



Driving **positive change**

Sustainability Report 2019

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STATEMENTS

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Message from the Executive Chairman



GRI 102-14

Dear stakeholders,

While this report of En+ Group deals primarily with our Group's progress in 2019, I would like to start by focusing on the unprecedented challenges facing families, all communities, businesses and governments across the world today in 2020. There is a growing belief that the climate crisis, environmental degradation and poverty have contributed to the global spread of the coronavirus pandemic that we are still battling. This belief only strengthens our conviction about the critical importance of the sustainability agenda for all businesses and underpins our own resolve to continue to drive positive change throughout the aluminium industry.

Like companies the world over, En+ Group's operations were impacted in March when virus containment measures were put in place. I am proud of the way we were able to swiftly adapt to the new situation and grateful for the professionalism and selflessness of colleagues throughout the Group. While we took early steps to move more than 15,000 office-based staff to work from home, we were also conscious of our particular responsibilities to communities across Siberia who rely on energy generated from our hydropower plants every day

for their homes and businesses. Throughout the pandemic, essential operational staff have continued to work to provide power and supply aluminium. While we have taken every step possible to ensure their safety and wellbeing, this commitment has often come at a personal cost, necessitating isolation from families and friends for the duration of the pandemic.

Our response to the pandemic goes much further, however, providing support to staff and communities on four continents. In Russia, we have been delivering monthly food parcels to more than 16,000 elderly and retired employees, many of whom were unable to leave their homes and we have been a major supporter and funder of healthcare services in Irkutsk where, for example, we have provided more than 800,000 medical grade PPE items to hospitals, healthcare institutions and social services. In Kindia in Guinea, where RUSAL mines bauxite, we converted the Centre for Epidemic and Microbiological Research and Treatment – which we had built in 2015 to treat and combat the spread of Ebola – into the country's first specialist Covid-19 diagnosis and treatment centre. This was followed by the rapid construction of a second specialist treatment centre in Friguia, which was fully equipped and operational with equipment and staff within just 21 days.

The response of colleagues everywhere to the unprecedented challenge and impact of the pandemic has been truly inspiring and I express my heartfelt thanks to every member of En+ Group. As a result of their dedication and collective commitment to each other's safety, our business has remained resilient and there has been no material adverse impact on our operations.

As governments on every continent start to focus on rebuilding their post-Covid economies, the world now has a unique opportunity to build back better and put sustainability at the heart of the recovery programmes. The "Build Back Better" movement is growing by the day and we want to help lead that recovery.

It is clear that aluminium has a vital role to play in the future low-carbon economy. Lightweight, flexible and endlessly recyclable, it is a key building block for electric vehicles, super-efficient buildings and clean energy systems. Strikingly, 80% of the components in modern solar panels are made from aluminium. However, aluminium must show the world that it is also clean. There is little point investing in green infrastructure if the components are created with energy from highly polluting fossil fuels.

While our position as the largest producer of aluminium outside of China means it is incumbent upon En+ Group to take a global leadership role in our industry, we also recognise that to affect real change we need to collaborate and participate in collective solutions. This is why we are focused on our contribution to the United Nations Sustainable Development Goals (UN SDGs), which provide a robust framework and

align governments, businesses and civil society in addressing some of the world's most intractable problems. In addition to the seven goals we have been working towards through programmes focused on Climate Leadership, Environmental Stewardship and Human Development, in 2019 we introduced SDG 17 'Partnership for the Goals' as an additional priority for the business.

En+ Group joined the United Nations Global Compact (UNGC) in August 2019. I would like to take this opportunity to restate our full and ongoing commitment to UNGC and the ten principles it lays out in the areas of human rights, labour, environment and anti-corruption. In line with UNGC expectations, we continue to dedicate ourselves to contributing the UN Sustainable Development Goals.

Building on this, En+ Group is now an active member of the UN Global Compact's Business Ambition for 1.5°C, committing our business to science-based targets and aligning our actions with the goal of limiting global temperature rise to 1.5°C. Through the Business Ambition, we were proud to lend our voice earlier this year to a call from 154 of the world's leading companies for governments to use the post-pandemic recovery to prioritise a fast and fairer transition to a green economy. In 2019, we also became members of the Energy Transitions Commission (ETC) where I serve personally as a commissioner, and, in May this year, joined the ETC's call for governments to prioritise seven key actions that will put sustainable development at the heart of economic stimulus.

En+ Group's work in the field of Climate Leadership is underpinned by our contribution to SDG 7 'Affordable and Clean Energy' and SDG 13 'Climate Action'. We continue to make strides in the reduction of our carbon footprint, but recognise that, despite our industry leadership, we still have far more to do. Leveraging our position as the world's largest independent hydropower producer, we have increased the share of renewables used at our smelters to over 95% – exceeding our 2025 target a year ahead of schedule. Our ongoing investments to make our aluminium smelters cleaner and our hydropower plants more efficient means our low-carbon ALLOW aluminium is verified as low-carbon and guarantees less than four tonnes of CO₂e emissions for every tonne of aluminium. Actual emissions are more than four times lower than the industry average. But we want to go further to secure our position as a leading supplier to low-carbon economy. Despite the challenging global environment En+ Group is continuing to invest in the next generation of clean technology, including the inert anode, a revolutionary process that results in oxygen rather than CO₂ being emitted during smelting.

Our commitment to the planet extends not only to the climate but also to preserving the natural world around us, and is evidenced by our Environmental Stewardship programmes and our work towards SDG 6 'Clean Water and Sanitation', SDG 12 'Responsible Consumption and Production' and SDG 15 'Life on Land'. As the largest company in the region around Lake Baikal – the world's largest, deepest and oldest freshwater lake – we understand the role we can play in preserving this unique environment. From scientific studies of the Baikal ecosystem to the development of an AI-enabled model for forecasting lake water levels, we continue to

invest in initiatives that will inform a long-term and proactive conservation strategy that engages the local community and protects the lake for future generations.

Our progress in all areas is underpinned by the unerring quality and commitment of our employees who are supported by our Human Development initiatives and our work towards SDG 3 'Good Health and Wellbeing' and SDG 8 'Decent Work and Economic Growth'. Our HSE Committee, newly constituted in 2019 under the Chairmanship of independent director Joan MacNaughton, is the driving force behind a culture of continuous improvement in safety and wellbeing. And, through initiatives such as our Corporate University, we continued to invest in our employees' personal development. We maintain our commitment to supporting the leaders of the future and continue to invest in programmes that encourage STEM education and provide opportunities for our experts to collaborate with students focused on innovation and sustainability.

En+ Group believes firmly that the companies set to prosper in the future are those willing to take responsibility today. Our role in the value chain of tomorrow's low-carbon economy gives En+ Group the opportunity to shape a sustainable future. To achieve this, our industry needs a common definition for low-carbon aluminium, trading exchanges need to demand carbon transparency, and governments need policies that discriminate between low-carbon and carbon-intensive materials. We are greatly encouraged that the London Metal Exchange is planning a low-carbon aluminium trading platform. We have been pressing hard for this and believe it is an important step towards the creation of a new asset class which will trigger further investment in this vital building block of the green economy.

With even the oldest institutions shifting to a new way of thinking and scientific innovations redefining our understanding of what is possible, we are moving inexorably towards a low carbon world. The big question is whether this will be fast enough to meet the science based targets we have to hit to avoid the worst effects of dangerous man-made climate change. En+ Group is certainly committed to playing our part.

Around the world, the pandemic and the ever-increasing cost of global warming is forcing companies to re-evaluate their priorities. Those able to rethink and flex the way they operate, looking decades ahead, and acting now will be best placed to meet the challenges of tomorrow. At En+ Group, we have continued to reinforce our strategy, strengthen our resilience and fortify our resolve to help build a low-carbon economy in which our business, our communities and the whole of society can thrive. We have much more to do but this report clearly charts our progress.

Rt Hon Lord Barker of Battle
Executive Chairman

Message from the CEO



make a meaningful contribution to the achievement of the UN Sustainable Development Goals.

As the world's largest producer of low-carbon aluminium the Group has a key role in helping lead the global fight against climate change. We are focused on driving down the global carbon footprint of aluminium, a material central to the circular economy, as well as significantly reducing the impact of our own operations.

In 2019 we made strong progress against the Group's 2025 climate goals. Well ahead of schedule, we exceeded our target for purchasing at least 95% of the power needed for our aluminium smelters from hydroelectric power plants and other low carbon power generation. In 2019 hydropower comprised more than 95% of the electricity consumed by our Metals segment's aluminium smelters. In addition, we reduced the Group's specific greenhouse gas emissions from aluminium smelters by 11% compared to 2014, against a target of a 15% reduction by 2025.¹

In 2019 our New Energy programme enabled us to increase clean electricity generation from our hydropower plants by 1.68 TWh, from the same amount of water passing through the turbines. We expect the programme to result in a reduction to the Group's greenhouse gas emissions of 2.3 million tonnes per year by 2022. We also continued to transition to Eco-Söderberg cells, enabling us to significantly cut emissions while increasing production efficiency.

Being at the cutting-edge of low-carbon technology underpins our mission to drive the industry's contribution to the Paris Climate Goals. With smelter average CO₂e emissions for Level 1 more than four times lower than the industry average, ALLOW's emissions are transparent, verified and traceable.

In 2019, the managing company of the Metals segment, represented by RUSAL, and its three production sites achieved Aluminium Stewardship Initiative certification by meeting various criteria ranging from business ethics and governance, environmental performance, human rights and social practices.

We continued with the development of our state-of-the-art inert anode technology which will completely eliminate greenhouse gas emissions, reduce energy consumption and cut operational and greenfield project costs. Testing is currently underway at RUSAL's Krasnoyarsk Aluminium Smelter.

Moving into 2020 we have maintained this focus and investment in innovation, despite the Covid-19 crisis, given its critical importance to our business and the world.

None of these projects would be possible without the support of our dedicated workforce. Therefore, we recognise our responsibility to put their wellbeing first in all that we do. We are committed to continuously improving the safety of working conditions in an industry where there is inherent higher risk due to the scale and nature of operations. Every loss of life is a tragedy and, whilst being an improvement on previous years, five fatal incidents in 2019 is not acceptable. In 2019 the Group launched a three-year strategic plan to develop a solid culture of operational safety. We also completed the update of our OHS management system to bring it in line with ISO 45001:2018, we developed and implemented company-wide health and safety standards and KPIs and have introduced a rolling programme of training for all staff.

Training and development is crucial to ensure we have the strongest possible workforce and another aspect of this is our work in strengthening diversity through recruiting and retaining employees without discriminating by gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge or length of service. In 2019, 26% of En+ Group's workforce was female and female representation on the Board was 33%.

We also recognise our duty to protect the communities and diverse natural environments in which the Group operates. In particular, we are preserving UNESCO world heritage site Lake Baikal, as En+ Group's hydropower plants (HPPs) on the Angara River that flows out of the lake provide the clean energy powering our low-carbon operations. In 2019, En+ Group established a scientific programme to monitor the water quality and ecology of the lake and will work with stakeholders to address the issues identified. In December 2019 we initiated a roundtable with stakeholders from the business community, leading non-governmental organisations (NGOs) and research institutions to discuss the urgency of tackling microplastic pollution in the lake.

In 2019 En+ Group organised the participation of 500 volunteers in our 'Project 360' volunteering initiative to protect the lake from the impact of over 2 million annual tourists. As part of our biodiversity conservation programmes, we released 10 thousand thymallus fingerlings into the Vym River. Over 1.5 million juvenile commercial fish have been released into rivers and water reservoirs

around the Irkutsk region over 5 years as part of a project to artificially restore aquatic biological resources.

In addition, En+ Group has invested in a ground-breaking project to forecast future weather patterns, to better regulate water levels in Lake Baikal. More accurate forecasts will help authorities optimise outflows from Lake Baikal, safeguarding the ecosystem and protecting local communities from flooding.

Russia's largest reforestation project was launched by the Metals segment of the Group in 2019. Over one million trees planted are expected to absorb 393 tonnes of CO₂ per year over the next 40 years. We are also partnering with the Krasnoyarsk Aerial Forest Protection Centre on a project to protect 500 thousand hectares of forest in Siberia, purchasing fire-fighting equipment and training up new airborne fire-fighters. This is expected to save 440 thousand tonnes of CO₂ absorption per year.

Following the reporting period, the onset of the Covid-19 pandemic was a huge shock to communities and businesses across the globe. Throughout 2020 we have taken swift action to keep all of our employees safe and to support local communities. As we provide energy for homes and businesses across Siberia, it was essential that our hydropower plants continued to operate; similarly, our smelters cannot be left unattended. We established comprehensive systems at our sites to ensure key workers unable to work from home remained safe from infection and that any outbreaks could be safely controlled.

En+ Group continues to monitor the coronavirus risk very carefully to ensure that comprehensive action is being taken for the safety of our people as well as the sustainability of our business. Whilst these external challenges make it impossible to forecast a detailed outlook for the short and medium-term, one thing is clear: the world is recognising a need to shift to sustainable business models and economies that protect our communities and preserve our planet for future generations, and En+ Group is committed to playing a strategic role in this transition.

Vladimir Kiriukhin,
Chief Executive Officer

GRI 102-14

Dear stakeholders,

I am pleased that despite a challenging year for the global aluminium market in 2019, En+ Group achieved a solid operational and financial performance and continued to make good progress against our sustainability strategy and objectives. We continued to benefit from the combination of our unique asset base, our integrated business model and operational excellence, enabling us to achieve highly efficient production whilst also controlling our environmental impact at every stage of the process.

Recently, the unprecedented Covid-19 pandemic has brought the fragility of our planet sharply into focus. Recognising our responsibility as a global business employing almost 90,000 people in 12 countries across the world, in 2019 En+ Group doubled down on our work to

¹ Scope 1 emissions. 2.3 tonnes of CO₂e per tonne of aluminium in 2014 vs 2.0 tonnes of CO₂e per tonne of aluminium in 2019.

Message from HSE Committee Chair



Dear stakeholders,

The HSE Committee began its work during the period covered by this report. While health, safety and environmental performance have always been priorities for the Group, the Covid-19 pandemic has put them front and centre of everyone's thoughts, reinforcing how fundamental they are to the success of the business and to En+ Group's leading role in sustainability in the wider corporate world.

The year under review has seen strong engagement between the Committee and managers responsible for HSE at all levels, supplemented by site visits. We closely monitor progress towards our sustainability goals and seek to identify areas where new policies or measures are needed to drive improved performance.

En+ Group believes every worker should return home safely after work. We are resolute in our efforts to achieve zero injuries and fatalities but deeply regret that in 2019 there were five fatalities in our Group. While this figure was lower than in 2018, any fatality is unacceptable. In-depth investigations were conducted in each case, and were reported to the Committee which asked for corrective actions to be taken. It is also a source of concern that in 2019, despite considerable focus in this area, our lost time injury frequency rate (LTIFR) increased to 0.17¹. Certain changes may have contributed to this occurring, but we do not rely on them to excuse the increase. Rather, we have redoubled our efforts to drive the rate lower.

There is a clear HSE Policy and an HSE management system at all production facilities and HSE results and performance indicators are discussed at monthly top management meetings with production site managers personally reporting on the findings of workplace audits and sharing best practice. Training and development is reviewed to ensure employees have the understanding and skills necessary to operate safely. Since many incidents appear to stem from non-compliance with safe working rules and policies, it is clear that we must transform the culture into one where each individual accepts responsibility for their own and their colleagues' safety. This is not at the expense of the growth of the business – rather it is an essential precondition for it. Executive management have taken ownership of this challenge and in 2019 the Group developed a three-year Strategic Plan to improve its Occupational Safety Culture under the Vision Zero concept. The plan provides for continual improvement of health and safety indicators through a series of projects, some of which were implemented in the year.

We have strengthened our position as an industry leader on environmental matters. Our external engagement has driven progress towards greater transparency on the carbon footprint of aluminium, and we were early to commit to follow 1.5 °C pathway by 2050. We are making great strides in lowering even further our industry leading carbon emissions: direct specific GHG emissions per tonne in our electrolysis operations are 2.0 tCO₂e/tAl. We also remain on schedule with our New Energy Programme – a large-scale modernisation of the Group's hydroelectric power stations. We are replacing four out of eight hydraulic units

at the Irkutsk HPP which will raise the capacity of each from 82.8 MW to 105.7 MW, increasing production and avoiding GHG emissions. Even though that programme continues, we have already exceeded our aim that, by 2024, 95% of the Metals segment energy needed by the Metals Segment for aluminium production to come from non-carbon sources: in fact, in 2019 this figure was more than 98%.

We recorded no significant environmental incidents in 2019 (defined as incurring damage valued in excess of USD 1 million). But we believe our responsibilities to the communities and environments in which we operate need to go beyond this. Our extensive programme of research and other activities to preserve the unique ecosystems of the breathtakingly beautiful Lake Baikal is but one example.

In terms of health and safety and the environment, we recognise that for all that we are doing, much more remains to be done. But underlying our efforts is the belief that whatever we do must be sustainable. We are determined to be among the leading group of companies who put sustainability front and centre of their operations. The world is a more fragile place than ever and people and communities need support and protection. We will play our full part with our commitment in helping build a more resilient planet.

Joan MacNaughton,
Chair of the Health, Safety
and Environment Committee

¹ The LTIFR value for En+ Group was clarified for 2019 due to the improvement of the reporting processes.

COMPANY OVERVIEW

An aerial photograph of a large dam and reservoir. The dam is a long, concrete structure with multiple spillways, situated in a deep valley. The reservoir is a large body of blue water that stretches into the distance, surrounded by dense green forests and rolling hills. In the foreground, there is a bridge crossing a smaller section of the river. The overall scene is a mix of natural beauty and industrial infrastructure.

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2019 key highlights

Contribution to UN Sustainable Development Goals

En+ Group supports all 17 Sustainable Development Goals (SDGs) adopted by the United Nations (UN). In its business operations the Group focuses particularly on eight key goals.



Standards

GRI 102-1	GRI 102-2
GRI 102-3	GRI 102-4
GRI 102-5	GRI 102-6
GRI 102-7	GRI 102-9
GRI 103-1	GRI 103-2
GRI 103-3	GRI 201-4

Key economic and financial results

- 5.1%**↓ decline in revenue (down to USD 11.8 bn)
- 84.0%**↑ free cash flow up year-on-year (up to USD 1.6 bn)
- 3.2%**↓ decline in primary aluminium and alloys sales (down to USD 7.9 bn)
- 35.3%**↓ decline in adjusted EBITDA (down to USD 2.1 bn)
- 8.0%**↓ decline in net debt year-on-year (down to USD 10.2 bn)
- 30.0%**↓ decline in net profit (down to USD 1.3 bn)

Corporate governance

- 7 out of 12 members of the Board were independent directors as of 31 December 2019
- 4 out of 12 – female representation on the Board as of 31 December 2019
- 2 new committees were created: Health, Safety and Environment Committee and Regulation and Compliance Committee (now the Compliance Committee)

Internal control and risk management

- Local Risk Management Regulations were developed and adopted for all entities of the Company
- Force-majeure risks were identified and incorporated into the En+ Risk Map for all Company entities
- A new version of the Code of Corporate Ethics was developed

Our approach to sustainability

- UN SDG 17 (pertaining to global sustainable development partnerships) was adopted, together with the seven other Goals which the Group continued to contribute to
- The Health, Safety, and Environment Committee and Environmental Advisory Board were established
- In 2019 En+ Group established a new Project Office for Sustainable Development
- The Company embarked on support for the initiative by the London Metal Exchange to launch a platform for trading low-carbon aluminium, where the Group's ALLOW brand will be traded

Climate leadership

- 2.0** tCO₂e/tAl ↓ direct GHG emissions per tonne of aluminium in electrolysis operations (down from 2.1 in 2018, a 3.8% reduction)
- The New Energy programme resulted in avoidance of 1.95 mt of CO₂e and an additional 1.68 TWh of renewable electricity per year
- Over 95% of carbon-free and renewable hydropower energy used to produce aluminium

Environmental stewardship

- The total volume of water withdrawn by the Group's facilities was **845.7** mn m³ (from 913.7 in 2018, a 7.4% reduction)
- Air emissions (excluding GHG) was 414.9 kt (down from 429.1 in 2018, a 3.3% reduction)
- Launch of an Eco-monitoring programme of Lake Baikal

Employees

- 88,732** employees¹
- 26%** of the En+ Group workforce was female
- 24%** of new recruits were female
- 88%** of employees were covered by collective agreements
- 94%** of employees worked under permanent contracts
- 99%** of employees worked full time

Health and safety

- 5**↓ fatal incidents in 2019 (down from 8 in 2018, a drop of 37.5%)
- 0.17**↑ lost time injury frequency rate (LTIFR)² (up from 0.14 in 2018, a 17.6% rise)
- 224**↑ cases of employee occupational illness (up from 196 in 2018, a 14.3% increase)

Local communities

- USD **41** mn allocated to social support initiatives
- RUB **22** mn (USD 340 thousand) allocated to help the people affected by the flooding in the Irkutsk Region
- 6,000** people visited RoboSib festival
- 800** children took part in robotics competition at RoboSib festival
- 500** volunteers joined Lake Baikal shore cleaning up
- Over **730** entrepreneurs participated in Environmental Entrepreneurship School Project



Sustainability Report 2018 awards

Last year En+ Group presented its first Sustainability Report for 2018 since being listed on the LSE.



The Company was honoured with one of the world's most prestigious non-financial reporting awards – the Corporate Register Reporting Awards (CRRA). Our Sustainability Report received the “2nd Runner-up” prize in the category “Best 1st Time Report”.



Also, MarCom Awards judges awarded the En+ Group Sustainability Report 2018 gold in the following categories:

- + Corporate Social Responsibility
- + Sustainability Report
- + Annual Report / CSR Design
- + Annual Report / CSR Interior

¹ Average number of employees in 2019.

² The LTIFR value for En+ Group was clarified for 2019 due to the improvement of the reporting processes.

At a glance

GRI 102-4

A worldwide presence with core assets in Siberia

GRI 102-1 GRI 102-3 GRI 102-5

En+ Group is a global leader in aluminium production and renewable energy generation, with a well-established presence across five continents, core assets in Siberia, and a headcount of around 90,000. The organisation's headquarters are located in Moscow.

No. 1
aluminium producer excluding China

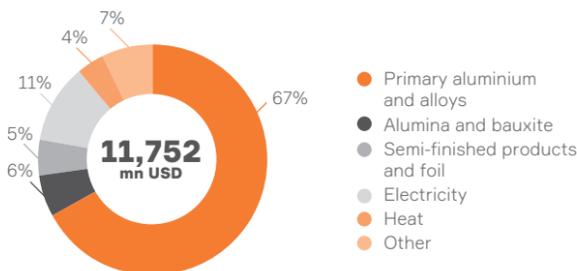
64.2 TWh
low-carbon hydro power generation¹

6.3%
of the world's alumina production

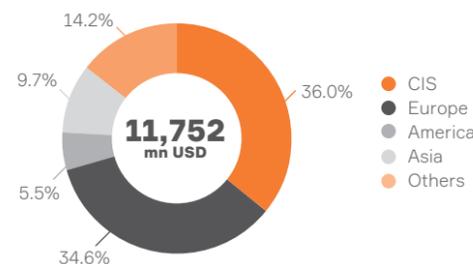
19.5 GW
Total installed electricity capacity²

12 countries
60+ sites

Revenue by product,³ 2019



Revenue split by region,³ 2019



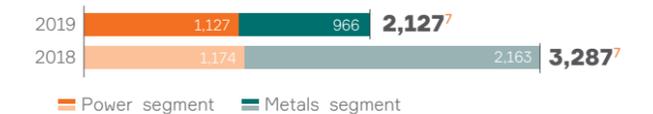
Metals segment

	Total capacity	Production level in 2019
ALUMINIUM		
12 aluminium smelters ⁴	3.9 mtpa	3.8 mt
ALUMINA		
9 alumina refineries	10.4 mtpa ⁵	7.9 mt
BAUXITE		
7 bauxite mines	20.6 mtpa	16.0 mt

Power segment

	Total capacity	Production level in 2019
HYDROPOWER		
5 hydro power plants ²	15.1 GW ²	64.2 TWh ¹
THERMAL		
16 combined heat and power plants	4.4 GW	13.6 TWh
SOLAR		
1 solar power plant	5.2 MW	6.2 mn kWh

Adjusted EBITDA⁶ by segment



GRI 102-2 GRI 102-6 The core areas of the Company's Metals segment are aluminium and bauxite production and aluminium sales, through the En+ Group's 56.9%⁸ owned subsidiary RUSAL, a leading company in the global aluminium industry, which produces metal with a low carbon footprint. The Power segment focuses on generating and distributing electricity and heating for RUSAL and for customers primarily located in Siberia, Russia.

