly services to be made till the 5th date of the month –50% payment to be made within 10 calendar days after receiving a tax invoice	0.9
19.05.2016	Joint stock company "RUSAL Sayanogorsk Smelter"	ZAO "Baikalenergo"	Up to 31.12.2016	Monthly service to the external heat networks and industrial plant wiring	Payment to be made within 60 calendar days after receipt of the original invoices corresponding to the certificates of acceptance signed by both parties	0
19.05.2016	Joint stock company "RUSAL Sayanogorsk Smelter"	Limited Liability Company "Khakassia Utilities"	Up to 31.12.2016	Monthly service to the fuel pump station	Payment to be made within 60 calendar days after receipt of the original invoices corresponding to the certificates of acceptance signed by both parties	0

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 2016 USD million (excluding VAT)
04.07.2016	RUSAL Achinsk	Bratskenergoremont	Up to 31.12.2016	Extensive repairs of boiler	50% prepayment of the cost of the monthly services to be made until the 5th date of the month, 50% payment to be made within 10 calendar days after receiving an invoice	1.7
04.07.2016 (which is an addendum to the contract dated 11.01.2016)	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2016	Production equipment maintenance and repair services	Within 40 calendar days of the Performed Works Certificate signed by the customer based on an issued invoice	0
04.07.2016	JSC "RUSAL Sayanogorsk Aluminum Plant"	OVE	Up to 31.12.2016	Repair of safety devices and inspection of railway tracks	Within 10 calendar days from the date of receipt of invoice, on the basis of signed certificates of services rendered	0
Addendum #2 dated 01.09.2016 (which is an addendum to the contract dated 11.01.2016)	Open Joint Stock Company "RUSAL Bratsk Aluminium Smelter"	Irkutskenergoremont	Up to 31.12.2016	Repairs of sewerage soakaway and heating pipeline	Within 40 calendar days upon signing of the performed works certificate by the customer against an invoice	0
Addendum #3 dated 01.09.2016 (which is an addendum to the contract dated 11.01.2016)	Open Joint Stock Company "RUSAL Bratsk Aluminium Smelter"	Irkutskenergoremont	Up to 31.12.2016	Connection of gas ducts after emergency disconnection	Within 40 calendar days upon signing of the performed works certificate by the customer against an invoice	0
Addendum #4 dated 01.09.2016 (which is an addendum to the contract dated 11.01.2016)	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2016	Replacement of the 1585 lateral gas duct	Within 40 calendar days upon signing of the performed works certificate 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 2016 USD million (excluding VAT)
Addendum #5 dated 01.09.2016 (which is an addendum to the contract dated 11.01.2016)	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2016	Repairs of gas treatment equipment	Within 40 calendar days upon signing of the performed works certificate by the customer against an invoice	0
Addendum #6 dated 01.09.2016 (which is an addendum to the contract dated 11.01.2016)	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2016	Replacement of heating pipelines in the emulsion room at Casthouse 1	Within 40 calendar days upon signing of the performed works certificate by the customer against an invoice	0
12.09.2016	RUSAL Achinsk	Bratskenergoremont	Up to 31.12.2016	Technological cleaning of boilers	Within 15 calendar days from the date of signing of certificate	0.1
04.10.2016	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2016	Installation and commissioning works on replacement of pump cold water WAV-1	Within 40 calendar days upon signing of the performed works certificate by the customer against an invoice	0
Additional agreement #1 dated 04.10.2016, which is an additional agreement to contract dated 04.10.2016 above between the same parties	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2016	Installation and commissioning works on replacement of the network pump at the pumping station BLPK-Braz	Within 40 calendar days upon signing of the performed works certificate 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 2016 USD million (excluding VAT)
Additional agreement #2 dated 04.10.2016, which is an additional agreement to contract dated 04.10.2016 above between the same parties	RUS-Engineering LLC	Irkutskenergoremont	Up to 31.12.2016	Installation and commissioning of replacement submersible pump for oil-fired station NV-50/50	Within 40 calendar days upon signing of the performed works certificate by the customer against an invoice	0
Additional agreement dated 21.12.2016, which is an additional agreement to contract dated 11.01.2016	Open Joint Stock Company "RUSAL Bratsk Aluminium Smelter"	Irkutskenergoremont	Up to 31.12.2016	Production equipment maintenance and repair services	Within 40 calendar days upon signing of the performed works certificate based on an invoice	0
Total:						**13.6**

The aggregate consideration for the repair services provided under these contracts by the associates of En+ during the year ended 31 December 2016 amounted to USD13.6 million which was within the maximum aggregate consideration of USD14.431 million for 2016 as disclosed in the announcement dated 22 December 2016.

K 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 LLC "RTC", Global Commodity Transport Limited or 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 2016 USD million (excluding VAT)
30.12. 2015 (Addendum#1 to contract dated 31.12.2013)	Open Joint Stock Company "United Company RUSAL-Trading House"	LLC "RTC"	Up to 31.12.2016 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	Payment within 22 days of the month following the month of rendering of services.	3
30.12. 2015 (Addendum#2 to contract dated 30.12.2013)	RTI Limited	LLC "RTC"	Up to 31.12.2016 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	Payment within 22 days of the month following the month of rendering of services.	0.2
30.12. 2015 (Addendum#3 to contract dated 30.12.2013)	LLC RUSALTRANS	LLC "RTC"	Up to 31.12.2016 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	Payment within 22 days of the month following 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 2016 USD million (excluding VAT)
30.12. 2015 (Addendum#4 to contract dated 30.12.2013)	Open Joint Stock Company "United Company RUSAL-Trading House"	Global Commodity Transport Limited	Up to 31.12.2016 and may be extended for one calendar year if both parties agree in writing	Payment within 10 days of the month following the month of rendering of service.	0.3
30.12. 2015 (Addendum#5 to contract dated 30.12.2013)	RTI Limited	Global Commodity Transport Limited	Up to 31.12.2016 and may be extended for one calendar year if both parties agree in writing	Payment within 10 days of the month following the month of rendering of service.	0.1
30.12. 2015 (Addendum#6 to contract dated 30.12.2013)	Open Joint Stock Company "RUSAL Achinsk Alumina Refinery"	LLC "RTC"	Up to 31.12.2016 and may be extended for one calendar year upon the signing of a bilateral agreement between the parties	Payment no later than the last day of the month following the month of rendering of services.	0
30.12. 2015 (Addendum#7 to contract dated 31.12.2013)	JSC SUAL	LLC "RTC"	Up to 31.12.2016 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	Payment within 22 days of the month following 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 2016 USD million (excluding VAT)
On or around 31.12. 2015 (Addendum to contract dated 31.12.2013)	OJSC Boksit Timana	LLC "RTC"	Up to 31.12.2016 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	Payment within 22 days of the month following the month of rendering of services.	0
31.12.2013	Open Joint Stock Company "United Company RUSAL -Trading House"	LLC "EN+ LOGISTICA"	Up to 31.12.2016 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	Payment to be made within 15 days after issue of invoice following the month of rendering of services.	1.6
20.04.2016 (Addendum#1 to contract dated 30.12.2015)	Open Joint Stock Company "United Company RUSAL-Trading House"	LLC "EN+ LOGISTICA"	Up to 31.12.2016	Payment to be made within 30 days from the invoice issue date of the month following the month of rendering of services.	0
20.04.2016 (Addendum#2 to contract dated 30.12.2015)	Open Joint Stock Company "United Company RUSAL-Trading House"	LLC "EN+ LOGISTICA"	Up to 31.12.2016	Payment to be made within 30 days from the invoice issue date of the month following 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 2016 USD million (excluding VAT)
14.11.2016 (with an effective date of 01.09.2016)	RTI Limited	Global Commodity Transport Limited	Up to 31.12.2016	Payment to be paid within 5 banking days from the date of receipt of the bill.	2.3
Total:					**7.5**

The aggregate consideration for the transport logistics services provided under these above contracts by the associates of En+ during the year ended 31 December 2016 amounted to USD7.5 million which was within the maximum aggregate consideration of USD12.10 million for 2016 as disclosed in the announcement dated 15 November 2016.

L 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 is 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 2016 USD million (excluding VAT)
JSC "Siberian and Urals Aluminium Company"	"EuroSibEnergo — Thermal Energy" Ltd	15.12.2015 (supplemental agreement to the lease dated 28.08.2014)	Lease of movable and immovable property of Ondskaya Hydro Power Station	11 months from 01.01.2016 up to 30.11.2016 and 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	5.4
JSC "Siberian and Urals Aluminium Company"	"EuroSibEnergo — Thermal Energy" Ltd	15.12.2015 (supplemental agreement to the lease dated 04.12.2014)	Provision of operation and maintenance services in relation to the movable and immovable property of Ondskaya Hydro Power Station	11 months from 01.01.2016 up to 30.11.2016 and may be extended by further addendum in writing between the parties	Consideration is 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	2.6
JSC "Siberian and Urals Aluminium Company"	"EuroSibEnergo — Thermal Energy" Ltd	11.11.2016 (Addendum to the lease dated 28.08.2014)	Lease of movable and immovable property of Ondskaya Hydro Power Station	One month from 01.12.2016 up to 31.12.2016	Rent to be paid monthly	0
Total:						**8**

The aggregate consideration for operation of Ondskaya Hydro Power Station under these contracts by "EuroSibEnergo — Thermal Energy" Ltd during the year ended 31 December 2016 amounted to USD8.0 million which was within the maximum aggregate consideration of USD11.080 million for 2016 as disclosed in the announcement dated 14 November 2016.

The transactions and arrangements summarized below were entered into by members of the Group on or prior to 31 December 2016 and are in relation to transactions for the year ending 31 December 2017 and subsequent years (and not for the year ended 31 December 2016):

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

As discussed above, each of Achinsk Cement LLC, Stroyservice LLC, "Glavstroi Ust-Labinsk" Ltd. and LLC "Sorskiy Ferromolibdenoviy Zavod" 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 2016, 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 2017	Estimated consideration payable for the year ending 31 December 2017, USD (excluding VAT)	Payment terms
1.	30.12.2016 (Note 1)	Open Joint Stock Company "RUSAL Sayanogorsk Aluminum Smelter"	Stroyservice LLC	Inventory sales (gasoline, diesel fuel, oils, lubricants and building materials)	Petroleum products (gasoline, diesel fuel, oil and lubricants) -195.135 tonnes Building materials - 21,020 m^3	1,861,273	Payment is made upon delivery no later than 10 working days from the date of invoice
2.	30.12.2016 (Note 1)	"RUSAL Sayanogorsk Aluminum Smelter"	KraMZ-Auto LLC	Gasoline, diesel fuel, oil and grease	Diesel fuel: 480 tonnes Gasoline: 60 tonnes Other items: 9,608 tonnes	321,259	Payment is due upon delivery within 10 business days, or by the netting of counter-obligations
3.	21.12.2016 (Note 1)	JSC "RUSAL Bratsk" (branch in Shelekhov)	KraMZ-Auto	Gasoline, diesel fuel, oil and grease	Diesel fuel: 840 tonnes Gasoline: 84 tonnes Other items: 24.87 tonnes	585,725	Payment is due upon delivery within 10 business days, or by the netting of counter-obligations
4.	28.12.2016, which is an additional agreement to the contract dated 22.12.2014 (Note 2)	RUSAL Achinsk JSC	Achinsk Cement LLC	Diesel fuel	7.2 tonnes	3,864	25% of the approved volume of sales shall be paid in the first week and paid no later than the 30th of previous month. Payment for the following weeks should be made no later than the last business day of the 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 2017	Estimated consideration payable for the year ending 31 December 2017, USD (excluding VAT)	Payment terms
5.	28.12.2016, which is an additional agreement to the contract dated 22.12.2014 (Note 2)	RUSAL Achinsk JSC	Achinsk Cement LLC	Stone coal	152,701 tonnes	5,638,191	25% of the approved volume of sales shall be paid in the first week and paid no later than the 30th of previous month. Payment for the following weeks should be made no later than the last business day of the previous week.
6.	28.12.2016, which is an additional agreement to the contract dated 22.12.2014 (Note 2)	RUSAL Achinsk JSC	Achinsk Cement LLC	Fuel oil	3,650 tonnes	599,659	25% of the approved volume of sales shall be paid in the first week and paid no later than the 30th of previous month. Payment for the following weeks should be made no later than the last business day of the previous week.
7.	28.12.2016, which is an additional agreement to the contract dated 22.12.2014 (Note 2)	RUSAL Achinsk JSC	Achinsk Cement LLC	Nepheline Sludge	247,640 tonnes	838,170	Payment for the first week is made no later than the 30th of the month of the previous shipment. Payment for the following weeks is made no later than the last working day of the previous week.
8.	28.12.2016, which is an additional agreement to the contract dated 22.12.2014 (Note 2)	RUSAL Achinsk JSC	Achinsk Cement LLC	Clay from overburden	76,275 tonnes	57,207	Payment for the first week is made no later than the 30th of the month of the previous shipment. Payment for the following weeks is made no later than the last working day of the 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 2017	Estimated consideration payable for the year ending 31 December 2017, USD (excluding VAT)	Payment terms
9.	28.12.2016, which is an additional agreement to the contract dated 22.12.2014 (Note 2)	RUSAL Achinsk JSC	Achinsk Cement LLC	Limestone	809,721 tonnes	3,013,037	Payment for the first week is made no later than the 30th of the month of the previous shipment. Payment for the following weeks is made no later than the last working day of the previous week.
10.	28.12.2016, which is an additional agreement to the contract dated 22.12.2014 (Note 2)	RUSAL Achinsk JSC	Achinsk Cement LLC	Pulverized coal	12,000 tonnes	540,347	Payment for the first week is made no later than the 30th of the month of the previous shipment. Payment for the following weeks is made no later than the last working day of the previous week.
11.	28.12.2016, which is an additional agreement to the contract dated 06.02.2015 (Note 1)	Joint Stock Company "United Company RUSAL-Trade House"	"Glavstroi Ust-Labinsk" Ltd.	Aluminum powder	198 tonnes	695,178	100% advance payment
12	28.12.2016, which is an additional agreement to the contract dated 01.09.2015 (Note 1)	Joint Stock Company "United Company RUSAL-Trade House"	LLC "Sorskiy Ferromolibdenoviy Zavod"	Aluminum powder	243 tonnes	782,460	100% payment within 30 days from date of shipment

For each of the contracts set out in the table above, the consideration is to be satisfied in cash via wire transfer or set-off of obligations.

Notes:
1. The term is up to 31 December 2017.
2. The term is up to 31 December 2017. May be extended by additional agreement.

B Transportation Contracts

As discussed above, KraMZ-Auto 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 on the other, constitute continuing connected transactions of the Company under the Listing Rules.

During 2016, 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 USD (excluding VAT)	Scheduled termination date	Payment terms
01.07.2016 (which is an addendum to the contract dated 01.01.2015)	Joint stock company "RUSAL Sayanogorsk Aluminum Plant"	KraMZ-Auto	Transport and conveyance services (machinery)	2017: 707,253	31.12.2017	Payment is due within 10 banking days after date of receipt of the original invoice.
01.10.2016 (which is an addendum to the contract dated 01.01.2015)	Joint stock company "RUSAL Bratsk Aluminum Plant"	KraMZ-Auto	Carriage of goods, loading and unloading of load-lifting mechanisms, special techniques and mechanisms for their management and the provision of transport services to passenger cars	2017: 555,425	31.12.2017	Payment is due within 10 banking days after receipt of invoice.
21.12.2016	"RUSAL Bratsk" (branch in Shelekhov)	KraMZ-Auto	Transportation services for passengers	2017: 65,706	Up to 31.12.2017	Deferred payment of 60 calendar days, or the netting of counter-obligations
21.12.2016	"RUSAL Bratsk" (branch in Shelekhov)	KraMZ-Auto	Transportation services	2017: 3,348,937	Up to 31.12.2017	Deferred payment of 60 calendar days, or the netting of counter-obligations
26.12.2016	Russian Engineering Company	KraMZ-Auto	Motor transportation services	2017: 71,744	Up to 31.12.2017	Payment to be made in two equal installations of 50% of the total amount, the first installment before the 15th of the month following the report month, and the second installment before the 30th of the month following the report month

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
28.12.2016	Russian Engineering Company	KraMZ-Auto	Transportation services	2017: 203,008	Up to 31.12.2017. If by 30 calendar days prior to the expiration of the agreement none of the parties notifies the other party in writing of the intention to terminate the agreement, the agreement shall be automatically extended for the subsequent calendar year.	Payment to be made within 60 calendar days after the render of the service
26.12.2016	Russian Engineering Company	KraMZ-Auto	Motor transportation services	2017: 294,037	Up to 31.12.2017	Payment to be made in two equal installations of 50% of the total amount, the first installment before the 15th of the month following the report month, and the second installment before the 30th of the month following the report month
30.12.2016	RUSAL Sayanogorsk Aluminium Smelter Joint Stock Company	OVE	Organization of transport and the provision of railway transport services, shipment of goods from the factory, as well as the provision of wagons	2017: 4,300,796	Up to 31.12.2017	Payment within 10 working days after receipt of invoice
20.01.2016 Addendum #3 dated 28.12.2016 to the contract dated	RUSAL SAYANAL OJSC	OVE	Shipment of goods from Aluminievaya station to Kamishta station back and forth	2017: 28,937	Up to 31.12.2017. Contract may be extended if none of the parties announces its intention to terminate the contract one month before its expiry.	Payment within 10 banking days after receipt of invoice

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
28.12.2016	Russian Engineering Company	KraMZ-Auto	Transportation services	2017: 247,550	Up to 31.12.2017	Payment to be made in two equal installations of 50% of the total amount, the first installment before the 15th of the month following the report month, and the second installment before the 30th of the month following the report month
28.12.2016	RUSAL SAYANAL OJSC	KraMZ-Auto	Passenger forwarding	2017: 22,608	Up to 31.12.2017	Payment within 10 days after receipt of invoice
28.12.2016	RUSAL SAYANAL OJSC	KraMZ-Auto	Cargo and passenger forwarding	2017: 210,604	Up to 31.12.2017	Payment within 15 days after receipt of invoice

The consideration under these transportation contracts is to be paid in cash via wire transfer or set-off of obligations.

C Heat Supply Contracts with the associates of En+

As discussed above, each of JSC Irkutskenergo, Closed joint-stock company Baykalenergo 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, Closed joint-stock company Baykalenergo 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 2016, members of the Group, as purchasers, entered into the following heat supply contracts with particulars set out below:

Date of contract	Customer (member of the Group)	Supplier (associate of En+)	Form of heat	Estimated amount of heat to be supplied for the relevant year	Estimated consideration payable for the relevant years USD (excluding VAT)	Payment terms
30.12.2016 (Note 1)	RUSAL Sayanogorsk Aluminium Smelter Joint Stock Company	Khakass Utility Systems LLC	Hot water	Thermal energy: 340,458 Gcal Demineralized water (coolant): 1.35 million m^3	2017: Thermal energy: 4,103,454 Demineralized water (coolant): 95,958	Fee for 85% of the total amount of thermal energy, agreed upon by the parties to be paid no later than the 20th day of the month of the current billing period (month). The remaining fee to be paid no later than the 10th day of the month following the billing period (month), on the basis of readings of metering devices or by calculation in case of absence of metering devices.
30.12.2016 (Note 1)	RUSAL Sayanogorsk Aluminium Smelter Joint Stock Company	Closed joint-stock company Baykalenergo	Thermal energy in hot water for a garage	437 Gcal	2017: 12,476	Payment to be made not later than 20th of the following month after receipt of the invoice
30.12.2016 (Note 1)	RUSAL Sayanogorsk Aluminium Smelter Joint Stock Company	Closed joint-stock company Baykalenergo	Thermal energy in hot water	Thermal energy: 4,362.4 Gcal Coolant: 54,124.2 m^3	2017: Thermal energy: 126,023 Coolant: 13,848	Payment to be made not later than 20th of the following month after receipt of the invoice
28.12.2016 (Note 2)	JSC SibVAMI	JSC Irkutskenergo	Heat energy, heating water	Heat energy: 2017: 1,700 Gcal 2018: 1,700 Gcal 2019: 1,700 Gcal Heating water: 2017: 1,980 tonnes 2018: 1,980 tonnes 2019: 1,980 tonnes	2017: 26,235 2018: 30,170 2019: 34,696	Advance payment of 35% of the total price on the 18th day of the current month and 50% by the last day of the current month, with the remaining 15% being paid by the 10th day of the next month

28.12.2016 (Note 1)	RUSAL SAYANAL OJSC	Khakass Utility Systems LLC	Heat and chemically purified water	Heat: 34,000 Gcal Chemically purified water: 77,000m^3	2017: Heat: 389,794 Chemically purified water: 5,192	Payment not later than the 28th day of the month following the billing month

Note:

1. The scheduled termination date of the contract is 31 December 2017.
2. The scheduled termination date of the contract is 31 December 2019.

D Purchase of Vehicles from the associate of Mr. Deripaska and En+

Each of LLC "EuroSibEnergo — Engineering" and LLC "Production association KraMZ Tekhnoservice" is held by En+ as to more than 30% of the issued share capital and is therefore an associate of En+ which is a substantial shareholder of the Company and thus is a connected person of the Company. "GAZ Group Commercial Vehicles" LLC is directly or indirectly held by Basic Element as to more than 30% of the issued share capital. Basic Element is in turn held by Mr. Deripaska as to more than 50% of the issued share capital. Accordingly, "GAZ Group Commercial Vehicles" LLC is therefore an associate of Mr. Deripaska and thus is a connected person of the Company.

Accordingly, the transactions entered into between members of the Group on one part, and LLC "EuroSibEnergo — Engineering", "GAZ Group Commercial Vehicles" LLC or LLC "Production association KraMZ Tekhnoservice" on the other, constitute continuing connected transactions of the Company under the Listing Rules.

During 2016, members of the Group, as customers, entered into the following purchase of vehicles contracts with particulars set out below:

Date of contract	Customer (member of the Group)	Supplier (associate of En+/Mr. Deripaska)	Subject matter	Estimated consideration for the relevant year payable USD (excluding VAT)	Scheduled termination date	Payment terms
09.03.2016	Open Joint Stock Company "RUSAL Bratsk Aluminium Smelter"	Limited Liability Company "EuroSibEnergo — Engineering"	Purchase and installation of rectifier (supply of equipment, installation supervision, commissioning, training of personnel).	2017: supply of equipment, supervision of installation: 6,190,486 2018: commissioning, training of personnel: 57,200	31.12.2018	USD1,844,660 will be paid as deposit for the equipment after the conclusion of the contract and within 10 days of the invoice date. 70% of the equipment cost to be paid within 60 days after shipment of equipment, supervision of installation, commissioning and training of personnel. 100% to be paid within 30 days after signing of the certificate of completion.

Date of contract	Customer (member of the Group)	Supplier (associate of En+/Mr. Deripaska)	Subject matter	Estimated consideration for the relevant year payable USD (excluding VAT)	Scheduled termination date	Payment terms
28.11.2016	RUSAL Achinsk	"GAZ Group Commercial Vehicles" LLC	Passenger bus	2017: 12,979	31.12.2017	100% prepayment to be made within five calendar days after the receipt of the invoice from the supplier.
26.12.2016 which is an addendum #2 to the assets supply contract dated 26.12.2016	RUSAL Novokuznetsk	LLC "Production association KraMZ Tekhnoservice"	Two anode superstructures with risers	2017: 138,527	31.05.2017	50% prepayment within 10 calendar days from the contract date; remaining 50% to be paid within 15 calendar days after delivery to the customer's warehouse
26.12.2016 which is an addendum #3 to the assets supply contract dated 26.12.2016	RUSAL Novokuznetsk	LLC "Production association KraMZ Tekhnoservice"	Temporary anode suspension system	2017: 52,836	31.07.2017	50% prepayment within 10 calendar days from the contract date; 40% to be paid upon delivery; remaining 10% to be paid after testing and approval by the industrial safety review board

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

E Transport Logistics Services Contracts

Each of LLC "RTC" and En+ Logistics is a direct or indirect subsidiary of En+ and 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" or En+ Logistics on the other, constitute continuing connected transactions of the Company under the Listing Rules.

During December 2016, 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 2017, USD (excluding VAT)	Payment terms	Scheduled termination date and extension clause, if any
28.12.2016	RTI Limited	LLC "RTC"	4,077,757	Payment no later than the 15th day of the month after the month the service has been rendered.	Up to 31.12.2019
29.12.2016	"United Company RUSAL- Trading House" OJSC	LLC "RTC"	2,884,181	Payment no later than the 15th day of the month after the month the service has been rendered.	Up to 31.12.2019
27.12.2016 (addendum to contract dated 30.12.2015)	"United Company RUSAL- Trading House" OJSC	En+ Logistics	278,077	Payment no later than the 15th day of the month after the month the service has been rendered.	Up to 31.12.2017
29.12.2016	RUSALTRANS LLC	LLC "RTC"	1,633,121	Payment no later than the 15th day of the month after the month the service has been rendered.	Up to 31.12.2019
29.12.2016	RUSAL Achinsk JSC	LLC "RTC"	140,271	Payment no later than the 15th day of the month after the month the service has been rendered.	Up to 31.12.2019
29.12.2016	RUSALTRANS LLC	LLC "RTC"	446,356	Payment no later than the 15th day of the month after the month the service has been rendered.	Up to 31.12.2017

The consideration under these new transport logistics services contracts is to be paid in cash via bank transfer.

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

As discussed above, each of CJSC "EPM – NovEP", PJSC "EPM-NEP" and LLC Donkarb Graphite 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 customers and each of CJSC "EPM – NovEP" PJSC "EPM-NEP" and LLC Donkarb Graphite as seller constitute continuing connected transactions of the Company under the Listing Rules.

Date of contract	Customer (member of the Group)	Supplier (associate of Mr. Blavatnik)	Type of raw materials	Estimated consideration payable for the year ending 31 December 2017, USD (excluding VAT)	Scheduled termination date	Payment terms
15.11.2016 (which is an addendum to the agreement dated 01.04.2016)	UC RUSAL TH	CJSC "EPM-NovEP"	Calcined petroleum coke	13,648,251	31.12.2017	Within 3 calendar days from the date of receipt of the invoice for the goods shipped
29.12.2016	UC RUSAL TH	CJSC "EPM-NovEP"	Graphitized electrodes	5,808,252	31.12.2017	Within 30 calendar days upon delivery
29.12.2016	UC RUSAL TH	PJSC "EPM-NEP"	Graphitized electrodes	3,323,520	31.12.2017	Within 30 calendar days upon delivery
29.12.2016	UC RUSAL TH	LLC Donkarb Graphite	Graphitized electrodes	375,137	31.12.2017	Within 30 calendar days upon delivery

The consideration under these purchase of raw materials contracts is to be paid in cash via bank transfer.

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

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 a member of the Group as customer and CJSC "EPM – NovEP" as seller constitute continuing connected transactions of the Company under the Listing Rules.

On 15 November 2016, UC RUSAL TH, as buyer, entered into an addendum to the green petroleum coke sale agreement dated 1 April 2016 with CJSC "EPM-NovEP", as seller, for the supply of green petroleum coke in the estimated amount of 93,310 tonnes (+/- 10%) for the year ending 31 December 2017, for an estimated total consideration of approximately USD10,686,712 per year. The term of the addendum is up to 31 December 2017. The payment of the consideration is to be made upon delivery within 25 calendar days from the date of receipt of invoice of goods shipped and is to be satisfied in cash via bank 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 2016, a member of the Group, entered into the following contracts with "EuroSibEnergo — Thermal Energy" Ltd with particulars set out below:

Customer (member of the Group)	Associate of En+	Date of contract	Subject matter	Term of contract	Payment terms	Estimated consideration payable for the relevant year, USD (excluding VAT)
JSC "Siberian and Urals Aluminium Company"	"EuroSibEnergo — Thermal Energy" Ltd	11.11.2016	Lease of movable and immovable property of Ondskaya Hydro Power Station	From 01.01.2017 to 31.12.2018	The rent is to be paid monthly in cash via bank transfer	2017: 5,384,616 2018: 5,384,616
JSC "Siberian and Urals Aluminium Company"	"EuroSibEnergo — Thermal Energy" Ltd	11.11.2016	Provision of operation and maintenance services in relation to the movable and immovable property of Ondskaya Hydro Power Station	From 01.01.2017 to 31.12.2018	Consideration is to be paid monthly in cash via bank transfer	2017: 2,203,077 2018: 2,560,000

I Long-Term Electricity Supply Contracts

As discussed above, a member of the Group entered into two long-term electricity supply agreements to replace the existing long-term electricity and capacity supply contracts. As mentioned previously, JSC Irkutskenergo is an associate of En+ and thus is a connected person of the Company under the Listing Rules. Accordingly, the transactions entered into between a member of the Group and JSC Irkutskenergo constitute continuing connected transactions of the Company under the Listing Rules.

On 28 October 2016, BrAZ entered into a long-term electricity purchase contract with JSC Irkutskenergo pursuant to which BrAZ agreed to purchase electricity from JSC Irkutskenergo for a period of ten years from 1 January 2017 to 31 December 2026.

The overall contractual amount of electricity to be supplied each year is as follows:

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Electricity Supply Volume (million KWh)	7,297.08	7,297.08	7,297.08	7,317.072	7,297.08	7,297.08	7,297.08	7,317.072	7,297.08	7,297.08

On 28 October 2016, BrAZ entered into a long-term electricity purchase contract with JSC Irkutskenergo pursuant to which BrAZ agreed to purchase electricity from JSC Irkutskenergo for a period of ten years from 1 January 2017 to 31 December 2026. The overall contractual amount of electricity to be supplied each year is as follows:

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Electricity Supply Volume (million KWh)	17,896.68	17,896.68	17,896.68	17,945.712	17,896.68	17,896.68	17,896.68	17,945.712	17,896.68	17,896.68

Please refer to the circular dated 11 October 2016 for the payment terms for the two long-term electricity supply agreements.

12 Agreements subject to change of control provisions

The following agreements with the Company contain change of control provisions allowing the other parties under such agreements to cancel their commitments in full and declare (or which action would result in) all outstanding loans immediately due and payable in the relevant event:

(a) The Combined PXF Facility - 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 at 31 December 2016, the outstanding nominal value of debt was USD2.5 billion and EUR82 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, OJSC "RUSAL Bratsk", 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 2016, the outstanding nominal value of debt was USD190 million and the final maturity of the debt is 17 December 2018.

13 Major customers and suppliers

Large scale end-customers of the Company include Glencore, Toyota, SMZ JSC, Mechem SA and KUMZ JSC.

The largest customer and the five largest customers of the Group accounted for 31% and 42%, respectively, of the Group's total sales for the year ended 31 December 2016.

The major suppliers of the Company are CJSC "FSC" and JSC Irkutskenergo with respect to electricity and capacity and power supply or transmission, Joint Stock Company "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 8% and 28%, respectively, of the Group's total cost of sales for the year ended 31 December 2016.

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 2016 and Mr. Ivan Glasenberg, a non-executive Director, is a member of the board of directors and the Chief Executive Officer of Glencore, and Mr.Victor Vekselberg, who is deemed to be interested in the Shares held by SUAL Partners by virtue of the SFO, is indirectly interested in 36.48% of KUMZ JSC, no Director or their respective associates (as defined in the Listing Rules) or any Shareholders (which to the knowledge of the Directors own more than 5% of the share capital of UC RUSAL) had any interests in the Group's five largest customers of the primary aluminium or alumina at any time during 2016.

14 Directors

The following individuals served as Directors during the financial year:

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	Ceased to be a Director on 24 June 2016
Siegfried Wolf	Executive Director	Appointed as a Director on 24 June 2016
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	Ceased to be a Director on 10 November 2016
Maksim Goldman	Non-executive Director	
Olga Mashkovskaya	Non-executive Director	
Marco Musetti	Non-executive Director	Appointed as a Director on 15 December 2016

Name	Position at year end (unless specified otherwise)	Notes
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	Ceased to be a Director on 24 June 2016
Philip Lader	Independent non-executive Director	
Dmitry Vasiliev	Independent non-executive Director	
Bernard Zonneveld	Independent non-executive Director	Appointed as a Director on 24 June 2016

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 Directors and independent non-executive Directors 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. Maksim Goldman ceased to be a member of the audit committee of Bank of Cyprus Public Company Limited and became a member of the risk committee of Bank of Cyprus Public Company Limited.

E. Retirement of Director
Mr. Peter Nigel Kenny retired from directorship and did not offer himself for re-election at the annual general meeting on 24 June 2016.

F. Appointment of Director
Mr. Siegfried Wolf was appointed as an executive Director with effect from 24 June 2016.

Mr. Bernard Zonneveld was appointed as an independent non-executive Director with effect from 24 June 2016.

Mr. Marco Musetti was appointed as a non-executive Director with effect from 15 December 2016.

G. Changes to the composition of Board Committees
Mr. Maxim Sokov was appointed as a member of the Standing Committee and the Norilsk Nickel Investment Supervisory Committee of the Company with effect from 24 June 2016.

Mr. Bernard Zonneveld was appointed as the Chairman of the Audit Committee with effect from 24 June 2016, and was appointed as a member of each of the Corporate Governance & Nomination Committee, the Remuneration Committee and the Health, Safety and Environmental Committee with effect from 24 June 2016.

Mr. Marco Musetti was appointed as a member of the Marketing Committee of the Company with effect from 15 December 2016.

15 Directors' and Chief Executive Officer's interests in Shares and in shares of associated corporations of UC RUSAL

As at 31 December 2016, 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 2016 (long position)	Percentage of issued share capital as at 31 December 2016
Oleg Deripaska	Beneficiary of a trust (Note 1)	7,312,299,974	48.13%
	Beneficial owner (Note 2)	35,374,065	0.23%
	Total	**7,347,674,039**	**48.36%**
Vladislav Soloviev	Beneficial owner	1,311,629	0.008%
Maxim Sokov	Beneficial owner (Note 2)	413,751	0.003%

Notes – see notes on page 175.

Interests in the shares of associated corporations of UC RUSAL

As at 31 December 2016, 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 2016 (long position)	Percentage of issued share capital as at 31 December 2016
Oleg Deripaska	Beneficiary of a trust (Note 1)	1,539,481,200 (Note 7)	10.133%

Notes – see notes on page 175.

Other than as disclosed, as at 31 December 2016, 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 and Ms. Olga Mashkovskaya were interested in/were directors of En+, Mr. Len Blavatnik (ceased to be a non-executive Director on 10 November 2016) 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;

(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 91.65% of the shares in En+.

En+'s strategy is to focus on businesses with mining expertize, including in relation to the extraction of raw materials for energy production, electricity generation and the production of non-ferrous metals. En+ specializes in metals that require high energy consumption and then looks for synergies between its energy producing and energy consuming businesses.

Key assets of En+ include:

EuroSibEnergo – a wholly-owned power company with core generating assets located in Siberia, Russia. EuroSibEnergo has in total installed capacity of 19.5 GW, out of which 15.1 GW accounts for hydro power plants, three of which are among top-20 hydro power plants in the world in terms of installed capacity. It manages assets in power generation, power trading and supply and engineering services, as well as power transmission and distribution.

UC RUSAL – one of the largest producers of aluminium and alumina in the world with fully integrated value chain from bauxite mining to primary aluminium production. Core aluminium producing facilities are located in Siberia enjoying access to clean environmentally friendly hydro power. UC RUSAL is one of the lowest cost producers globally, benefiting from cheap, clean and renewable hydro energy in Siberia.

Other assets are complementary to the key businesses and include coal and logistics operations that primarily support power operations, as well as KraMZ (aluminium metallurgical plant) and SMR (molybdenum and ferromolybdenum producer).

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 2016, the overall share of electricity purchased by the Group's aluminium plants from the suppliers related to the Controlling Shareholder did not exceed 44%. 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 2016, the Group has consumed approximately 28% of the power generated in Siberia;

(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 2016, 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 businesses, the Group is fully capable of carrying on its businesses independently of and at arm's length from such excluded businesses.

There is no real competitive threat to the Group's businesses from the excluded businesses and there is no intention of the Company to acquire such excluded businesses.

CEAC's main asset was KAP, an aluminum smelter located in Podgorica, Montenegro. KAP was declared bankrupt in October 2013. All production assets of KAP (including the smelter) were sold to a Montenegrin company Uniprom. Therefore, CEAC is currently not involved in any aluminum or bauxite business and may not be regarded as a competitor of UC RUSAL.

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 was a beneficial owner of En+, the substantial shareholder of DOZAKL (until 11 March 2016), one of Russia's manufacturers of aluminium composite tape. It manufactures composite aluminium tape (Lamister, Alumopolyethylene), anodized sheet and strip for composite panels, strip for soft food cans and aluminium strips for lamp-light 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.

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 (who ceased to be a non-executive Director on 10 November 2016) 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 anti-monopoly 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 2016, SUAL Partners 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 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 150,000 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 nominations 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 of the Company, 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 29.86% of its excess alumina in monetary terms in 2016. 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 35.11% of these interests were directly or beneficially held by En+.

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 2016, 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%[16] in Century Aluminium Company, a NASDAQ-quoted company whose assets include: the Ravenswood aluminium smelter (which is currently idle), the Hawesville aluminium smelter and the Nordural aluminium smelter and a 49.67% equity interest in the Mt. Holly aluminium smelter. Glencore, in its business of trading, is also a customer of the Group.

[16] Represents Glencore's economic interest, comprising 42.9 per cent voting interest and 4.6 per cent non-voting interest.

17 Substantial Shareholders' Interests

As at 31 December 2016, 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 2016	Percentage of issued share capital as at 31 December 2016
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%**

Name of Shareholder	Capacity	Number of Shares held as at 31 December 2016	Percentage of issued share capital as at 31 December 2016
Mikhail Prokhorov (Note 4)	Beneficiary of a trust	2,586,499,596(L) (Note 8)	17.02% (Note 9)
Onexim Group Limited (Note 4)	Interest of controlled corporation	2,586,499,596(L) (Note 8)	17.02% (Note 9)
Onexim (Note 4)	Beneficial owner	2,586,499,596(L) (Note 8)	17.02% (Note 9)
Glencore International plc (Note 5)	Beneficial owner	1,328,988,048(L)	8.75%

(L) Long position
Notes – see notes on page 175.

Interests and short positions in underlying Shares

Name of Shareholder	Capacity	Number of underlying Shares as at 31 December 2016	Percentage of issued share capital as at 31 December 2016
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) 1,309,620,048(S) (Note 6)	0.28% 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 2016, the Company has not been notified of any other notifiable interests or short positions in Shares or underlying Shares.

(Note 1)
These interests were directly or beneficially held by En+. 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 is the founder, trustee and a beneficiary of a discretionary trust which, as at 31 December 2016, held a majority stake of the share capital of Fidelitas International Investments Corp. (formerly known as Fidelitas Investments Ltd.), which, as at 31 December 2016, held a majority stake of the share capital of B-Finance Ltd. As at 31 December 2016, 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 2016.

(Note 2)
All or some of these Shares represent the share awards which were granted under the long-term share incentive plan of the Company and were vested on 21 November 2011, 21 November 2012, 21 November 2013 and 21 November 2014. For details, please refer to Note 9 to the consolidated financial statements for the year ended 31 December 2016.

(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 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, in accordance with the SFO, the interests of Amokenga Holdings 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.

(Note 8)
Pursuant to the disclosure of interests notices filed on 17 February 2017, on 14 February 2017, the number of Shares held changed to 2,081,499,596.

(Note 9)
Pursuant to the disclosure of interests notices filed on 17 February 2017, on 14 February 2017, the percentage of issued share capital changed to 13.70%.

As of the Latest Practicable Date, no Shareholders has 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 has or will have different voting rights attached to the Shares they hold in the Company.

None of the Major Shareholders has 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 9 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 2016 was approximately USD18 million. Additional information on the remuneration of the Directors and the individuals with the highest emoluments can be found in notes 9 and 10 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, but 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 2016, the CEO's annual compensation comprised of 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 of 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. No new shares of the Company were issued for the purposes of the LTIP.

Since all remaining shares which had been granted under the LTIP vested in eligible participants in 2015, the plan terminated in 2015.

In June 2013, the Board established the PSIP, an employee share award plan aimed at rewarding the Company's employees for achievements in the Production System implementation.

No new shares of the Company were issued for the purposes of the PSIP. The maximum number of shares awarded under the PSIP did not exceed 0.05% of the total number of issued shares as at the date of the Award.

Since all remaining shares which had been granted under the PSIP vested in eligible participants in 2015, the plan terminated in 2015.

Neither LTIP nor the PSIP constituted a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

20 Pension schemes

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

21 Sufficiency of public float

The Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1) (a) of the 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 the sole auditor who, having served for the whole of the financial year, retire and, being eligible, offered themselves for re-appointment as the Company's sole auditor. A resolution for the re-appointment of JSC KPMG as the 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 provides that the Memorandum and the Articles of Association are only capable of being amended by 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 20(c) (provisions for legal claims) and 24(c) (legal contingencies) to the consolidated financial statements.

25 Social investments and charity

Contribution to the socio-economic development of the countries and regions in which UC RUSAL operates is a priority for the Company. Being a leading global aluminium producer, UC RUSAL is also one of the most active local community investors with rich experience in the development and implementation of widely outreaching social programs. RUSAL actively cooperates with regional governments, nonprofits and other businesses at implementation of social programs, shares its social investing experience with local communities and supports their social initiatives. In 2016, UC RUSAL allocated more than USD13.8 million to sponsorship and charity projects.