¹ Excluding Onda HPP with installed power capacity 0.08 GW and production level of 0.4 TWh in 2019 (located in the European part of Russia, leased to RUSAL).

² Including Onda HPP.

³ From external customers.

⁴ Excluding Boguchany Aluminium Smelter (BoAZ), a joint 50/50 project of RUSAL and RusHydro.

⁵ RUSAL attributable capacity.

⁶ Adjusted EBITDA means, for any period, the results from operating activities adjusted for amortisation and depreciation, impairment of non-current assets and gain/loss on disposal of property, plant and equipment for the relevant period, in each case attributable to the Group, business segment or any reportable segment, as the case may be. Group figures exclude results from intersegmental operations.

⁷ After consolidation adjustments.

⁸ During 2018 En+ Group held a strategic 48.1% shareholding in UC RUSAL, which allowed us to exercise corporate control. In January 2019, as a result of a swap transaction with Glencore, En+ Group's stake in UC RUSAL grew to 50.1%. The transfer of an additional 6.78% RUSAL shares to En+ Group was completed on 3 February 2020.

Business model

GRI 103-1 Aluminium has a number of unique characteristics – it is light, durable, resistant to corrosion, and can be endlessly recycled without losing any of its strength. These properties mean that it is a critical component for multiple industries, including transport, construction, and packaging. This is why aluminium produced using hydroelectric power has a key role to play in transitioning to a low carbon economy, and why sustainability is a cornerstone of the En+ Group's business model. The Company benefits from its closely integrated facilities in renewable energy generation and aluminium production. The composition of the Group's facilities and operations facilitates strategic synergies through the use of renewable energy for low-carbon aluminium production.

One of the Company's priorities is to balance short- and long-term interests at the same time as incorporating economic, environmental, and social considerations into decision-making processes. The Group's commitment is to facilitate the global aluminium market transitioning to a low-carbon future. In line with this goal, the Group strives to optimise capacity utilisation and to maximise operational efficiency.

En+ Group's strategic stake in Norilsk Nickel (27.82%) helps the Company diversify its facilities and bolster the Company's position in the metals market. Norilsk Nickel is the world's largest palladium producer, the second-largest nickel producer, and a leading producer of platinum and copper. The Group supports further investment to improve the environmental and safety performance of Norilsk Nickel.

- En+ Group has a number of strengths that support its significant ongoing expansion activities and provide a competitive advantage.
- + **A vertically integrated, low-carbon business model.**
The Group's main competitive advantage is an ability to create value through the vertical integration of its hydroelectric power generation and aluminium production.
 - + **A unique facilities base and operational excellence contributing to cost leadership.**
The favourable locations of the Group's facilities support integration and cost reduction efforts.
 - + **Strong and resilient cash flow generation.**
The cash flow generated by the Group from its operational activities creates an opportunity to pay dividends to its shareholders and to grow value-added production.
 - + **Experienced management and robust corporate governance.**
The Company is constantly developing its corporate governance practices, with a view to upholding the highest standards. En+ Group ensures its governing bodies have well-rounded collective experience and knowledge, as well as a high level of independence and diversity.
 - + **Upside potential from multiple catalysts.**
Increasing global demand for aluminium and electricity are beneficial for the Company in terms of the utilisation of the existing spare capacity and new projects.
 - + **Continued investment in R&D.**
The Company is committed to technological innovation, which enhances both financial and environmental performance.

The Company understands the importance of applying an established methodology to correctly determine the volume of emissions generated by the aluminium production process. This is why RUSAL has internal guidelines in place that determine the methodology for calculating GHG emissions for RUSAL products. At a global level, En+ Group supported the publication of a methodology by the Carbon Trust for defining

low carbon aluminium. The Carbon Trust's paper, entitled The Case for Low Carbon Primary Aluminium Labelling, includes a simple methodology for defining the "low carbon category" for aluminium production, and is aimed at facilitating transparent communications as well as a clear and consistent approach to labelling carbon content within the industry.

RUSAL's low-carbon aluminium (LCA) journey

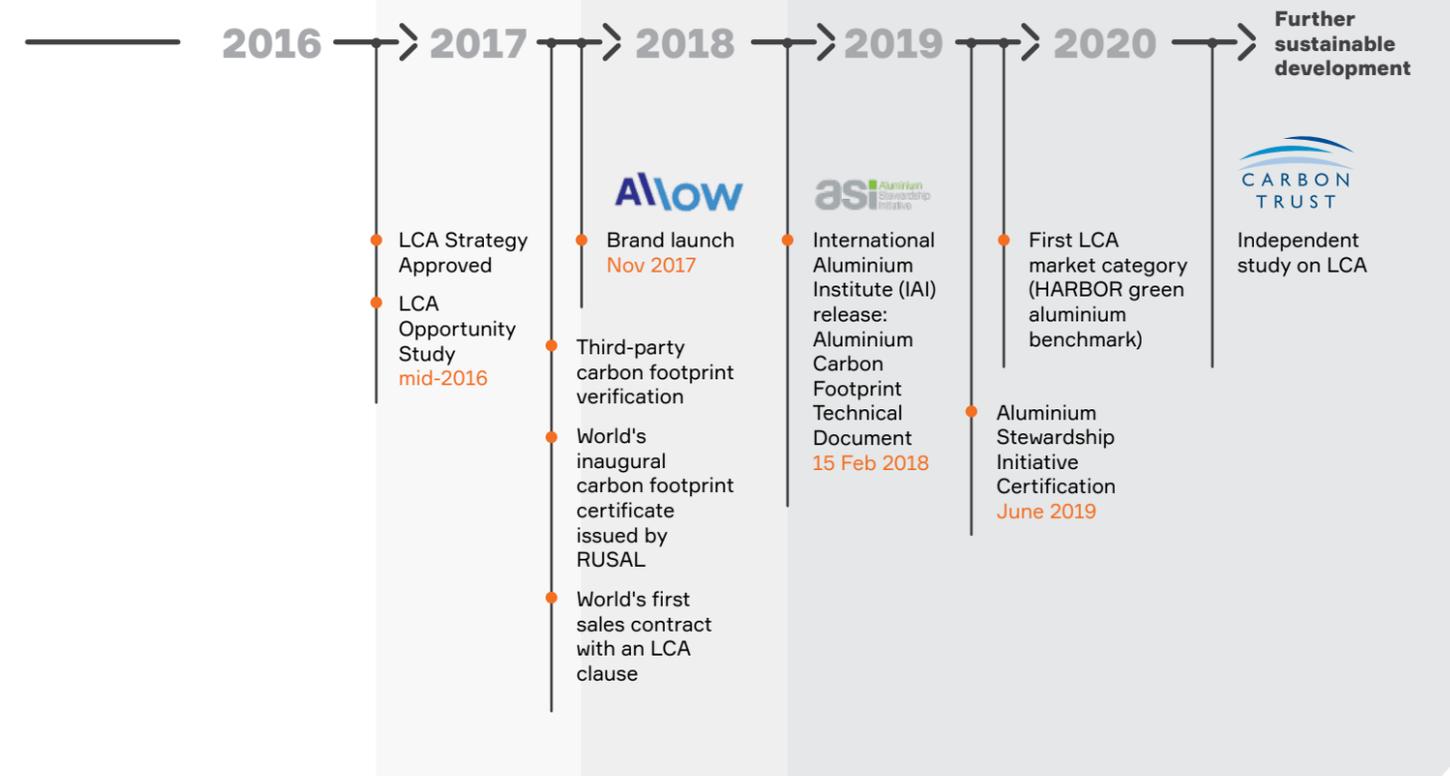
ENGAGING WITH CUSTOMERS AND END USERS TO EXPAND AVAILABILITY OF LCA

ENGAGING WITH INDUSTRY & END USERS TO ENCOURAGE LOW-CARBON INDUSTRY-WIDE TRANSITIONS

DEVELOPING PARTNERSHIPS TO MAXIMISE IMPACT

- + Support World Economic Forum's Aluminium for Climate Initiative
- + Support IAI's Greenhouse Gas Pathways Working Group

LCA STRATEGY DEFINITION AND BRAND CREATION



¹ For more detailed information about the ALLOW brand, see Scientific and technological development, p. 68-75.
² IAI data, 2018

London Metal Exchange launches platform for trading low-carbon aluminium

The London Metal Exchange (LME) plans to launch a platform for trading low-carbon aluminium, which is typically produced using hydropower or other forms of renewable energy. The importance of carbon transparency has become a significant concern for the industry's clients as well as end consumers, who pay particular attention to the environmental sustainability of the products, including the carbon footprint, generated during production. This spot trading platform will

connect aluminium buyers and sellers that meet certain low-carbon criteria.

The entry of the ALLOW brand¹ into the LME platform will be an important step for En+ Group's sales strategy and customer relationships. ALLOW-branded aluminium is verified by an independent third party which verifies the stated carbon footprint level, which is the lowest in the industry. The key competitive advantage of the

Metals segment is its access to clean renewable hydropower, which facilitates aluminium production with a low level of greenhouse gas emissions.

The carbon footprint of aluminium under the ALLOW brand is guaranteed to be less than 4 tCO₂e/tAl, with an average indicator of 2.5 tCO₂e/tAl (at smelter, Scope 1&2). The global average for carbon emissions is 12.5 tCO₂e/tAl.²

En+ Group Manifesto: The Green Aluminium Vision

Following its low carbon initiative in 2020, En+ Group has launched its 'Green Aluminium Vision' – a document setting out the Group's commitments to lead the industry's transition to a low-carbon economy, by developing a new asset class of 'Green Aluminium'.

In this manifesto En+ Group calls for low-carbon 'green' aluminium to help power Europe's Covid-19 recovery package and the European Union (EU) climate transition strategy, warning against the widespread, but hidden, use of dangerously polluting, high-carbon metals.

En+ Group is calling for the urgent elimination of tariffs on low-carbon imports of this climate-friendly raw metal to help European manufacturers grow a global market and lead in the production of green goods and products.

EN+ GROUP'S
'GREEN ALUMINIUM
VISION' SETS OUT
NINE PRINCIPLES
TO SHAPE THE
FUTURE OF GREEN
ALUMINIUM:



Determination to **reduce emissions** across the production process



Low-carbon aluminium branding



Carbon footprint **transparency**



Circularity (recycling)



Sustainability labelling



Liberalisation of trade for low-carbon primary aluminium



Elimination of excess production capacity to ensure fair and green trade



Facilitation of **research and development**



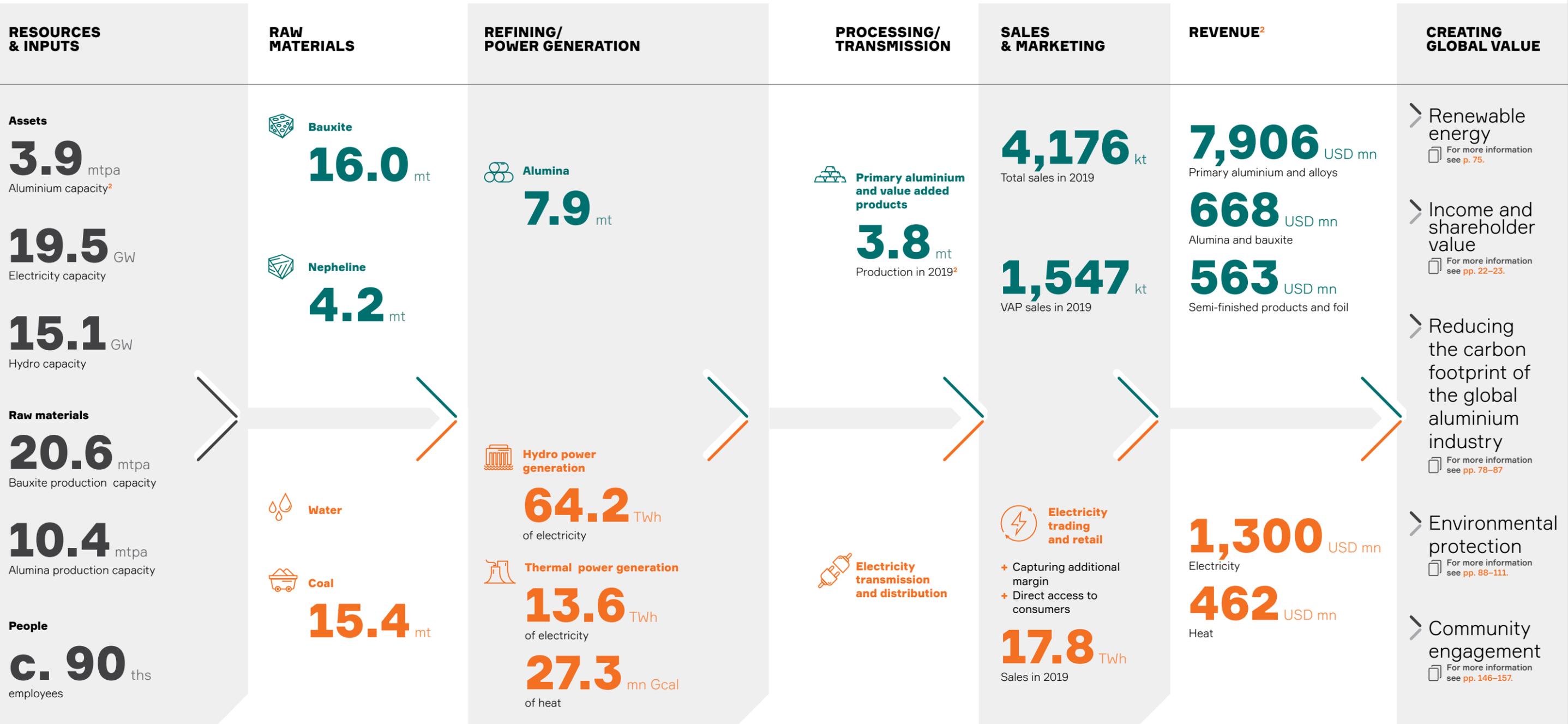
Support for **renewed multilateralism** (deeper cooperation and a strong focus on global partnerships)



The full 'Green Aluminium Vision' Manifesto is available on En+ Group's website.

En+ Group's business model structure¹

GRI 102-7 GRI 102-9 GRI 103-2



¹ All indicators relate to 2019 production.

² Excluding Boguchany Aluminium Smelter, a joint 50/50 project of RUSAL and RusHydro.

³ After consolidation adjustments.



Strategic investment in Nornickel (27.82%)

USD **13.6** bn
Investment market value at 31.12.2019

Key economic and financial results

5.1%↓
decline in revenue
(down to USD 11.8 bn)

35.3%↓
decline in adjusted EBITDA
(down to USD 2.1 bn)

84.0%↑
free cash flow up year-on-year
(up to USD 1.6 bn)

8.0%↓
decline in net debt year-on-year
(down to USD 10.2 bn)

3.2%↓
decline in primary aluminium
and alloys sales (down to USD 7.9 bn)

30.0%↓
decline in net profit
(down to USD 1.3 bn)

GRI 103-3 Key economic results, 2018-2019

USD mn (except %)	2019	2018	Change, %
Revenues	11,752	12,378	-5.1%
Primary aluminium and alloys sales	7,906	8,165	-3.2%
Alumina and bauxite sales	668	984	-32.1%
Electricity sales	1,300	1,329	-2.2%
Heat sales	462	461	0.2%
Semi-finished products and foil	563	527	6.8%
Other	853	912	-6.5%
Adjusted EBITDA ¹	2,127	3,287	-35.3%
Adjusted EBITDA margin ²	18.1%	26.6%	-8.5pp
Net profit	1,304	1,862	-30.0%
Net profit margin ³	11.1%	15.0%	-3.9pp
Net debt ⁴	10,204	11,094	-8.0%
Free cash flow ⁵	1,614	877	84.0%

¹ Adjusted EBITDA for any period represents the results from operating activities adjusted for amortisation and depreciation, impairment of non-current assets and gains/losses on the disposal of property, plant and equipment for the relevant period, in each case attributable to the Group, Power or Metals segment, as the case may be.

² The adjusted EBITDA margin for any period represents adjusted EBITDA for the relevant period divided by total revenues for the relevant period and expressed as a percentage, in each case attributable to the Group, Power or Metals segment, as the case may be.

³ The net profit margin for any period represents net profit or loss for the relevant period divided by total revenues for the relevant period and expressed as a percentage, in each case attributable to the Group, Power or Metals segment, as the case may be.

⁴ Net debt represents the sum of loans and borrowings and bonds outstanding less total cash and cash equivalents as at the end of the relevant period, in each case attributable to the Group, Power or Metals segment, as the case may be.

⁵ Free cash flow means, for any period, the cash flows generated from operating activities less net interest paid, capital expenditures, restructuring fees and other payments related to the issuance of shares, adjusted for payments from the settlement of derivative instruments plus dividends from associates and joint ventures.

GRI 102-7 Total net sales and capitalisation, 2018-2019, USD mn

	Metals segment		Power segment		Intersegmental adjustments		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Total net sales for the year	9,711	10,280	2,989	3,147	(948)	(1,049)	11,752	12,378
Capitalisation at end of year	14,994	13,495	9,975	8,792	(5,115)	(4,608)	19,854	17,679
including borrower capital (loans and borrowings, including bonds)	8,247	8,286	4,235	3,991	-	-	12,482	12,277
including equity	6,747	5,209	5,740	4,801	(5,115)	(4,608)	7,372	5,402

GRI 201-4 Financial assistance received from the state, USD mn

Financial assistance category	Metals segment		Power segment		En+ Group	
	2019	2018	2019	2018	2019	2018
Tax relief and tax credits	0	5	0	1	0	6
Subsidies, including subsidies for R&D	5	5	4	3	9	8
Total	5	10	4	4	9	14

GRI 201-1 Direct economic value generated and distributed

	Metals		Power		En+ Group	
	2019	2018	2019	2018	2019	2018
	USD mn		USD mn		USD mn	
Direct economic value generated	11,425	11,267	3,027	3,151	13,503	13,368
Revenue	9,711	10,280	2,989	3,147	11,752	12,378
Share of profits of associates and joint ventures	1,669	955	-	(7)	1,669	948
Interest income on loans	45	32	38	11	82	42
Economic value distributed	(9,070)	(9,234)	(2,515)	(2,609)	(10,564)	(10,795)
Operating costs	(8,079)	(8,202)	(1,744)	(1,806)	(8,789)	(8,959)
including employee wages	(645)	(739)	(413)	(396)	(1,058)	(1,135)
Retirement costs	(179)	(173)	(76)	(75)	(258)	(248)
Community investments	(31)	(22)	(10)	(9)	(41)	(31)
Payments to providers of capital	(589)	(501)	(401)	(483)	(1,000)	(985)
including dividends paid	-	-	-	(68)	-	(68)
including financial expenses	(589)	(501)	(401)	(415)	(1,000)	(917)
Payments to the government by country ⁶	(192)	(336)	(284)	(236)	(476)	(572)
including income tax	(162)	(305)	(207)	(157)	(369)	(462)
Economic value retained: 'direct economic value generated' less 'economic value distributed'	2,355	2,033	512	542	2,939	2,573

⁶ Payments to governments do not include deferred taxes, including their effect on reporting periods.

CORPORATE GOVERNANCE

- 27** Corporate governance structure
- 27** Board's responsibilities
- 31** Committees of the Board
- 34** Internal control and risk management
- 37** Ethics and integrity

Corporate governance

Material topics

- Corporate governance
- Compliance
- Business ethics
- Economic results

GRI 103-1 En+ Group is a global company with GDRs listed on the London Stock Exchange and ordinary shares listed on the Moscow Exchange. The Company is committed to the highest international standards of corporate governance which is an important element in attracting new investment, strengthening the Group's competitive position and enhancing shareholder value. Effective corporate governance is based on the clear distribution of roles and responsibilities among managing bodies, and the Company aims to ensure that its governance procedures are applied to all areas of decision-making across the Group.

GRI 103-2 The Company's corporate governance system outlines the relationship between the Company's shareholders, the Board, the CEO¹ and the management team, as well as the remit and duties of the Board committees.

En+ Group considers the following corporate governance principles to be fundamental to its operations:

- + Transparency
- + Open and clear decision-making
- + Legal compliance, including clear and robust compliance with U.S. economic sanctions and the requirements for the Company to be and remain clear from the OFAC of the US Department of the Treasury sanctions
- + Ongoing growth of the Company's value for the benefit of all stakeholders

2019 highlights

7 out of 12

members of the Board were independent directors as of 31 December 2019²

4 out of 12

female representation on the Board as of 31 December 2019

2

new committees were created: Health, Safety and Environment Committee and Regulation and Compliance Committee (now the Compliance Committee)

Developed and adopted:
 + Anti-Fraud Policy, Hotline Regulations, Power of Attorney Regulations
 + Training course on risks (placed at the Corporate University portal)

Corporate governance structure

GRI 102-18 The Company's corporate governance structure includes the following key elements:

- + General Shareholders Meeting
- + Board
- + CEO

The General Shareholders Meeting is the supreme governance body, which provides shareholders with an opportunity to participate in the management of En+ Group and make decisions on all key issues relating to the Company and its operations.

The matters that the Board should be engaged in include, inter alia, setting the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and reviewing the Company's operational and financial performance.

The Board is responsible for providing leadership to the Group and its overall management. The Board also sets the Company's values and standards and ensures that its obligations to shareholders and other stakeholders are understood and met. The Executive Chairman is responsible for the leadership of the Board and for creating the conditions necessary to allow the Board and individual directors to operate effectively. The CEO is responsible for the day-to-day management of the Company's business and ensuring that the strategic decisions made by the Board are implemented.

The day-to-day operation of the Company is performed by executive Directors and Officers (the "Management Team").

RUSAL has its own corporate governance system with a separate board of directors and committees.

Board's responsibilities

GRI 102-26 The matters specifically reserved for the Board under the Charter include:

- + Determination of priority areas of the Company's activities, including approval of the annual budget, mid-term and long-term budgets, development strategies and programmes, amendment of these documents, consideration of the results of their implementation.
- + Approval of the Company's long-term strategy and objectives and its overall management mechanism.
- + Day-to-day control over implementation of the Company's long-term strategy and objectives.
- + Control of the Company's core business and regular evaluation in the context of the Company's long-term strategy and objectives and discharge of obligations contemplated by law and the Charter.

- + Recommendations to shareholders to approve changes in the structure of the Company's share capital, including reductions in capital and the acquisition of treasury shares to maintain their market value.
- + Approval of resolutions to issue securities, approval of resolutions on any additional issue of securities, approval of prospectuses.
- + Conducting performance evaluations of the Board, its committees and members of the Board, evaluation of compliance of non-executive members of the Board with independence criteria.
- + Approval of items that require Board approval under the Company's Charter.

Key events

27 January 2019

new independent non-executive directors were appointed

25 September 2019

the Environmental Advisory Board was launched and held its first meeting

14 November 2019

approval of Regulations on the General Shareholders Meeting, Regulations on Dividend Policy and Sanctions Compliance Policy

13 December 2019

approval of Regulations on the Board of Directors, Regulations on each of the five Committees of the Board of Directors, Regulations on Internal Audit and Regulations on the Corporate Secretary

Contribution to UN Sustainable Development Goals



Standards

GRI 102-15	GRI 102-16	GRI 102-17	GRI 102-18	GRI 102-22	GRI 102-23
GRI 102-24	GRI 102-25	GRI 102-26	GRI 102-27	GRI 102-29	GRI 102-30
GRI 102-35	GRI 102-36	GRI 103-1	GRI 103-2	GRI 103-3	GRI 205-2
GRI 405-1					

¹ The Charter uses the term "General Director" which is used interchangeably with the term "CEO" in public disclosures made by the Company.

² Until Igor Lojevsky's unexpected death on 12 April 2020 there were 7 out of 12 independent non-executive directors.

The management bodies' composition highlights

GRI 102-22 As of 31 December 2019, the Board comprised 12 directors: seven independent non-executive directors, four non-executive directors, and Executive Chairman.

All of the current directors, with the exception of the Executive Chairman, Lord Barker, were reappointed/appointed by the Company's shareholders at the Company's annual general meeting on 29 May 2019.

GRI 102-23 Lord Barker has served as the Chairman of the Board since October 2017 and as Executive Chairman since

February 2019. The Chairman of the Board is responsible for leadership of the Board and for creating the conditions necessary to allow the Board and individual directors to operate effectively.

Vladimir Kiriukhin was appointed CEO of En+ Group in November 2018. As CEO, he oversees the Company's long-term strategy, business development, and cooperation with key external stakeholders.

Composition of the Board as of 31 December 2019¹

Member of the Board	Status
Lord Barker	Executive Chairman
Christopher Burnham	Independent Non-Executive Director, Senior Independent Director
Alexander Chmel	Independent Non-Executive Director
Carl Hughes	Independent Non-Executive Director
Nicholas Jordan	Independent Non-Executive Director
Igor Lojevsky	Independent Non-Executive Director
Joan MacNaughton	Independent Non-Executive Director
Andrey Sharonov	Independent Non-Executive Director
Vadim Geraskin	Non-Executive Director
Ekaterina Tomilina	Non-Executive Director
Elena Nesvetaeva	Non-Executive Director
Anastasia Gorbatova	Non-Executive Director

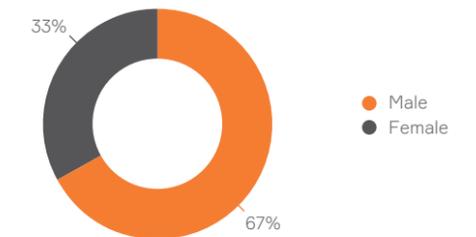


GRI 102-24 The Company believes diversity of its Board of directors as essential in order to enhance its performance quality. Diversity is considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Board diversity is seen as an important prerequisite to sustainable development of En+ Group. All Board appointments are based on objective criteria equal for all the candidates. This approach is the basis of the Board of Directors Diversity Policy, which is planned to be adopted by the end of 2020.

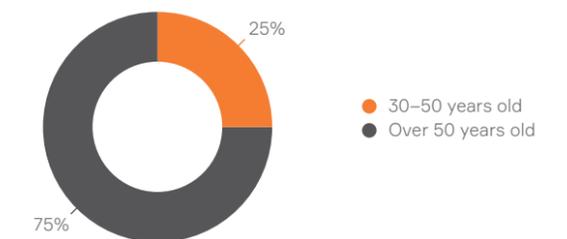
GRI 102-27 In 2019 the Board included experts with qualifications and experience in the energy and metals and mining sectors, HSE, audit and accounting, investment banks and funds, corporate law and governance, climate change and government relations. The Company pays attention to training and professional development of its Board members². In 2019, it held several external advisor-led training sessions for its Board members:

- + A legal seminar on enhancing and developing the Company's audit and corporate governance practices in connection with the Continuance
- + A legal seminar on corporate governance standards and requirements applicable to the Company following the Continuance and the listing of the Company shares on the MOEX
- + A strategy session on the Company's long-term vision, global industry trends, and forecasts for commodities markets
- + A seminar on compliance practices and application of Terms of Removal

GRI 405-1 Board diversity by gender as of 31 December 2019



Board diversity by age as of 31 December 2019



¹ For more detailed information please follow the link <https://www.enplusgroup.com/en/explore-enplus/board-of-directors/>.

² For further details see Annual Report 2019, p. 124.

The Barker Plan

On 18 May 2018 the Board began the implementation of the Barker Plan (also known as the Chairman's plan), a roadmap to lift the OFAC sanctions imposed on the Company on 6 April 2018 by overhauling and strengthening the Company's corporate governance mechanisms. The plan was successful, with sanctions lifted on 27 January 2019. Following this, the Company has remained committed to upholding the high international standards of corporate governance.

Following the removal of OFAC sanctions from the Company and its subsidiaries (RUSAL and JSC EuroSibEnergo) on 27 January 2019, the following corporate governance changes took place:

- + 27 January 2019: appointment of new independent non-executive directors, including Christopher Burnham, Cambridge Global Capital co-founder, and Joan MacNaughton, Chair of The Climate Group and the Advisory Board of the New Energy Coalition of Europe, as well as senior executives from leading international energy companies and financial institutions.

- + 8 February 2019: establishment of two new Board committees: (i) Health, Safety, and Environment Committee and (ii) Compliance Committee; appointment of the new non-executive directors.

On 8 February 2019, Lord Barker was appointed as an Executive Chairman to streamline the Board's control over the corporate governance system and the Company's procedures. The appointment aims to further increase cooperation between the Board and the Company's management and ensure the continued strong performance of En+ Group.

All the appointed non-executive directors, except for Igor Lojevsky who unexpectedly passed away on 12 April 2020, are currently serving on the Board. The Board's composition was carefully balanced to include the quality and a breadth of experience that will support and promote its effectiveness.



Remuneration of the corporate governance bodies¹

GRI 102-35 **GRI 102-36** **GRI 103-3** On 3 October 2019 the general levels of compensation for Board members were approved by the Board. All members of the Board of Directors except for the Chairman, whose general levels of compensation are approved separately, are entitled to receive remuneration of EUR 215 thousand (c. USD 241 thousand)² gross per annum, paid monthly. All members of the Board of Directors, except for the Chairman, are entitled to receive additional remuneration for serving on committees or other structural units of the Board of Directors:

- + EUR 26 thousand (c. USD 29 thousand)² gross per annum for chairing a committee or other structural unit of the Board of Directors.
- + EUR 18 thousand (c. USD 20 thousand)² gross per annum for participation in each committee or other structural unit of the Board of Directors as a member.

The compensation structure for the CEO of the Company was approved separately by the independent non-executive directors of En+ Group.

¹ For further details see the Annual Report, p. 142.

² Calculated based on the EUR/USD exchange rate of 1.12 as at 31 December 2019.

Committees of the Board³

GRI 102-18 As at the date of this Report, the Board has established five committees and one advisory board to assist it in exercising its functions. The Committees' primary function is to make recommendations to the Board on the matters falling within their competence.

The composition of the committees was reorganised following the lifting of sanctions against the Company on 27 January 2019. The composition of the Company's existing Board committees was amended on 8 February 2019 and further on 14 February 2019 (on 22 May 2020 Carl Hughes was appointed to the Remuneration Committee of the Board following the unexpected death of Igor Lojevsky on 12 April 2020). The details regarding each of the committees are set out below.

The Audit and Risk Committee (the 'ARC')

The ARC is responsible, inter alia, for the following matters:

- + Overseeing the integrity, completeness and accuracy of the accounting (financial) statements of the Company and the consolidated financial statements of the Group
- + Reviewing the material aspects of the accounting policies of the Company and its Subsidiaries in order to develop a unified approach and consistent principles
- + Reviewing the Company's annual report (including annual consolidated financial statements) and making recommendations to the Board with respect to its contents
- + Participating in review of material matters and judgments (including significant financial reporting estimates and judgements) in relation to the Company and the consolidated financial statements

- + Monitoring the adequacy, reliability and effectiveness of the operation of the Group's risk management and internal control systems
- + Reviewing and assessing implementation of the risk management and internal control policies, ensuring that the risk management and internal controls systems are adequate and effective
- + Monitoring and assessing any important new systems (including IT systems), ensuring that related controls are adequate, reliable and effective
- + Ensuring that the internal audit function is independent and unbiased
- + Assessing the effectiveness of the internal audit function
- + Controlling the effectiveness of the system for reporting potential fraud by the Group's employees and third parties, and other violations within the Group

The Corporate Governance and Nominations Committee (the 'CGNC')

The CGNC's primary role is to oversee the Company's corporate governance and determine the Group's corporate governance priorities.

The primary responsibilities of the CGNC are, inter alia, the following:

- + Conducting a detailed, formalised self-audit and external performance evaluation of the Board, its members and Board committees on an annual basis and determining priority areas to improve the Board capacity
- + Organising external performance evaluations of the Board, its members and Board committees
- + Interacting with shareholders (including minority shareholders) to develop recommendations to shareholders regarding voting on the Board elections
- + Analysing the corporate governance system and corporate values of the Company for compliance with goals and objectives of the Company, and the scale of its business and risks assumed

- + Planning appointments to ensure continuity of the activities of the executive body, develop recommendations to the Board regarding nominees for the corporate secretary (head of the unit functioning as the corporate secretary) and recommendations to the Board regarding nominees to the position of the head of the Internal Audit Service and the sole executive body of the Company
- + Taking part in the ongoing professional advanced training of the Board members
- + Assessing the independence of the Board members
- + Analysing the current and expected needs of the Company in terms of the professional qualifications and skills of the Company's sole executive body, as dictated by the interests of the Company's competitiveness and development of the Company, and succession planning for such persons

³ For more detailed information follow the link <https://www.enplusgroup.com/en/explore-enplus/board-committees/>.

The Remuneration Committee (the 'RemCom')

The RemCom is responsible, inter alia, for the following matters:

- + Developing and revising from time to time the Company's remuneration policy approaches applicable to Board members, the sole executive body, its corporate secretary, the head of internal audit, and developing the parameters of short-term and long-term incentive programmes for the sole executive body
- + Supervising the introduction and implementation of the remuneration policy and various incentive programmes in the Company, revising and correcting the policy and programmes as and when necessary
- + Establishing the preliminary year-end performance evaluation of the sole executive body in the context of the established remuneration criteria, and performing preliminary assessments of achievements by the sole executive body of the targets under the long-term incentive programme
- + Making recommendations to the Board on determining the amount of remuneration and the principles of bonus payment to the Company's corporate secretary, and performing preliminary year-end performance evaluations of the Company's corporate secretary, issuing proposals on payment of bonus to the Company's corporate secretary
- + Supervising disclosure regarding the remuneration policies and procedures and the ownership of the Company shares by the Board members and persons acting as the sole executive body in the annual report and on corporate website of the Company

The Health, Safety and Environment Committee (the 'HSE Committee')

The primary responsibilities of the HSE Committee are, inter alia, the following:

- + Analysing leading international research and best practices in the area of health, safety and environment, and, if necessary, assessing their impact and preparing respective strategic recommendations to the Board in relation to the Group
- + Preparing recommendations for the Board on formulating strategies and policies, and setting goals, for the Group's health, safety and environmental performance
- + Taking part in the development of Company policies and other bylaws regarding health, safety and environment
- + Preparing recommendations for the Board on possible participation, cooperation and consultation on health, safety and environmental matters with government authorities, non-governmental organisations (NGOs) and other companies or associations
- + Oversight of the Company's compliance with international standards, applicable laws and the Company's bylaws on health, safety and environment
- + Benchmarking the Group's operating results on occupational safety and environmental against global best practices and considering the results of such benchmarking.

The Compliance Committee (the 'CC')

The primary responsibilities of the CC are, inter alia, the following:

- + Ensuring the formation of a compliance management system within the Group
 - + Taking part in the development of Company policies and other internal regulations relating to compliance matters and consistently following up their observance
 - + Ensuring that a compliance management system is put in place at the Group
 - + Conducting due diligence in case of any reasonable doubt regarding observance of compliance requirements and the provisions of compliance documents
- The CC shall review its performance and reassess the adequacy of its procedures and guidelines in respect of regulatory compliance.

Composition of the Board committees as of 31 December 2019

ARC	CGNC	RemCom	HSE Committee	CC
Carl Hughes as Chairman	Andrey Sharonov as Chairman	Nicholas Jordan as Chairman	Joan MacNaughton as Chairman	Christopher Burnham as Chairman
Christopher Burnham	Carl Hughes	Christopher Burnham	Lord Barker	Lord Barker
Alexander Chmel	Nicholas Jordan	Alexander Chmel	Alexander Chmel	Carl Hughes
Andrey Sharonov	Joan MacNaughton	Igor Lojevsky	Vadim Geraskin	Joan MacNaughton
				Igor Lojevsky

The Environmental Advisory Board (the 'EAB')

The EAB advises the Board on issues relating to the delivery of its environmental agenda and identifies emerging environmental issues¹.

Launch of the EAB

To further enhance its sustainability commitment, on 24 September 2019, the Company launched the EAB. The EAB is chaired by Mr. Adnan Z. Amin, who was the first Director-General of the International Renewable Energy Agency (IRENA), an intergovernmental organisation charged with driving the transition towards the use of renewable energy on a global scale. The members of the EAB include Joan MacNaughton, Chair of The Climate Group and member of the Advisory Board of the New Energy Coalition of Europe, as well as external advisors with specific expertise in environmental and wider sustainability issues.

The meeting of the EAB held on 25 September 2019 addressed a number of issues including renewable energy upstream, circularity and its role in achieving a lower carbon footprint, carbon disclosure and ESG, shipping and transportation options to reduce the Group's carbon footprint and natural climate solutions.

In addition to En+ staff participants, the first EAB meeting was attended by:

- + Lord Barker, Executive Chairman
- + Adnan Amin, Chairman of the EAB
- + Joan MacNaughton, EAB member
- + David Crane, EAB member
- + Kevin Parker, EAB member
- + Elizabeth Beall, EAB Secretariat

¹ EAB's activities have been suspended until further notice in 2020 due to Covid-19 pandemic.

Internal control and risk management

GRI 103-1 We have introduced and rigorously maintain an effective system of internal control aimed at safeguarding our assets, improving the efficiency of business processes and ensuring that our economic and financial activities are fully compliant with the applicable laws and regulations.

Internal control

GRI 102-29 The Board oversees the efficiency of the Company's activities. The Board is also responsible for maintaining and reviewing the effectiveness of the Company's Internal Control System (the "ICS") and risk management in accordance with the highest standards of corporate governance. En+ Group's Board has established the Audit and Risk Committee¹.

GRI 103-2 The Company's stable and sustainable development depends on its ability to ensure the safety and efficiency of its assets, prevent fraud and maintain compliance with all the applicable laws and regulations. The Directorate for Control and Internal Audit (the "Directorate for Control") is a structure that manages both long and short-term plans to meet the Company's targets. It is independent from management and helps the Board oversee the Company's financial and economic activities, and implement internal control and risk management measures.

GRI 103-3 The Company has set long and short-term goals aimed at instilling confidence in the Company's internal control processes:

- + Forming and implementing annual audit plans for the Company's enterprises and divisions. These plans are to ensure maximum audit coverage of the enterprises and divisions in the short term (on-site audits are carried out once or twice per year).
- + Executing unscheduled management assignments and analysing current business issues in a given calendar year.
- + Supporting risk management activities: drawing up annual risk maps of the Company's enterprises and businesses and conducting quarterly risk monitoring throughout the year.

- + Setting up online monitoring of the Company's commercial activities (as a part of activities of the Tender Committee and the tender commissions of enterprises).
- + Developing and implementing monitoring projects for commercial activities that are focused on reducing costs and generating additional income (supervising a project to sell the Company's non-core assets, etc.).
- + Developing and implementing critical solutions to automate and improve business processes.

GRI 103-3 The Company has a comprehensive set of measures in place to prevent bribery and is fundamentally opposed to any form of unethical incentives or payments.

The Chief Compliance Officer, the Directorate for Control and the Directorate for the Protection of Resources play a leading role in preventing corruption.

The following anti-fraud and anti-corruption policies are an integral part of the Company's business processes:

- + Government Contracting Procedure (Law 223-FZ)
- + Anti-corruption clauses or the "Agreement to observe anti-corruption requirements" annex in every contract with counterparties
- + Policy on the anticorruption and anti-fraud Hotline
- + Guidelines for processing of reports received through the anticorruption and anti-fraud hotline

In 2019, The Directorate for Control adopted a series of core measures to support and improve the Internal Control System.

 For more detailed information see p. 99 of the Annual Report 2019.

Risk management system

The risk management system is an essential component of the Company's Internal Control System and corporate governance framework. Our risk management system aims to reduce any potential threats to the Company's compliance with its corporate governance standards while consistently applying a risk-based approach to sustainable business development.

Risk management process

GRI 102-30 The Company established the Risk Management System (RMS) inherent to the Company's ICS and the corporate governance system to reduce any potential threats to the Company's compliance with its corporate governance standards while consistently applying a risk-based approach to sustainable business development.

The Company's RMS provides for the identification and financial and probabilistic estimation and control over any change in risks from both the internal and external environment with regards to the financial and/or economic activities of the Group's operating companies and businesses.

 For more detailed information on the risk management process and the key risk management measures of 2019 see p. 100 of the Annual Report 2019.

Key risks faced by the Company

GRI 102-15 En+ Group adheres to the principle of caution regarding every aspect of its activities, analyses risks and works out measures to reduce any negative effects of risk realisation.

The Company faces a series of internal and external risks. For more detailed information on the risks faced by the Company in its production activities see pp. 100-103 of the Annual Report 2019.

Brief summary of the Company's major risks:

1. Operational risks

- + Risks of natural disasters, epidemics and terrorism
 - Risks that major damage may be inflicted on the Company's production facilities that may be halted/discontinue operation as a result of natural disasters, epidemics, terror attacks.
 - The management believes that the coronavirus pandemic that started in the late 2019 – early 2020 may negatively affect the Company's financial performance in 2020.

- + Technological risks
 - Staff of the Company's complex production facilities may suffer injuries and the facilities may be damaged as a result of accidents.
 - Operations may be suspended due to failures of old equipment; the Company may incur unbudgeted investments to replace the failed assets.
 - The Company may receive lower than planned revenue from sales of HPP electricity due to low water levels of rivers and/or warm winter.
 - The Company may face short supply of own feedstock due to depletion or lower than planned ore reserves, which would entail higher costs of purchasing more expensive feedstock from third parties.
- + Environmental risks
 - Sanctions may be imposed and costs may be incurred in connection with damages caused by incidents at production facilities, where there is an impact on the environment (pollution of soils, water basins, air).
 - The Company may incur penalties and excessive payment for natural resource development as a result of failure to comply with the permissible pollution levels.
 - The Company may face penalties and suspended operations due to failure to complete the construction of treatment facilities as scheduled.

En+ Group pays special attention to environmental risks; the Group also works on disclosing the financial effects of the risks that arise as a result of the global climate change, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

 For more detailed information on the environmental risks please refer to the sections "Climate leadership" and "Environmental stewardship" on pp. 81 and 91, respectively.

- + Procurement and commercial risks
 - Cost of supplies, services, equipment acquired from third parties may grow (e.g. due to late/suspended supply, growth of prices of suppliers).
 - Operations may be suspended, or cost of third-party suppliers may grow.
 - Operational and financial performance of the Power segment may slow down, if the situation deteriorates in the Metals segment, which is the largest consumer of energy.
- + Personnel risks
 - The Company may incur losses/fail to achieve the targeted performance as a result of errors in decision making by the Company's senior management.
 - Operations may be suspended due to personnel strikes.
 - Operating processes may lose efficiency due to drain/shortage of qualified staff or higher costs of hiring qualified staff.

¹ For more detailed information see p.98, Annual Report 2019.

2. Financial and market risks

- + Financial risks
 - Cost of attracting and servicing bank loans may increase.
 - Banks may accelerate loan repayment due to failure to comply with the terms of loan agreements and covenants.
 - The Company may incur losses due to foreign exchange rate fluctuations.
 - The Company may face higher cost of servicing the Company's loan portfolio due to fluctuations of supply and demand for borrowing (increase in interest rates).
 - Receivables/past-due receivables of buyers for sold goods and services may grow (causing lower turnover and larger working capital).
- + Market risks
 - The Company may suffer losses from fluctuating demand for electricity and heat due to changes at the global and domestic markets.
 - New sources of electricity and heat may emerge in the market causing losses to the Company.
 - The Company may fail to achieve the targeted performance due to lower than planned performance of the Metals segment (due to a lower demand in the metals market, lower prices of aluminium, shipment delays due to insufficient railcar stock, higher prices of transport and fuel, etc.).
 - The Company may face higher cost of product transportation services rendered by monopolist providers (e.g. Russian Railways, other major logistic operators).

3. Corporate risks

- + Legislative and regulatory risks
 - The Company may lose income as a result of regulatory changes in the Russian energy market rules.
 - The Russian natural monopolies may raise their prices for goods and services (fuel, gas, transportation services, etc.).
 - The Company may face lower proceeds due to the state deregulation of electricity tariffs and prices in various regions of Russia.
 - Penalties may be imposed for failure to comply with the HSE requirements.
 - The Company may suffer losses in connection with the anti-monopoly compliance.
 - The Company may face penalties and additional expenses in case of failure to comply with the license terms.
- + Political risks
 - Losses may be incurred, if economic sanctions are imposed on the Company's businesses by other states (e.g. sanctions were imposed on the Company's businesses in 2018 prohibiting them to enter into transactions with the Company; the sanctions were lifted in 2019).
 - The Company may suffer losses and/or have its operations suspended due to unstable political situation in the countries where the Company has operations, or if taxes are raised or legislations are adopted restricting the Company's activities.
- + Other corporate risks
 - The business reputation may be lost and the operating performance may fall due to negative coverage in the media.

Ethics and integrity

GRI 103-1 En+ Group's commitment to upholding the highest legal and ethical standards is the foundation of how it does business. Corruption wastes valuable resources, undermines trust and harms communities. The Group sees full compliance with anti-bribery laws and regulations as essential to its survival and success as a sustainable company. The Group strictly adheres to the regulations of its countries of operation, including the Russian Law "On Preventing Corruption", the UK Bribery Act, and the US Foreign Corrupt Practices Act. Where possible, the Group endeavours to go above and beyond the requirements of the law to be a global leader in the fight against corruption.

The Group respects individual freedoms and human rights, provides equal opportunities to all employees and does not tolerate any form of discrimination or child labour. To this end, the Company respects all labour laws and contractual obligations to its employees. En+ Group adheres to the Russian Labour Code and the Russian Constitution and pledges to combat child labour and provide human rights protections to its employees.

GRI 103-2 The Company has drawn up a comprehensive set of corporate documents to regulate ethical compliance. Key documents include:

- + Policy on Conflict of Interest
- + Code of Corporate Ethics
- + Code of Ethical Standards
- + Share Dealing Code

The Code of Corporate Ethics and Code of Ethical Standards are the main documents that regulate corporate ethics at En+ Group and have been approved by the Board.

The Code of Corporate Ethics is to ensure that business is conducted in compliance with the highest possible legal and ethical standards by designating dedicated specialists to monitor employee conduct, consult employees about cases of unethical behaviour and manage internal communications. Employees are made fully aware of the critical importance of raising concerns and consulting with compliance specialists if they have any doubts about ethical behaviour within the Company.

GRI 102-25 In 2019, En+ Group revised its Policy on Conflict of Interest, developed and adopted an Anti-Fraud Policy, a Regulation on the Company's Anti-Corruption and Anti-Fraud Hotline, including a Guidance for Hotline Operators. The Company enacted uniform procurement regulations, too.

GRI 102-16 All employees of En+ Group's companies commit to the key ethical values outlined in the Code:

- + Respect for the individual rights and interests of all employees
- + Accountability
- + Trust in employees
- + Honesty and transparency
- + Drive to achieve maximum results in all that we do

- + Fairness and impartiality
- + Care
- + Commitment to ongoing development

GRI 205-2 We educate our employees about various aspects of business ethics, including labour regulations, the allocation of duties, remuneration procedures and leave provision. Any major violations of corporate ethics principles are identified, investigated and followed up with the appropriate remedial measures. En+ Group encourages all stakeholders to report any issue they find suspicious, disturbing or unethical.

GRI 102-17 Ethics Officers oversee compliance with our Code of Corporate Ethics at each operating asset. Ethics Officers' main role involves communicating directly with employees about any concerns they may find and implementing solutions. If employees feel unhappy or mistreated during their employment at the Company, corporate Ethics Officers quickly initiate interaction with the head of the enterprise, the Labour Dispute Committee and trade unions to deescalate and resolve the situation in collaboration with management. Ethics Officers also handle Ethics Code violations and use their experience of working closely with employees on the ground to provide targeted, innovate solutions.

Stakeholders can also report ethical misconduct via the dedicated hotline:

- + Calls can be made via the hotline number: **8 800 234 5640**. All calls are free of charge
- + E-mails can be sent to the address: signal@enplus.ru.

The hotline operates at all times and is a channel for both internal and external stakeholders to report any concerns. The hotline promotes a culture of transparency among employees and makes everyone accountable for reporting violations. Reports to the hotline can be made anonymously and the Company guarantees the confidentiality of all information received. All cases are registered in the system and are handled by specialists assigned to a particular case.

In 2019, the hotline received 44 messages about potential fraud and corruption, including 14 cases of alleged fraud and unethical behaviour.

Detailed investigations were carried out on all calls to the hotline. As a result, only 12 cases were fully or partially confirmed, 25 cases (including 14 cases of fraud and unethical behaviour) were not confirmed, 7 cases were not related to the tasks solved by the hotline. No complaints of human rights violations or offences against local communities were reported.