26 Report on payments made to Governments (Extractive Industries)

In line with the Group's obligations regarding the publication of regulated information, that report is reproduced below.

Annual Report on payments (Article L. 225-102-3 of the French Commercial Code)

The table below shows the amounts paid by Rusal group entities to public authorities (primarily in the form of miscellaneous taxes and levies) in connection with their aggregates extraction activities:

		Type of payment 2016 (USD, thousands)							
		Production fees	Taxes or levies on corporate sales, production or profits	Royalties	Dividends	Signing-on, discovery and production bonuses	Licence fees, rental charges, entry fees and other consideration for licences and/or concessions	Infrastructure improvement payments	TOTAL
Russia	RUSAL Achinsk JSC		4,992				2,340		7,332
	Yaroslavskaya gornorudnaya company LLC		17				0		17
	Sevuralbauxitruda JSC		3,893				382		4,275
	Timan Bauxite JSC		4,961				179		5,140
Kazakhstan	Bogatyr Komir LLP		24,126				1,403		25,529
Ukraine	GQQ LLC		368				33		401
Guinea	COMPAGNIE DES BAUXITES DE KINDIA (C.B.K. S.A.)		3,950				0		3,950
Guyana	Bauxite Company of Guyana Inc.		6	606			147		759
Jamaica	UC RUSAL Alumina Jamaica Ltd.		1,546	808			43		2,397
GRAND TOTAL		**0**	**43,859**	**1,414**	**0**	**0**	**4,527**	**0**	**49,800**

27 Post balance sheet events

Details of the events subsequent to the balance sheet date up to the date of the Group's and the Company's consolidated financial statements presented in this report, are disclosed in note 28 to the consolidated financial statements.

28 Directors' interests in contracts

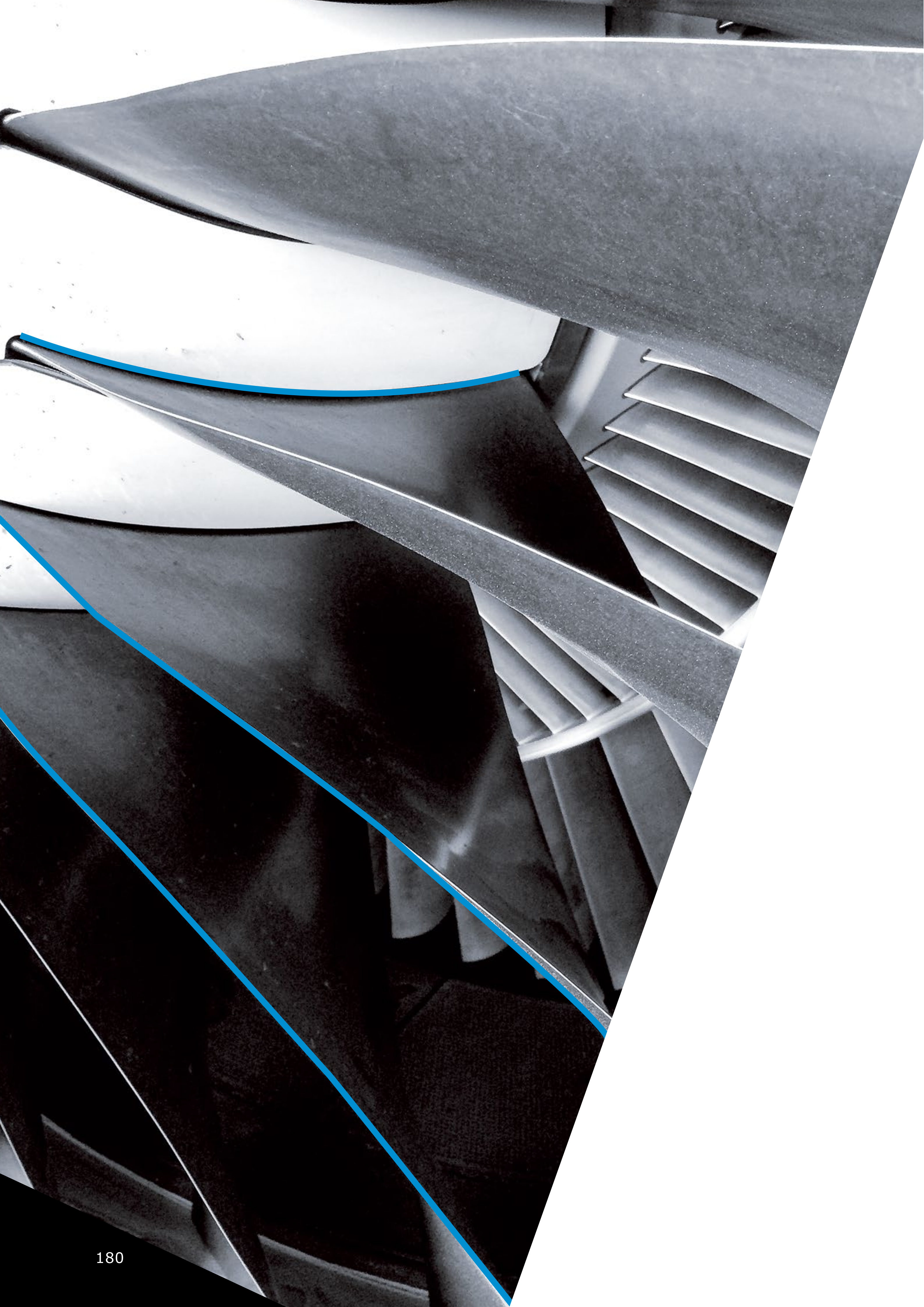
Save as disclosed in section 11 (Connected Transactions) and section 16 (Directors' interests in businesses that may compete with the Company) above, there has been no contract of significance to the Group, subsisting during or at the end of 2016 in which a Director is or was materially interested, either directly or indirectly.

29 Directors' Indemnification

Pursuant to a letter of indemnification, every Director shall be entitled to be indemnified by the Company against all liabilities, obligations, costs, claims, losses, damages and demands of whatever nature, whether civil, criminal, administrative, regulatory or investigative, arising directly or indirectly out of the performance, present, past or future, of his or her duties as a Director of the Company, subject to certain exceptions. The relevant letter of indemnification for each Director was in force during the financial year ended 31 December 2016 and as of the date of this report.

On behalf of the Board
Wong Po Ying, Aby
Company Secretary

28 April 2017



Corporate Governance **Report**

8

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 provisions of the CG Code during the Review Period, other than as described in paragraphs 3(b) and 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 maximize 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 a 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 Appendix 10. It was also based on the provisions of the French Monetary and Financial Code, the General Regulation of the AMF and the EU Market Abuse Regulation, where applicable. 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 of a combination of executive, non-executive and independent non-executive Directors. During the year ended 31 December 2016, the Board consisted of the Directors listed below and their attendance record for the 9 Board meetings held by the Board during the Review Period, other Board committee meetings held during the Review Period, the annual general meeting held on 24 June 2016 ("**AGM**") and the extraordinary general meeting held on 28 October 2016 ("**EGM**") is as follows:

Attendance and number of meetings

	Board meetings (total: 9 meetings in 2016)	Corporate Governance and Nomination Committee meetings (total: 7 meetings in 2016)	Remuneration Committee meetings (total: 3 meetings in 2016)	Audit Committee meetings (total: 9 meetings in 2016)	AGM (total: 1 meeting in 2016)	EGM (total: 1 meeting in 2016)
Executive Directors						
Oleg Deripaska	6	–	–	–	0	0
Vladislav Soloviev	9	–	–	–	1	0
Siegfried Wolf (appointed as a Director with effect from 24 June 2016)	5 (6 Board meetings were held during his tenure) (See Note 1 below)	–	–	–	0	0
Stalbek Mishakov (ceased to be a Director with effect from 24 June 2016)	3 (3 Board meetings were held during his tenure)	–	–	–	0	–

	Board meetings (total: 9 meetings in 2016)	Corporate Governance and Nomination Committee meetings (total: 7 meetings in 2016)	Remuneration Committee meetings (total: 3 meetings in 2016)	Audit Committee meetings (total: 9 meetings in 2016)	AGM (total: 1 meeting in 2016)	EGM (total: 1 meeting in 2016)
Non-executive Directors						
Maxim Sokov	9	–	–	–	1	0
Len Blavatnik (ceased to be a Director with effect from 10 November 2016)	2 (7 Board meetings were held during his tenure) (See Note 2 below)	–	–	–	0	0
Dmitry Afanasiev	4 (See Note 3 below)	–	–	–	0	0
Ivan Glasenberg	7 (See Note 4 below)	5	–	–	0	0
Maksim Goldman	8 (See Note 5 below)	–	2	–	1	0
Daniel Lesin Wolfe	9	–	–	9	1	0
Gulzhan Moldazhanova	8 (See Note 6 below)	–	–	–	0	0
Olga Mashkovskaya	9	–	–	9	0	0
Ekaterina Nikitina	9	7	3	–	1	0
Marco Musetti (appointed as a Director on 15 December 2016)	1 (1 Board meeting was held during his tenure)	–	–	–	0	–

	Board meetings (total: 9 meetings in 2016)	Corporate Governance and Nomination Committee meetings (total: 7 meetings in 2016)	Remuneration Committee meetings (total: 3 meetings in 2016)	Audit Committee meetings (total: 9 meetings in 2016)	AGM (total: 1 meeting in 2016)	EGM (total: 1 meeting in 2016)
Independent non-executive Directors						
Peter Nigel Kenny (ceased to be a Director with effect from 24 June 2016)	3 (3 Board meetings were held during his tenure)	1 (1 Corporate Governance and Nomination Committee meeting was held during his tenure)	1 (1 Remuneration Committee meeting was held during his tenure)	4 (4 Audit Committee meetings were held during his tenure)	1	–
Philip Lader	9	7	3	9	1	0
Elsie Leung Oi-sie	9	–	3	9	1	1
Matthias Warnig (Chairman)	8 (See Note 7 below)	–	–	–	1	0
Mark Garber	9	7	3	–	1	0
Dmitry Vasiliev	9	7	–	9	1	0
Bernard Zonneveld (appointed as a Director on 24 June 2016)	6 (6 Board meetings were held during his tenure)	5 (5 Corporate Governance and Nomination Committee meetings were held during his tenure)	2 (2 Remuneration Committee meetings were held during his tenure)	5 (5 Audit Committee meetings were held during his tenure)	0	0

Notes:

1. During 2016, Siegfried Wolf attended 5 Board meetings in person, and 1 Board meeting was attended by his alternate.

2. During 2016, Len Blavatnik attended 2 Board meetings in person, and 5 Board meetings were attended by his alternate.

3. During 2016, Dmitry Afanasiev attended 4 Board meetings in person, and 5 Board meetings were attended by his alternates.

4. During 2016, Ivan Glasenberg attended 7 Board meetings in person, and 2 Board meetings were attended by his alternate.

5. During 2016, Maksim Goldman attended 8 Board meetings in person, and 1 Board meeting was attended by his alternate.

6. During 2016, Gulzhan Moldazhanova attended 8 Board meetings in person, and 1 Board meeting was attended by her alternate.

7. During 2017, Matthias Warnig attended 8 Board meetings in person, and 1 Board meeting was attended by his alternate.

Biographical details of the Directors are set out in the section headed Profiles of Directors and Senior Management on pages 87 to 105 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 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 2016, 9 Board meetings were held.

At the Board meeting held on 16 March 2017, the Directors approved, among other things, the annual results of the Company for the year ended 31 December 2016.

The schedule for Board meetings is approved on an annual basis. The Directors are then 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 businesses;
- 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, at minimum 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 Board meetings.

(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 106 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
The Glencore Call Option granted by Glencore to En+ and SUAL Partners to acquire all Shares held by Glencore lapsed on 26 March 2017.

(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 2016 to ensure that it did not deal with business by the way of written resolution where a substantial Shareholder of the Company or a Director had disclosed an interest in a matter to be considered by the Board which the Board determined to be material. As a result, there were only 3 occurrences (out of the 27 written resolutions the Board passed during the period) when urgent business was dealt with by the Board by way of written resolution where a material interest of a Director was stated to have been disclosed. In those instances, the interest of the Director was a potential conflict of interest by virtue of the fact that:

(1) a Director was also a member of the supervisory council for the parent company of the entity contracting with the Company;

(2) a Director was also a member of the supervisory council for the parent company of the entity contracting with the Company. Additionally, another Director was the chairman of the supervisory board of the parent company of the entity contracting with the Company; and

(3) a Director was also a member of the supervisory council for the parent company of the entity contracting with the Company.

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

Of the 9 Board meetings held in the twelve-month period ended 31 December 2016 where one or more Directors had disclosed a material interest, all the independent non-executive Directors were present at all 9 of the Board meetings held.

Of the 9 Board meetings held, there were 5 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. 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. 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 Company's policies and practices on compliance with legal and regulatory requirements, to review and monitor the training and continuous professional development of Directors and senior management, to develop, review and monitor the Company's code of conduct and compliance manual and applicable to employees and Directors, reviewing the Company's compliance with the CG Code set out in Appendix 14 of 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)*
- 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)*
- Mr. Bernard Zonneveld *(independent non-executive Director)* (with effect from 24 June 2016)

The Corporate Governance and Nomination Committee has held 7 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. Bernard Zonneveld, Mr. Siegfried Wolf and Mr. Marco Musetti, (iii) changes to the composition of the Board committees and (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 2016, 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 re-appointment, 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 as 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 recognizes 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

I. Independent Directors on the Board

6 Independent Directors

9 Non-executive Directors

3 Executive Directors

II. 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 recognizes 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. Mark Garber *(independent non-executive Director)*
- Mr. Maksim Goldman *(non-executive Director)*
- Mr. Philip Lader *(independent non-executive Director)*
- Ms. Ekaterina Nikitina *(non-executive Director)*
- Mr. Bernard Zonneveld *(independent non-executive Director)* (with effect from 24 June 2016)

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 2015 and 2016 KPIs for CEO and President, KPIs of the senior executives for 2017. 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 2016, 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 2016 is set out below:

	Number of individuals
Nil to HK$38,000,000 (US$4,900,000)	21
HK$38,000,001-HK$38,500,000 (US$4,900,001 – US$5,000,000)	1
HK$46,000,001-HK$46,500,000 (US$5,900,001 – US$6,000,000)	—
HK$56,000,001-HK$56,500,000 (US$7,200,001 – US$7,300,000)	—
HK$67,000,001-HK$67,500,000 (US$8,600,001 – US$8,700,000)	—
HK$71,500,001-HK$72,000,000 (US$9,200,001 – US$9,350,000)	1
HK$80,500,001-HK$81,000,000 (US$10,350,001 – US$10,450,000)	1

The total remuneration, including the basic salary, performance-linked salary, incentive-linked salary and bonus of the Directors in 2016 amounted to approximately USD18 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 9 and note 10 to the consolidated financial statements for the year ended 31 December 2016 as disclosed in this Annual Report.

8.The work of Audit Committee

The Company established an audit committee under the Board 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, risk management and internal control systems, and internal audit function, to oversee the audit process and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board. The Audit Committee is assisted by the Company's internal audit function which undertakes both regular and ad hoc reviews of risk management, internal controls and procedures, the results of which are reported to the Audit Committee.

The Audit Committee consists of a majority of independent non-executive Directors. The members are (or were, see notes) as follows:

- Mr. Bernard Zonneveld *(chairman of the committee, independent non-executive Director)* (with effect from 24 June 2016)
- Mr. Philip Lader (independent non-executive Director)
- Dr. Elsie Leung Oi-sie *(independent non-executive Director)*
- Ms. Olga Mashkovskaya *(non-executive Director)*
- Mr. Dmitry Vasiliev *(independent non-executive Director)*
- Mr. Daniel Lesin Wolfe *(non-executive Director)*

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 3 March 2016, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2015. At the meeting on 23 August 2016, members of the Audit Committee reviewed the consolidated interim condensed financial information as at and for the three and six months ended 30 June 2016, and at the meeting on 16 March 2017, members of the Audit Committee reviewed the consolidated financial statements for the year ended 31 December 2016. 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, and the Company's internal audit function.

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 2016, 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 2016, 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 2016 USD’000
Audit services	
Annual audit services	5,530
Annual non-audit services	1,280

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

The responsibilities of JSC KPMG with respect to the 2016 consolidated financial statements are set out in the “Independent Auditors’ Report” on page 204.

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. Directors’ Responsibility for the Consolidated Financial Statements

The Directors acknowledge that it is their responsibility to prepare the consolidated financial statements for the year ended 31 December 2016, in accordance with applicable law and IFRS, and that these consolidated financial statements must give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period.

The Companies (Jersey) Law 1991 requires the Directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries and of the profit or loss of the Company and its subsidiaries for that period. In preparing these consolidated financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Chief Financial Officer of the Group is required to regularly present and explain to the Audit Committee and the Board reports on the Group's financial position and operating results, and report other matters that may have a material impact upon the financial performance and operations in order that the Audit Committee and the Board may make informed decisions.

The consolidated financial statements have been prepared in accordance with IFRS. The reporting responsibility of the external auditors of the Company on the financial statements of the Group are set out in the independent auditors' report on pages 204 to 209 of this Annual Report.

11. Risk Management and Internal Control

The Company's risk management and internal control systems have been designed to achieve strategic objectives of the Company, safeguard the assets of the Company, determine the nature and extent of the risks, maintain proper accounting records, ensure execution with appropriate authority and compliance with relevant laws and regulations. The risk management system has always represented the core part of the Company's internal control system, however it has become of even greater importance due to the increased level of uncertainty and volatility on global markets. The Board fully acknowledges its responsibility to establish and maintain appropriate and effective risk management and internal control systems that are designed to achieve the Company's strategic objectives based on compliance with the risk appetite of shareholders alongside with interests of other stakeholders.

In accordance with CG Code provision C.2.1., the Board reviews the Company's risk management and internal control systems on a quarterly basis to ensure their effectiveness. The Company has an internal audit function in the bounds of the Directorate for Control, internal audit and business coordination *(hereinafter referred to as the Directorate for Control)* and Audit Committee that carry out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board and the Directorate for Control provide assurance in terms of adequacy of resources, staff qualifications and experience, training programs and budgets of the core functions of the Group such as accounting, internal audit and financial reporting. The Board has established a risk management group within the Directorate for control, which is responsible for developing and monitoring the Company's risk management policies. The risk management group includes employees that are appropriately qualified to manage financial, operational and compliance risks. The Directorate for Control reports regularly to the Board on its activities including those related to the risk management system.

The Company aims to promote a risk-based thinking among all its employees including all the management layers and those directly engaged in the production process. The Company's risk management policies, that are designed to identify, analyze and manage the risks, are delivered to relevant employees so that they could understand the coherence between their responsibilities and the risks faced by the Company as a whole. Thus, all the Company risks are consolidated in the Risk Map of the Company that is being monitored by all the management layers and responsible employees are allocated to each risk. The Directorate for Control considers risk management instruments to be applied for each risk. Annual insurance program is developed based on the risk map of the Company. In respect of potentially risky instruments, such as hedging of commodity prices, foreign currency exchange rates and interest rates, require special approval by the hedge committee of the Company. Such a transparent attitude to risk management improves risk awareness of employees including understanding of appropriate risk limits, relevant controls and instruments to monitor risks, adherence to risk limits alongside with the ability to respond to the changes of the business environment on a timely basis.

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 Board, the Company's Audit Committee and the Directorate for Control aim to ensure that the internal control capability is regularly improved and enhanced. However it is important to note that the Company's internal control and risk management system are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The results of the Board's quarterly reviews of the Company's risk management and internal control system during the year 2016 are as follows:

Operational Controls
Operational controls are established for management of a wide range of risks, including those related to the production process, procurement, cash flow management, foreign currency exchange rates, fraud, competitors, politics etc. *(i.e. other than those related to compliance and financial reporting)*, covering the core scope of the Directorate for Control. The Audit Committee issues an annual plan of audits and revisions to be performed in 12 months. However, unplanned audits and revisions are performed on a regular basis to guarantee that operational controls are effective and efficient. The operational controls system is based on either best practice patterns or recommendations of audits and revisions *(compliance to such recommendation is also regularly checked)*. The Directorate for Control reports to the Board on results of audits and revisions on a quarterly basis. During the year 2016 the Directorate for controls assessed all the material risks identified and developed relevant risk management patterns to be applied for them in accordance with the Company's risk management policies and risk appetites of shareholders.

Financial Controls
The Company's risk management and internal control systems are effective in terms of financial controls as the Board fully acknowledges its responsibility to provide stakeholders with true and fair financial statements which reflect all the material aspects of the Company affairs and thus might be used for reasonable decisions. The financial reporting function is regularly audited by the Directorate for Control and external auditors to prevent material misstatement due to fraud or error. The Board aims to increase the level of automation of the financial reporting function on an on-going basis to increase efficiency and effectiveness of financial controls of the Company. The Board ensures that financial controls of the Company are strong and based on best practice patterns. Financial controls are checked in the bounds of all the audits and revisions performed by the Directorate for Control.

Compliance Controls
The Company operates in five continents having business affairs in many countries all over the globe which creates a need to comply with various legal requirements including those related to environment. The Board and the Directorate for Control acknowledge the importance to comply with legal and environmental requirements in order to be a green aluminum manufacturer and a good corporate citizen. Compliance controls are checked in the bounds of all the audits and revisions performed by the Directorate for Control.

The internal control and risk management capability is regularly improved and enhanced. The key steps and directions thereof for the year 2016 are as follows:

Key steps and directions of the procurement optimization in 2016:

- Control of procurement of materials, equipment, transportation and construction services selection.
- Operation of the tender committee of the Group and participation in procurement corporate committees.
- Implementation of the disposal of non-liquid and non-core assets of the Company project.
- Introduction of the new B2B trading platform. RUSAL works with 3 platforms: B2B, Fabrikant and Transtrade.
- Maintenance of transparency of procurement procedures by on-line monitoring Hotline and portal "Suppliers" on the Company's corporate website.
- Organization of training workshop related to the improvement of efficiency of procurement for the Beijing Office.
- Procurement campaigns on request from Division's top-management for the most important investment projects in 2016: VgAZ anode plant, Tayshet anode plant and ZAO Kremniy degas system.
- Leadership in working with flux and ligature testing to find alternative suppliers in order to move from sole purchasing to competition and help purchasing managers to get low prices with standard quality.
- 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 2017 on the official website in order to increase competition and transparency, to interact effectively with suppliers; and

  √ development and implementation of the algorithm 'Organization of procurement process' in activities of UC RUSAL commercial divisions.

Key steps and directions of the risk management optimization in 2016:

- Organization of independent risk audits of Company production facilities conducted by specialists Willis Group for risk mitigation purposes and optimization of Company insurance programs.
- Development and analysis of the annual Consolidated Corporate Risk Map which is updated on a quarterly basis.
- Quarterly reporting on the Company's risk management affairs to the Audit Committee.
- Update of the insurance program for 2016-2017.
- The new version of the Risk Management Regulation of the Company was enacted in 2016 *(to replace the previous version issued in 2012)*.

Information Disclosure Controls

Since the Company's listing, it has been subject to requirements relating to continuous disclosure obligations, including determination and disclosure of inside information. In the beginning of 2010, the Board delegated its authority to assess whether information constitutes inside information, whether it is subject to immediate disclosure or whether any safe harbor provisions may apply; to determine the timing and format of disclosure; to appoint officers responsible for collection, preliminary analysis and processing of the information within various business subdivisions of the Group; to appoint the Company's authorized representatives to the Hong Kong Stock Exchange; and to decide on trading halts and other issues to be raised with the disclosure committee. At the same time, internal policy regulating the treatment of inside information was adopted within the Group.

The internal control system applied in the Group with respect to inside information ensures that any piece of information that may constitute inside information is promptly escalated to the disclosure committee and, should it constitute inside information, is disclosed. Disclosure of inside information is made through the tools available to the Company under applicable legislation in every jurisdiction where the Company is subject to such disclosure (e.g. via the Hong Kong Stock Exchange web-page in Hong Kong, Businesswire agency in France and Interfax agency in Russia).

It is important to note that the Directorate for Control did not identify in the year 2016 any significant violations of operational, financial or compliance controls and any significant risks such as those that may potentially give rise to uncertainties about ability of the Company to continue to operate as a going concern.

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 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, the General Regulation of the AMF and the EU Market Abuse Regulation 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 inside information in relation to the Company or its securities.

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 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, Mr. Maxim Sokov, Mr. Vladislav Soloviev, Mr. Stalbek Mishakov (before 24 June 2016), Mr. Dmitry Afanasiev, Mr. Len Blavatnik (before 10 November 2016), 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 (before 24 June 2016), Mr. Philip Lader, Dr. Elsie Leung Oi-sie, Mr. Matthias Warnig, Mr. Dmitry Vasiliev, Mr. Bernard Zonneveld (after 24 June 2016), Mr. Siegfried Wolf (after 24 June 2016) and Mr. Marco Musetti (after 15 December 2016)), 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 2016, 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 2016.

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 1,000 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

For the purposes of compliance with the Listing Rules requirements the Company engages Ms. Aby Wong Po Ying of Intertrust Resources Management Limited as its company secretary. The primary contract person in the Company is Mr. Eugene Choi, the Authorised Representative of the Company.

Financial **Statements**

9

Statement of directors' responsibilities

The Directors acknowledge that it is their responsibility to prepare the consolidated financial statements for the year ended 31 December 2016, 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.

Independent Auditors' Report

To the members of United Company RUSAL Plc.
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of United Company RUSAL Plc (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report-continued

Valuation of property, plant and equipment

Please refer to the Note 13 in the financial statements.

The key audit matter	***How the matter was addressed in our audit***
The Group has significant property, plant and equipment balance which is material to the financial statements as at 31 December 2016. Due to current global market conditions and continuing volatility, industry downturn and overproduction there is a risk that the above may be not recoverable in full while devaluation of national currencies, decline in oil prices and tight cost control may indicate that some previously impaired property, plant and equipment items may demonstrate a need for reversal of impairment. This is specifically related to such cash generating units ("CGUs") as Bauxite Company of Guyana Inc., Armenal, Ural Foil, Kubikenborg Aluminium AB, Aughinish Alumina Ltd, Kremniy, Windalco, Kandalaksha smelter and Irkutsk smelter. As at the reporting date management performs valuation of the recoverable amount of the Group's assets and cash generating units as their value in use. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, this is one of the key judgmental areas that our audit is concentrated on.	For all CGUs we obtained the discounted cash flow forecasts prepared by management. We evaluated the reasonableness of the expected cash flow forecasts by comparing them with the latest Board approved budgets, externally derived data as well as our own assessments in relation to key inputs such as production level, forecasted aluminium sales prices, cost inflation, foreign currency exchange rates and discount rates. We also considered the historic accuracy of management's forecasts by comparing prior year forecasts to actual results. We used our own valuation specialist to assist us in evaluating the assumptions and methodologies used by the Group. We challenged: - the key assumptions for long term growth rates in the forecasts by comparing them with historical results, economic and industry forecasts; - the discount rates used. Specifically, we recalculated the Group's weighted average cost of capital using market comparable information. We also performed sensitivity analysis on the discounted cash flow forecasts and assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions, including forecasted aluminium and alumina prices and discount rates, reflected the risks inherent in the valuation of property, plant and equipment.

Independent Auditors' Report-continued

Compliance with provisions of debt arrangements

Please refer to the Note 19 in the financial statements.

The key audit matter	*How the matter was addressed in our audit*
The Group has significant debt on its statement of financial position as at 31 December 2016. Each debt arrangement includes financial and non-financial covenants. Potential non-compliance with terms of debt arrangements creates the risk of inappropriate classification and presentation of loans in the financial statements as well as liquidity risks for the Group.	Our procedures included: • challenging the Group level processes for compliance with provisions of debt arrangements, including regular monitoring of financial and non-financial compliance criteria by the management and those charged with governance, and their effectiveness in respect of compliance with debt covenants; • inspecting new loan agreements, addendums to existing loan agreements in effect as at 31 December 2016 to ensure that all covenant requirements have been identified; • inspecting all communication with banks and other creditors in terms of waivers and adjustments to loan terms to ensure that all covenant requirements have been identified and correctly accounted for; • recalculation of financial covenants and performing procedures to assess whether non-financial covenants have been appropriately complied with and whether classification of loans is appropriate in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report apart from the consolidated financial statements and apart from auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditors' Report-continued

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Yerkozha Akylbek.

Report on Other Legal and Regulatory Requirements

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 returns adequate for our audit have not been received from branches not visited by us; 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.

Yerkozha Akylbek
For and on behalf of JSC "KPMG"
Recognized Auditors
16 March 2017

Consolidated
Statement of Income

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 USD million	2015 USD million
Revenue	5	**7,983**	8,680
Cost of sales	6(a)	**(6,070)**	(6,215)
Gross profit		**1,913**	2,465
Distribution expenses	6(b)	**(331)**	(336)
Administrative expenses	6(b)	**(521)**	(533)
Reversal of/(impairment) of non-current assets	6(b)	**44**	(132)
Net other operating expenses	6(b)	**(37)**	(55)
Results from operating activities		**1,068**	1,409
Finance income	7	**19**	23
Finance expenses	7	**(879)**	(1,132)
Share of profits of associates and joint ventures	15	**848**	368
Result from disposal and deconsolidation of subsidiaries including items recycled from other comprehensive income	1(b)	**298**	95
Profit before taxation		**1,354**	763
Income tax	8	**(175)**	(205)
Profit for the year		**1,179**	558
Attributable to Shareholders of the Company		**1,179**	**558**
Profit for the year		**1,179**	558
Earnings per share			
Basic and diluted earnings per share (USD)	**12**	**0.078**	**0.037**
Adjusted EBITDA	6(d)	**1,489**	2,015

Consolidated Statement **of Comprehensive Income**

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 USD million	2015 USD million
Profit for the year		**1,179**	558
Other comprehensive income			
Items that will never be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans	20	**1**	(3)
		1	(3)
Items that are or may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates	15	**—**	4
Change in fair value of cash flow hedges	21	**36**	144
Items recycled from other comprehensive income on deconsolidation of subsidiaries	1(b)	**22**	(95)
Foreign currency translation differences for equity-accounted investees	15	**675**	(975)
Foreign currency translation differences on foreign operations		**245**	(229)
		978	(1,151)
Other comprehensive income for the period, net of tax		**979**	(1,154)
Total comprehensive income for the year		**2,158**	**(596)**
Attributable to:			
Shareholders of the Company		**2,158**	(596)
Total comprehensive income for the year		**2,158**	**(596)**

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 2016

	Note	31 December 2016 USD million	31 December 2015 USD million
ASSETS			
Non-current assets			
Property, plant and equipment	13	**4,065**	3,854
Intangible assets	14	**2,470**	2,274
Interests in associates and joint ventures	15	**4,147**	3,214
Deferred tax assets	8	**51**	51
Derivative financial assets	21	**51**	71
Other non-current assets		**52**	51
Total non-current assets		**10,836**	9,515
Current assets			
Inventories	16	**1,926**	1,837
Trade and other receivables	17(a)	**819**	710
Dividends receivable		**311**	189
Derivative financial assets	21	**16**	50
Cash and cash equivalents	17(c)	**544**	508
Total current assets		**3,616**	3,294
Total assets		**14,452**	**12,809**
EQUITY AND LIABILITIES			
Equity	18		
Share capital		**152**	152
Share premium		**15,786**	15,786
Other reserves		**2,882**	2,823
Currency translation reserve		**(9,058)**	(9,978)
Accumulated losses		**(6,463)**	(7,392)
Total equity		**3,299**	1,391

	Note	31 December 2016 USD million	31 December 2015 USD million
Non-current liabilities			
Loans and borrowings	19	**7,532**	7,525
Provisions	20	**423**	487
Deferred tax liabilities	8	**585**	531
Derivative financial liabilities	21	**3**	—
Other non-current liabilities		**51**	63
Total non-current liabilities		**8,594**	8,606
Current liabilities			
Loans and borrowings	19	**1,433**	1,355
Trade and other payables	17(b)	**1,054**	951
Derivative financial liabilities	21	**32**	421
Provisions	20	**40**	85
Total current liabilities		**2,559**	**2,812**
Total liabilities		**11,153**	**11,418**
Total equity and liabilities		**14,452**	**12,809**
Net current assets		**1,057**	**482**
Total assets less current liabilities		**11,893**	**9,997**

Approved and authorised for issue by the board of directors on 16 March 2017.

Vladislav A. Soloviev
Chief Executive Officer

Alexandra Y. Bouriko
Chief Financial Officer

Consolidated Statement
of Changes in Equity

For the year ended 31 December 2016

	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 2016		**152**	**—**	**15,786**	**2,823**	**(9,978)**	**(7,392)**	**1,391**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**1,179**	**1,179**
Other comprehensive income for the year		**—**	**—**	**—**	**59**	**920**	**—**	**979**
Total comprehensive income for the year		**—**	**—**	**—**	**59**	**920**	**1,179**	**2,158**
Dividends	11	**—**	**—**	**—**	**—**	**—**	**(250)**	**(250)**
Balance at 31 December 2016		**152**	**—**	**15,786**	**2,882**	**(9,058)**	**(6,463)**	**3,299**
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	18(b)	—	1	—	(1)	—	—	—
Dividends	11	—	—	—	—	—	(250)	(250)
Balance at 31 December 2015		**152**	**—**	**15,786**	**2,823**	**(9,978)**	**(7,392)**	**1,391**

Consolidated Statement **of Cash Flows**

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 USD million	2015 USD million
OPERATING ACTIVITIES			
Profit for the year		**1,179**	558
Adjustments for:			
Depreciation	6	**445**	443
Amortisation	6	**8**	14
(Reversal of)/impairment of non-current assets	6(b)	**(44)**	132
(Reversal of)/impairment of trade and other receivables	6(b)	**(3)**	8
Debtors write-off		☐	1
(Reversal of)/impairment of inventories	16	**(11)**	20
(Reversal of)/provision for legal claims	6(b)	**(1)**	6
Pension provision/(reversal of pension provision)		**3**	(2)
Change in fair value of derivative financial instruments	7	**157**	352
Net foreign exchange loss	7	**105**	140
Loss on disposal of property, plant and equipment		**12**	17
Interest expense	7	**617**	640
Interest income	7	**(19)**	(23)
Income tax expense	8	**175**	205
Result from disposal and deconsolidation of subsidiaries including items recycled from other comprehensive income	1(b)	**(298)**	(95)
Share of profits of associates and joint ventures	15	**(848)**	(368)
Cash from operating activities before changes in working capital and provisions		**1,477**	2,048

	Note	Year ended 31 December 2016 USD million	2015 USD million
(Increase) /decrease in inventories		**(73)**	148
Increase in trade and other receivables		**(62)**	(88)
Decrease in prepaid expenses and other assets		**5**	7
Decrease in trade and other payables		**(13)**	(323)
Decrease in provisions		**(35)**	(25)
Cash generated from operations before income tax paid		**1,299**	1,767
Income taxes paid	8	**(55)**	(199)
Net cash generated from operating activities		**1,244**	1,568
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**33**	8
Interest received		**17**	21
Acquisition of property, plant and equipment		**(558)**	(510)
Dividends from associates and joint ventures		**336**	755
Loans given to joint ventures		**(6)**	—
Acquisition of intangible assets	14	**(17)**	(12)
Proceeds from disposal of a subsidiary	1(b)	**298**	—
Changes in restricted cash	17(c)	**1**	(1)
Net cash generated from investing activities		**104**	261

	Note	Year ended 31 December 2016 USD million	 2015 USD million
FINANCING ACTIVITIES			
Proceeds from borrowings		**2,923**	735
Repayment of borrowings		**(3,066)**	(1,476)
Refinancing fees and other expenses		**(14)**	—
Interest paid		**(452)**	(516)
Settlement of derivative financial instruments		**(446)**	(320)
Dividends	11	**(250)**	(250)
Net cash used in financing activities		**(1,305)**	(1,827)
Net increase in cash and cash equivalents		**43**	2
Cash and cash equivalents at the beginning of the year	17	**494**	557
Effect of exchange rate fluctuations on cash and cash equivalents		**(6)**	(65)
Cash and cash equivalents at the end of the year	**17**	**531**	**494**

Restricted cash amounted to USD13 million and USD14 million at 31 December 2016 and 31 December 2015, respectively.

Non-cash repayment of borrowings and interest amounted to USD192 million and USD173 million for the years ended 31 December 2016 and 31 December 2015, respectively.

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, Channel Islands.

The Company directly or through its wholly owned subsidiaries controls a number of production and trading entities (refer to note 26) engaged in the aluminium business and other entities, which together with the Company are referred to as "the Group".

The shareholding structure of the Company as at 31 December 2016 and 31 December 2015 was as follows:

	31 December 2016	31 December 2015
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%
Publicly held	**10.05%**	10.05%
Total	**100%**	**100%**

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").

In February 2017 Onexim has disposed of 3.3% of its shares in the Company which resulted in decrease of its shareholding to 13.72% and increase of publicly held shareholding to 13.35%.

At 31 December 2016 and 2015, 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, Channel Islands. 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.

Related party transactions are disclosed in note 25.

(b) Deconsolidation and disposal of subsidiaries

In 2015 the Group deconsolidated ZALK and a another subsidiary, as a result of which USD95 million foreign currency translation gain was recycled through profit and loss.

In July 2016 the Group entered into an agreement to sell its 100% stake in the Alumina Partners of Jamaica ("Alpart") to the Chinese state industrial group, JIUQUAN IRON & STEEL (GROUP) Co. Ltd. ("JISCO") for a consideration of USD298 million. In November 2016 the Group completed the sale of Alpart and received the full consideration in cash.

(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 Ruble, 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.

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.

In preparing these financial statement the Group has applied the following standards and interpretations which are effective in respect of the financial years beginning on 1 January 2016.

- Annual Improvements to IFRSs, 2012-2014 cycle, various standards
- Amendments to IFRS 10, IFRS 12 and IAS 28, Investment entities: applying the consolidation exemption
- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to IFRS 11: *Accounting for acquisitions of interests in joint operations*
- Amendments to IAS 1: *Disclosure Initiative*
- Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*
- Amendments to IAS 16 and IAS 41, *Agriculture: Bearer plants*
- Amendments to IAS 27, Separate Financial Statements: Equity Method in Separate Financial Statements

As part of applying Amendments to IAS 1: Disclosure Initiative the Group has adopted a new presentation approach which would provide more relevant, clear and concise presentation and disclosures. Other above mentioned standards have not had significant impact on these consolidated financial statements.

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.

	Effective for accounting periods beginning on or after
IFRS 9, *Financial Instruments*	1 January 2018
IFRS 15, *Revenue from Contracts with Customers*	1 January 2018
IFRS 16, *Leases*	1 January 2019

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. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's financial statements are as follows:

(i) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss and (3) fair value through other comprehensive income as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as fair value through other comprehensive income then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is fair value through profit or loss regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as fair value through other comprehensive income. If an equity security is designated as fair value through other comprehensive income then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and fair value through profit or loss will continue with their respective classification and measurements upon the adoption of IFRS 9.

The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39, except that IFRS 9 requires the fair value change of a financial liability designated at fair value through profit or loss that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at fair value through profit or loss and therefore this new requirement may not have any impact on the group on adoption of IFRS 9.

(ii) Impairment

The new impairment model in IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(iii) Hedge accounting

IFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group preliminarily assesses that its current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9 and therefore it does not expect that the accounting for its hedging relationships will be significantly impacted.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

The Group is currently assessing the impacts of adopting IFRS 15 on its financial statements.

Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

(i) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 5. Currently, revenue arising from sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. IFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(1) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(2) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(3) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that for some of the Group's contracts the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

(ii) Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

The Group is in the process of assessing whether this component in the Group's advance payment schemes would be significant to the contract and therefore whether, once IFRS 15 is adopted, the transaction price would need to be adjusted for the purposes of recognising revenue.

IFRS 16, Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will replace the following lease standard and Interpretations upon its effective date: IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the impacts of adopting IFRS 16 on its financial statements.

Based on the preliminary assessment, the Group has identified the following area which is likely to be affected: classification and recognition of lease assets and liabilities. The Group estimates that insignificant amounts related to leases may be recognised in the Group's statement of financial position.

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating leases.

(b) Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost basis except as set out in the significant accounting policies in the relates notes below.

(c) Functional and presentation currency

The Company's functional currency is the United States Dollar ("USD") because it reflects the economic substance of the underlying events and circumstances of the Company. The functional currencies of the Group's significant subsidiaries are the currencies of the primary economic environment and key business processes of these subsidiaries and include USD, Russian Rubles ("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 relate to:

- measurement of recoverable amount of property, plant and equipment (note 13) and goodwill (note 14)
- measurement of net realizable value of inventories (note 16);
- measurement of recoverable amount of investments in associates (note 15);
- estimates in respect of legal proceedings, restoration and exploration, taxation and pension reserve (note 20).

3 Significant accounting **policies**

Significant accounting policies are described in the related notes to the financial statements captions and in this note. The following significant accounting policies have been applied in the preparation of the consolidated financial statements. 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 2015 and have been consistently applied to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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.