GRI 103-3 The Company analyses, and where necessary investigates, all incoming reports and develops appropriate responses and solutions. The Group informs individuals who leave their contact details about the status of their report and any actions taken.

OUR APPROACH TO SUSTAINABILITY

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Our approach to sustainability

As a global producer of aluminium and renewable energy, En+ Group is committed to integrating the values and principles of sustainable development into its daily operations and establishing a robust and comprehensive sustainability management system.

Material topics¹

Air quality	Diversity and gender equality	Local communities
Biodiversity	Economic results	Supply chain
Business ethics	Employee management and engagement	Waste and safe tailings management
Climate change	Energy management	Water and wastewater management
Compliance	Health and safety	
Corporate governance		

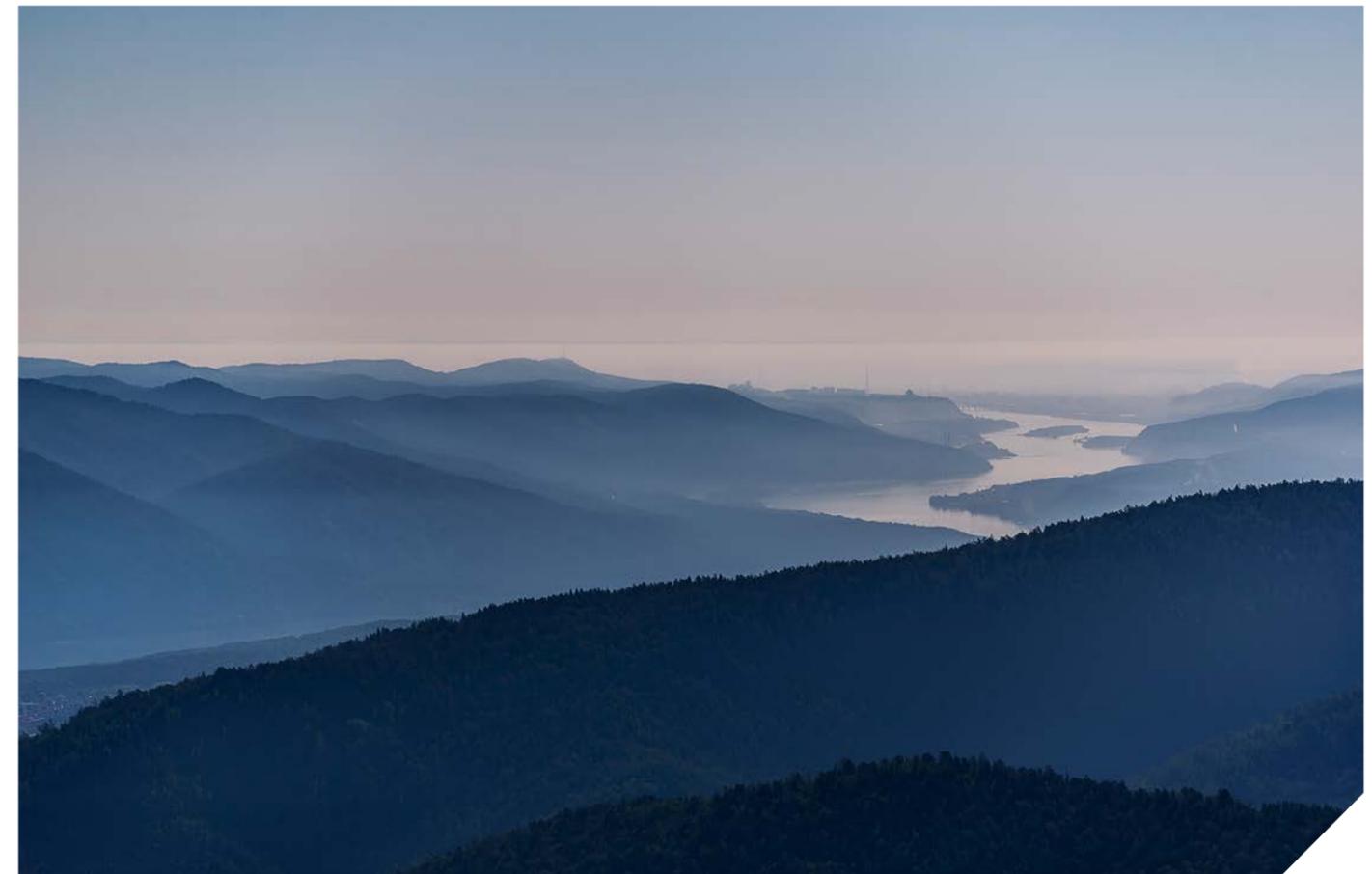
2019 highlights

UN SDG 17

(pertaining to global sustainable development partnerships) was adopted alongside the seven other goals to which the Group continued to contribute

Health, Safety and Environment Committee and Environmental Advisory Board were established

The Company embarked on support for the initiative by the London Metal Exchange to launch a platform for trading low-carbon aluminium, where the Group's ALLOW brand will be traded



Key events

In 2019 En+ Group established a new Project Office for Sustainable Development.

En+ Group joined the UN Global Compact.

En+ Group released its first SDG Report, disclosing progress on the UN Sustainable Development Goals.

Feedback and recommendations were sought from local stakeholders in Ulan-Ude as En+ Group presented its 2018 Sustainability Report.

Initiation of the Digitalisation project in the Power segment to integrate the Company's power generation and transmitting facilities into the En+ unified energy system.

Launch of a Metal segment project to reduce emergency downtime at Achinsk Alumina Refinery's secondary sewage treatment plant.

Contribution to UN Sustainable Development Goals



Standards

GRI 102-9	GRI 102-10	GRI 102-11	GRI 102-12	GRI 102-13
GRI 102-21	GRI 102-26	GRI 102-29	GRI 102-40	GRI 102-42
GRI 102-43	GRI 102-44	GRI 102-46	GRI 102-47	GRI 103-1
GRI 103-2	GRI 204-1	GRI 308-1	GRI 414-1	

¹ In terms of identification of the material topics.

Strategy management

The Group's strategy is to achieve vertical integration and self-sufficiency across the aluminium value chain (energy, raw materials and finished products), maintain and grow its high-margin, low-risk aluminium production, maintain robust financial strength, and grow total shareholder returns, including the payment of sustainable and attractive dividends. En+ Group endeavours to uphold high international standards of corporate governance and social responsibility, and these underpin the Company's strategy and business model.

In delivering on its strategy, the Group focuses on the following objectives:

- + continue to reduce environmental risks
- + operate sustainably
- + unlock maximum value through vertical integration
- + focus on controlling costs

- + boost production efficiency and operating margins
- + explore power industry development opportunities
- + reduce net debt and support dividend payments through free cash flow generation

Among En+ Group's top sustainable development priorities:

- + minimising negative impacts on the environment (see pp. 88-111, Environmental stewardship)
- + responsibility for employees (see pp. 114-129, Employees and pp. 130-145, Health and Safety)
- + community engagement (see pp. 146-157, Local communities)
- + sustainable economic development (see pp. 10-23, Company overview, pp. 68-75, Scientific and technological development)
- + transparency (see pp. 158-163, About the Report, official website of the Company: <https://www.enplusgroup.com/en/>)

Management approach

GRI 102-26 En+ Group aims to establish a robust and integrated sustainability management system throughout the Company. A number of changes were introduced to the governance system in 2019 in order to incorporate sustainable development functions:

- + The HSE Committee of the Board of Directors was established in February 2019 to periodically review the effectiveness of the Group's systems, policies, and practices in health, safety, and environmental (HSE) performance; to review the results of any HSE audits, to consider any significant corporate and individual HSE risks; and to assess whether executives manage identified risks effectively.
- + The Environmental Advisory Board (EAB), established in September 2019, advises the Board of Directors on the Company's sustainability position and goals, focus activity areas, and reporting for further transition to sustainable practices.² The EAB's goal is to navigate sustainability trends and ensure that En+ Group continues to be competitive in a changing market.
- + In 2019 a number of bodies were set up at executive level to initiate, plan, and implement projects in various areas of sustainable development: the Sustainable Development Directorate, which includes the Environmental and Climate Risk Management Department, the Project Office for Sustainable Development, and the Subdivision for Sustainability Partnerships.
- + At operational level, all HSE departments within En+ Group facilities underwent a review of their respective practices. New uniform approaches to ensuring health, safety and environmental performance were introduced at all the Company's subsidiaries and affiliates.

A number of governing documents in the field of sustainable development are under development or being updated to comply with best practices, and are due for approval by the Board of Directors in 2020:

- + Board of Directors Diversity Policy
- + Corporate Code of Ethics
- + Policy on Human Rights
- + Anti-Bribery and Corruption Policy
- + Stakeholder Engagement Policy
- + Environmental Policy
- + Health, Occupational, Industrial and Fire Safety Policy
- + Policy on Conflict of Interest

In previous reporting periods the Company launched a range of initiatives, integrated sustainable development principles and values into its daily operations, and joined partnerships and associations. In 2019 these practices were structured into a unified system across the Group, and approaches to sustainability issues and activities within the Company were more clearly delineated. The next step in improving the Group's approach to sustainable development is to formulate strategies on the basis of the policies listed above and to develop performance indicators to track the Group's progress up until mid-2021.

In the reporting period this process was started by incorporating sustainability into the main 'business directions' of the CEO's KPIs for 2019. One of the targets for the CEO was to create a vertically integrated sustainability management structure for En+ Group.

Sustainability management structure in En+ Group



¹ For more detailed information see pp. 20-21, Annual Report 2019

² For more information please refer to pp. 24-37, Corporate Governance.

Stakeholder engagement and materiality assessment

Productive and open stakeholder engagement is essential for long-term prosperity (especially when transitioning to a sustainable economy), lessens environmental impacts, and contributes to the socio-economic agenda. Delivering value to all stakeholders is a fundamental prerequisite of mutually beneficial relationships based on the principles of respect and transparency.

GRI 102-42 Stakeholder groups were identified on the basis of their significance to En+ Group, the frequency of their involvement, and their impact on the Company's activities and performance. The significance of a stakeholder group relates to the level of influence that the stakeholders and the Group have on each other.

The key objectives, principles, methods and governance procedures of stakeholder engagement are set forth in the Stakeholder Engagement Policy, which will be approved by the Board of Directors in 2020. Other internal corporate documents, such as the Anti-Bribery and Corruption Policy,

the Corporate Code of Ethics, the Policy on Human Rights, the Policy on Conflict of Interest, are also being developed or updated in order to comply with best practices and to ensure a high standard of stakeholder engagement.

The Company recognises its duty to all stakeholders, and is committed to transparent and proactive engagement through their preferred means of communication (email, phone, video conferences, meetings), transparent and regular reporting in alignment with international standards and best practices, and effective two-way communication and feedback processing in order to maintain long-term constructive relationships.

The main objectives of the Company in terms of stakeholder engagement are to use every opportunity to foster mutually beneficial partnerships, achieve business success, and prevent conflicts and disputes. En+ Group recognises that collaborations at regional and global levels work incrementally to find solutions to the challenges that companies face today.

GRI 102-21 GRI 102-40 GRI 102-43 GRI 102-44 En+ Group's stakeholder engagement

Stakeholder group	Stakeholders' needs and expectations	Engagement methods
Aluminium associations and initiatives	Enhancing the transparency of technological processes in aluminium production, increasing demand for low-carbon aluminium, developing and deploying standards to reduce adverse impacts on the environment and ensure responsible and open business practices.	Participating in meetings of committees and task forces for aluminium initiatives, participating in meetings and discussions on plans and joint resolutions, publically advocating appropriate associations and initiatives.
Company employees	Compliance with employment law, safe working conditions and fair remuneration, ongoing projects and areas of development, participating in the Company's initiatives on local community development and environmental protection, compliance with human rights.	Informing employees about Company news and projects, an intranet portal for Company employees, staff satisfaction surveys, the corporate Hotline, contact with Workers Committees and Ethics Officers.
Customers / buyers	Receiving information about the Company's product mix, prices and market, support on contracts and prompt decision making, information on the Company's standards.	Providing information on full cycle of operations, regular meetings with customers, participating in relevant forums and conferences.
Energy associations	Sharing ideas and working on joint solutions for the reliable, sustainable, competitive, and efficient production of energy, promoting renewable energy sources as a tool for reducing global carbon emissions.	Participating in meetings and discussions on plans and joint resolutions, preparing annual reports on the year's agenda, publically advocating for energy transition and the use of renewable energy sources.
ESG rating agencies	Detailed disclosure on activities and performance related to the environment, social and governance aspects; information on environmental, social programmes, policies, and procedures in HSE, Human Rights, and Corporate Governance spheres.	Providing information upon request, required disclosures via the Company's reports on the website, official press releases.
Financial analysts	Information regarding the Company's share capital, general market trends and their impact on the Company's activities, and strategic objectives and areas for development.	Providing information upon request, mandatory presentations to analysts and conference calls, providing information about upcoming events or plans.

Stakeholder group	Stakeholders' needs and expectations	Engagement methods
Financial market regulators	Compliance with information disclosure and corporate governance requirements.	Submitting regular reports on the Company's activities, providing information upon request.
Governmental authorities / regulatory bodies	Ensuring the wholesale market for electricity functions effectively and that capacity is maintained; overseeing the regulated segment of energy resource supplies; ensuring that the industrial safety of electric and thermal energy production facilities, mineral resource management, industrial operations comply with the environmental protection requirements; ensuring employment, job security and health and safety at the Company's production facilities' transitioning to renewable energy sources; ensuring the sustainable development of the Company's operations in respective regions; performing obligations under social and economic development agreements with regional and local administrations.	Providing access and required information to supervisory authorities through regular checks, substantiation of tariffs, etc.; interaction with the authorities on a permanent basis, through email communication, official letters and the website; participating in ministerial, interinstitutional, and regional meetings to develop common solutions to matters of electric and thermal energy production, sustainable development and mineral resources management at federal, regional, and local levels; taking part in meetings, workshops, and round tables with representatives of authorities of various levels on issues related to industrial regulation and the social and economic development of the regions where the Company operates.
International NGOs	The Company's impact on the environment and environmental indicators, environmental protection measures, as well as various other sustainability issues, including, but not limited to, energy transition, decarbonisation, UN SDGs, and the Ten Principles of the UN Global Compact addressing human rights, labour, the environment, and anti-corruption.	Participation in relevant forums and conferences, hosting relevant events, providing information upon request, required disclosures via the Company's reports on the website.
Local community	Understanding local issues and active participation in solving regional challenges, ensuring environmental protection, participating in improving regional infrastructure and public spaces, organising cultural events, and providing secure employment to local people.	Regular meetings and forums and annual community surveys to identify local challenges and target community development activities, and partnership with local people on volunteering programmes.
Local NGOs	The Company's programmes to develop regional infrastructure; programmes for environmental protection, sustainable development and human rights; support given by the Company to the NGO's initiatives and projects.	Regular meetings and interaction with local NGOs, feedback from NGOs, environmental protection projects under joint implementation with NGOs in unique natural areas, grant contests to implement the initiatives of local NGOs.
London Metal Exchange (LME)	Developing the global market for low-carbon aluminium, fostering demand for low-carbon aluminium.	Participating in meetings, joint discussions and relevant conferences and forums.
National and regional business associations	Developing the energy sector and mineral resources management, technical regulations, transitioning to a low-carbon economy, assessing the impact of national economic policy on operational activities.	Participating in meetings and discussions on plans and joint resolutions and in forums and conferences.
Rating agencies	Disclosures and regular updates on the Company's activities.	Meetings and exchange of required information, providing information upon request.
Shareholder and investors	Understanding of the Company's operating performance, development strategy, information required for making decisions on trading operations in the Company's securities.	Providing information upon request, publication of mandatory periodic reports, mandatory information submission as an issuer of securities, official press releases.
Stock exchanges	Financial statements and information on the Company's corporate governance and development strategy, as well as ESG.	Submitting regular reports on the Company's activities, providing information upon request, monthly meetings.
Suppliers	Feedback from the Company on the quality of goods, services and procedures; open and transparent reporting; strategic, environmental, and social responsibility.	Receiving information on suppliers bidding for the supply of goods and services; mandatory technical audits of production facilities; checking the financial, tax, and reputational status of suppliers; furnishing information upon request by suppliers on the quality of goods and the Company's activities.

On 11 October 2019 in Ulan-Ude En+ Group presented its first sustainability report for 2018 to local stakeholders. The presentation was attended by the representatives of national and regional environmental organisations, local residents, local government, NGOs, and social movements, regional scientific organisations, as well as local and environmental authorities, and was an important milestone in both stakeholder engagement and the development of the sustainability disclosure system.

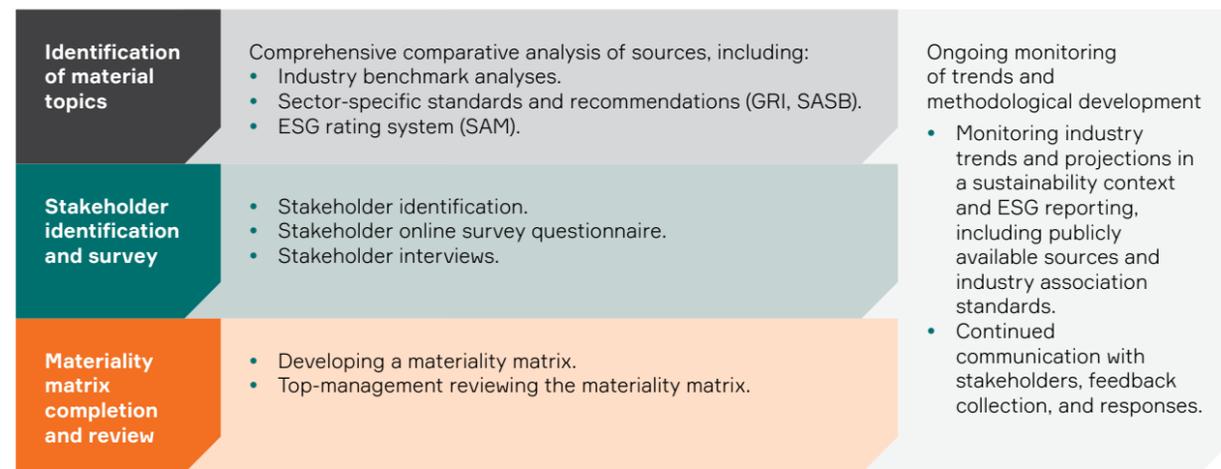
Aligned with its commitment to boost transparency, the Company organised a discussion with the stakeholders, during which the Company's specialists presented the main results for 2018, answered questions, and explained En+'s position on sustainability issues and its plans. The questions discussed covered the Sustainability Report's contents and structure, the Company's policies vis-à-vis sustainability, local communities engagement, greenhouse gas emissions, waste management, and issues regarding En+ Group's subsidiaries. Recommendations made by the experts participating in the event were collated and reviewed upon the preparation of the present Sustainability Report for 2019.

Materiality assessment

GRI 102-29 **GRI 102-46** **GRI 103-1** Materiality assessment forms an integral part of sustainability disclosures and was conducted by the Company with the use of a specially developed methodology, including comprehensive analysis

and multi-channel communication with stakeholders. The general approach to materiality assessment applied in this Report is shown below.

General approach to materiality assessment



Identification of material topics

Material topics are the topics that the Company has the most significant impact on and which significantly influence stakeholder assessments and decisions. The list of topics to be covered in the Report was completed following a comprehensive analysis, conducted using the following procedure:

- + A qualitative analysis of sources in order to compile a long list of material topics recommended by international organisations or disclosed by companies in the metals and mining and power industries.
- + A comparative analysis of the disclosure of material topics and use in sources and quantitative assessment.

- The sources used in the identification and analysis of material topics included:
- + SASB Materiality Map for the metals & mining and electric utilities & power generators sectors.
 - + Sector-specific material topics recommended by the ESG rating system SAM.
 - + GRI G4 sector-specific standards for metals & mining and power industries.
 - + The sustainability reports of international peer and Russian metals & mining and power companies (the disclosure of material topics and the GRI Content Index).
 - + En+ Group and RUSAL Sustainability Reports for 2018.

The material topics that have the largest number of references in the analysed sources were included in the stakeholder survey.

Stakeholder survey

In order to evaluate the materiality of the topics determined, the Company conducted an online stakeholder survey and interviews. The number of survey respondents varied between 10 and 80 for each stakeholder group and depended on the group size. The questions in the survey sought to elicit explanations for each material topic, and the respondents were asked to assess the importance of a topic on a scale from 1 to 10, with 1 standing for "the topic does not appear material/significant to the respondent" and 10 "the topic is very significant".

Additional interviews with representatives from stakeholder groups were aimed at performing quality assessments of the material topics and consolidating the online survey results. During the interviews stakeholders also highlighted the aspects and issues that were of greatest significance to them; these are included in the current Sustainability Report in order for it to better correspond to stakeholders expectations and feedback.

Materiality matrix

GRI 102-47 A materiality matrix was created based on the results of the stakeholder survey. The matrix represents the material topics in various areas of importance. The most significant topics are located in the upper right part of the matrix.

- + The vertical axis 'Influence of the material topics on stakeholder assessments and decisions' reflects importance of a topic to the Company's stakeholders.
- + The horizontal axis 'Significance of economic, environmental and social impacts' represents an assessment of the Company's impact on the economy, the environment, and society as a whole by the expert community, including representatives of En+ Group's top management and a number of key experts and partners. This demonstrates the importance of this topic for the Company.

The consolidated results of the surveys are reflected in the Materiality matrix of En+ Group.

Materiality matrix



The Company is committed to the ongoing development of its materiality assessment procedure. Trends and projections related to ESG and sustainability issues for industries in which En+ Group operates are regularly

analysed. Stakeholder feedback on material topics is collected on a regular basis as part of an open and transparent dialogue.

Partnerships and memberships of associations and external initiatives

GRI 102-12 GRI 102-13

En+ Group believes that interaction with peer companies, associations, and global bodies at regional, national, and international level can help both achieve the various goals of the Company and stimulate the development and improvement of the entire economic sector where the Group operates. The Company works closely with representatives from the Russian government, Russian business, academia, and civil society. Also, En+ Group is involved in a number of international initiatives, including UN initiatives. This cooperation plays an important role in the promotion of the sustainable development agenda. Our partnerships and collaborations focus on market transformation, reinforcing environmental commitments, supporting local initiatives (regional partnerships), certification, and the disclosure of our environmental impacts.

The Company works actively with associations involved in developing of the ESG agenda. En+ Group is engaged in initiatives in the field of combating climate change, reducing

its carbon footprint, and protecting the environment. The Group also participates in the work of international business associations that develop interactions with peer companies and exchange best practices in the industry. Furthermore, the Group is engaged in initiatives that promote social equality and justice.

En+ Group is studying global efforts to protect the environment in the following areas: environmental legislative initiatives, emission trading systems, and enforcing environmental regulation. En+ Group also works with a number of countries on questions relating to carbon emissions and energy efficiency.

En+ Group is represented in several industry associations by its subsidiaries, RUSAL (the Metals segment) and JSC EuroSibEnergO (the Power segment). These are active participants of metals & mining and energy associations and contribute to sustainable development goals at both Group and industry level.

Associations and initiatives

Association/initiative	Description
EN+ GROUP	
UN Global Compact	The UN Global Compact is the world's largest corporate sustainability initiative, a call to companies to align strategies and operations with universal principles on human rights, labour, environment, and anti-corruption, and is an attempt to mobilise a global movement of sustainable companies and stakeholders. En+ Group joined the UN Global Compact in 2019.
UN Global Compact Network Russia	En+ Group joined UN Global Compact Network Russia in 2019. This is a network of leading Russian companies, as well as a platform for networking with a large variety of stakeholders, business partners, and representatives of civil society. In March 2019, En+ Group and RUSAL accompanied the UNGC Russia team to the 4 th session of the UN Environment Assembly in Nairobi.
UN Global Compact's CEO Water Mandate	En+ Group joined the UN Global Compact's CEO Water Mandate in 2019 and committed to transparency on its water stewardship initiatives. It will work with like-minded businesses, UN agencies, public authorities, NGOs and other key stakeholders through the UN Global Compact to help create collective solutions to the global water crisis.