4 Segment **reporting**

(a) Reportable segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance and for which discrete consolidated financial information or statements are available.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group has four reportable segments, as described below, which are the Group's strategic business units. These business units are managed separately and the results of their operations are reviewed by the CEO on a regular basis.

Aluminium. The Aluminium segment is involved in the production and sale of primary aluminium and related products.

Alumina. The Alumina segment is involved in the mining and refining of bauxite into alumina and the sale of alumina.

Energy. The Energy segment includes the Group companies and projects engaged in the mining and sale of coal and the generation and transmission of electricity produced from various sources. Where the generating facility is solely a part of an alumina or aluminium production facility it is included in the respective reportable segment.

Mining and Metals. The Mining and Metals segment includes the equity investment in PJSC MMC Norilsk Nickel ("Norilsk Nickel").

Other operations include manufacturing of semi-finished products from primary aluminium for the transportation, packaging, building and construction, consumer goods and technology industries; and the activities of the Group's administrative centres. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2016 and 2015.

The Aluminium and Alumina segments are vertically integrated whereby the Alumina segment supplies alumina to the Aluminium segment for further refining and smelting with limited sales of alumina outside the Group. Integration between the Aluminium, Alumina and Energy segments also includes shared servicing and distribution.

(b) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of income tax assets and corporate assets. Segment liabilities include trade and other payables attributable to the production and sales activities of the individual segments. Loans and borrowings are not allocated to individual segments as they are centrally managed by the head office.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments excluding impairment.

The measure used for reporting segment results is the statement of income before income tax adjusted for items not specifically attributed to individual segments, such as finance income, costs of loans and borrowings and other head office or corporate administration costs. The segment profit or loss is included in the internal management reports that are reviewed by the Group's CEO. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment revenue), the carrying value of investments and share of profits/(losses) of associates and joint ventures, depreciation, amortisation, impairment and additions of non-current segment assets used by the segments in their operations. Inter-segment pricing is determined on a consistent basis using market benchmarks.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

(i) Reportable segments

Year ended 31 December 2016

	Aluminium USD million	Alumina USD million	Energy USD million	Mining and Metals USD million	Total segment result USD million
Revenue from external customers	6,613	655	1	—	7,269
Inter-segment revenue	95	1,416	284	—	1,795
Total segment revenue	6,708	2,071	285	—	9,064
Segment profit	1,157	2	—	—	1,159
Reversal of/(impairment) of non-current assets	134	(27)	—	—	107
Share of profits of associates and joint ventures	—	—	160	688	848
Depreciation/amortisation	(362)	(88)	—	—	(450)
Non-cash expense other than depreciation	(26)	(48)	—	—	(74)
Additions to non-current segment assets during the year	336	146	2	—	484
Non-cash additions to non-current segment assets related to site restoration	17	8	—	—	25
Segment assets	8,206	2,053	59	—	10,318
Interests in associates and joint ventures	—	—	552	3,592	4,144
Total segment assets					14,462
Segment liabilities	(1,285)	(721)	(23)	—	(2,029)
Total segment liabilities					(2,029)

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)**

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	Year ended 31 December 2016 USD million	2015 USD million
Revenue		
Reportable segment revenue	**9,064**	9,521
Elimination of inter-segment revenue	**(1,795)**	(1,624)
Unallocated revenue	**714**	783
Consolidated revenue	**7,983**	**8,680**

	Year ended 31 December 2016 USD million	2015 USD million
Profit		
Reportable segment profit	**1,159**	1,817
Reversal of/(impairment) of non-current assets	**44**	(132)
Share of profits of associates and joint ventures	**848**	368
Finance income	**19**	23
Finance expenses	**(879)**	(1,132)
Result from disposal and deconsolidation of a subsidiaries including other items recycled from other comprehensive income	**298**	95
Unallocated expenses	**(135)**	(276)
Consolidated profit before taxation	**1,354**	**763**

	31 December 2016 USD million	31 December 2015 USD million
Assets		
Reportable segment assets	**14,462**	12,656
Elimination of inter-segment receivables	**(493)**	(346)
Unallocated assets	**483**	499
Consolidated total assets	**14,452**	12,809

	31 December 2016 USD million	31 December 2015 USD million
Liabilities		
Reportable segment liabilities	**(2,029)**	(2,224)
Elimination of inter-segment payables	**493**	346
Unallocated liabilities	**(9,617)**	(9,540)
Consolidated total liabilities	**(11,153)**	(11,418)

(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 one production facility 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 2016 USD million	2015 USD million
Russia	**1,666**	1,680
USA	**1,189**	631
Netherlands	**664**	1,708
Turkey	**633**	834
Japan	**610**	584
Poland	**375**	404
South Korea	**313**	411
Greece	**260**	254
Italy	**240**	223
Sweden	**182**	220
Germany	**181**	129
Norway	**179**	103
France	**178**	189
China	**24**	78
Other countries	**1,289**	1,232
	7,983	**8,680**

	Specified non-current assets	
	31 December 2016 USD million	31 December 2015 USD million
Russia	**7,162**	6,206
Ireland	**414**	372
Ukraine	**192**	195
Sweden	**152**	16
Guinea	**117**	56
Unallocated	**2,799**	2,670
	10,836	**9,515**

5 Revenue

Accounting policies

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.

Disclosures

	Year ended 31 December 2016 USD million	2015 USD million
Sales of primary aluminium and alloys	**6,614**	7,279
Third parties	**3,991**	4,208
Related parties – companies capable of exerting significant influence	**2,489**	2,945
Related parties – companies under common control	**134**	125
Related parties – associates and joint ventures	**—**	1
Sales of alumina and bauxite	**655**	617
Third parties	**377**	382
Related parties – companies capable of exerting significant influence	**186**	207
Related parties – associates and joint ventures	**92**	28
Sales of foil	**240**	270
Third parties	**239**	265
Related parties – companies under common control	**1**	5
Other revenue including energy and transportation services	**474**	514
Third parties	**381**	426
Related parties – companies capable of exerting significant influence	**11**	17
Related parties – companies under common control	**20**	20
Related parties – associates and joint ventures	**62**	51
	7,983	**8,680**

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 2016 revenues from sales of primary aluminium and alloys to this customer amounted to USD2,322 million (2015: USD2,710 million).

6 Cost of sales and operating expenses

(a) Cost of sales

	Year ended 31 December 2016 USD million	2015 USD million
Cost of alumina, bauxite and other materials	**(2,793)**	(3,111)
Third parties	**(2,579)**	(2,923)
Related parties – companies capable of exerting significant influence	**(146)**	(129)
Related parties – companies under common control	**(68)**	(55)
Related parties – associates and joint ventures	**—**	(4)
Purchases of primary aluminium	**(444)**	(163)
Third parties	**(215)**	(105)
Related parties – associates and joint ventures	**(229)**	(58)
Energy costs	**(1,568)**	(1,680)
Third parties	**(968)**	(1,086)
Related parties – companies capable of exerting significant influence	**(5)**	(23)
Related parties – companies under common control	**(484)**	(428)
Related parties – associates and joint ventures	**(111)**	(143)
Personnel costs	**(520)**	(505)
Depreciation and amortisation	**(434)**	(434)
Other costs	**(311)**	(322)
Third parties	**(156)**	(156)
Related parties – companies under common control	**(29)**	(25)
Related parties – associates and joint ventures	**(126)**	(141)
	(6,070)	**(6,215)**

(b) Distribution, administrative and other operating expenses, and impairment of non-current assets

	Year ended 31 December 2016 USD million	2015 USD million
Transportation expenses	**(264)**	(280)
Personnel costs	**(261)**	(256)
Reversal of/(impairment) of non-current assets	**44**	(132)
Consulting and legal expenses	**(63)**	(80)
Taxes other than on income	**(42)**	(48)
Lease and security	**(40)**	(37)
Other materials	**(27)**	(25)
Depreciation and amortisation	**(19)**	(23)
Loss on disposal of property, plant and equipment	**(12)**	(17)
Charitable donations	**(14)**	(11)
Auditors' remuneration	**(6)**	(7)
Reversal of/(impairment) of trade and other receivables	**3**	(8)
Reversal of/(provision) for legal claims	**1**	(6)
Other expenses	**(145)**	(126)
	(845)	**(1,056)**

Reversal of impairment of non-current assets comprises net results of reversal of impairment of property, plant and equipment of USD113 million and impairment of other non-current assets of USD69 million.

(c) Personnel costs

Accounting policies

Personnel costs comprise salaries, annual bonuses, annual leave and cost of non-monetary benefits. Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group are also members of retirement schemes operated by local authorities. The Group is required to contribute a certain percentage of their payroll to these schemes to fund the benefits. The Group's total contribution to those schemes charged to the statement of income during the years presented is shown below.

The Group's net obligation in respect of defined benefit pension and other post-retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and 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.

Disclosures

	Year ended 31 December 2016 USD million	2015 USD million
Contributions to defined contribution retirement plans	**160**	143
Contributions to defined benefit retirement plans	**2**	2
Total retirement costs	**162**	145
Wages and salaries	**619**	616
	781	**761**

(d) EBITDA and operating effectiveness measures

Adjusted EBITDA is the key non-IFRS financial measure used by the Group as reference for assessing operating effectiveness.

	Year ended 31 December 2016 USD million	2015 USD million
Results from operating activities	**1,068**	1,409
Add:		
Amortisation and depreciation	**453**	457
(Reversal of)/impairment of non-current assets	**(44)**	132
Loss on disposal of property, plant and equipment	**12**	17
Adjusted EBITDA	**1,489**	**2,015**

7 Finance income **and expenses**

Accounting policies

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses and changes in the fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in the statement of income using the effective interest method, except for borrowing costs related to the acquisition, construction and production of qualifying assets which are recognised as part of the cost of such assets.

Foreign currency gains and losses are reported on a net basis.

Disclosures

	Year ended 31 December 2016 USD million	2015 USD million
Finance income		
Interest income on third party loans and deposits	**18**	21
Interest income on loans to related parties – *companies under common control*	**1**	2
	19	**23**
Finance expenses		
Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges	**(603)**	(315)
Interest expense on bank loans wholly repayable after 5 years	**–**	(290)
Interest expense on company loans from related parties – *companies exerting significant influence*	**(7)**	(22)
Change in fair value of derivative financial instruments (refer to note 21)	**(157)**	(352)
Net foreign exchange loss	**(105)**	(140)
Interest expense on provisions	**(7)**	(13)
	(879)	**(1,132)**

8 Income tax

Accounting policies

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of income and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liability. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

Disclosures

(a) Income tax expense

	Year ended 31 December 2016 USD million	2015 USD million
Current tax		
Current tax for the year	**122**	173
Deferred tax		
Origination and reversal of temporary differences	**53**	32
Actual tax expense	**175**	**205**

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 2016 were the same as for the year ended 31 December 2015.

	Year ended 31 December 2016 USD million	 %	 2015 USD million	 %
Profit before taxation	**1,354**	**100**	763	100
Income tax at tax rate applicable to the tax residence of the Company	**169**	**13**	95	13
Effect of different income tax rates	**(8)**	**(1)**	(71)	(10)
Financial expenses non-deductible for tax purposes	**—**	**—**	74	10
Effect of changes in investment in Norilsk Nickel	**(64)**	**(5)**	(1)	—
Effect of impairment of non-current assets	**12**	**1**	—	—
Change in unrecognised deferred tax assets	**31**	**2**	98	13
Other non-deductible taxable items	**35**	**3**	10	1
Actual tax expense	**175**	**13**	**205**	**27**

(b) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following temporary differences:

USD million	Assets 31 December 2016	31 December 2015	Liabilities 31 December 2016	31 December 2015	Net 31 December 2016	31 December 2015
Property, plant and equipment	**47**	29	**(580)**	(548)	**(533)**	(519)
Inventories	**47**	29	**(8)**	(1)	**39**	28
Trade and other receivables	**14**	10	**(6)**	–	**8**	10
Derivative financial liabilities	**–**	–	**(11)**	(22)	**(11)**	(22)
Tax loss carry-forwards	**9**	27	**–**	–	**9**	27
Others	**66**	62	**(112)**	(66)	**(46)**	(4)
Deferred tax assets/ (liabilities)	**183**	157	**(717)**	(637)	**(534)**	(480)
Set-off of deferred taxation	**(132)**	(106)	**132**	106	**–**	–
Net deferred tax assets/ (liabilities)	**51**	**51**	**(585)**	**(531)**	**(534)**	**(480)**

(c) Movement in deferred tax assets/(liabilities) during the year

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)**

USD million	1 January 2016	Recognised in profit or loss	Foreign currency translation	31 December 2016
Property, plant and equipment	(519)	(14)	—	(533)
Inventories	28	11	—	39
Trade and other receivables	10	(2)	—	8
Derivative financial liabilities	(22)	11	—	(11)
Tax loss carry-forwards	27	(17)	(1)	9
Others	(4)	(42)	—	(46)
Total	**(480)**	**(53)**	**(1)**	**(534)**

Recognised tax losses expire in the following years:

	31 December 2016 USD million	31 December 2015 USD million
Year of expiry		
Without expiry	**9**	—
From 6 to 10 years	**—**	24
From 2 to 5 years	**—**	2
Up to 1 year	**—**	1
	9	**27**

(d) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2016 USD million	31 December 2015 USD million
Deductible temporary differences	**565**	658
Tax loss carry-forwards	**421**	551
	986	**1,209**

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:

	31 December 2016 USD million	31 December 2015 USD million
Year of expiry		
Without expiry	**413**	492
From 6 to 10 years	**—**	40
From 2 to 5 years	**3**	18
Up to 1 year	**5**	1
	421	**551**

(e) Unrecognised deferred tax liabilities

Retained earnings of the Group's subsidiaries where dividend distributions are subject to taxation included USD1,192 million and USD1,160 million as at 31 December 2016 and 31 December 2015, 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.

(f) Current taxation in the consolidated statement of financial position represents:

	31 December 2016 USD million	31 December 2015 USD million
Net income tax receivable/(payable) at the beginning of the year	**54**	(26)
Income tax for the year	**(122)**	(173)
Income tax paid	**55**	199
Dividend withholding tax	**23**	51
Translation difference	**9**	3
	19	**54**
Represented by:		
Income tax payable (note 17)	**(13)**	(10)
Prepaid income tax (note 17)	**32**	64
Net income tax recoverable	**19**	**54**

9 Directors' **remuneration**

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulations are as follows:

	Year ended 31 December 2016 Directors' fees USD thousand	Salaries, allowances, benefits in kind USD thousand	Discretionary bonuses USD thousand	Total USD thousand
Executive Directors				
Oleg Deripaska	—	1,793	4,179	5,972
Vladislav Soloviev	—	3,797	3,518	7,315
Siegfried Wolf (a)	—	862	—	862
Stalbek Mishakov (b)	—	326	—	326
Non-executive Directors				
Maksim Goldman	202	—	—	202
Dmitry Afanasiev	184	—	—	184
Len Blavatnik (c)	141	—	—	141
Ivan Glasenberg	202	—	—	202
Gulzhan Moldazhanova	182	—	—	182
Ekaterina Nikitina	188	—	—	188
Olga Mashkovskaya	175	—	—	175
Daniel Lesin Wolfe	202	—	—	202
Maksim Sokov	181	—	—	181
Marco Musetti (d)	6	—	—	6
Independent Non-executive Directors				
Matthias Warnig (Chairman)	461	—	—	461
Nigel Kenny (e)	112	—	—	112
Bernard Zonneveld (f)	110	—	—	110
Philip Lader	292	—	—	292
Elsie Leung Oi-Sie	209	—	—	209
Mark Garber	222	—	—	222
Dmitry Vasiliev	188	—	—	188
	3,257	**6,778**	**7,697**	**17,732**

a. Siegfried Wolf was appointed as an Executive Director in June 2016.

b. Stalbek Mishakov resigned from his position as a member of the Board of Directors in June 2016.

c. Len Blavatnik resigned from his position as a member of the Board of Directors in November 2016.

d. Marco Musetti was appointed as Non-executive Director in December 2016.

e. Nigel Kenny resigned from his position as a member of the Board of Directors in June 2016.

f. Bernard Zonneveld was appointed as Independent Non-executive Director in June 2016.

	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 (i)				
Oleg Deripaska	—	1,852	4,150	6,002
Vladislav Soloviev	—	3,956	3,317	7,273
Vera Kurochkina (g)	—	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 Mashkovskaya	198	—	—	198

	Year ended 31 December 2015 Directors' fees USD thousand	Salaries, allowances, benefits in kind USD thousand	Discretionary bonuses USD thousand	Total USD thousand
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 (h)	98	—	—	98
	3,494	**7,701**	**11,684**	**22,879**

g. Vera Kurochkina resigned from her position as a member of the Board of Directors in June 2015.

h. Dmitry Vasiliev was appointed as an Independent Non-executive Director in June 2015.

i. 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 18(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

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.

10 Individuals **with highest emoluments**

Of the five individuals with the highest emoluments, two were directors in the years ended 31 December 2016 and 2015, respectively, whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other individuals are as follows:

	Year ended 31 December 2016 USD million	2015 USD million
Salaries	**9,718**	9,351
Discretionary bonuses	**14,774**	12,500
Share-based payments (*)	**—**	91
	24,492	**21,942**

(*) The remuneration in the form of shares of the Company for the year ended 31 December 2015 in relation to a share-based long-term incentive plan (refer to note 18(b)).

The emoluments of the other individuals with the highest emoluments are within the following bands:

	Year ended 31 December 2016 Number of individuals	2015 Number of individuals
HK$38,000,001-HK$38,500,000 (US$4,900,001 – US$5,000,000)	1	—
HK$46,000,001-HK$46,500,000 (US$5,900,001 – US$6,000,000)	—	1
HK$56,000,001-HK$56,500,000 (US$7,200,001 – US$7,300,000)	—	1
HK$67,000,001-HK$67,500,000 (US$8,600,001 – US$8,700,000)	—	1
HK$71,500,001-HK$72,000,000 (US$9,200,001 – US$9,350,000)	1	—
HK$80,500,001-HK$81,000,000 (US$10,350,001 – US$10,450,000)	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.

11 Dividends

In September 2016 the Board of Directors of the Company approved an interim dividend in the aggregate amount of USD250 million (USD0.01645 per ordinary share) for the financial year ended 31 December 2016. Payment of the interim dividend was subject to the Company obtaining prior consents from certain lenders of the Company. On 25 October 2016, the required consents have been obtained by the Company. The interim dividend was paid on 31 October 2016 in cash.

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.

The Company is subject to external capital requirements (refer to note 22(f)).

12 Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of shares in issue during the years ended 31 December 2016 and 31 December 2015. Weighted average number of shares:

	Year ended 31 December 2016	2015
Issued ordinary shares at beginning of the period	**15,193,014,862**	15,193,014,862
Effect of treasury shares	**(3,430)**	(1,824,099)
Weighted average number of shares at end of the period	**15,193,011,432**	**15,191,190,763**
Profit for the period, USD million	**1,179**	558
Basic and diluted earnings per share, USD	**0.078**	0.037

There were no outstanding dilutive instruments during the years ended 31 December 2016 and 2015.

13 Property, plant **and equipment**

Accounting policies

(i) Recognition and measurement

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of periodic relining of electrolysers is capitalised and depreciated over the expected production period.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within gain/(loss) on disposal of property, plant and equipment in the statement of income.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

(iii) Exploration and evaluation assets

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activities include:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the statement of income.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Exploration and evaluation expenditure is capitalised as exploration and evaluation assets when it is expected that expenditure related to an area of interest will be recouped by future exploitation, sale, or, at the reporting date, the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves. Capitalised exploration and evaluation expenditure is recorded as a component of property, plant and equipment at cost less impairment losses. As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where there are indicators of potential impairment, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but which require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the statement of income.

Exploration and evaluation assets are transferred to mining property, plant and equipment or intangible assets when development is sanctioned.

(iv) Stripping costs

Expenditure relating to the stripping of overburden layers of ore, including estimated site restoration costs, is included in the cost of production in the period in which it is incurred.

(v) Mining assets

Mining assets are recorded as construction in progress and transferred to mining property, plant and equipment when a new mine reaches commercial production.

Mining assets include expenditure incurred for:

- Acquiring mineral and development rights;
- Developing new mining operations.

Mining assets include interest capitalised during the construction period, when financed by borrowings.

(vi) Depreciation

The carrying amounts of property, plant and equipment (including initial and any subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated mine or mineral lease, if shorter. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The property, plant and equipment is depreciated on a straight-line or units of production basis over the respective estimated useful lives as follows:

Buildings	30 to 50 years;
Plant, machinery and equipment	5 to 40 years;
Electrolysers	4 to 15 years;
Mining assets	units of production on proven and probable reserves;
Other (except for exploration and evaluation assets)	1 to 20 years.