Association/initiative	Description
Business Ambition for 1.5 °C	Business Ambition for 1.5 °C is an urgent call-to-action, issued by a broad coalition of business, civil society, and UN leaders, to make a critical and necessary contribution to keeping the global temperature increase within 1.5 °C of pre-industrial levels. The campaign is led by the Science Based Targets initiative, in partnership with the UNGC and the We Mean Business coalition. En+ Group joined the initiative in September 2019 and committed to science-based emissions reduction targets ("SBTs") aligned to 1.5°C trajectory. In May 2020, En+ Group signed a post-Covid-19 Green Recovery Call-To-Action, initiated by the UNGC and the Business Ambition for 1.5 °C.
Energy Transitions Commission (ETC)	Since July 2019, En+ Group has been a member of the ETC. The ETC aims to accelerate the transition towards low-carbon energy systems that facilitate robust economic development and limit the rise in global temperature to well below 2°C. The commission explores the necessary drivers of change needed to reshape sources of energy through innovation in new business models and technologies that facilitate change. Through its membership of ETC, the Company can share its findings and challenges with industry peers, other sectors, and leading scientific experts.
Aluminium for Climate	En+ Group has been among the key members of the World Economic Forum's Aluminium for Climate initiative since its inception in September 2019. Launched at the 2019 UN Climate Week, the programme forms part of World Economic Forum's Mission Possible Platform, which works to build collaboration to accelerate the decarbonisation of hard-to-abate industries. Aluminium for Climate provides a forum for industry associations, producers and end users to agree on multi-stakeholder approaches to tackling the aluminium industry's most pressing environmental concerns.
Carbon Pricing Leadership Coalition (CPLC)	En+ Group and RUSAL are the only two Russian members of CPLC, a voluntary partnership under the auspices of the World Bank that was established to advance carbon pricing on a global scale. En+ Group contributed to the 2018–2019 CPLC Leadership Report; RUSAL also made a contribution. In December 2019 En+ Group was an official speaker at CPLC Annual Leadership Dialogue panel at COP25 in Madrid (Spain).
BRICS (Brazil, Russia, India, China and South Africa) Business Council	En+ Group chairs the Russian part of the Energy and Green Economy Working Group at the BRICS Business Council. As a council member, En+ Group shares its knowledge on energy efficiency and reducing GHG emissions. The position of En+ Group on development of funding for clean energy projects is reflected in the BRICS Business Council Recommendations for Brasilia BRICS Leaders' Summit (Brazil).
Business 20 (B20)	En+ Group and RUSAL are among the companies preparing policy recommendations on climate change, carbon pricing, sustainable development, and green energy transition for the leaders of the Group of 20 (G20), an international forum for 19 countries and the European Union. In 2019 En+ Group's proposals on further global discussion about carbon pricing, knowledge, and technology exchange on tackling the issue of plastics and micro plastics polluting the world's oceans were reflected in B20 Tokyo Summit Joint Recommendations to the G20. En+ Group's New Energy HPP modernisation programme was included as a successful example of SDG 13 (Climate Action) implementation into the B20 Tokyo Summit document "Tangible Examples by Business. Towards Society 5.0 for SDGs". RUSAL's contribution to combating Ebola in the Republic of Guinea was included in the document as part of SDG 3 (Good Health and Well-being).
30% Club	En+ Group joined the 30% Club in 2019. The 30% Club is a global initiative focusing on gender equality in workforce leadership, with a global mission to achieve at least a 30% representation of all women on all boards and c-suites globally. The signatory on behalf of En+ Group was its Executive Chairman Lord Barker.
Business and Industry Advisory Committee to the Organisation for Economic Cooperation and Development (BIAC at OECD)	En+ Group and RUSAL are members of the Business and Industry Advisory Committee to the OECD. En+ Group and other BIAC members contribute to OECD work on environmental policy design, including climate change, transitioning to a circular economy, resource efficiency, and sustainable materials management.

Association/initiative	Description
Canada Eurasia Russia Business Association (CERBA)	En+ Group is a member of the CERBA. En+ Group regularly submits information to the CERBA Newsletter to share its achievements in sustainable development and climate change with the international business community. In 2019 the newsletter published information about recent developments within En+ Group's New Energy Hydropower Plants modernisation programme.
American Chamber of Commerce in Russia (AmCham)	AmCham's mission is to enhance commercial relations between Russia and the international business community by promoting an investment-friendly environment. The participation of En+ Group in the organisation greatly facilitates interaction with business partners. AmCham promotes an agenda of sustainable digital development in the Russian Federation. RUSAL joined the organisation in 2019.
Russian Union of Industrialists and Entrepreneurs (RSPP)	RSPP is a non-political organisation that protects the interests of industry at a time of fast and large-scale geopolitical and economic transformations. En+ Group and RUSAL actively participate in RSPP events, promote the climate agenda, and advocate environmentally responsible business practices.
The Climate Partnership of Russia	En+ Group and RUSAL are partners of the Climate Partnership of Russia. This partnership encourages Russian companies to transition to environmentally sensitive production and to support green technologies.
Conferences of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC)	En+ Group and RUSAL regularly attend UN Climate Change Conferences. In 2019, En+ Group gave a presentation on the rational use of water resources in conditions of climate change at the Russian side-event at the 25th Conference of the Parties to the UNFCCC (COP25) in Madrid, Spain. RUSAL spoke at the event on its activities in extreme temperature conditions.
THE METALS SEGMENT (REPRESENTED BY RUSAL)	
UN Global Compact	In 2002 RUSAL was one of the first Russian companies to join the United Nations Global Compact. RUSAL joined the United Nations Global Compact's initiative 'Carbon prices for business leaders'. This emphasises the need to and effectiveness of setting prices (including domestic) for carbon emissions in the fight against climate change.
UN Global Compact Network Russia	RUSAL joined the UN Global Compact Network Russia to work on a long-term strategy for the aluminium industry, environmental protection, and other sustainability and social responsibility issues.
Task Force on Climate-Related Financial Disclosures (TCFD)	Since 2017, RUSAL has been voluntarily participating in developing an effective system for disclosing to interested parties information that may be key to decision-making. En+ Group is currently developing its corporate format for disclosing financial data related to climate change, based on a set of TCFD recommendations (voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders).
Carbon Disclosure Project (CDP)	To contribute to global climate change risk mitigation efforts, RUSAL is committed to disclosing its environmental impacts through the Carbon Disclosure Project. RUSAL has been involved in this project since 2015, informing stakeholders about its products' carbon footprint, climate risk assessments, and climate targets.
International Chamber of Commerce (ICC) Russia	Within the framework of the ICC, RUSAL's experts are involved in resolving various issues, including updating ICC guidelines for assessing greenhouse gas emissions over the period 2017 to 2020. As a member of the Commission on the Economics of Climate Change and Sustainable Development of ICC-Russia, RUSAL is involved in developing ICC-Russia recommendations on sustainable development, low-carbon development and green financing.
International Aluminium Institute (IAI)	Since 2002 RUSAL has been a member of the IAI, and exchanged best practices and participated in developing methodologies for enterprises in the aluminium sector.

Association/initiative	Description
Aluminium Stewardship Initiative (ASI)	RUSAL joined the initiative in 2015. This was the result of consistent efforts to ensure the responsible production of aluminium. Under the ASI Performance Standard, organisations must conduct activities in accordance with the principles of sustainable development.
US-Russia Business Council (USRBC)	En+ Group and RUSAL is a member of the US-Russia Business Council (USRBC), the premier US-based trade association representing the interests of its US and Russian member companies on commercial matters. The USRBC's global approach is to work with a company's headquarters as well any offices in the US, Russia, or regional capitals to advance a company's bilateral trade and investment agenda.
THE POWER SEGMENT (REPRESENTED BY JSC EUROSIBENERGO)	
The Global Sustainable Electricity Partnership (GSEP)	JSC EuroSibEnergо joined GSEP in 2015. It promotes cleaner electricity generation, energy efficiency, and electrification as pathways to reach global development and climate goals. Within the GSEP, EuroSibEnergо exchanges best practices with various companies in the industry, and provides consultations.
Hydropower of Russia Association	PJSC Irkutskenergo joined the organisation in March 2004, and EuroSibEnergо joined in January 2018. The association promotes the development of hydropower in the Russian Federation and seeks to boost the reliability and efficiency of how it operates. As a member EuroSibEnergо participates in the development of the industry in Russia, exchanging best practice, engaging in scientific activities and liaising with public authorities.
International Hydropower Association (IHA)	The IHA is a non-profit membership organisation committed to advancing sustainable hydropower. With close to a 100 members operating in over 120 countries around the world, the IHA is a global voice for the hydropower community. Through collaboration with international financial institutions, development agencies, NGOs, and industry leaders, the IHA makes the case for sustainable hydropower at international forums. The IHA is a custodian of the Hydropower Sustainability Assessment Protocol and ESG tools, points of reference for the industry. The organisation champions continuous improvement and sustainable practices across the sector. EuroSibEnergо joined the IHA in 2017.

Contribution to Sustainable Development Goals

GRI 102-11 The Company understands its impact on society and ecosystems as a global producer of aluminium and renewable energy. For this reason, the precautionary principle, introduced by the United Nations in Principle 15, "The Rio Declaration on Environment and Development", underpins all the operations at all En+ Group facilities to minimise the adverse consequences of the Group's activities.

En+ Group's robust focus on controlling its impacts on climate, the environment and society is strongly aligned with the United Nation's Sustainable Development Goals (UN SDGs), which were adopted by the international community in 2015 and serve as a common framework for countries, companies and organisations striving to bring about a transition to a sustainable future. UN SDGs seek to stimulate global action in areas of critical importance for humanity and the planet.

En+ Group supports the Ten Principles of the United Nations Global Compact, which the Company joined in 2019, on human rights, labour, environment, and anti-corruption, and is committed to performing to the high standards in each of the four issue areas.



En+ Group supports all 17 Sustainable Development Goals adopted by the United Nations. However, in its business operations the Group is governed by the goals that we have highlighted as our priority ones¹. In 2019 SDG 17 was adopted alongside the seven other Goals to which the Group continues to contribute. In 2019 the Company focused on creating a systematic approach to how it contributes to Sustainable Development Goals.



Goal 1: End poverty in all its forms everywhere



Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Goal 3: Ensure healthy lives and promote well-being for all ages



Goal 4: Ensure inclusive and equitable quality education and provide lifelong learning opportunities for all



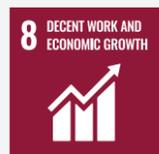
Goal 5: Achieve gender quality and empower all women and girls



Goal 6: Ensure availability and sustainable management of water and sanitation for all



Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



Goal 10: Reduce inequality within and among countries



Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable



Goal 12: Ensure sustainable consumption and production patterns



Goal 13: Take urgent action to combat climate change and its impacts



Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development



Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Goal 17: Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

¹ For more details, see Our Approach to UN SDGs: <https://www.enplusgroup.com/upload/En+%20Group%20approach%20to%20UN%20SDGs.pdf>

En+ Group addresses challenges in three areas:

- + Positively contributing towards environmental protection and other sustainability efforts, and improving the quality of life and increasing the level of well-being of the Company's employees and local communities in the territories where it operates and environmental protection.

- + Minimising potential adverse impacts from the Company's activities and facilities on the environment.
- + Governing according to the highest standards and best practices.

En+ Group's contribution to the Sustainable Development Goals

UN SDG	En+ Group's Commitment	Focus areas	Disclosure in the Report
	To improve the health and well-being of the employees, their families and the local communities.	<ul style="list-style-type: none"> Occupational health and safety management, monitoring compliance, training. Incident investigation. Emergency and preventative healthcare for employees. Recreational and sports activities at all facilities. Ensuring the wellbeing of local communities. Minimising the potential impact of operations on local communities. Emergency preparedness. 	Human development: <ul style="list-style-type: none"> Health and safety Local communities
	To manage the use of water and control the quality of natural water in the territories of presence.	<ul style="list-style-type: none"> Total water consumption. Treatment of used water and waste discharges. Impact on natural water bodies and freshwater ecosystems. Water quality monitoring. 	Environmental stewardship: <ul style="list-style-type: none"> Water resources
	To increase access to affordable and reliable renewable energy.	<ul style="list-style-type: none"> Total energy consumption. Energy saving technologies. Hydro power stations. Renewable energy sources (solar and small-scale HPPs). 	Climate leadership: <ul style="list-style-type: none"> Energy management Modernisation Scientific and technological development Environmental stewardship: <ul style="list-style-type: none"> Management approach Scientific and technological development
	To develop fulfilling, inclusive, long-term employment and to contribute to sustainable economic growth.	<ul style="list-style-type: none"> Employee training. Diversity and equality. Employee incentive system. Social security programmes. Direct and indirect economic value generated. Economic opportunities for stakeholders. Operational efficiency. Company values. Corporate culture. Regulatory compliance. Internal control system. Anti-corruption measures. Combating anti-competitive practices. Transparency. Diversity in governance bodies. Governance structure. 	Corporate governance Our approach to sustainability Human development: <ul style="list-style-type: none"> Employees Health and safety Local communities

UN SDG	En+ Group's Commitment	Focus areas	Disclosure in the Report
	To sustainably and responsibly consume natural resources and increase reuse of the materials in operations.	<ul style="list-style-type: none"> Tailings disposal and storage. Waste disposal landfills. Monitoring and risk analysis. Closure and rehabilitation of tailings. Corporate programmes on the responsible utilisation of waste. Developing recycling technologies. Total emissions of pollutants. 	Environmental stewardship: <ul style="list-style-type: none"> Waste and safe tailings management
	To reduce the carbon footprint of the Company in order to combat climate change and its impacts.	<ul style="list-style-type: none"> Corporate carbon footprint. CO₂ emissions monitoring. Partnerships aimed at combating climate change. 	Climate leadership: <ul style="list-style-type: none"> Management approach Modernisation Environmental stewardship: <ul style="list-style-type: none"> Management approach Air emissions
	To protect and restore land, land-based ecosystems and preserve biodiversity.	<ul style="list-style-type: none"> Land rehabilitation. Protected areas. Biodiversity conservation. Impact on natural habitats. 	Environmental stewardship: <ul style="list-style-type: none"> Land rehabilitation Biodiversity
	To form collaborations to drive change throughout the industry and in the countries and regions of operation.	<ul style="list-style-type: none"> Participation and creation of industrial associations and global initiatives aimed at promoting of sustainable practices. Collective work with industry peers, policymakers, academics, intergovernmental organisations, NGOs, international organisations, and civil society. 	Our approach to sustainability: <ul style="list-style-type: none"> Partnerships and memberships of associations and external initiatives

ESG activities

As part of plans to actively communicate the Company's commitment to ESG and its pivotal role in its business model to its stakeholders, En+ Group held a series of ESG-related events in 2019: an ESG breakfast in New York during Climate Week, as well as ESG events at the MOEX and LSE.

These events helped the Group convey its commitment to tackle the climate crisis and achieve a global, low carbon economy, through integrating decarbonisation into the core of the Company's business model.

The ESG breakfast in New York was aimed at exploring trends driving interest in ESG issues, with a particular focus on climate change. A panel discussion was held to present different points of view from both private finance and institutional investors combating climate change. An effective and interactive online tool was also used to better understand the audience's views. Participants discussed how transitioning to a low-carbon economy is transforming financial services markets and how investment professionals should respond to both the risks and opportunities this gives rise to.

During the Moscow and London events the Group detailed its commitment to ESG as part of its drive to address the climate crisis. The events were of most interest to investors and analysts and they were debut events held by the Company, focused entirely on its ESG performance.

In total, all three events attracted over 120 participants. The Company received positive feedback on the comprehensive disclosure of the Company's equity story, the wide ranging audience, and the quality of materials.

Following global trends in sustainable development and taking into the account growing interest of the investment community and business partners in the field of ESG ratings, En+ Group intends to improve its ESG ratings and expand the number of ESG ratings that cover the Company. In July 2020 the Company received an ESG Risk Rating of 37.2, and was assessed by Sustainalytics to be at high risk of experiencing material financial impacts from ESG factors. En+ Group's ESG Risk Rating places it in the 22nd percentile of the Aluminium industry, as assessed by Sustainalytics.¹

Market pioneers — first sustainability linked syndicated Pre-Export Finance facility in Russia

The Metals segment of En+ Group, represented by RUSAL, achieved a landmark transaction: in 2019 the Company signed a new five-year sustainability linked syndicated Pre-Export Finance facility for over USD1 billion, the first-ever such facility organised by international and Russian commercial banks in Russia. The interest rate is subject to a sustainability discount or premium, depending on whether the Company meets sustainability KPIs, including:

- + Growth targets of ALLOW aluminium sales. ALLOW is RUSAL's low-carbon aluminium produced with hydropower.
- + A reduction in specific direct GHG emissions from electrolysis plants compared to 2017.
- + A decline in fluoride emissions compared to 2018.

In July 2020 RUSAL confirmed compliance with the 2019 target levels of these KPIs. The 2019 target levels are reached or exceeded and hence the interest rate is subject to a sustainability discount. The sustainability linked pre-export finance facility of the Metals segment of the Group further demonstrates the Company's consistent focus on prioritising the transparency of green aluminium production.

Business System

Business System is an environment for developing personnel and creating a culture of continuous improvement within En+ Group. It ensures a systematic approach to the application of tools to boost efficiency and promotes the introduction and proliferation of the Group's production system.

The Business System is based on the Toyota Production System, which encourages the continuous improvement of production processes, promptly responding to customer needs, and retaining the position of being a successful global company.

The functioning of the Business System covers both the Metals and the Power segments of the Group. The Metals segment was the first to introduce the Business System at its enterprises, and since 2018, the system has been introduced and developed at the Group's Power segment enterprises.

The key Business System targets, achieved through the development of employee potential, are:

- + increasing equipment efficiency
- + reducing the use of raw materials
- + reducing thermal and electric power loss

Group suppliers are not included in the boundaries of the Business System, as they account for less than 20% of total activity.

Education

The Group closely cooperates with higher and vocational educational institutions as part of Business System development. This collaboration provides a labour pool of qualified specialists with the necessary knowledge to improve the Group's business processes. As part of classes, students are involved in a culture of continuous improvement and learn the basic elements of the Business System.

Since 2016, theoretical and practical classes in the field of "production system development" have been organised for Irkutsk Energy College students. The theoretical part of the lessons covers the basic principles and approaches, and the philosophy of the production system in the form in which it exists in the Group. Two classes are organised to consolidate knowledge gained and to acquire practical skills.

Since 2017 targeted education for Irkutsk National Research Technical University (INRTU) students has been conducted at the Irkutskenergo Corporate Research Centre, with involvement from PJCS Irkutskenergo specialists.

In 2019 an academic programme Production system development was developed at the INRTU. The Group plans to implement this programme as a course for students specialising in the power and metals fields and to establish a separate department in the INRTU to teach students under the new programme.

In 2019, 90 the Irkutsk Energy College students and 54 Irkutskenergo Corporate Research Centre students were trained.

Business System – 250

Business System – 250 is the key educational programme of the Business System. It aims to train and motivate employees to search for and improve inefficient production chain elements.

The programme gradually increases in complexity in the development of practical skills and consists of four stages. During the first and second stages, students work with a mentor on a project relevant to a real business issue. Those who succeed during this training period continue the programme and, go to the third phase where they undergo individual training, based on candidates' career opportunities, and have in-class training sessions, including group projects. Moving on to the final phase of the training programme, participants present the intermediate results of their projects and give a final presentation. Graduates who successfully complete the programme receive priority in filling vacancies.

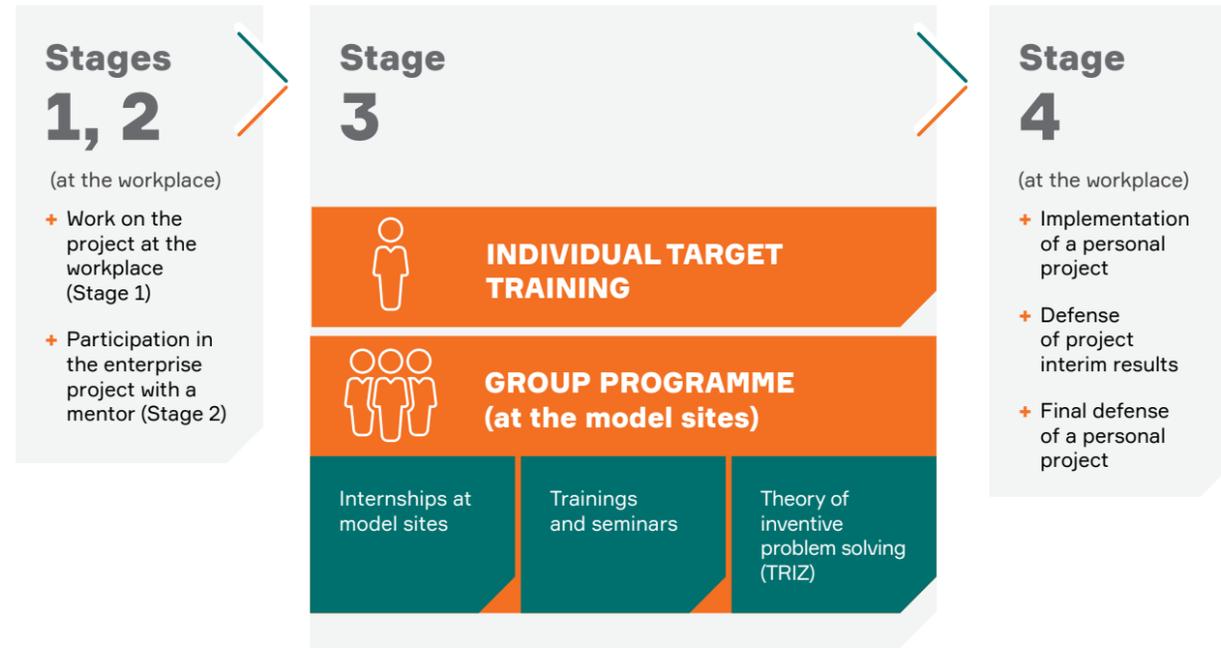
In the reporting period, 384 Power segment employees took part: 286 enrolled in the first stage, and 98 continued the programme from 2018.

In total, 148 programme participants received promotions in 2019: 42 in the Power segment and 106 (including nine to the position of production facility managing director) in the Metals segment.

At the end of 2019 the Transformation programme was established in the Power segment. This is a further development to the Business System – 250 programme, containing an in-depth study of the Theory of Inventive Problem Solving and the addition of other educational elements. The total duration of employees training according to the updated programme is three years. Employees take the main stage of training at model sites – special enterprises of the Group – after which they apply gained knowledge and experience in practice at their permanent workplaces.

¹ Sustainalytics' ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an assessment of ESG risk, i.e. a total unmanaged ESG risk score or the ESG Risk Rating, that is comparable across all industries. Sustainalytics' ESG Risk Ratings provide a quantitative measure of unmanaged ESG risk and distinguish between five levels of risk: negligible, low, medium, high and severe. Learn more about the ESG Risk Ratings here: <https://www.sustainalytics.com/esg-ratings/>
Sustainalytics, a Morningstar company, is a leading independent ESG research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The firm also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit www.sustainalytics.com

Transformation programme structure



In addition to Business System – 250 programme, which covers both segments of the Group at the same time, the annual competition Improvement of the Year is held. Also, each segment implements its own programmes. For the Power segment, these are Kommersant and Technical Academy, and for the Metals segment, it is a Kaizen workshop.

2019 results

The main results obtained from the implementation of Business System projects and programmes can be perceived both in terms of the increase in operational efficiency, technical improvements at enterprises, and reduced production costs. In 2019 total cost savings resulting from Business System activities stood at USD 41.4 million.

An important aspect for the entire Group is continuous improvement work, both in the implementation of projects aimed at enhancing technical indicators and the training of personnel capable of developing and implementing such projects. A total of 822 on-site projects to boost operational efficiency were implemented across the Group's facilities in the reporting period.

The Metals segment

The Metals segment of the Group has been assigned a strategic objective to reduce the cost of production, through the implementation of Business System projects.

In the reporting period, 76 new Business System development projects and 295 onsite projects were implemented; this generated a total economic benefit in excess of USD 27.8 million.