Disclosures

USD million	Land and buildings	Machinery and equipment	Electrolysers	Other	Mining assets	Construction in progress	Total
Cost/Deemed cost							
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**
Balance at 1 January 2016	3,383	5,999	2,148	168	492	1,397	13,587
Additions	–	1	89	8	33	452	583
Disposals	(98)	(435)	(15)	(2)	(90)	(10)	(650)
Transfers	71	263	14	1	15	(364)	–
Foreign currency translation	38	24	(19)	(6)	60	36	133
Balance at 31 December 2016	**3,394**	**5,852**	**2,217**	**169**	**510**	**1,511**	**13,653**
Accumulated depreciation and impairment losses							
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)
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**
Balance at 1 January 2016	1,877	4,549	1,763	145	450	949	9,733
Depreciation charge	75	231	152	6	1	–	465
Impairment loss	(66)	(85)	(4)	–	22	20	(113)
Disposals	(93)	(426)	(13)	(2)	(77)	–	(611)
Foreign currency translation	31	21	(19)	(6)	59	28	114
Balance at 31 December 2016	**1,824**	**4,290**	**1,879**	**143**	**455**	**997**	**9,588**
Net book value							
At 31 December 2015	**1,506**	**1,450**	**385**	**23**	**42**	**448**	**3,854**
At 31 December 2016	**1,570**	**1,562**	**338**	**26**	**55**	**514**	**4,065**

Included in disposals of property, plant and equipment are disposals related to deconsolidation of Alpart (note 1(b)) of USD564 million both at cost and accumulated depreciation.

Depreciation expense of USD426 million (2015: USD421 million) has been charged to cost of goods sold, USD3 million (2015: USD5 million) to distribution expenses and USD16 million (2015: USD17 million) to administrative expenses.

During the years ended 31 December 2016 and 2015, 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 2016 and 2015 are advances to suppliers of property, plant and equipment of USD89 million and USD41 million, respectively.

The carrying value of property, plant and equipment subject to lien under loan agreements was USD225 million as at 31 December 2016 (31 December 2015: USD612 million), refer to note 19.

(a) Impairment

In accordance with the Group's accounting policies, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal.

Value in use is also generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), bauxite reserve estimate, operating costs, restoration and rehabilitation costs and future capital expenditure.

Bauxite reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The Group determines ore reserves under the Australasian Code for Reporting of Mineral Resources and Ore Reserves September 1999, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves.

Management identified several factors that indicated that a number of the Group's cash-generating units may be impaired or see reversal of previously recognised impairment loss. These include significant fluctuations in the exchange rate of Russian Ruble throughout the year, significant decrease of aluminium and alumina prices in the beginning of 2016 and their recovery by the end of the same period. In aluminium and silicon production, the Group faced significant decrease in cash cost due to depreciation of national currencies and application of cash cost control measures. For alumina cash generating units, major influence was on the part of recovery in alumina prices and decrease in prices of energy resources being a significant part of cash cost. In foil production, the price of primary thick foils was low compared to that of more thinner and sophisticated positions. Bauxite cash generating units faced decrease in the sale price of bauxite.

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 as at 31 December 2016, management has concluded that an impairment loss relating to property, plant and equipment should be recognised in these financial statements in respect of the Bauxite Company of Guyana Inc., Armenal and Ural Foil cash generating units in the amounts of USD58 million, USD48 million and USD13 million, respectively, as the determined recoverable amount was negative. Management has also concluded that a reversal of previously recognised impairment loss relating to property, plant and equipment should be recognised in these financial statements in respect of the Kubikenborg Aluminium, Kremniy, Windalco, Aughinish Alumina, Kandalaksha smelter and Irkutsk smelter cash generating units in the amounts of USD124 million, USD52 million, USD48 million, USD38 million, USD30 million and USD7 million, respectively.

Based on results of impairment testing for the year 2015, management has concluded that no impairment loss or reversal of previously recognised impairment loss relating to property, plant and equipment should be recognised in these financial statements.

For the purposes of impairment testing the recoverable amount of each cash generating unit was determined by discounting expected future net cash flows of the cash generating unit. The pre-tax discount rates applied to the above mentioned cash generating units, estimated in nominal terms based on an industry weighted average cost of capital, are presented in the table below.

	Year ended 31 December 2016	2015
Bauxite Company of Guyana Inc.	**16.7%**	20.5%
Armenal	**20.0%**	20.0%
Ural Foil	**15.3%**	—
Kubikenborg Aluminium	**13.2%**	13.2%
Kremniy	**19.0%**	19.0%
Windalco	**31.5%**	—
Aughinish Alumina	**13.5%**	13.2%
Kandalaksha smelter	**18.5%**	—
Irkutsk smelter	**16.4%**	16.4%

The recoverable amount of a number of the cash generating units tested for impairment are particularly sensitive to changes in forecast aluminium and alumina prices, foreign exchange rates and applicable discount rates.

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 USD67 million at 31 December 2016 (2015: USD115 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) 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.

	31 December 2016 USD million	31 December 2015 USD million
Owned and leased properties		
In the Russian Federation		
Freehold	**1,404**	1,343
short-term leases	**22**	22
medium-term leases	**7**	7
Outside the Russian Federation		
Freehold	**137**	134
	1,570	**1,506**
Representing		
Land and buildings	**1,570**	**1,506**

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 2016 and 31 December 2015, respectively. The Group does not hold land in Hong Kong.

14 Intangible assets

Accounting policies

(i) Goodwill

On the acquisition of a subsidiary, an interest in a joint venture or an associate or an interest in a joint arrangement that comprises a business, the identifiable assets, liabilities and contingent liabilities of the acquired business (or interest in a business) are recognised at their fair values unless the fair values cannot be measured reliably. Where the fair values of assumed contingent liabilities cannot be measured reliably, no liability is recognised but the contingent liability is disclosed in the same manner as for other contingent liabilities.

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.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of income when incurred.

(v) Amortisation

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- software 5 years;
- 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.

Disclosures

	Goodwill USD million	Other intangible assets USD million	Total USD million
Cost			
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**
Balance at 1 January 2016	2,639	535	3,174
Additions	—	17	17
Disposals	—	(13)	(13)
Transfers to other non-current assets	—	(2)	(2)
Foreign currency translation	198	4	202
Balance at 31 December 2016	**2,837**	**541**	**3,378**
Amortisation and impairment losses			
Balance at 1 January 2015	(449)	(437)	(886)
Amortisation charge	—	(14)	(14)
Balance at 31 December 2015	**(449)**	**(451)**	**(900)**
Balance at 1 January 2016	(449)	(451)	(900)
Amortisation charge	—	(8)	(8)
Balance at 31 December 2016	**(449)**	**(459)**	**(908)**
Net book value			
At 31 December 2015	**2,190**	**84**	**2,274**
At 31 December 2016	**2,388**	**82**	**2,470**

The amortisation charge is included in cost of sales in the consolidated statement of income.

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.

(a) 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.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to goodwill.

At 31 December 2016, management analysed changes in the economic environment and developments in the aluminium industry and the Group's operations since 31 December 2015 and performed an impairment test for goodwill at 31 December 2016 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 7.8 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 USD1,673 per tonne for primary aluminium in 2017, USD1,703 in 2018, USD1,726 in 2019, USD1,789 in 2020, USD1,911 in 2021. 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 RUB62.4 for one USD in 2017, RUB67.7 in 2018, RUB69.7 in 2019, RUB71.0 in 2020, RUB69.0 in 2021. Inflation of 4.4% – 5.4% in RUB and 1.3% - 2.2% in USD was assumed in determining recoverable amounts;
- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 13.7%;
- A terminal value was derived following the forecast period assuming a 1.8% 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 23% 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 15% decrease in the recoverable amount and would not lead to an impairment;
- A 1% increase in the discount rate would have resulted in a 8% decrease in the recoverable amount and would not lead to an impairment.

Based on results of impairment testing of goodwill, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2016.

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 of goodwill, management concluded that no impairment should be recorded in the consolidated financial statements as at 31 December 2015.

15 Interests in associates and **joint ventures**

Accounting policies

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of 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.

In accordance with the Group's accounting policies, each investment in an associate or joint venture is evaluated every reporting period to determine whether there are any indications of impairment after application of the equity method of accounting. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an investment in an associate or joint venture is measured at the higher of fair value less costs to sell and value in use.

Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment apply to investments in associates or joint venture. In addition to the considerations described above the Group may also assess the estimated future cash flows expected to arise from dividends to be received from the investment, if such information is available and considered reliable.

Disclosures

	31 December 2016 USD million	2015 USD million
Balance at the beginning of the year	**3,214**	4,879
Group's share of profits, impairment and reversal of impairment	**848**	368
Reversal of provision for a guarantee included in the share of profits	**(100)**	—
Dividends	**(490)**	(1,062)
Group's share of other comprehensive income of associates	**—**	4
Foreign currency translation	**675**	(975)
Balance at the end of the year	**4,147**	**3,214**
Goodwill included in interests in associates	**2,477**	**2,062**

The following list contains only the particulars of associates and joint ventures, all of which are corporate entities, which principally affected the results or assets of the Group.

Name of associate/ joint venture	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest Group's effective interest	Group's nominal interest	Principal activity
PJSC MMC Norilsk Nickel	Russian Federation	158,245,476 shares, RUB1 par value	27.82%	27.82%	Nickel and other metals production
Queensland Alumina Limited	Australia	2,212,000 shares, AUD2 par value	20%	20%	Production of alumina under a tolling agreement
BEMO project	Cyprus, Russian Federation	BOGES Limited, BALP Limited – 10,000 shares EUR1.71 each	50%	50%	Energy/Aluminium production

The summary of the consolidated financial statements of associates and joint ventures for the year ended 31 December 2016 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	4,994	8,881	136	587	1,275	2,818	158	311
Current assets	1,577	5,668	22	115	77	153	146	412
Non-current liabilities	(2,281)	(8,115)	(89)	(242)	(880)	(1,817)	(34)	(70)
Current liabilities	(698)	(2,508)	(69)	(345)	(36)	(73)	(151)	(412)
Net assets	**3,592**	**3,926**	**—**	**115**	**436**	**1,081**	**119**	**241**

	PJSC MMC Norilsk Nickel Group share	100%	Queensland Alumina Limited Group share	100%	BEMO project Group share	100%	Other joint ventures Group share	100%
Revenue	2,289	8,165	125	625	282	563	893	2,539
Profit/(loss) from continuing operations	688	2,198	—	(24)	40	16	20	3
Other comprehensive income	602	381	—	(1)	67	139	6	4
Total comprehensive income	**1,290**	**2,579**	**—**	**(25)**	**107**	**155**	**26**	**7**

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 Group share	100%	Queensland Alumina Limited Group share	100%	BEMO project Group share	100%	Other joint ventures Group share	100%
Non-current assets	4,058	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	(948)	(3,376)	(71)	(361)	(36)	(72)	(172)	(464)
Net assets	**2,776**	**2,261**	**—**	**140**	**329**	**983**	**109**	**276**

	PJSC MMC Norilsk Nickel Group share	100%	Queensland Alumina Limited Group share	100%	BEMO project Group share	100%	Other joint ventures 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)**

(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 2016 and 31 December 2015 amounted USD3,592 million and USD2,776 million, respectively. The market value amounted USD7,348 million and USD5,542 million as at 31 December 2016 and 31 December 2015, respectively, and is determined by multiplying the quoted bid price per share on the Moscow Exchange on the year-end date by the number of shares held by the Group.

(b) Queensland Alumina Limited ("QAL")

The carrying value of the Group's investment in Queensland Alumina Limited as at both 31 December 2016 and 31 December 2015 amounted to USD nil million.

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 was 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 for the year ended 31 December 2015 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 USD nil million.

(c) BEMO project

The carrying value of the Group's investment in BEMO project as at 31 December 2016 and 31 December 2015 amounted USD436 million and USD329 million, respectively.

For the purposes of impairment testing, the BEMO project was separated into two cash generating units – the Boguchansky Aluminium Smelter ("BoAZ') and the Boguchansky Hydro Power Plant ("BoGES"). The recoverable amount was determined by discounting the expected future net cash flows of each cash generating unit.

At 31 December 2016 management has not identified any impairment indicators relating to the Group's investment in BoGES and as a result no detailed impairment testing was performed in relation to this investment. Results of impairment testing of BoAZ investment for the year ended 31 December 2016 showed that investment in BoAZ is fully impaired and no reversal of previously recorded impairment was identified by management.

At 31 December 2016, accumulated losses of USD550 million (2015: USD357 million) related to impairment charges at BoAZ have not been recognised because the Group's investment has already been fully written down to USD nil million.

At 31 December 2015, management has performed impairment testing for its investments in BoGES and BoAZ as the market conditions remained challenging and volatile.

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 for the year ended 31 December 2015. The Group's share of gains related to BoGES was recognized in the amount of USD143 million.

Summary of the additional financial information of the Group's effective interest in BEMO project for the year ended 31 December 2016 and 31 December 2015 is presented below (all in USD million):

	31 December 2016	31 December 2015
Cash and cash equivalents	**18**	16
Current financial liabilities	**(7)**	(778)
Non-current financial liabilities	**(844)**	(3)
Depreciation and amortisation	**(16)**	(18)
Interest income	**1**	2
Interest expense	**(28)**	(23)
Income tax expense or income	**(11)**	(10)

16 Inventories

Accounting policies

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is determined under the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The production costs include mining and concentrating costs, smelting, treatment and refining costs, other cash costs and depreciation and amortisation of operating assets.

The Group recognises write-downs of inventories based on an assessment of the net realisable value of the inventories. A write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact the carrying value of the inventories and the write-down of inventories charged to the statement of income in the periods in which such estimate has been changed.

Disclosures

	31 December 2016 USD million	31 December 2015 USD million
Raw materials and consumables	**819**	881
Work in progress	**578**	549
Finished goods and goods held for resale	**714**	649
	2,111	2,079
Provision for inventory obsolescence	**(185)**	(242)
	1,926	**1,837**

Inventories at 31 December 2016 and 31 December 2015 are stated at cost.

Inventory with a carrying value of USD392 million and USD nil million was pledged under existing secured bank loans and loans from related parties, respectively, at 31 December 2016 (31 December 2015: USD114 million and USD76 million, respectively), refer to note 19.

Inventory with a carrying value of USD78 million was pledged under existing trading contracts at 31 December 2016 (31 December 2015: USD81 million).

The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December 2016 USD million	2015 USD million
Carrying amount of inventories sold	**5,759**	5,892
Reversal/(write-down) of inventories	**11**	(20)
	5,770	**5,872**

17 Non-derivative financial **instruments**

Accounting policies

Non-derivative financial instruments comprise investments in securities, trade and other receivables (excluding prepayments and tax assets), cash and cash equivalents, loans and borrowings and trade and other payables (excluding advances received and tax liabilities).

Non-derivative financial instruments 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.

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.

Subsequent to initial recognition non-derivative financial instruments are measured as follows:

- Trade and other receivables and other non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment losses.
- Trade and other payables and other non-derivative financial liabilities subsequent to initial recognition, are measured at amortised cost using the effective interest method.

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.

Disclosures

(a) Trade and other receivables

	31 December 2016 USD million	31 December 2015 USD million
Trade receivables from third parties	**252**	161
Impairment loss on trade receivables	**(14)**	(18)
Net trade receivables from third parties	**238**	143
Trade receivables from related parties, including:	**73**	79
Related parties – companies capable of exerting significant influence	**56**	76
Impairment loss	**—**	(7)
Related parties – net trade receivables from companies capable of exerting significant influence	**56**	69
Related parties – companies under common control	**8**	4
Related parties – associates and joint ventures	**9**	6
VAT recoverable	**243**	214
Impairment loss on VAT recoverable	**(26)**	(26)
Net VAT recoverable	**217**	188
Advances paid to third parties	**85**	86
Impairment loss on advances paid	**(3)**	(4)
Net advances paid to third parties	**82**	82
Advances paid to related parties, including:	**51**	47
Related parties – companies under common control	**7**	5
Related parties – associates and joint ventures	**44**	42
Prepaid expenses	**4**	15
Prepaid income tax	**32**	64
Prepaid other taxes	**16**	15
Other receivables from third parties	**107**	74
Impairment loss on other receivables	**(7)**	(1)
Net other receivables from third parties	**100**	73
Other receivables from related parties, including:	**6**	4
Related parties – companies under common control	**4**	4
Related parties – associates and joint ventures	**2**	—
	819	**710**

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 impairment loss reversal of trade and other receivables during the year ended 31 December 2016 amounted USD6 million and USD11 million, respectively (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).

There are no pledged trade receivables under existing secure loans from related parties at 31 December 2016 (31 December 2015: USD68 million).

(i) Ageing analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as of the reporting dates:

	31 December 2016 USD million	31 December 2015 USD million
Current	**273**	152
Past due 0-90 days	**32**	54
Past due 91-365 days	**4**	12
Past due over 365 days	**2**	4
Amounts past due	**38**	70
	311	**222**

Aging analysis is performed based on number of days receivable is overdue. Trade receivables are on average due within 60 days from the date of billing. The receivables that are neither past due nor impaired (i.e. current) relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. 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 22(e).

(ii) 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 2016 USD million	2015 USD million
Balance at the beginning of the year	**(25)**	(18)
Reversal of/(impairment) loss recognised	**11**	(8)
Uncollectible amounts written off	**—**	1
Balance at the end of the year	**(14)**	**(25)**

As at 31 December 2016 and 31 December 2015, the Group's trade receivables of USD14 million and USD25 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.

(b) Trade and other payables

	31 December 2016 USD million	31 December 2015 USD million
Accounts payable to third parties	**423**	326
Accounts payable to related parties, including:	**69**	66
Related parties – companies capable of exerting significant influence	**18**	20
Related parties – companies under common control	**26**	13
Related parties – associates and joint ventures	**25**	33
Advances received	**141**	164
Advances received from related parties, including:	**165**	165
Related parties – companies capable of exerting significant influence	**165**	165
Other payables and accrued liabilities	**139**	116
Other payable and accrued liabilities related parties, including:	**8**	7
Related parties – associates and joint ventures	**8**	7
Current tax liabilities	**13**	10
Other taxes payable	**96**	97
	1,054	**951**

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. Analysis is based on due date of payment as per contractual terms with counterparties.

	31 December 2016 USD million	31 December 2015 USD million
Due within twelve months or on demand	**492**	**392**

(c) Cash and cash equivalents

	31 December 2016 USD million	31 December 2015 USD million
Bank balances, USD	**374**	375
Bank balances, RUB	**43**	69
Bank balances, other currencies	**92**	43
Cash in transit	**7**	2
Short-term bank deposits	**15**	5
Cash and cash equivalents in the consolidated statement of cash flows	**531**	494
Restricted cash	**13**	14
	544	**508**

As at 31 December 2016 and 31 December 2015 included in cash and cash equivalents was restricted cash of USD13 million and USD14 million, respectively, pledged under a Swiss Law Pledged Agreement with BNP Paribas (Suisse) SA and Banca Nazionale Del Lavoro S.p.A.

18 Equity

(a) Share capital

	31 December 2016 USD	31 December 2016 Number of shares	31 December 2015 USD	31 December 2015 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 2016 and 31 December 2015 the Group held none and 4,773 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 and vested to eligible employees 2,055,740 shares in July and 1,338,734 shares in November. For the years ended 31 December 2016 and 31 December 2015, the Group recognised no additional employee expense in relation to the share based plans.

(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 facilities.

(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(b).

(f) Movement in components of equity within the Company

USD million	Share capital	Reserves	Total
Balance at 1 January 2015	**152**	**10,165**	10,317
Loss for the year	—	**(2,275)**	(2,275)
Dividends	—	**(250)**	(250)
Balance at 31 December 2015	**152**	**7,640**	**7,792**
Balance at 1 January 2016	**152**	**7,640**	7,792
Profit for the year	—	**2,139**	2,139
Dividends	—	**(250)**	(250)
Balance at 31 December 2016	**152**	**9,529**	**9,681**

19 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk refer to notes 22(c) (ii) and 22(c) (iii), respectively.