The Metals segment's 2019 key goals and results

Goal	Organise and conduct factory and corporate stages of the Improvements of the Year 2019 contest.
Results	1,100 people from 27 production facilities took part in the competition, and 806 works were presented. The economic effect generated from Kaizen workshops and participating projects was USD 7.8 million . Six facilities participated in the TRIZ nomination.
Goal	Organise and conduct audits on implementing the Business System at the Metals segment facilities, in accordance with the schedule for 2019.
Results	37 audits were conducted at 10 facilities to assess the level of the Business System deployment.
Goal	Begin implementation of the project at Achinsk Alumina Refinery to restore equipment operability and ensure compliance with technological specifications.
Results	The Reducing the emergency downtime of mills of the secondary sewage treatment plant of the raw materials shop of Achinsk Alumina Refinery project was launched. The reduction in equipment downtime boosted operating times and allowed the operational efficiency (OEE) of mills to be increased from 61% to 63% .
Goal	Organise with the Human Resources Directorate the Fundamentals of Industrial Design programme (opening the Department of the Siberian Federal University), teach the principles of the Business System.
Results	In the 2019–2020 academic year: + 70 people were trained at the Siberian State Industrial University in Novokuznetsk. + 143 people were trained at the Siberian Federal University in Krasnoyarsk.
Goal	Methodological support for a programme of interdivisional personnel reserve internships in 2019.
Results	Six people participated in the Manager/General Director programme to organise interdivisional internships.

Kaizen workshops

Kaizen workshops are production sites for the pilot application and testing of Group employees' proposals to optimise work processes. They allow employees to effectively optimise production processes through phased testing and the subsequent scaling of employees proposals. These workshops operate at 10 production facilities of the Metals segment.

Improvement of the Year competition

The annual Improvement of the Year competition is held in five categories: security, quality, performance, cost-effectiveness, and theory of inventive problem-solving. Proposals received from employees are evaluated, and the winning ones are implemented in production. Each year the Group receives significant social and economic benefits from implementing such proposals.

The Power segment

The development of the Business System in the Power segment in 2019 focused on model sites opened in 2018. One of the goals was to boost the operational

efficiency of production processes. In the reporting period, 527 projects and 3,974 proposals to optimise work processes were implemented. The total economic effect was RUB 882.0 million (about USD 13.6 million)¹.

The Power segment's 2019 key goals and results

Goal	Reduction in limit-exceeding electricity losses.
Results	A 17% decrease in limit-exceeding electricity losses was achieved.
Goal	Decrease in the number of emergency shutdowns in the 6-10 kV network.
Results	A 30% reduction in the number of emergency shutdowns in the 6-10 kV network was achieved.
Goal	Reduction in project preparation terms and actual network connectivity terms for applicants.
Results	A significant drop in project preparation terms and actual network connectivity terms was achieved. The term for the implementation of activities under contracts requiring construction by the organisation was reduced by a factor of two .
Goal	Reduction in the coal unloading and repair times of coal mill fans.
Results	An 18% decrease in the coal unloading time was achieved, as well as a 37% reduction in the repair time of coal mill fan.
Goal	Reduction in the pipe failures on the heat network.
Results	The number of pipe failures on the heat network was reduced by a factor of 7.5 .
Goal	Reduction in heating network water make up volumes.
Results	A 19% reduction in the heating network water make up volume in heating season was achieved, as well as 35% reduction in non-heating season.
Goal	Increase in the operational efficiency of equipment.
Results	A large-scale project to boost the technical readiness of equipment was implemented at the Coal-preparation plant of the Razrez Chermkhovugol of LLC Company Vostsibugol. As a result, the concentrate yield rose by 3.5% .

¹ Calculated based on USD/RUB average exchange rate of 64.74 for 2019.

Technical Academy

The Technical Academy is a long-term training programme initiated in 2017 focusing on establishing a mobile talent pool capable to work at key positions in the Company.

The Technical Academy Programme incorporates several training blocks including professional training, in-class competency development modules, Business System competencies, an advanced TRIZ 100 training course, a class on 'Economics, Finance and Accounting at the Enterprise'. Moving on to the final phase of the programme participants give final presentation to the examination committee represented by top management of En+ enterprises.

In the reporting period 27 employees continued education and improvement of their skill sets through special training modules of the Technical Academy Programme.

"Kommersant"

"Kommersant" is a training programme designed for employees of the Group involved in management and procurement activities. Its main task is to develop management skills and identify leaders who can optimise and improve business processes that go beyond production.

In 2019, 44 employees of the Power segment were trained under this programme.

Goals for 2020 onward

The Metals segment has the following initiatives planned for 2020:

- + Training candidates for the Business System 250 programme (the Transformation programme) and creating a personnel reserve for key positions in the Company's model plants.
- + Organising and conducting factory and corporate stages of the Improvement of the Year 2020 contest.
- + Organising and conducting audits on implementation of the Business System at the Company facilities, in accordance with the schedule for 2020.
- + Implementing the project The Influence of Physical Exertion on the Development of Occupationally Caused Diseases.
- + Methodological support on the organisation of personnel reserve internships in 2020.

The Power segment has the following initiatives planned for 2020:

- + Continuing education under the Transformation programme – 173 people.
- + Conducting Business System training for managers and chief engineers of branches.
- + Continuing the implementation of projects at model sites.

Supply chain

GRI 103-1 The Group works with a large number of suppliers and contractors. The creation of an effective supply chain and the responsible selection of suppliers and contractors contribute significantly to both the attainment of SDGs and the maintenance of high-quality products.

The procurement decision-making system comprises three levels depending on the cost of the procurement:

- + Purchases worth over RUB 30 million (USD 463.4 thousand)¹: En+ Tender Committee.
- + Purchases worth from RUB 5 to 30 million (USD 77.2 thousand to 463.4 thousand)¹: En+ Competition Commission.
- + Purchases worth less than RUB 5 million (USD 77.2 thousand)¹: EuroSibEnergO Trading House LLC commission (in the Power segment) and local procurement commissions.

GRI 103-2 All suppliers and contractors in the Group's supply chain comply with respective international and Russian requirements in all key areas. Thus, concluded agreements contain mandatory provisions on environmental protection, occupational health and safety, and set forth the social obligations of suppliers and contractors.

In its approach to supply chain creation, the Group relies on the following key principles that contribute to the development of a responsible approach to the suppliers selection:

- + Maximising transparency
- + Expanding competition
- + Attracting alternatives, broadening the supplier base
- + Optimising inventory

Increasing the transparency of procurement processes and creating equal competitive opportunities for all suppliers and contractors are key aspects of creating a responsible supply chain.

GRI 102-9 Another important aspect is providing support of local suppliers of goods and services. Local suppliers are companies registered in regions where En+ Group operates: the Krasnoyarsk, Irkutsk and Nizhny Novgorod regions, the Republic of Khakassia, and the Republic of Tuva.

GRI 204-1 Percentage of procurement budget sourced from local suppliers and contractors, 2019²



The Metals segment

The Metals segment, represented by RUSAL, is one of the largest aluminium producers in the world and supplies products to numerous enterprises in such industries as engineering, automobile production, metallurgy, chemical, transport, construction, electrical, food, and packaging. To maintain the requisite quality of the Metals segment products, the quality and timing of supplies of raw materials and supplies for the production of core products are critical factors. Hence, the creation of a responsible and reliable supply chain is one of the Metals segment's most important tasks.

In addition to raw materials, the Metals segment also works with a large number of suppliers of electricity and fuel products, equipment and technology, as well as suppliers of services, including contractors directly operating at the Company's production facilities.

The coordination of procurement activities in the Metals segment is carried out by the Business Support Directorate. The Commercial Department of the Aluminium Division and the Procurement Units of Aluminium Smelters are also involved.

Special attention is paid to the contractors' compliance with the principles of sustainable development. The Metals segment's management approach in this area, including relation to environmental issues, social responsibility, and corporate governance is set out in the Business Partner Code.

GRI 103-3 In addition to the general requirements set forth in the Business Partner Code, the Metals segment stipulates a number of requirements for suppliers of raw materials for the core product production, in the following documents:

- + Quality agreement
- + Procurement regulations
- + Regulation for the Quality Certification of Suppliers of Raw Materials
- + Regulation for Auditing Manufacturers of Raw Materials and Feedstock
- + Regulation on Supplier Accreditation
- + Supplier rating assessment method
- + Guidelines for the development of Quality management system (QMS) of suppliers
- + Accounting methods for non-compliant raw materials and feedstock
- + Regulation on Contractor Management in the area of Health and Safety, Fire and Environmental Safety

In order to confirm the compliance of suppliers with the requirements set and to manage supply chain quality risks, certification of suppliers is regularly conducted in accordance with the requirements of IATF 16949 – Quality management system for organisations in the automotive industry, using the Advanced Product Quality Planning (Production Part Approval Process) approach.



GRI 308-1 GRI 414-1 RUSAL conducts audits of existing, new, and potential suppliers. Prior to the start of certification tests and audits, a supplier questionnaire is sent to suppliers. This questionnaire contains an Implementing the Basic Principles of Sustainable Development section, which includes the status of accession to the Business Partner Code, as well as questions about the implementation of sustainable development principles by the supplier, based on the Business Partner Code.

The supplier's questionnaire also contains questions covering environmental protection, labour protection, health protection, and industrial safety, and determines the existence of certified environmental management systems (ISO 14001 – Environmental management systems) and industrial safety and health systems (OHSAS 18001 – Occupational Health and Safety Management / ISO 45001 – Occupational health and safety).

In 2019 the audit checklist was supplemented by questions that assessed the sustainable development of suppliers. In addition, a process to remotely audit suppliers was introduced, which also contains questions on compliance with the principles of sustainable development.

If a supplier does not fully meet the set requirements, the Metals segment can provide it with appropriate support. The Metals segment helps address the identified weaknesses of suppliers and optimise their processes, which assists in certifying their management systems.

In 2019, 54 supplier audits were conducted, including 24 of suppliers of raw materials and materials to produce basic products.

When concluding contracts, great attention is also paid to the reliability of suppliers in terms of compliance with established procedures for observing human rights and the requirements of anti-corruption legislation. The Compliance Department verifies the reliability of suppliers as part of compliance procedures, and checks for adherence to human rights and anti-corruption laws during contract reviews. The department monitors all transactions by reviewing the counterparty's documents, and conducts an in-depth analysis of their profile from publicly available information.

Selection and interaction with contractors are also an important part of the Metals Segment supply chain. The main criteria for assessing contractors are professional qualifications and the ability to work safely.

¹ Calculated based on the USD/RUB average exchange rate of 64.74 for 2019.

² In the Metals segment the share of the procurement budget only includes the procurement of raw materials for main production.



A special area of interaction with suppliers of services and works is Health, Safety, and Environment (HSE), whose requirements are also emphasised during assessments. The existence of risks in this area at the production facilities of suppliers is considered by the Metals segment to be a critical factor that can determine whether a working relationship is successful. Hence compliance with health and industrial safety standards is enshrined in service contracts. These are similar to requirements for production facilities and Metals segment employees.

As a part of interaction with contractors to help develop safe production practices, the health and safety services of the Metals segment perform the following activities:

- + Training in health, industrial, and fire safety and first aid
- + Preliminary and periodic medical examinations
- + Monitoring working conditions
- + Special audits of working conditions
- + Repair and construction work (as part of monitoring HSE compliance)
- + Transport
- + Elaborating internal HSE regulatory documents
- + Examining industrial safety
- + Providing personal protective equipment (PPE) and working clothes, cleaning and repairing such items

The Power segment

The Power segment's procurement is fully centralised based on EuroSibEnergо Trading House LLC (hereinafter, the Trading House). In 2019, 99% of goods and services were purchased through the Trading House. The procurement of commodities and materials are fully consolidated on the basis of the Trading House. Work is under way to fully consolidate the procurement of works and services. For 2019, purchases of works and services were fully consolidated in the Irkutsk and Nizhny Novgorod regions.

A prerequisite for the implementation of procurement activities is that they comply with state legislation – the Federal Act on the Procurement of Goods, Construction and Services in particular. To ensure this, Trading House specialists monitor changes in procurement legislation and regularly update the provisions of the regulatory documents so that they reflect these changes.

The main regulatory document governing procurement is the Procurement Process Policy, which covers the purchase of all goods and services, as well as the assessment of incoming commercial offers. In addition to the procurement

policy, procurement processes are regulated by the following documents:

- + Internal procurement standards for supplier selection, contractor selection and surplus management.
- + The Tender and Competition Committee Regulation.
- + Collegiate Bodies Regulation.

GRI 308-1 **GRI 414-1** All the Power segment's suppliers and contractors must comply with the Supplier Business Ethics Code. At the new supplier assessment stage this aspect is controlled by the Compliance Department. The Supplier Business Ethics Code contains anti-corruption stipulations, as well as occupational health and safety and environmental protection stipulations. Agreements between the Company and suppliers also contain anti-corruption stipulations. Compliance with these stipulations is monitored by the Security Department.

All procurement procedures with more than RUB 5 million (USD 463.4 thousand)¹ are monitored and supervised by the Department for Price and Commercial Operations.

The operational efficiency of the Power segment's enterprises directly depends on the quality of supplied equipment as well as timing of supplies. In order to minimise risks related to the quality of supplied equipment the Company's specialists regularly conduct technical audits of suppliers' enterprises. As part of an audit, suppliers' manufacturing enterprises are inspected, including in relation to occupational health and safety. All potential suppliers of the Company are audited during the assessment process, and regular mandatory audits are conducted every three years. Unscheduled audits can be conducted if there is a change in the main technological process at the supplier's enterprise, or changes in the volume or quality of the materials supplied. The main requirements and the procedure for technical audits are set forth in the Regulations for Auditing Suppliers.

To minimise the risks of equipment not been delivering on time, Trading House specialists monitor production stages at suppliers' enterprises.

Another important component of a reliable supply chain is its effectiveness. The Trading House regularly conducts the assessments of the effectiveness of procurement processes, and identified bottlenecks are analysed and corrected. In 2019, large-scale work was carried out to identify and analyse the reasons behind supplies not being delivered on time. Based on the analysis results, in 2020 a set of remedial measures will be introduced.

The following KPIs were established in 2019 in the Power segment to assess overall procurement effectiveness:

- + Net working capital no higher than USD 183.8 million.
- + The sale of non-core assets and illiquid assets in the amount of USD 4.8 million.
- + Purchase price index growth at the level of 5% of the weighted average price of the previous year, excluding fuel oil / fuel and lubricants.
- + Achieving a delivery volume from China of USD 3 million.
- + Increasing the supplier base, and the average number of suppliers for each procurement process by 10%.
- + No accidents.

An important principle of the Group's supply chain is developing a competitive environment. In order to create equal conditions for all suppliers, the Trading House maintains close contact with all suppliers and contractors. As part of this interaction, the selection criteria for suppliers are disclosed, the requirements of the Company for suppliers are explained, and feedback is provided by suppliers and contractors on their experience of working with the Company.

Goals for 2020 onward

The Metals segment has set the following goals related to procurement processes:

- + Introducing an automated counterparty assessment system.
- + Purchasing up-to-date pitches as soon as new relevant technologies are introduced to the market.
- + Launching a procurement system optimisation project.
- + Replacing tanks with tankers and tank containers during the transportation of raw materials.
- + Introducing an Advanced Product Quality Planning (APQP) approval process with suppliers in order to enhance the certification process.

The Power segment has set the following procurement-related goals:

- + Consolidating the procurement of works and services in the Krasnoyarsk Region.
- + Conducting a Doors Open day for suppliers and contractors.
- +

¹ Calculated based on the USD/RUB average exchange rate of 64.74 for 2019.

Quality management system

Implementing standards

En+ Group is well known for consistently delivering high-quality products and services to its customers. Being a reliable partner for our clients and stakeholders is one of our top priorities.

The Company sees international standardisation of business processes as an essential part of its business strategy and a means to increase the level of loyalty and trust of our customers and partners. We introduce globally-recognised quality management principles and standards into our business, thereby guiding the Company towards improved performance.

The quality management systems (QMS) of En+ Group enterprises comply with international standards. The main RUSAL production facilities (both Russian and international) and KraMZ are certified under ISO 9001:2015. The Metals segment companies are also certified under the international standard for automotive suppliers, IATF 16949.

Our foil rolling plants are certified under FSSC 22000 Scheme for Food Safety Management Systems.

Power segment enterprises also implement quality management practices that comply with international standards. In 2019 Krasnoyarsk HPP successfully passed a recertification audit of its integrated management system; the ISO 9001:2015 verification procedures were conducted by DNV GL.

The Company ensures the quality of products and services by adhering to international standards and performing quality audits to ensure compliance. In addition to certification audits, the Company has also set up a two-level system of internal QMS audits. In 2019, in the Metals segment alone, 31 internal audits on compliance with international quality standards were organised, and 26 independent quality audits were conducted by the certification body.

A focus on customers

Being a customer focused drives success for our business and motivates us to invent new products and services and introduce continuous improvements. The Company implements various initiatives to maintain effective customer relations and to improve business processes.

Focusing on providing products according to customer specifications and to enhance customer satisfaction, the Metals segment drives the Perfect Process initiative and the Focused Improvement Programme for key customers.

The Perfect Process initiative is geared towards meeting basic customer requirements and involves a series of actions which facilitate the continuous development and improvement of production processes. The Focused Improvement Programme is dedicated to customer relations and strengthening of cooperation with strategic clients through regular direct communication and establishing a feedback mechanism.

In 2019 in the Power segment the Company initiated the Digitalisation project, which is aimed at combining the power-generating and transmitting facilities of the Company into the En+ unified energy system. The project roadmap covers a range of activities up to 2026, and this initiative includes increasing service reliability and developing new

services for our clients. In September 2019 the Company established a new decision support centre to monitor the Irkutsk Region's power grid, thus allowing the accurate monitoring of the system and delivering a service that clients can rely on.

The Company treats responses from our customers very seriously and investigates all recurring complaints. To do this we establish special variability reduction teams in the Metals segment. These apply the Six Sigma methodology under the DMAICR (define-measure-analyse-improve-control-replicate) format improving quality and efficiency by resolving issues related to the quality of products and the variability in processes. The resolution status of issues and the lessons learned are frequently reviewed by management. Thanks to the implementation of the quality management process, the number of consumer complaints has fallen by a factor of two since 2017, while the number of recurring complaints for the same period declined by a factor of almost three.¹

We also actively engage automated communication systems with customers, including personal accounts, mobile applications, and chatbots. In the Power segment various social media platforms and call centres are widely used to inform and collect feedback from clients.

Training employees

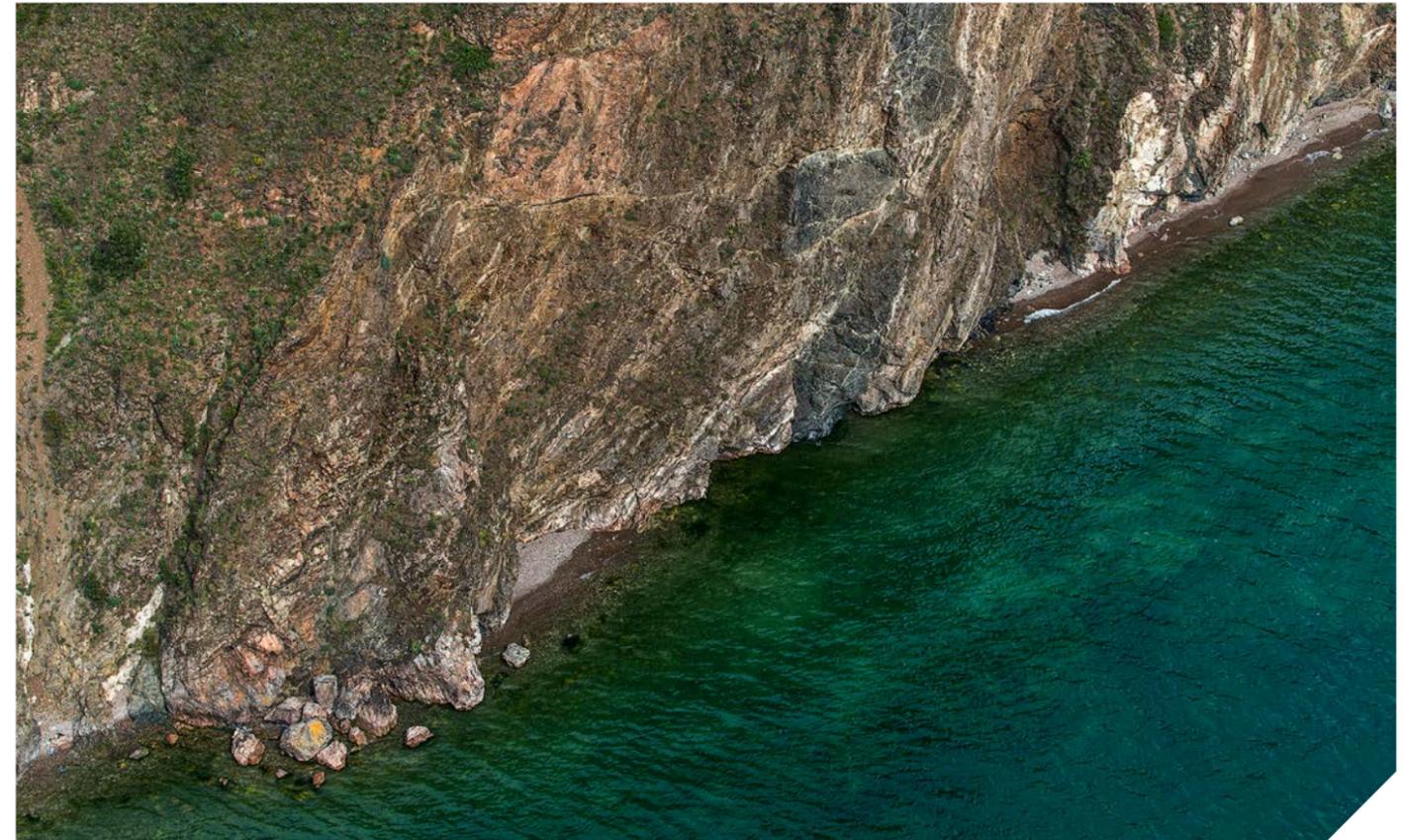
Quality management is an important driver of personnel training. Every year the Company implements various training programmes, including special programmes on quality management, enhancing employee skills and competencies, and boosting overall production efficiency and performance.

In the Metals segment we have set up the RUSAL Quality Academy, which aims to develop employees and the personnel reserve in terms of the practical application of quality approaches and tools, and the development of professional competencies. All newly hired employees are required to pass mandatory basic quality training.

Personnel training in the Metals segment is conducted on a regular basis in accordance with international ISO and

IATF standards, and also covers topics on special process and tools, such as the Failure Mode and Effect Analysis (FMEA), Statistical Process Control (SPC), Measurement System Analysis (MSA), and Advanced Product Quality Planning (APQP). In 2019 staff training was held on 23 topics, including the requirements of the international standards ISO 9001 and IATF 16949, quality tools, and the methodology of projects for "perfect processes".

In the Power segment, customer satisfaction is continuously evaluated and drives the implementation of employee training programmes and customer service standardisation. For example, utility services personnel receive special training on the supply of power, heat, and hot water to customers. They also undergo training on customer communication techniques.



¹ For more information see the RUSAL Sustainability report 2019 <https://rusal.ru/en/sustainability/report/>.

Scientific and technological development

Research and development

En+ Group carries out research and development activities to implement the best available environmental technologies, reduce costs, and rationalise the use of natural resources.

The Company has a Research and Development (R&D) Department, which specialises in technology exploration, energy-related applied research, and intellectual property management. Through this department the Company conducts targeted projects requested by subsidiary enterprises and develops strategic projects to address the Company's long-term innovation priorities.

En+ Group's R&D projects identify new solutions to bolster performance and create innovative technologies that improve people's quality of life. Wide-ranging R&D activities are carried out to integrate cutting-edge environmental technologies into production cycles in order to rationalise the use of resources, minimise negative environmental impacts, and lower costs.

En+ Group has established a Technology Council, whose members include representatives from the Company's business units and industry experts from research institutes. The body is responsible for approving R&D projects and assessing their results.

R&D is coordinated across the Company by dedicated regulatory documents:

- + The Scientific and Applied Research Procedure
- + The Intellectual Property (IP) Management Standard
- + Regulations issued by the Strategic Development Committee
- + The Patent Policy

The Engineering and Technology Centre of the Metals segment conducts R&D to enhance existing technologies and to develop new ones. Its focus is on developing technologies to reduce energy and resource use, improve environmental performance, boost production efficiency, and improve labour conditions and safety. In 2019 a large number of R&D initiatives were also carried out by the Institute of Light Materials and Technologies (ILM&T), the second research centre of the Metals segment. The key objective of the ILM&T is to develop and create new types of aluminium-based products and materials. Technological scouting is actively in use, and helps the Company identify new directions and ideas, which are put forward for evaluation by an expert council, which identifies future potential R&D projects.