	31 December 2016 USD million	31 December 2015 USD million
Non-current liabilities		
Secured bank loans	**6,991**	7,418
Unsecured bank loans	**346**	107
Bonds	**195**	—
	7,532	**7,525**
Current liabilities		
Secured bank loans	**1,365**	1,023
Unsecured bank loans	**—**	100
Secured loans from related parties	**—**	186
Bonds	**1**	21
Accrued interest	**67**	25
	1,433	**1,355**

(g) Loans and borrowings

Terms and debt repayment schedule as at 31 December 2016

	TOTAL USD million	2017 USD million	2018 USD million	2019 USD million	2020 USD million	2021 USD million	Later years USD million
Secured bank loans							
Variable							
USD – 3M Libor + 3.6%	1,188	395	793	—	—	—	—
USD – 3M Libor + 3.75%	403	—	163	162	78	—	—
USD – 3M Libor + 5.65%	852	61	96	347	348	—	—
EUR – 3M Euribor + 3.6%	83	28	55	—	—	—	—
USD – 3M Libor + 5.75%*	4,132	—	—	197	2,194	1,741	—
USD – 3M Libor + 5.05%	189	94	95	—	—	—	—
USD – 3M Libor + 4.5%	475	163	161	98	53	—	—
USD – 3M Libor + 3.15%	19	19	—	—	—	—	—
EUR – 3M Libor + 4.5%	71	28	34	9	—	—	—
USD – 3M Libor + 2.5%	45	45	—	—	—	—	—
USD – 2.5% + cost of funds	95	95	—	—	—	—	—
EUR - 2.5% + cost of funds	15	15	—	—	—	—	—
USD – 1M Libor + 2%	23	23	—	—	—	—	—
USD – 1M Libor + 2.5%	100	100	—	—	—	—	—

	TOTAL USD million	2017 USD million	2018 USD million	2019 USD million	2020 USD million	2021 USD million	Later years USD million
Fixed							
RUB – 10.9%**	321	—	—	15	169	137	—
RUB – 5%	8	—	4	4	—	—	—
USD – 4.54%	20	20	—	—	—	—	—
USD – 4.75%	100	100	—	—	—	—	—
USD – 4.3%	16	16	—	—	—	—	—
EUR – 3.55%	64	26	38	—	—	—	—
USD – 2.5%	137	137	—	—	—	—	—
	8,356	**1,365**	**1,439**	**832**	**2,842**	**1,878**	**—**
Unsecured bank loans							
Variable							
USD – 3M Libor + 4.15%	200	—	—	200	—	—	—
USD – 3M Libor + 4.8%	100	—	100	—	—	—	—
Fixed							
RUB 11%	41	—	3	13	13	12	—
RUB 5%	5	—	—	1	2	2	—
Total	**8,702**	**1,365**	**1,542**	**1,046**	**2,857**	**1,892**	**—**
Accrued interest	67	67	—	—	—	—	—
Total	**8,769**	**1,432**	**1,542**	**1,046**	**2,857**	**1,892**	**—**

* including payment in kind ("PIK") margin. Following the approval from Sberbank UC RUSAL Board approved decrease of interest rate margin to 4.75% (subject to min 3M Libor at the level of 1%). The change will become effective from 29 December 2016 following execution of the relevant amendment documentation.
** including payment in kind ("PIK") margin. Following the approval from Sberbank UC RUSAL Board approved the conversion of the outstanding RUB exposure into USD or EUR with rate margin of 4.75%, 4% respectively (subject to min 3M Libor at the level of 1%). The change will become effective upon execution of the relevant amendment documentation.

The secured bank loans are secured by pledges of shares of the following Group companies as at 31 December 2016:

- 40% + 1 share of RUSAL Novokuznetsk
- 36% + 1 share of SUAL
- 50% - 1 shares of RUSAL Sayanogorsk
- 50% - 1 shares of RUSAL Bratsk
- 50% - 1 shares of RUSAL Krasnoyarsk
- 100% of Gershvin Investments Corp. Limited
- 100% Seledar Holding Corp Limited
- 100% Aktivium Holding B.V.

The secured bank loans are also secured by pledges of shares of associate both as at 31 December 2016 and 31 December 2015:

- 27.8% share of Norilsk Nickel

The secured bank loans are also secured by the following:

- property, plant and equipment, receivables with a carrying amount of USD248 million (31 December 2015: USD756 million);
- inventory with a carrying value of USD392 million (31 December 2015: USD114 million).

As at 31 December 2016 and 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 Combined PXF Facility dated 18 August 2014.

The nominal value of the Group's loans and borrowings was USD8,852 million at 31 December 2016 (31 December 2015: USD9,011 million).

On 26 April 2016 the Group entered into an amendment and restatement agreement with the lenders under the Combined PXF Facility dated 18 August 2014 to introduce new refinancing tranches under the Combined PXF Facility dated 18 August 2014. On 29 April 2016 the Group prepaid three scheduled repayment instalments falling due in 2016 under the Combined PXF Facility dated 18 August 2014 and amended 26 April 2016 in the total amount of USD524 million, utilizing USD415 million of available commitments under the new refinancing tranches as well as USD109 million of the Company's own funds.

In September 2016 the Group entered into a new credit facility of USD200 million with JSC Credit Bank of Moscow with a maturity 3 years and an interest rate of 3M Libor + 4.15% p.a.

In October 2016 the Company entered into new credit facilities with Gazprombank for the total amount of USD178 million with maturity 4 years and interest rate 3M Libor + 4.5%.

During 2016 the Group made a principal repayment in total amounts of USD1,139 million and EUR84 million (USD93 million) under the Combined PXF Facility, credit facilities with Gazprombank, VTB Capital and Credit Bank of Moscow.

On 23 January 2017 the Group made a principal prepayment in total amounts of USD292 million and EUR17 million (USD18 million) under the Combined PXF Facility of amounts due in 2017.

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	—	—	—	—	—
EUR – 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	—	—	—
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 as at 31 December 2015:

- 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 was secured by pledges of shares of the following Group companies as at 31 December 2015

- 100% shares of Limerick Alumina Refining Limited
- 75% shares of Aughunish Alumina Limited.

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).

(h) Bonds

On 19 April 2016, placement of the exchange-traded ruble bonds of OJSC RUSAL Bratsk series BO-01 (in the amount of RUB10 billion) has been completed and the exchange-traded ruble bonds have commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to a put option exercisable in three years.

As at 31 December 2016 3,433,414 series 07 bonds, 53,680 series 08 bonds and 8,396,000 series BO-01 bonds were outstanding (traded in the market).

The closing market price at 31 December 2016 was RUB1,022, RUB1,007, RUB1,027 per bond for the first, second and the third tranches, respectively.

20 Provisions

Accounting policies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

Disclosures

USD million	Pension liabilities	Site restoration	Provisions for legal claims	Tax provisions	Provision for guarantee	Total
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
Balance at 1 January 2016	**52**	**365**	**13**	**42**	**100**	**572**
Provisions made during the year	**7**	**28**	**—**	**—**	**–**	**35**
Provisions reversed during the year	**—**	**—**	**(1)**	**—**	**(100)**	**(101)**
Actuarial gain	**(1)**	**—**	**—**	**—**	**—**	**(1)**
Provisions utilised during the year	**(4)**	**(2)**	**(12)**	**(17)**	**–**	**(35)**
Disposal of subsidiary (note 1(b))	**—**	**(22)**	**—**	**—**	**–**	**(22)**
Foreign currency translation	**3**	**12**	**—**	**—**	**—**	**15**
Balance at 31 December 2016	**57**	**381**	**—**	**25**	**—**	**463**
Non-current	**53**	**364**	**—**	**6**	**—**	**423**
Current	**4**	**17**	**—**	**19**	**—**	**40**

(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.

The number of employees in all jurisdictions eligible for the plans as at 31 December 2016 and 2015 was 56,611 and 57,501, respectively. The number of pensioners in all jurisdictions as at 31 December 2016 and 2015 was 45,915 and 46,626, respectively.

The Group expects to pay under the defined benefit retirement plans an amount of USD5 million during the 12 month period beginning on 1 January 2017.

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 2016, 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 2016 % per annum	31 December 2015 % per annum
Discount rate	8.0	8.9
Expected return on plan assets	N/A	N/A
Future salary increases	7.7	7.9
Future pension increases	4.3	3.3
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 2016 and 31 December 2015 the Group's obligations were fully uncovered as the Group has only wholly unfunded plans, so the Group has no schemes with any plan assets.

(b) Site restoration

The mining, refining and smelting activities of the Group can give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation works can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration. The extent of work required and the associated costs are dependent on the requirements of law and the interpretations of the relevant authorities.

The Group provides for site restoration obligations when there is a specific legal or constructive obligation for mine reclamation, landfill closure (primarily comprising red mud basin disposal sites) or specific lease restoration requirements. The Group does not record any obligations with respect to decommissioning of its refining or smelting facilities and restoration and rehabilitation of the surrounding areas unless there is a specific plan to discontinue operations at a facility. This is because any significant costs in connection with decommissioning of refining or smelting facilities and restoration and rehabilitation of the surrounding areas would be incurred no earlier than when the facility is closed and the facilities are currently expected to operate over a term in excess of 50-100 years due to the perpetual nature of the refineries and smelters and continuous maintenance and upgrade programs resulting in the fair values of any such liabilities being negligible.

Costs included in the provision encompass obligated and reasonably estimable restoration and rehabilitation activities expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate restoration and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are specific to the country in which the operation is located. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of restoration and rehabilitation activities is amortised over the estimated economic life of the operation on a units of production or straight-line basis. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised as part of finance expenses.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the statement of income. Changes to the capitalised cost result in an adjustment to future amortisation charges. Adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include revisions to estimated reserves, resources and lives of operations; developments in technology; regulatory requirements and environmental management strategies; changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates; and movements in general interest rates affecting the discount rate applied.

The site restoration provision recorded in these consolidated financial statements relates primarily to mine reclamation and red mud basin disposal sites at alumina refineries and is estimated by discounting the risk-adjusted expected expenditure to its present value based on the following key assumptions:

	31 December 2016	**31 December 2015**
Timing of inflated cash outflows	2017: USD17 million	2016: USD12 million
	2018-2022: USD251 million	2017-2021: USD213 million
	2023-2032: USD100 million	2022-2032: USD133 million
	after 2032: USD132 million	after 2032: USD106 million
Risk free discount rate after adjusting for inflation [(a)]	2.01%	1.75%

(a) the risk free rate for the year 2015-2016 represents an effective rate, which comprises rates differentiated by years of obligation settlement and by currencies in which the provisions were calculated

At each reporting date the Directors have assessed the provisions for site restoration and environmental matters and concluded that the provisions and disclosures are adequate.

(c) Provisions for legal claims

In the normal course of business the Group may be involved in legal proceedings. Where management considers that it is more likely than not that proceedings will result in the Group compensating third parties a provision is recognised for the best estimate of the amount expected to be paid. Where management considers that it is more likely than not that proceedings will not result in the Group compensating third parties or where, in rare circumstances, it is not considered possible to provide a sufficiently reliable estimate of the amount expected to be paid, no provision is made for any potential liability under the litigation but the circumstances and uncertainties involved are disclosed as contingent liabilities. The assessment of the likely outcome of legal proceedings and the amount of any potential liability involves significant judgement. As law and regulations in many of the countries in which the Group operates are continuing to evolve, particularly in the areas of taxation, sub-soil rights and protection of the environment, uncertainties regarding litigation and regulation are greater than those typically found in countries with more developed legal and regulatory frameworks.

As at 31 December 2016, there were several claims filed against the Group’s subsidiaries contesting breaches of contract terms and non-payment of existing obligations. Management has reviewed the circumstances and estimated that there are no amounts with a probable outflow related to these claims (31 December 2015: USD13 million). The amount of claims, where management assesses outflow as possible approximates USD60 million (31 December 2015: USD37 million).

At each reporting date the Directors have assessed the provisions for litigation and claims and concluded that the provisions and disclosures are adequate.

(d) Tax provisions

The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets, including those arising from carried forward tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and is not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions. Assumptions are also required about the application of income tax legislation. These estimates and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of income.

The Group generally provides for current tax based on positions taken (or expected to be taken) in its tax returns. Where it is more likely than not that upon examination by the tax authorities of the positions taken by the Group additional tax will be payable, the Group provides for its best estimate of the amount expected to be paid (including any interest and/or penalties) as part of the tax charge.

At each reporting date the Directors have assessed the provisions for taxation and concluded that the provisions and disclosures are adequate.

(e) Provision for guarantees

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.

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 ("VEB"). 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 (31 December 2016 and 2015 USD277 and USD231 million, respectively) and is split between the Group and OJSC RusHydro in equal proportion.

During 2016 USD100 million of provision previously recognised was reversed due to fact that maturity of the initial loan agreement between BoAZ and VEB was extended from 2027 to 2030 accordingly shifting the date principal repayments commence and the fact that BoGES will continue to support BoAZ in settling its liabilities under the credit facility including principal and interest repayments.

21 Derivative financial assets/ **liabilities**

Accounting policies

The Group enters, from time to time, into various derivative financial instruments to manage its exposure to commodity price risk, foreign currency risk and interest rate risk.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variation in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

The measurement of fair value of derivative financial instruments, including embedded derivatives, is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. Changes in the fair value therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in the statement of comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of a derivative is recognised in the statement of income.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to the statement of income in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the statement of income.

Changes in the fair value of separated embedded derivatives and derivative financial instruments not designated for hedge accounting are recognised immediately in the statement of income.

Disclosures

	31 December 2016 USD million		31 December 2015 USD million	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Cross-currency swaps	—	—	—	370
Petroleum coke supply contracts and other raw materials	62	5	109	—
Interest rate swaps	—	—	—	40
Forward contracts for aluminium and other instruments	5	30	12	11
Total	**67**	**35**	**121**	**421**

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:

	2017	2018	2019	2020	2021	2022	2023	2024	2025
LME Al Cash, USD per tonne	1,699	1,725	1,758	1,800	1,854	1,907	1,955	2,003	2,045
Platt's FOB Brent, USD per barrel	58	58	58	—	—	—	—	—	—

The movement in the balance of Level 3 fair value measurements of derivatives is as follows:

	31 December 2016 USD million	2015 USD million
Balance at the beginning of the period	**(300)**	(606)
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	**36**	144
Unrealised changes in fair value recognised in statement of income (finance expense) during the period	**(157)**	(352)
Realised portion during the period	**453**	514
Balance at the end of the period	**32**	**(300)**

During the year 2016 there have been no changes in valuation techniques used to calculate the derivative financial instruments compared to prior year.

Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results for the derivative instruments are not particularly sensitive to any factors other than the assumptions disclosed above.

Cross-currency and interest rate swaps

Interest rate and cross-currency swaps in relation to the floating rate and ruble credit facilities matured in September and November 2016, respectively, and were settled in full.

Petroleum coke supply contracts and other raw materials

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.

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 premium quotations for US, Europe and Japan are set at USD403.96 per tonne, USD313.30 per tonne and USD366.00 per tonne, respectively.

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.

22 Financial risk management and **fair values**

(a) Fair values

Management believes that the fair values of short-term financial assets and liabilities approximate their carrying amounts.

The methods used to estimate the fair values of the financial instruments are as follows:

Trade and other receivables, cash and cash equivalents, current loans and borrowings and trade and other payables: the carrying amounts approximate fair value because of the short maturity period of the instruments.

Long-term loans and borrowings, other non-current liabilities: the fair values of other non-current liabilities are based on the present value of the anticipated cash flows and approximate carrying value, other than 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 2016

	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	21	62	–	–	–	62	–	–	62	62
Forward contracts for aluminium and other instruments	21	5	–	–	–	5	–	–	5	5
		67	–	–	–	67	–	–	67	67
Financial assets not measured at fair value*										
Trade and other receivables	17	–	–	634	–	634	–	634	–	634
Cash and cash equivalents	17	–	–	544	–	544	–	544	–	544
		–	–	1,178	–	1,178	–	1,178	–	1,178
Financial liabilities measured at fair value										
Petroleum coke supply contracts and other raw materials	21	(5)	–	–	–	(5)	–	–	(5)	(5)
Forward contracts for aluminium and other instruments	21	(30)	–	–	–	(30)	–	–	(30)	(30)
		(35)	–	–	–	(35)	–	–	(35)	(35)
Financial liabilities not measured at fair value*										
Secured bank loans and company loans	19	–	–	–	(8,423)	(8,423)	–	(8,724)	–	(8,724)
Unsecured bank loans	19	–	–	–	(346)	(346)	–	(346)	–	(346)
Unsecured bond issue	19	–	–	–	(196)	(196)	(208)	–	–	(208)
Trade and other payables	17	–	–	–	(735)	(735)	–	(735)	–	(735)
		–	–	–	(9,700)	(9,700)	(208)	(9,805)	–	(10,013)

* 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 2015

	Note	Carrying amount 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	Fair value Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets measured at fair value										
Petroleum coke supply contracts and other raw materials	21	109	–	–	–	109	–	–	109	109
Forward contracts for aluminium and other instruments	21	12	–	–	–	12	–	–	12	12
		121	–	–	–	121	–	–	121	121
Financial assets not measured at fair value*										
Trade and other receivables	17	–	–	676	–	676	–	676	–	676
Cash and cash equivalents	17	–	–	508	–	508	–	508	–	508
		–	–	1,184	–	1,184	–	1,184	–	1,184
Financial liabilities measured at fair value										
Cross-currency swaps	21	(370)	–	–	–	(370)	–	–	(370)	(370)
Interest rate swaps	21	(40)	–	–	–	(40)	–	–	(40)	(40)
Forward contracts for aluminium and other instruments	21	(11)	–	–	–	(11)	–	–	(11)	(11)
		(421)	–	–	–	(421)	–	–	(421)	(421)
Financial liabilities not measured at fair value*										
Secured bank loans and company loans	19	–	–	–	(8,652)	(8,652)	–	(8,645)	–	(8,645)
Unsecured bank loans	19				(207)	(207)	–	(205)	–	(205)
Unsecured bond issue	19	–	–	–	(21)	(21)	(21)	–	–	(21)
Trade and other payables	17	–	–	–	(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.

(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 2016 and 2015, 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 21.

(ii) Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long-term debt obligations with floating interest rates (refer to note 19). The Group’s policy is to manage its interest costs by monitoring changes in interest rates with respect to its borrowings.

The following table details the interest rate profile of the Group's borrowings at the reporting date.

	31 December 2016 Effective interest rate %	USD million	31 December 2015 Effective interest rate %	USD million
Fixed rate loans and borrowings				
Loans and borrowings	2.50%-12.85%	908	2.50%-12.00%	682
		908		**682**
Variable rate loans and borrowings				
Loans and borrowings	2.15%-7.08%	7,990	2.36%-7.63%	8,173
		7,990		8,173
		8,898		**8,855**

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 2016			
Basis percentage points	+100	(80)	77
Basis percentage points	-100	80	(77)
As at 31 December 2015			
Basis percentage points	+100	(82)	79
Basis percentage points	-100	82	(79)

(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 Ruble, 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 2016 USD million	2015 USD million	RUB-denominated vs. USD functional currency 2016 USD million	2015 USD million	EUR-denominated vs. USD functional currency 2016 USD million	2015 USD million	Denominated in other currencies vs. USD functional currency 2016 USD million	2015 USD million
Non-current assets	**–**	–	**3**	4	**3**	–	**1**	1
Trade and other receivables	**–**	–	**324**	297	**44**	30	**18**	15
Cash and cash equivalents	**1**	–	**49**	64	**86**	37	**18**	16
Derivative financial assets	**–**	–	**59**	73	**–**	–	**–**	–
Loans and borrowings	**(137)**	(153)	**(329)**	(267)	**(232)**	(250)	**–**	–
Provisions	**–**	–	**(71)**	(70)	**(33)**	(33)	**(15)**	(19)
Derivative financial liabilities	**–**	–	**(5)**	–	**–**	–	**–**	–
Non-current liabilities	**–**	–	**(9)**	–	**(8)**	–	**–**	–
Income taxation	**–**	–	**(60)**	(1)	**–**	(1)	**–**	(7)
Trade and other payables	**(2)**	(5)	**(440)**	(254)	**(41)**	(23)	**(57)**	(63)
Net exposure arising from recognised assets and liabilities	**(138)**	**(158)**	**(479)**	**(154)**	**(181)**	**(240)**	**(35)**	**(57)**

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 2016 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%**	**(51)**	**(51)**
Depreciation of USD vs. EUR	**5%**	**(9)**	**(9)**
Depreciation of USD vs. other currencies	**5%**	**(2)**	**(2)**

	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)

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 2016 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	658	–	–	–	658	658
Trade and other payables to related parties	77	–	–	–	77	77
Bonds, including interest payable	26	225	–	–	251	196
Loans and borrowings, incl. interest payable	1,842	1,983	6,718	–	10,543	8,769
Guarantees	71	67	–	–	138	–
	2,674	2,275	6,718	–	11,667	9,700

	31 December 2015 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	TOTAL	Carrying amount
	USD million	USD million	USD million	USD million	USD million	USD million
Trade and other payables to third parties	539	–	–	–	539	539
Trade and other payables to related parties	73	–	–	–	73	73
Bonds, including interest payable	21	–	–	–	21	21
Loans and borrowings, including interest payable	1,746	1,571	5,540	2,147	11,004	8,859
Guarantees	**52**	**63**	**–**	**–**	**115**	**100**
	2,431	**1,634**	**5,540**	**2,147**	**11,752**	**9,592**

At 31 December 2016 the Group's guarantee in respect of credit arrangement between BoAZ and VEB (note 20(e)) is presented as contingent liability and included at maximum exposure for the Group in the liquidity risk disclosure above.