In En+ Group's Power segment the Strategic Development Committee is responsible for selecting and evaluating projects, identifying technological approaches to energy efficiency, digitalisation, renewable energy, and other areas of development. The committee is made up of the Company's project leaders, experienced engineers, and industry professionals.

En+ Group is planning to revise this approach and update the R&D management system. In the next reporting period a complete review of existing regulatory documents will be carried out, and a research strategy created.

The Metals segment projects



Waste project

Bauxite residue, though non-toxic, is one of the Company's most significant types of waste in volume terms. The Metals segment continues to use cost-efficient technologies for the use of bauxite residue by extracting scandium oxide. A pilot site for obtaining scandium oxide has been established, with the Urals Aluminium Smelter using a proprietary method to produce scandium concentrate from bauxite residue. The Metals segment also uses the latest technology to treat residue for reuse in products, such as inorganic polymers for construction materials. In 2019 the Company improved its capacity to extract alkali from bauxite residue and plans to test de-alkalised residue to assess its potential uses in construction in 2020.

The Metals segment continued to test a technology to process red mud. This waste product is generated through alumina production and contains valuable metal oxides, including scandium. According to estimates, the Metals segment has over 300 tonnes of pure scandium accumulated in red mud. The new technology maximises the amount of scandium extracted and reduces the consumption of reagents through the use of recycled soda streams and CO₂ captured from alumina production processes.

The technology is constantly refined, with laboratory research under way to explore additional improvements and reduce operating costs by optimising or eliminating a number of elements in the process. An industrial module for scandium oxide production has been designed by the Company, allowing the production of aluminium-scandium (Al-Sc) alloys to begin.

Value-Added Products

The range of the Metals segment is expanding, the quality of its products is improving, and renovation and modernisation projects are well under way. The Company continues to increase its output of value-added products (VAP), supported by an innovative development strategy and commitment to R&D. This includes not only introducing new aluminium-based materials with wide applications, but also the identifying of new ways to employ scandium-containing aluminium alloys. The Metals segment is continually adapting the product line to customers' needs and current demand trends in the industry.

One of the Metals segment's main strategic objectives is to increase the share of VAP at its Russian production facilities to 55% by 2020. In 2019 the share of VAP in relation to total sales fell to 37%, due to restrictions placed on the Company by OFAC, which, despite being lifted in January 2019, hampered the conclusion of long-term contracts (for the same reason, in 2018 sales of VAP were 45% of total).

Innovations in aluminium production

The Metals segment conducts R&D in order to develop and implement new technologies and products that give it a competitive edge in the aluminium industry. The goal is to boost efficiency levels and be the world's most environmentally friendly producer of aluminium. As part of ILM&T activities, the Metals segment has successfully developed and applied innovative solutions in the field of high-strength aluminium powders for additive technologies, economically alloyed scandium materials to be used in shipbuilding and space technology, as well as aluminium alloys with high-corrosion resistance for use in construction and rail transport.

The Power segment projects



110 kV power line temperature control

This project aims to identify the best diagnostics equipment to optimise network load balancing. On the test section of the 220 kV power line from Novo-Irkutsk CHP to Irkutsk CHP-1, passive maintenance-free wireless sensors were installed. Next, temperature conditions were monitored, and data were collected in real time. Analytical work was carried out to ascertain existing vulnerabilities, and currently a study of economic efficiency is in progress. The project will increase the reliability of the electricity supply and extend the operational life of primary electric grid equipment.

Ash and slag waste

Volumes of heat and electricity generated at combined heat and power plants (CHPs) directly affect volumes of ash and slag waste. PJSC Irkutskenergo maintains ongoing cooperation with leading R&D institutions and production companies to develop and apply new methods to recycle and disposal of ash and slag waste.

A project to extract marketable products from ash and slag waste has been implemented at facilities in Irkutsk and Angarsk. To enhance waste treatment, the Novo-Irkutsk CHP was modernised to raise the volume of fly ash disposal. Also, the CHP-9 coal plant uses a cost-effective technology to extract iron-bearing concentrates from ash and slag waste.

ENvision project

The ENvision project is part of En+ Group's Lake Baikal Preservation Programme. It aims to protect and preserve the lake and surrounding nature reserves from adverse environmental impacts.

Currently, water inflow forecasts for Lake Baikal are based on models that only provide accurate results over a weekly timeframe. In contrast, longer forecasts are not sufficiently accurate. En+ Group, together with Aerostate, a leader in geophysical modelling, is using machine-learning and predictive analysis to create a new forecasting model for fluctuations in water inflow into the lake. The partners are developing an algorithm to more accurately predict inflows over a six-to-18-month timeframe, taking into account natural factors affecting Baikal water inflows, as well the impact of factors such as industrial pollution. The long-term model for predicting inflows will ensure better management of Lake Baikal's unique water resources, and reduce the anthropogenic impact on the ecosystem of the lake. More accurate forecasts will also help to protect local communities from flooding by optimising outflows from Lake Baikal.

En+ Group operates HPPs on the Angara River flowing out of Baikal, thereby providing a supply of renewable power for the local population and regulating the cascade of the river. A more accurate forecast will help optimise the hydrological use of water resources, and reflect the needs of local communities while at the same time minimising environmental impacts. It will be possible to adjust the operating schedules of HPPs to enhance their main production processes and to maximise the sustainable production of clean energy.

Also, the Company has invested in a project to forecast future weather patterns around Baikal, which will allow it to better regulate water levels in the lake. The Group expects more accurate forecasts to help authorities optimise outflows from Baikal, thus securing the ecosystem and protecting local communities from flooding.

Solar cells technology

A project to develop perovskite solar panels, which has prospects for a practical application, is ongoing. Researchers from Lomonosov Moscow State University are working on developing a new, post-silicon generation of solar cells with high efficiency and low production costs, with involvement and financial support from En+ Group.

The project has been successful in creating laboratory prototypes, with test samples of solar cells demonstrating an efficiency of over 17%. Nine relevant patents were issued in Russia, and four Patent Cooperation Treaty (PCT)

applications have been filed. The research results were published in the reputable Nature Nanotechnology journal and 13 academic papers have been released.

In 2019 joint research with MSU continued, with a USD 1.7 million (RUB 108 million)¹ grant agreement signed with the Russian Scientific Foundation, where the Company acts as an industrial partner providing an additional USD 371,000 (RUB 24 million)². Further research will focus on developing new approaches to creating and improving the stability of hybrid halide perovskite materials, and to creating tandem solar cells.

Perovskite solar panels

Solar energy is becoming more cost competitive, and its market share is expected to see continued rapid growth under all climate mitigation scenarios.

Solar photovoltaics (PV) have been the most rapidly deployed renewable energy technology globally, with installed capacity reaching 485 GW in 2018², outpacing all other technologies (by almost 25%) between 2017 and 2018.³ Different technologies utilise very different materials. Currently crystalline silicon dominates, but several new designs have significant future potential.

The vast majority of growth in demand for aluminium is tied to solar PV, used both in the cells themselves and in the frame and attachments. Aluminium accounts for more than 85% of most solar PV components.

The technology of perovskite solar panels is the most dynamically developing in the solar industry and may radically enhance the use of renewable energy sources in the future. New perovskite solar cells are significantly more efficient and have simpler processing and lower production costs. They have absorption rates of over 24%, compared to 22% for multi-crystalline silicon cells.

En+ Group has been engaged in active scientific research to develop perovskite solar modules in cooperation with MSU, Japan's National Institute of Advanced Industrial Science and Technology (AIST), the Chemical materials Evaluation and Research Base (CEREB), and the National Institute for Materials Science, as well as researchers from the University of Rome (Italy) and the University of Valencia (Spain), among other research centres.

Russian scientists, together with their colleagues from AIST, have proposed a unique method for producing perovskite solar cells with potentially unlimited possibilities for application. Researchers managed to solve one of the key problems of using perovskite solar cells and eliminated a drop in efficiency usually associated with the scaling-up of panels. Further experimentation to boost the efficiency and lifespan of perovskite cells is ongoing.

As part of the process, Polyiodide Melts (RPMs) react with a bilayer base of pre-set parameters (composition, thickness of the layers and area). As a result, a homogeneous light-absorbing layer is formed, which can have any technologically required dimensions without any major drop in efficiency.



¹ Calculated based on the USD/RUB average exchange rate of 64.74 for 2019.

² International Renewable Energy Agency (IRENA) 2019

³ From the report Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition, from the Climate-Smart Mining Team of the World Bank's Energy and Extractive Global Practice.

Modernisation

En+ Group takes steps to boost the efficiency and reduce the adverse environmental impacts of its operations, by introducing modernisation programmes at all production facilities. Work is under way to replace equipment, improve existing facilities, and introduce innovations as part of

modernisation efforts. Renewable energy projects are also being implemented. Modernisation, together with R&D, is the basis for continuous sustainable growth and efficiency improvements across the business.

Modernisation of the Metals segment

Environmental modernisation Eco-Söderberg technology

Eco-Söderberg technology continues to be developed successfully. It was included in the list of the best available technologies in Russia and is being effectively refined and enhanced in all key areas.

Gas collection sections with enhanced features have been created and improved to reduce emissions, as well as an automated tracking system for the level of technological process tightness. Centralised production was organised at the Metals segment's iron casting facilities to facilitate improvements in the design of the reduction cell degassing system.

The Metals segment also developed automatic raw materials feeding systems for reduction cells, improved the process control system, the maintenance of cells, and introduced an innovative comprehensive gas scrubbing process. This reduces emissions of fluoride-based contaminants by a factor of 3.5 from the standard Söderberg technology, which significantly boosts the environmental performance of the Eco-Söderberg technology.

The installation of the Company's latest fume treatment centres, which use alumina as a unique absorber reactor for the absorption of fluorides, continued at the Metals segment's aluminium smelters. At the same time, there is an option to return captured fluoride to the aluminium reduction process. The technology has high efficiency in terms of capital expenditures and in the capture of fluorides and SO₂.

New technology has been developed to maintain raw material safety and to ensure that Eco-Söderberg provides a high level of environmental performance vis-à-vis reducing emissions of polyaromatic hydrocarbons. The technology consists in producing eco-friendly hybrid and compound pitch that significantly reduces the content of benzopyrene by replacing coke and coal pitch with petroleum ingredients (a coke content of less than 30-40%). With the help of partners, pilot batches comprising more than 200 kt were produced. The pilot tests confirmed the quality of the pitch obtained, as well as the high economic efficiency of the environmentally friendly pitch production.

The implementation of the Eco-Söderberg technology programme at the Metals segment's aluminium smelters is ongoing, with around 400 cells being converted to the new technology in 2019. The transition allows the Company to reduce pollutant emissions, while also reducing power consumption and significantly increasing the service life of cells.

Resource-saving reduction cells

As part of developing the automated production system, next-generation reduction cells with high-energy efficiency were put into operation. In the pilot pot room at the Sayanogorsk Aluminium Smelter, high-capacity RA-550 reduction cells with high productivity and environmental performance indicators are now successfully operating, as foreshadowed in last year's report. For existing cells, a programme of conversion to energy efficient designs with eco-friendly lining is being implemented. Thus, the super high-capacity RA-300 and OA-300 reduction cells have outperformed their analogues: 12,600 kWh/t and 12,800 kWh/t of aluminium, respectively. Power consumption from other types of reduction cells was also reduced by 200-400 kWh/t of aluminium.

The improved lining allows the Company to reduce aluminosilicate lining waste by 60-80%, which provides a significant environmental benefit. At present, 2,600 cells in the Metals segment have an energy efficient structure and over 800 have been converted to an eco-friendly lining. In addition, the use and recycling of bulk carbon materials allows the Company to reduce the cost of relining cell cathodes by 20 to 30%.

Taishet aluminium smelter construction project

In 2019 the construction of the Taishet aluminium smelter in the Irkutsk region continued. The project consists of one launch complex (LC), which will be fitted with 352 powerful energy efficient RA-400T cells developed by the Engineering and Technology Centre of the Company.

Modern dry gas treatment systems will also be installed at the Taishet smelter, while RA-400T cells will be equipped with automatic alumina supply systems that will reduce the impacts of production on the environment and minimise harmful emissions.

As of 31 December 2019 the Metals segment had invested USD 998 million (excluding VAT) in the LC-1 construction project.

Inert anode technology

The Metals segment continuously makes efforts to minimise its carbon footprint and is actively developing inert anode technology. Reduction cells that operate on inert anodes are being developed and tested at the Metals segment's pilot sites. This innovative technology will eliminate the emission of greenhouse gases and polyaromatic hydrocarbons from electrolyte reduction cells and further

contribute to improving environmental safety. By reducing the consumption of anodes, operating costs will fall by 10%, while capital expenditure on new projects will drop by more than 30%. However, before using the technology on an industrial scale, it is necessary to carry out a number of technical projects to prepare production units for the implementation of the innovation, clarify technical and economic indicators, and draw up options for transferring existing technology from carbon to inert anodes.

ALLOW brand

En+ Group recognises that, as a historically large producer of greenhouse gas emissions, the aluminium industry must take transformative steps to meet the targets set by the Paris Agreement at the global level.

Since 2017 the Metals segment has produced a brand of low carbon aluminium (LCA). The ALLOW brand generates less than four tonnes of CO₂e¹ for every tonne of aluminium and comes with independently verified carbon footprint statements. ALLOW aluminium is made from renewable hydropower and enables customers to deliver products with a lower CO₂ footprint. This means they can make a positive impact on society and contribute to climate change mitigation strategies.

Demand for ALLOW-branded products, shipping worldwide, reached 196 kt sales in 2018, 375 in 2019, and continues to grow.

The Metals segment will continue to pursue initiatives aimed at reducing emissions to meet the Paris Agreement target and to satisfy rising demand for low carbon aluminium.

¹ Smelters' direct emissions (Scope 1) and indirect energy emissions (Scope 2).

Modernisation of the Power segment

New Energy modernisation programme

The New Energy programme focuses on upgrading the Group's HPPs in order to improve the quality of the energy supply and to boost the efficiency and reliability level of plants. The modernisation of the power plants making up the Angara and Yenisei HPP cascade aims to ramp up the energy output generated from the same water volume passing through the hydropower turbines. In 2019 the programme enabled En+ Group to ramp up its power generation by 1.68 TWh.

The programme involves the large-scale overhaul and replacement of the core equipment of the Company's largest HPPs (the Krasnoyarsk, Bratsk, Irkutsk, and Ust-Ilimsk HPPs), including replacing runners, transformers, and open-type switchgear, as well as upgrading hydroelectric generation units. The new runners' improved blades and the use of new materials will facilitate greater efficiency (max +8%). In addition, the modernisation priorities are to increase the safety and reliability of HPPs, mitigate the risks associated with cavitation, and solve the HPP generator wear problem.

Another goal of the programme is to reduce En+ Group's environmental footprint. This involves curbing GHG emissions from the Company's coal-fired power plants by partially replacing the energy produced by the plants with HPP output. Thus in 2019 greater hydropower utilisation allowed the Company to avoid GHG emissions of 1.95 mt of CO₂e. The Company plans to continue replacing electricity generated by coal, reducing GHG emissions from coal plants by 2.6 mt of CO₂ per year by 2025.

After the New Energy programme is completed, the efficiency and reliability of the Power Segment's HPPs will rise significantly, which translates into consumers being provided with a more reliable power supply. In addition to economic improvements, the implementation of the programme will positively impact the environment of the regions where the Company operates. Investment is expected to total RUB 21 billion in the period up to 2026 (around USD 339.2 million as of 31 December 2019¹), including funds already invested in the project.

CHP modernisation programme

In 2019 En+ Group continued to play an active role in the State Programme to Modernise Thermal Power Plants. This programme will enable the Company to boost the operating efficiency of thermal power plants (thus reducing CO₂

emissions per unit of power produced) and deliver a more reliable performance for the electric power grid in Russia, which is key to the country's sustainable economic growth. As part of the modernisation programme for generating facilities in 2022–2031, it is planned to modernise over 39 GW of capacity in total of the Russian Unified National Electric Grid. The process of selecting projects will be finished in 2025 with the selection of projects to supply electricity and power by 2031. Each project has a capacity supply period of 16 years and a pricing methodology that gives the Group a guaranteed return on investment.

The programme's first selection round for the modernisation project took place in April 2019, with the start of capacity supply scheduled for 2022–2024. The second round was held in August 2019 for projects looking ahead to 2025. Based on results so far received, the Group will improve the reliability and safety of 1,295 MW of its CHP capacity (29.5% of total CHP capacity). Total expected Capex for CHPs is USD 245 million¹ (RUB 15.2 billion). Capacity Allocation Contracts (CAC) will be signed between buyers, market regulator (ATS), and generating companies of the Russian Wholesale Electricity Market (WEM), providing the key criteria for modernisation, the parameters for supplying capacity after the modernisation, and a return on investment.

The modernisation programme allows the Company to replace obsolete equipment, thereby increasing both productivity and reliability. There is not only a material effect from the project's realisation, but also a significant improvement in terms of GHG and hazardous emissions.

A three-level system for managing modernisation projects has been established. The first level consists of working groups at power plants, involving specialists in finance and investments and the executive directorate to monitor priority projects. The second and the third levels comprise the project management department and steering committee.

The steering committee is responsible for upgrading main equipment at EuroSibEnerg's thermal power plants and was created to foster interaction between management and executive companies involved in technical project-related decisions, with a view to boosting efficiency. The committee's responsibilities include monitoring the progress of projects, analysing proposals, and elaborating recommendations for working groups and the project manager, who is responsible for team management and project execution. Committee meetings are held, where key issues, project implementation methods, financial models, and prices are discussed. These groups conduct multidisciplinary work in order to help move projects from the development to implementation stage.

Renewable energy

En+ Group implements a strategy to increase its use of renewable energy sources.

In 2019 En+ Group began design engineering works for its small-scale Segozerskaya HPP, with a total capacity of 8.1 MW in Russia (Karelia). The project was selected in a competition for renewable energy projects, as part of a state programme backed by the CAC mechanism. The commissioning of this small-scale HPP is slated for the end of 2022.

Also, the Group has created a portfolio of projects with a total installed capacity of about 200 MW. The implementation period for the projects will be determined depending on the results of their feasibility study. Total expected Capex for small HPP construction is around USD 23 million¹ (RUB 1.4 billion).

In 2019 the Power segment also took measures in key areas such as raising the efficiency of HPP turbines, substituting environmentally damaging condensation mode generation at CHPs with HPP output, and efficient fuel use and energy saving initiatives. These efforts enabled the Company to avoid 2,052 kt of CO₂e emissions. Consequently, the Group has reduced the carbon footprint of its own operations and also enabled customers to reduce their carbon footprints by providing reliable access to renewable power sources.

In 2019 the upgrade and replacement of primary equipment at En+ Group's HPPs helped generate an additional 1.68 TWh of renewable electricity per year. Further efforts are being made at four HPPs (Bratsk, Irkutsk, Krasnoyarsk, and Ust-Ilimsk) to raise turbine efficiency, thereby enabling more electricity to be generated from the same level of water flow. The Company plans to continue with modernising HPPs up until 2026.

Goals for 2020 onward

En+ Group has the following plans in the area of scientific and technological development:

- + New approaches for creating and improving the stability of hybrid perovskite materials.
- + A new area of research aimed at creating tandem solar cells.
- + Implementing the Eco-Söderberg technology programme at the Metals segment's aluminium smelters.
- + Continued development of the New Energy programme to positively impact the planet and provide consumers with a clean and renewable power supply.
- + Continuing working group discussions and interaction on new modernisation projects to participate in the selection

Implementation of other projects

En+ Group's modernisation activities aim to raise the efficiency of operations at plants across the Group, reduce costs, and achieve better production quality. Examples of projects implemented by the Company include:

- + In 2019 most power generation (pressure 90 atm) was transferred from the Avtozavodskaya CHP. The remaining capacity will be removed in 2020. 90 atm is an outdated technology with more emissions than the modern 130 atm. Specific fuel consumption improved, decreasing to 300 g per kWh in 2019.
- + The car dumper is being replaced at the Novo-Irkutsk CHP, which will improve the reliability of the station and increase the speed at which cars are dumped.
- + Projects to replace ash capture devices at Irkutsk CHP-6, Novo-Irkutsk CHP, and Ust-Ilimsk CHP for environmental improvements in Bratsk (which is included in the Clean Air federal project to reduce atmospheric emissions of pollutants), as well as Irkutsk and Ust-Ilimsk, were accepted and now are being prepared for implementation.
- + As a part of the modernisation programme, the replacement of heating surfaces, turbine generators, and drums is planned at a number of CHPs.
- + A project is being implemented to close the Galachinsk boiler house, which is part of a programme to improve environmental conditions in Bratsk. Power generation will be transferred from the boiler house to CHP-6, while heat will be supplied in cogeneration with electric energy, which will also raise the efficiency of the plant as well as the entire Bratsk system.
- + In 2019 the process of transferring capacities from CHP-1 to CHP-9 in Angarsk, which will handle the heat capacity of the plant and the town, continued. The project is planned to be completed in 2020.
- + Power line monitoring procedures are carried out with use of quadcopters, which slash inspection times to a quarter.

¹ Calculated based on the USD/RUB exchange rate of 61.91 as at 31 December 2019.

CLIMATE LEADERSHIP

80 Management approach (TCFD)

85 Energy management

87 Goals for 2020 onward



Climate leadership

Material topics

- Climate change
- Energy management
- Air quality

2019 highlights

2.0[↓] tCO₂e/tAl

direct GHG emissions per tonne of aluminium in electrolysis operations (down from 2.1 in 2018, a 3.8% reduction)

>95%

of carbon-free and renewable hydropower energy used to produce aluminium

The New Energy programme resulted in avoidance of

1.95 mt of CO₂e

and an additional

1.68 TWh

of renewable electricity per year

Contribution to UN Sustainable Development Goals



Standards

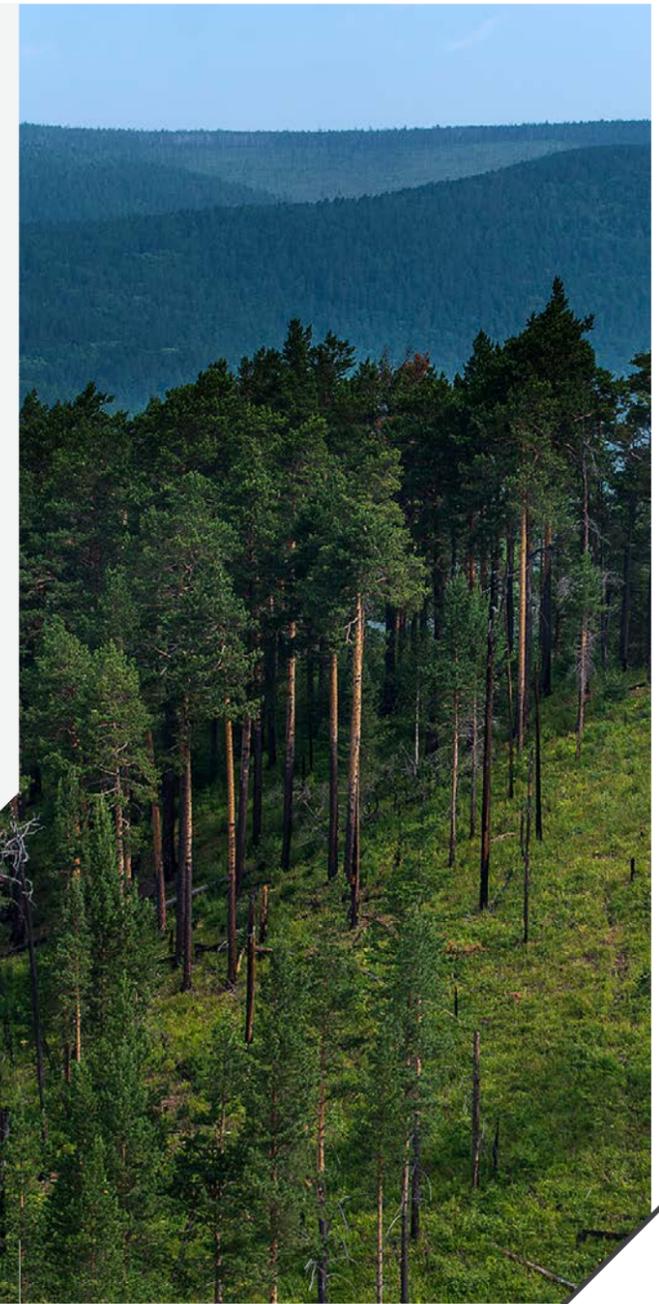
GRI 103-1	GRI 103-2	GRI 103-3	GRI 201-2	GRI 302-1
GRI 302-3	GRI 302-4	GRI 305-1	GRI 305-2	GRI 305-5
GRI 305-7	SASB EM-MM-120a.1.	SASB IF-EU-120a.1.		
SASB IF-EU-120a.2.	SASB IF-EU-550a.1.	SASB IF-EU-420a.3.		
TCFD	SECR			

GRI 103-1 Climate change is a major global challenge and requires immediate action from countries, cities, companies and organisations around the world. As a leader in the metals and power industries with a worldwide presence, En+ Group has a responsibility to not only reduce its own carbon footprint, but also to work with partners in order to facilitate the transition to a low-carbon economy through enhancing global policy and having a coordinated industry response.