(e) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The majority of the Group's third party trade receivables represent balances with the world's leading international corporations operating in the metals industry. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Goods are normally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables. The details of impairment of trade and other receivables are disclosed in note 17. The extent of the Group's credit exposure is represented by the aggregate balance of financial assets and financial guarantees given.

At 31 December 2016 and 2015, the Group has certain concentrations of credit risk as 7.5% and 7.5% of the total trade receivables were due from the Group's largest customer and 19.5% and 8.9% 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 derecognised a provision of USD100 million against the Group's exposure to guarantees (refer to note 20(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 2016. There are no recognised financial instruments that do not meet some or all of the offsetting criteria that are included within financial assets and liabilities of the Group as at 31 December 2016 (31 December 2015: USD13 million).

23 Commitments

(a) Capital commitments

The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments at 31 December 2016 and 31 December 2015 approximated USD157 million and USD169 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 2017-2034 under supply agreements are estimated from USD3,156 million to USD4,089 million at 31 December 2016 (31 December 2015: USD3,793 million to USD4,912 million) depending on the actual purchase volumes and applicable prices.

Commitments with related parties – companies under common control for purchases of alumina in 2017 under supply agreements are estimated at USD nil million at 31 December 2016 (31 December 2015: USD110 million). Commitments with a related party - joint venture for purchases of primary aluminium and alloys in 2017-2030 under supply agreements are estimated from USD5,748 million to USD7,127 million (31 December 2015: USD5,512 million to USD6,836 million) 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 2017-2034 are estimated from USD806 million to USD1,445 million at 31 December 2016 (31 December 2015: from USD793 million to USD1,349 million) and will be settled at market prices at the date of delivery. Commitments with related parties for sales of alumina in 2017-2019 approximated from USD546 million to USD680 million at 31 December 2016 (31 December 2015: from USD504 million to USD1,046 million).

Commitments with related parties for sales of primary aluminium and alloys in 2017-2030 are estimated from USD4,450 million to USD4,618 million at 31 December 2016 (31 December 2015: from USD4,441 million to USD5,016 million). Commitments with third parties for sales of primary aluminium and alloys at 31 December 2016 are estimated to range from USD941 million to USD1,252 million (31 December 2015: from USD307 million to USD654 million).

(d) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	31 December 2016 USD million	31 December 2015 USD million
Less than one year	**12**	9
Between one and five years	**41**	7
	53	**16**

(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.

24 Contingencies

(a) Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant local, regional and federal authorities. Notably recent developments in the Russian environment suggest that the authorities in this country are becoming more active in seeking to enforce, through the Russian court system, interpretations of the tax legislation, in particular in relation to the use of certain commercial trading structures, which may be selective for particular tax payers and different to the authorities' previous interpretations or practices. Different and selective interpretations of tax regulations by various government authorities and inconsistent enforcement create further uncertainties in the taxation environment in the Russian Federation.

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 2016 is USD225 million (31 December 2015: USD237 million).

(b) Environmental contingencies

The Group and its predecessor entities have operated in the Russian Federation, Ukraine, Jamaica, Guyana, the Republic of Guinea and the European Union for many years and certain environmental problems have developed. Governmental authorities are continually considering environmental regulations and their enforcement and the Group periodically evaluates its obligations related thereto. As obligations are determined, they are recognised immediately. The outcome of environmental liabilities under proposed or any future legislation, or as a result of stricter enforcement of existing legislation, cannot reasonably be estimated. Under current levels of enforcement of existing legislation, management believes there are no possible liabilities, which will have a material adverse effect on the financial position or the operating results of the Group. However, the Group anticipates undertaking significant capital projects to improve its future environmental performance and to bring it into full compliance with current legislation.

(c) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated financial statements (refer to note 20). As at 31 December 2016 the amount of claims, where management assesses outflow as possible approximates USD60 million (31 December 2015: USD37 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 May 2017. 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 22 "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.

25 Related party **transactions**

(a) Transactions with management and close family members

Management remuneration

Key management received the following remuneration, which is included in personnel costs (refer to note 6(c)):

	Year ended 31 December 2016 USD million	2015 USD million
Salaries and bonuses	**66**	65
	66	**65**

(b) Transactions with associates and joint ventures

Sales to associates and joint ventures are disclosed in note 5, purchases from associates and joint ventures are disclosed in note 6, accounts receivable from associates and joint ventures as well as accounts payable to associates and joint ventures are disclosed in note 17.

(c) Transactions with other related parties

The Group transacts with other related parties, the majority of which are 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, purchases from related parties are disclosed in note 6, accounts receivable from related parties as well as accounts payable to related parties are disclosed in note 17, commitments with related parties are disclosed in note 23, directors remuneration in notes 9 and 10 and other transactions with shareholders are disclosed in note 11.

Electricity contracts

On November 2016, the Group entered into the new long-term electricity contracts to supply several Group's smelters from En+ subsidiaries over the years 2016-2025. Purchases will be made under a price formula close to market prices.

The volumes committed under the long-term electricity contracts are as follows:

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Mln kWh	37,598	37,598	37,598	37,700	37,598	37,598	37,598	37,700	37,598	37,598
Mln USD	562	562	562	564	562	562	562	564	562	562

(d) Related parties balances

At 31 December 2016, included in non-current assets and non-current liabilities are balances of related parties – companies under common control of USD41 million and balances of related parties – associates and joint ventures of USD nil million (31 December 2015: USD38 million and USD55 million, respectively).

(e) Pricing policies

Prices for transactions with related parties are determined on a case by case basis but are not necessarily at arm's length.

The Group has entered into three categories of related-party transactions: (i) those entered into on an arm's length basis, (ii) those entered into on non-arm's length terms but as part of a wider deal resulting from arms' length negotiations with unrelated third parties, and (iii) transactions unique to the Group and the counterparty.

(f) Connected transactions

Not all the related party transactions and balances disclosed above meet the definition of connected transactions as per Chapter 14A of the Listing Rules of Hong Kong Stock Exchange. For particulars of the continuing connected transactions please refer to the Directors' Report section of the Annual Report of the Company for the year ended 31 December 2016.

26 Particulars of subsidiaries

As at 31 December 2016 and 2015, 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
JSC 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
JSC RUSAL Boxitogorsk Alumina	Russian Federation	27 October 1992	1,012,350 shares of RUB1 each	100.0%	Alumina
Eurallumina SpA	Italy	21 March 2002	10,000,000 shares of EUR1.55 each	100.0%	Alumina
OJSC RUSAL Bratsk	Russian Federation	26 November 1992	5,505,305 shares of RUB0.2 each	100.0%	Smelting
JSC RUSAL Krasnoyarsk	Russian Federation	16 November 1992	85,478,536 shares of RUB20 each	100.0%	Smelting
JSC RUSAL Novokuznetsk	Russian Federation	26 June 1996	53,997,170 shares of RUB0.1 each	100.0%	Smelting
JSC RUSAL Sayanogorsk	Russian Federation	29 July 1999	208,102,580,438 shares of RUB0.068 each	100.0%	Smelting
RUSAL Resal Ltd	Russian Federation	15 November 1994	charter fund of RUB27,951,217.29	100.0%	Processing
JSC RUSAL SAYANAL	Russian Federation	29 December 2001	59,902,661,099 shares of RUB0.006 each	100.0%	Foil
CJSC RUSAL ARMENAL	Armenia	17 May 2000	36,699,295 shares of AMD 1,000 each	100.0%	Foil
RUS-Engineering 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
JSC United Company RUSAL Trading House	Russian Federation	15 March 2000	163,660 shares of RUB100 each	100.0%	Trading
Rusal America Corp.	USA	29 March 1999	1,000 shares of USD0.01 each	100.0%	Trading
RS International GmbH	Switzerland	22 May 2007	1 share with nominal value of CHF 20,000	100.0%	Trading
Rusal Marketing GmbH	Switzerland	22 May 2007	Capital quota of CHF2,000,000	100.0%	Trading
RTI Limited	Jersey	27 October 2006	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

Name	Place of incorporation and operation	Date of incorporation	Particulars of issued and paid up capital	Attributable equity interest	Principal activities
JSC Komi Aluminii	Russian Federation	13 February 2003	4,303,000,000 shares of RUB1 each	100.0%	Alumina
JSC Bauxite-Timana	Russian Federation	29 December 1992	44,500,000 shares of RUB10 each	100.0%	Bauxite mining
JSC Severo-Uralsky Bauxite Mine	Russian Federation	24 October 1996	10,506,609 shares of RUB275.85 each	100.0%	Bauxite mining
JSC 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	320,644 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(a)	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	90,000,000 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
LLC RUSAL Energo	Russian Federation	26 December 2005	715,000,000 RUB	100.0%	Electric power

(a) Entity was disposed of in November 2016 for a consideration of USD299 million, please see note 1(b) for details.

Trading entities are engaged in the sale of products to and from the production entities.

27 Statement of Financial Position of the **Company as at 31 December 2016**

	31 December 2016 USD million	31 December 2015 USD million
ASSETS		
Non-current assets		
Investments in subsidiaries	**17,308**	15,841
Loans to related parties	**1,616**	1,779
Total non-current assets	**18,924**	**17,620**
Current assets		
Other receivables	**121**	187
Cash and cash equivalents	**11**	11
Total current assets	**132**	**198**
Total assets	**19,056**	**17,818**
EQUITY AND LIABILITIES		
Equity		
Share capital	**152**	152
Reserves	**9,529**	7,640
Total equity	**9,681**	**7,792**
Non-current liabilities		
Loans and borrowings	**6,497**	6,745
Total non-current liabilities	**6,497**	6,745
Current liabilities		
Loans and borrowings	**1,921**	1,686
Trade and other payables	**760**	813
Other current liabilities	**197**	782
Total current liabilities	**2,878**	3,281
Total liabilities	**9,375**	10,026
Total equity and liabilities	**19,056**	17,818
Net current liabilities	**(2,746)**	(3,083)
Total assets less current liabilities	**16,178**	**14,537**

28 Events subsequent to the **reporting date**

Eurobonds issue

In February 2017 the Company completed the debut offering of Eurobonds with the following key terms: principal amount of USD600 million, tenor 5 years, coupon rate 5.125% per annum. The bonds proceeds, excluding related expenses, in the amount of USD597 million were applied for partial refinancing of RUSAL's existing pre-export finance facility.

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
28 April 2017

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"**, **"OJSC RUSAL Achinsk"** or **"AGK"** means JSC "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 amortization and depreciation, impairment charges and loss on disposal of property, plant and equipment.

"Adjusted EBITDA margin" is calculated as Adjusted EBITDA to revenue for the relevant period.

"Adjusted Net Profit" for any period is defined as the net profit adjusted for the net effect from share in the results of Norilsk Nickel, the net effect of embedded derivative financial instruments, the difference between effective and nominal interest rate charge on restructured debt and net effect of non-current assets impairment.

"Adjusted Profit/(Loss)" for any period is defined as Profit/(Loss) adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of derivative financial instruments, gains and losses recycled from other reserves and the net effect of non-current assets impairment and restructuring costs.

"Adjusted profit/(loss) margin" is calculated as Adjusted Profit/(Loss) to revenue for the relevant period.

"Agreed Subsidiaries" means an agreed list of subsidiaries of the Company, as defined in the Shareholders' Agreement between Major Shareholders only.

"Alpart" means Alumina Partners of Jamaica.

"ALSCON" means Aluminium Smelter Company of Nigeria, 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 amortization and depreciation, divided by sales volume of aluminium segment.

"AMF" means the Autorité des marchés financiers. English: "Financial Markets Regulator". AMF is the stock market regulator in France.

"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 28 April 2017.

"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 JSC "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 21 and 26 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 21 and 26 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.

"Bratsk Shelekhov" (formerly known as **"Irkutsk aluminium smelter"** or **"IrkAZ"**) means a branch of OJSC **"RUSAL Bratsk"** in Shelekhov.

"Boksitogorsk Alumina Refinery" means JSC "RUSAL Boxitogorsk", 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.

"C.B.K" or **"Kindia"** means Compagnie des Beauxites de Kindia, located in Guinea.

"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" or **"ZAO 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.

"Combined PXF Facility" means up to USD4,750,000,000 Aluminium Pre-Export Finance Term Facility Agreement (originally dated 29 September 2011) and up to USD400,000,000 Multicurrency Aluminium Pre-Export Finance Term Facility Agreement (originally dated 30 January 2013), each as amended and restated on 20 August 2014, inter alios, UC RUSAL 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 (as amended from time to time).

"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 Combined PXF Facility.

"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 amortization.

"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 2016.

"Friguia Alumina Refinery" or **"Friguia"** means Friguia S.A., a company incorporated in Guinea, which is a wholly owned subsidiary of the Company.

"Gazprombank" means "Gazprombank" (Joint – stock Company).

"GBP" means Pounds Sterling, the lawful currency of the United Kingdom.

"Glencore" means Glencore Plc, a public company incorporated in Jersey and listed on the London Stock Exchange, with a secondary listing on the 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 JSC "SUAL" (before 1 January 2015).

"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.

"Joint Stock Company «Boksit Timana»", **"JSC «Boksit Timana»"**, **"Boksit Timana"** or **"Timan Bauxite"** means Joint Stock Company «Boksit Timana», a company incorporated under the laws of the Russian Federation, which is a non-wholly owned subsidiary of the Company.

"JSC Irkutskenergo" means Irkutsk Public Joint Stock Company of Energetics and Electrification, a power generating company controlled by En+ as to more than 30% of its issued share capital.

"JSC "SUAL"" means JSC "Siberian-Urals Aluminium Company", a company incorporated under the laws of the Russian Federation.

"kA" means kilo-amperes.

"Kandalaksha aluminium smelter" or **"KAZ"** or **"KAZ-SUAL"** means Kandalaksha Aluminium Smelter, a branch of JSC "SUAL".

"Khakas aluminium smelter" or **"KhAZ"** means Khakas Aluminium Smelter as it is described on the official web-site of the Company: http://www.rusal.ru/en/about/39/index.php

"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 JSC "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.

"KUMZ JSC" means Kamensk-Uralsky Metallurgical Works Joint Stock Company, a company incorporated under the laws of the Russian Federation.

"kWh" means kilowatt hour.

"Latest Practicable Date" means 18 April 2017, 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" or **"Bogatyr Coal"** Limited Liability Partnership 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 organization formed as a result of a non-commercial partnership, which is intended to unite energy market participants and major consumers of electrical energy through membership of that body. The council is intended to ensure the proper functioning of commercial market infrastructure and effective exchanges between the wholesale and retail electrical energy markets. Additionally, it is intended to promote investment in the electrical energy industry by creating a healthy market and even playing field for participants of both the wholesale and retail electrical energy markets, when drafting new rules and regulations concerning the electrical energy industry, and facilitate self-regulation of the wholesale and retail trade in electrical energy, power and other products and services which is permissible in the wholesale and retail electrical energy markets. The council's aim is to ensure the security of energy supply in the Russian Federation, unity within the economic space, economic freedom and competition in the wholesale and retail electrical energy markets, by striking a balance between the interests of suppliers and buyers and the needs of society in general in terms of having a reliable and stable source of electrical energy.

"Measured Mineral Resource" or **"Measured"** means a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

"Memorandum" means the memorandum of association of the Company conditionally adopted on 26 December 2009, and effective on the Listing Date.

"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.

"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 2016.

"Nadvoitsy aluminium smelter" or **"NAZ"** means Nadvoitsy Aluminium Smelter, a branch of JSC "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 PJSC "MMC "NORILSK NICKEL", a company incorporated under the laws of the Russian Federation.

"Novokuznetsk aluminium smelter" or **"NkAZ"** or **"RUSAL Novokuznetsk"** means JSC "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.

"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.

"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 2016 and ending on 31 December 2016.

"RSPP" means the Russian Union of Industrialists and Entrepreneurs.

"RTS" means OJSC "Russian Trading System" Stock Exchange.

"RUB" or **"Ruble"** means Rubles, the lawful currency of the Russian Federation.

"RUSAL ARMENAL" CJSC or **"RUSAL ARMENAL"** or **"ARMENAL"** means Closed Joint Stock Company "RUSAL ARMENAL", an indirect wholly-owned subsidiary of the Company.

"RUSAL Global" means "RUSAL Global Management B.V.", a company incorporated under the laws of the Netherlands.

"RUSAL RESAL" means Limited Liability Company "RUSAL RESAL", 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 Joint Stock Company "RUSAL SAYANAL", an indirect wholly-owned subsidiary of the Company.

"RUSAL TH" or **"UC RUSAL TH"** means United Company RUSAL Trading House, an indirect wholly-owned subsidiary of the Company.

"RUS-Engineering" means RUS-Engineering LLC, an indirect wholly-owned subsidiary of the Company.

"RusHydro" means PJSC 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" 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 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-Kremniy-Ural" or **"SUAL-Silicon-Ural LLC"** or **"SU-Silicon LLC"** means SU-Silicon LLC, an indirect 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" or **"North Urals"** means JSC 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 is located 8 km from the center of the town of Taishet in the Irkutsk region of the Russian Federation.

"Taishet Anode shop" or **"Taishet Anode plant"** 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 Combined PXF Facility.

"tpa" means tonnes per annum.

"TSA" means Trading System Administrator of Wholesale Electricity Market Transactions.

OJSC "Ural Foil" or **"Ural Foil"** means Joint-Stock Company "Ural Foil", an indirect non wholly-owned subsidiary of the Company.

"Urals aluminium smelter", **"Urals Alumina Refinery"**, **"UAZ"** means Urals Aluminium Smelter, a branch of JSC "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", **"VgAZ"** or **"VgAZ SUAL"** means Volgograd Aluminium Smelter, a branch of JSC "SUAL".

"Volkhov aluminium smelter" or **"VAZ"** means Volkhov Aluminium Smelter, a branch of JSC "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 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

Appendix B – Principal terms of the Shareholders' Agreement **between Major Shareholders**

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;
    - 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%;
  - 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%;
  - 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 disapply-

ing statutory pre-emption rights; reduction of share capital; to give, revoke, renew or vary the authority for the Company to purchase (off market) shares in itself; and to redeem or purchase own shares out of capital).

- The Company does not believe that these veto rights will have any material impact on the operation of the Company.

Matters inconsistent with the Shareholders' **Agreement between Major Shareholders only**

The Major Shareholders have agreed that they shall use their voting and other rights available to them to procure that no resolutions are passed or actions taken or refrained from being taken by the Company or any other member of the Group to the extent that they would be inconsistent with the terms of the Shareholders' Agreement between Major Shareholders only.

KraMZ/KUMZ JSC 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 KUMZ JSC, 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;
  - 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 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

BOARD OF **DIRECTORS**

Executive Directors
Mr. Oleg Deripaska *(President)*
Mr. Vladislav Soloviev *(Chief Executive Officer)*
Mr. Siegfried Wolf *(appointed as a Director effective 24 June 2016)*

Non-executive Directors
Mr. Dmitry Afanasiev
Mr. Ivan Glasenberg
Mr. Maksim Goldman
Ms. Olga Mashkovskaya
Ms. Gulzhan Moldazhanova
Ms. Ekaterina Nikitina
Mr. Maxim Sokov
Mr. Daniel Lesin Wolfe
Mr. Marco Musetti *(appointed as a Director effective 15 December 2016)*

Independent non-executive Directors
Dr. Elsie Leung Oi-sie
Mr. Mark Garber
Mr. Matthias Warnig *(Chairman of the Board)*
Mr. Philip Lader
Mr. Dmitry Vasiliev
Mr. Bernard Zonneveld *(appointed as a Director effective 24 June 2016)*

REGISTERED **OFFICE IN JERSEY**

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PRINCIPAL PLACE **OF BUSINESS**

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PLACE OF BUSINESS **IN HONG KONG**

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Wanchai Hong Kong

JERSEY COMPANY **SECRETARY**

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HONG KONG COMPANY **SECRETARY**

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AUTHORISED **REPRESENTATIVES**

Mr. Vladislav Soloviev
Ms. Aby Wong Po Ying
Mr. Eugene Choi

PRINCIPAL SHARE **REGISTRAR**

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HONG KONG BRANCH SHARE **REGISTRAR**

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One Wall Street,
New York, NY 10286

AUDIT COMMITTEE **MEMBERS**

Mr. Bernard Zonneveld *(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)*
Mr. Ivan Glasenberg
Mr. Mark Garber
Ms. Ekaterina Nikitina
Mr. Dmitry Vasiliev
Mr. Bernard Zonneveld

REMUNERATION COMMITTEE **MEMBERS**

Dr. Elsie Leung Oi-sie *(chairman)*
Mr. Philip Lader
Mr. Bernard Zonneveld
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

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