The aluminium industry accounts for over 2%¹ of global carbon emissions,² with 74% of global primary aluminium produced with non-renewable energy.³ Aluminium's carbon footprint depends on the specific technological processes employed during smelting and the source of electricity used in production.

Thanks to its vertically integrated business model and the close proximity of its hydropower plants and metals facilities, En+ Group uses around 95% of renewable hydropower to produce its aluminium. This results in average emissions of less than 2.6 tCO₂/tAl for all the Group's aluminium (Level 1 emissions)^{4,5} in 2018 (the global average is 12.5 tCO₂/tAl in 2018)⁶.

In structuring its efforts to tackle climate change, En+ Group adopts frameworks established by international organisations and participates in global climate-related projects and initiatives.



¹ Global emissions in 2018 were around 52 billion tonnes of CO₂e. (<https://climateactiontracker.org/global/cat-emissions-gaps/>). Global total GHG emissions from aluminium production in 2018 Level 3 were about 1.1 billion tonnes of CO₂e (IAI).

² Using the global average of 16.4 tonnes CO₂/tonne primary aluminium (18 tonnes CO₂/tonne primary but excluding Scope 3 emissions) and 30% of demand met with recycled aluminium, total CO₂ emissions from the aluminium industry can be estimated at 1.2bn tonnes per year (World Economic Forum, "Shaping the agenda for net-zero aluminium", 3 Sep 2019). Expressed as a proportion of global CO₂ emissions for 2018, which stood at 37.1bn (Nature, Jeff Tollefson, "Global industrial carbon emissions to reach all-time high in 2018, 7 Dec 2018, <https://www.nature.com/articles/d41586-018-07666-6>), this accounts for 3.2% of the total.

³ CRU, RUSAL.

⁴ Level 1 emissions. As defined in the Aluminium Carbon Footprint Technical Support Document – Level 1: Emissions from aluminium electrolysis, aluminium ingot casting, anode/paste production, as well as emissions from electricity generation and heat production associated with these processes.

⁵ The indicator is the verified figure for 2018. Data for 2019 have not yet been verified.

⁶ IAI data, 2018.

Management approach (TCFD)

GRI 103-1 En+ Group has been developing its corporate system for disclosing financial data in line with the recommendations from the FSB Task Force on Climate-related Financial Disclosures. The TCFD aims to promote more informed investment, credit, and insurance underwriting decisions, thereby enabling stakeholders to better understand the concentrations of carbon-related facilities in the financial sector and the financial system's exposures to climate-related risks.

En+ Group's TCFD disclosure project of climate change risks consists of two stages: the disclosure of climate change risks by the Metals segment and by the Power segment. For both stages, climate change risks and opportunities

will be identified and recorded. This will be followed by more detailed work in order to develop the Company's plans to mitigate and minimise these risks, including the identification of the top four or five risks and development of several scenarios to mitigate or minimise them. The Report's structure on climate-related disclosure is in line with the TCFD recommendations.

This section on climate change consists of four parts: Governance, Strategy; Environmental risk management system, and Performance, metrics and targets (corresponding to the Metrics and Targets element in the TCFD framework).

Governance

GRI 103-2 En+ Group is constantly striving to adopt best practice and endeavours to develop energy-efficient technologies to reduce the Company's carbon footprint. This work relies on a systematic approach, having a strategic vision, and active participation from the Group's governing bodies, including the Board of Directors and its Executive Chairman, the HSE Committee, the CEO, and the management team.

One of the main tasks of the Environmental Advisory Board is to advise the Board of Directors on climate-related issues, track and study sustainability trends in the aluminium market and propose changes necessary for En+ Group to maintain its leading role in the process of transitioning to a low-carbon economy.

GRI 103-3 En+ Group is committed to knowledge-based action; for example, in partnership with YouGov the Company conducted a special consumer survey in order to better understand consumer demand for transparency and low carbon products. The survey results were used to develop the Carbon Clarity initiative, which calls for the transparent disclosure of carbon footprints in the aluminium industry by introducing mandatory reporting on carbon emissions. The Group believes that this requirement should be implemented for all aluminium producers by the London Metal Exchange in order to set a global precedent, become an example for contracts across the industry, and create a credible standard for low carbon. En+ Group encourages all stakeholders, including producers, customers, investors and consumers, to support this initiative by taking the steps proposed and described by the Company.

Strategy

In order to manage its climate risks, En+ Group is developing a long-term Climate Strategy based on the principles set forth in the Environmental Policy, which is included in the agenda for the Board's approval in 2020. The Metals segment, represented by RUSAL, has an established a GHG reduction strategy, with seven targets for the period up to 2025, as outlined in the section Performance, metrics, and targets. Furthermore, a new strategy for the Metals segment, which will cover Scope 3 emissions and be in line with the Science-Based Targets initiative, will be developed by 2022.

Other companies within the Group have also developed their own climate strategies. For example, the New Energy Programme includes climate goals for existing hydropower plants. Work to identify and prioritise climate risks for the Metals segment and the Company's HPPs in accordance with the TCFD is also underway. Coal mining operations and fossil fuel power generation are issues of strategic concern for En+ Group and will be investigated in detail to make informed business decisions.

Environmental risk management system

GRI 201-2 Climate risks are identified, assessed, and managed by the Company as part of its overall risk management system.¹

The greater attention that climate-related issues are receiving and the fact that sustainability and transitioning to low-carbon aluminium production are essential to En+ Group's business model led the Company to establish a separate Department for Environmental and Climate Risks Management.

Climate change presents various risks, such as:

- + Higher costs due to changes in carbon prices and a decline in the demand for low-carbon aluminium.
- + The introduction of a Carbon Border Adjustment Tax.
- + Measures to discourage the use of fossil fuels in operations.
- + Risks of natural disasters and changes in natural conditions as a result of climate change.

The Company has established the following key areas related to climate risk management, mitigation, and elimination:

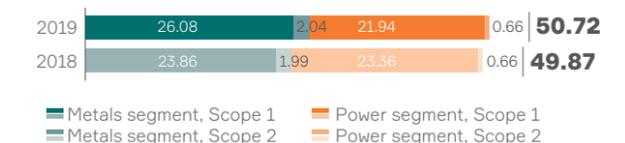
- + Reducing the carbon footprint of products.
- + Working with the Russian Government to create a legislative framework for regulating greenhouse gas emissions.

- + Cooperation with international organisations aimed at establishing an international legal framework for greenhouse gas emissions.
- + Further contributing to and focusing on low-carbon aluminium production as an integral part of the Company's business model.
- + Natural disaster risk analysis and mitigation measures.
- + Implementing an internal carbon price for decision-making processes in the Metals Segment.
- + Monitoring greenhouse gas emissions across En+ Group companies.
- + Identifying and assessing emerging climate risks in cooperation with leading international organisations and industry research institutes, in line with TCFD recommendations.
- + Establishing long-term strategic goals for climate change and developing a carbon footprint reduction programme.
- + Scientific research focused on the adaptation of hydropower plants to the hydrological effects of climate change.

Performance, metrics and targets

GRI 305-5 **GRI 103-3** **SECR** The Group uses as a basis the 2006 IPCC² Guidelines and Methodological Guidance on the Quantification of Greenhouse Gas Emissions by Entities Engaging in Business and Other Activities in the Russian Federation, as well as its own methodologies to evaluate its greenhouse gas emissions. Emissions from the Metals segment mainly include emissions from aluminium, alumina and silicon operations, as well as bauxite and nepheline mining. Emissions from the Power segment mainly include emissions from electricity and heat production by the Group's assets. Scope 1 emissions from the Power segment include CO₂, CH₄, N₂O, and SF₆, while in calculating Scope 1 emissions for the Metals segment CO₂, CH₄, N₂O, and perfluorocarbons are taken into account. Scope 2 emissions cover CO₂, CH₄, and N₂O emissions.

GRI 305-1 **305-2** **SASB EM-MM-120a.2** **Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions of En+ Group, mt CO₂e in 2018–2019^{3,4}**



The Group's total greenhouse gas emissions grew slightly in 2019 compared to 2018. In particular, the level of GHG emissions from the Metals segment, represented by RUSAL, increased due to the restoration of production volumes and the introduction of new production capacity.

¹ For more detailed information see Internal control and risk management, pp. 34-36.
² Intergovernmental Panel on Climate Change
³ The figures differ from the disclosure in the Annual Report (p. 66) due to verification. The scope of business units for the Power segment also changed.
⁴ Indicators for 2018 in this Report differ from those disclosed in the 2018 Sustainability Report. The main reason for the discrepancy is the difference in the scope of included entities, as scope was significantly expanded in 2019 vs 2018.

GRI 305-5 Nevertheless, the Metals segment in 2019 implemented measures according to the corporate programme to avoid CO₂ emissions through reducing the emission of perfluorocarbons¹ (PFC) and lowering anode consumption at smelters. The Metals segment is on track with its goal to reduce its direct specific GHG emissions in existing aluminium smelters per tonne of aluminium by 15% compared to 2014, with a current reduction of 11% in 2019 compared to 2014.

- The seven goals set by RUSAL in its strategy until 2025 to reduce GHG emissions are to:
- + Purchase at least 95% of electricity from hydroelectric power plants and other types of carbon-free power generation for aluminium smelters.
 - + Reduce direct specific greenhouse gas emissions by 15% in existing aluminium smelters vs. 2014 levels.
 - + Reduce direct specific greenhouse gas emissions by 10% vs. 2014 levels in existing alumina smelters.
 - + Reduce specific electric power consumption by aluminium smelters by 7% vs. 2011 levels.
 - + Reduce average specific direct and indirect greenhouse gas emissions to no more than 2.7 tonnes of CO₂e per tonne of aluminium.
 - + Use an internal carbon price when making strategic and investment decisions, starting from 2017¹.
 - + Support Russian and international initiatives and associations advocating actions to prevent climate change and supporting carbon prices, provided they are aligned with the Company's strategic goals.

Direct GHG emissions per tonne in electrolysis operations, tCO₂e/tAl²



Measures taken by the Power segment resulted in avoidance of 2,052 kt of CO₂e in 2019³. These included:

- + Refurbishments and upgrades to the Group's HPPs as part of the long-term New Energy programme⁴, an investment project that will continue until 2026.
- + Increasing renewable energy sources in the Group's portfolio. In 2019, this included the small-scale Segozerskaya HPP in Russia (Karelia), which the Company has scheduled for commission at the end of 2022 and which was selected in a competition for renewable energy projects.
- + Efficient fuel use and energy saving initiatives.

Climate and Responsibility 2019 award for the best management of GHG emission reduction activities

En+ Group entities, RUSAL and EuroSibEnergohydrogeneration, jointly with Krasnoyarsk HPP, won the Russia-wide Climate and Responsibility 2019 award for the best management of GHG emission reduction activities. The Climate and Responsibility award, supported by the Russian Ministry of Economic Development and the Russian Ministry of Natural Resources and Environment, is intended to support industry initiatives to reduce GHG emissions and their negative impact on the environment. The assessment of nominees is performed using three sets of indices: GHG emission change dynamics, environmental management within the overall governance system, and the effectiveness of GHG emission reduction projects.

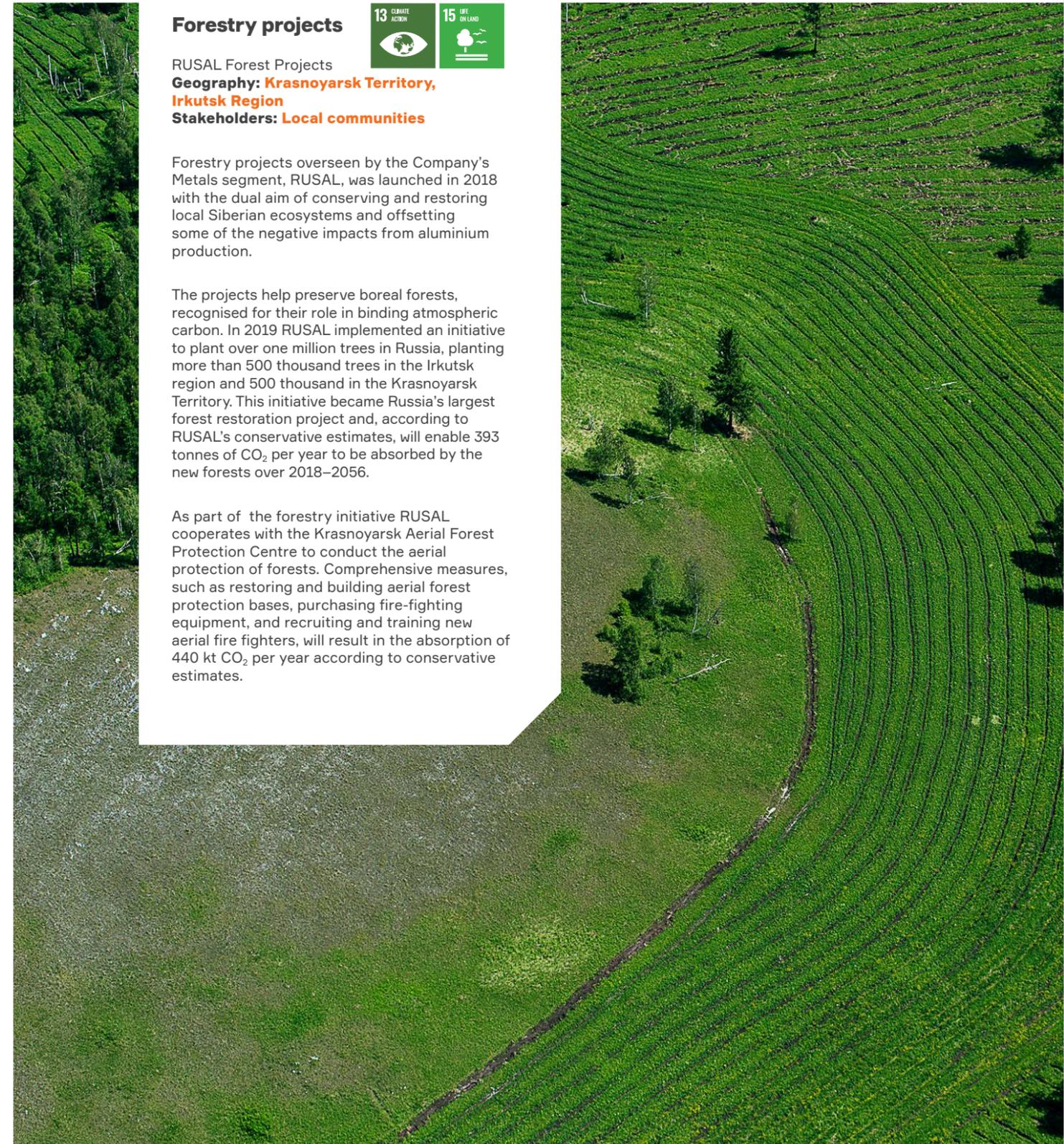
A jury of high-ranking officials from Russia's federal ministries and members of international institutions, including the WWF and UNESCO, highly rated the New Energy HPP modernisation programme. RUSAL's achievements in reducing its negative climate impacts came out on top in the contest, with the Company awarded the highest position in the Best Organised GHG Emission Reduction category.

¹ The Metals segment represented by RUSAL has integrated the accounting of GHG emissions (by converting emissions into monetary value, the internal carbon price of USD20/tonne CO₂e) into project efficiency assessment procedures, as well as the overall efficiency of the Company. For further information please see the RUSAL Sustainability Report 2019, pp. 99-100.

² The figure comprises data on the following subsidiaries for the Metals segment: BoAZ (Boguchansky Aluminium Smelter), BrAZ (Bratsk Aluminium Smelter), IrKAZ (Irkutsk aluminium smelter), KAZ (Kandalaksha Aluminium Smelter), KrAZ (Krasnoyarsk Aluminium Smelter), NkAZ (Novokuznetsk Aluminium Smelter), SAZ (Sayanogorsk Aluminium Smelter), KUBAL, VgAZ (Volgograd Aluminium Smelter).

³ Calculated as cumulative effect of measures to reduce GHG emissions starting from 2007.

⁴ For more information see the section Scientific and technological development, p. 68-75.



Forestry projects



RUSAL Forest Projects
Geography: Krasnoyarsk Territory, Irkutsk Region
Stakeholders: Local communities

Forestry projects overseen by the Company's Metals segment, RUSAL, was launched in 2018 with the dual aim of conserving and restoring local Siberian ecosystems and offsetting some of the negative impacts from aluminium production.

The projects help preserve boreal forests, recognised for their role in binding atmospheric carbon. In 2019 RUSAL implemented an initiative to plant over one million trees in Russia, planting more than 500 thousand trees in the Irkutsk region and 500 thousand in the Krasnoyarsk Territory. This initiative became Russia's largest forest restoration project and, according to RUSAL's conservative estimates, will enable 393 tonnes of CO₂ per year to be absorbed by the new forests over 2018–2056.

As part of the forestry initiative RUSAL cooperates with the Krasnoyarsk Aerial Forest Protection Centre to conduct the aerial protection of forests. Comprehensive measures, such as restoring and building aerial forest protection bases, purchasing fire-fighting equipment, and recruiting and training new aerial fire fighters, will result in the absorption of 440 kt CO₂ per year according to conservative estimates.

RUSAL recognised as a global leader by the Carbon Disclosure Project (CDP)

To support global climate change risk mitigation efforts, the Group is committed to disclosing its environmental impacts through the Carbon Disclosure Project and the International Aluminium Institute. RUSAL has been involved in the Carbon Disclosure Project since 2015, informing stakeholders about the carbon footprint of its products, climate risks assessments, and climate targets. The CDP aims to make environmental reporting and risk management a common task for business, and seeks to drive disclosure, insights and action towards a sustainable economy. RUSAL has also committed to fully disclosing greenhouse gas emissions from its aluminium, alumina, bauxite and other facilities. The CDP identified RUSAL as being a global leader in supply chain management on climate change issues. In the 2019 CDP report, RUSAL received an industry-leading "B" rating and was included in the Supplier Engagement Leaderboard of 160 global forerunners, based on 2019 results.



Business Ambition for 1.5 °C

The Science-Based Targets initiative, a partnership between the CDP, United Nations Global Compact, World Resources Institute, and the WWF, was established to drive corporate ambition and help businesses pursue bolder solutions to climate change. The overall aim of the SBTi is to introduce new standard business practices that embed science-based emissions reduction targets as a fundamental component of sustainability management.

In accordance with the initiative, in 2019 En+ Group signed the Business Ambition for 1.5 °C, pledging to align its GHG emission reduction targets, across all relevant scopes, with the aim of keeping the global temperature increase below 1.5°C of pre-industrial levels.¹

Energy management

GRI 103-1 The Company's core strategy in energy production and consumption is threefold: the uninterrupted supply of electricity and heat to third-party consumers, increasing electricity generation at hydropower plants, and reducing grid losses and internal energy consumption of energy at generating facilities.

Special-purpose programmes and energy efficiency projects are in place at all of the Group's entities. Energy saving technologies are widely employed, from the optimisation of energy generation modes and equipment designs, to the reduction of heat losses and the adoption of optimised maintenance procedures within the technical and technological parameters of operations.

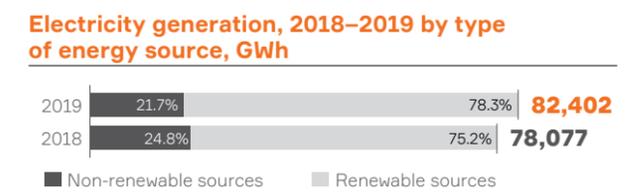
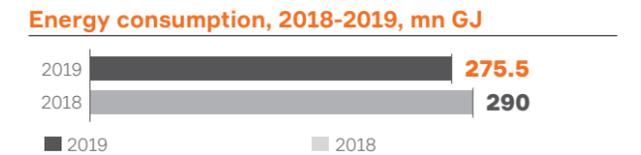
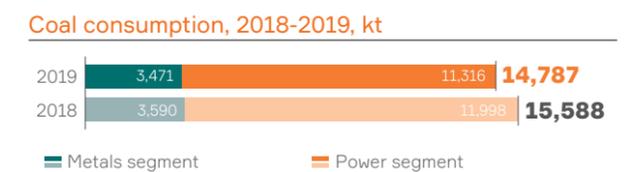
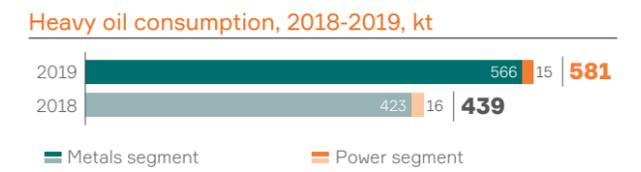
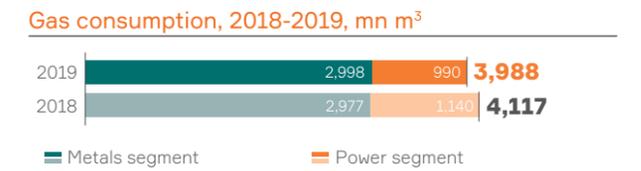
GRI 103-3 One of the Company's strategic goals is to maintain the share of aluminium produced by the Metals segment with over 95% of energy coming from carbon-free sources. To attain this goal, numerous projects are implemented to boost the efficiency of electricity generation at hydropower plants.

The significant rise in heavy oil consumption in the Metals segment is associated with the launch of the bauxite-alumina production complex Friguia.

SASB IF-EU-550a.1. There were no incidents of non-compliance with physical or cybersecurity standards registered in 2019, or with regulations applicable to electrical infrastructure.

GRI 302-1 En+ Group's total energy consumption in 2019 was 275.5 mn GJ, which was 5% lower than in 2018. The decline in consumption was due to a decrease in electricity generation from fossil fuels. At the same time, a rise in electricity generation from renewable energy sources, by 9.9% compared to 2018, was observed. The total volume of electricity generation in 2019 was 82,401.7 GWh, which was 5.5% more than in 2018. The rise was due to growth in electricity generation at hydroelectric power plants.

Energy consumption from non-renewable sources, 2018–2019, by fuel type²



¹ According to the Science-based targets website: <https://sciencebasedtargets.org/business-ambition-for-1-5c/>

² Indicators for 2018 in this Report differ from those disclosed in the 2018 Sustainability Report. The main reason for the discrepancy is the difference in the scope of included entities. In 2019 the scope was significantly expanded. Now the scope disclosed in this chapter is fully consistent with IFRS. The scope for the previous reporting period can be found in the 2018 Sustainability Report.

The Metals segment

GRI 103-2 Optimising energy consumption across various Metals segment facilities is an important part of the Company's efforts to reduce its negative impacts on the climate. The Metals segment endeavours to implement modernisation initiatives at its production sites that correspond to best available technologies (BAT) and the latest innovations.

GRI 302-4 By the end of 2019, 660 energy saving electrolysis cells had been introduced across the Metals segment's facilities (2,657 in total since the start of the initiative), which resulted in total energy conservation of around 183 million kWh. Since 2017 the Metals segment has achieved total energy conservation of 508 million kWh, as a result of implementing this technology. RUSAL also launched a project to introduce electrolysis cells with non-formed materials (398 were launched in 2019, to make 832 in total). This technology allows it to cut costs as well improve efficiency. All Aluminium Division smelters successfully implemented energy efficiency projects. Energy efficiency measures in 2019 helped reduce smelters' aggregate energy consumption by 4% compared to 2011 across the Aluminium Division.

In 2019 the Public Council under the Russian Ministry of Natural Resources and Environment assessed currently introduced BATs at the Krasnoyarsk Aluminium Smelter. The facility received high scores: all three energy efficiency technologies (BAT 2-1, 2-2, and 2-3) are fully implemented at KrAZ.

The Power segment

GRI 103-2 The main energy management strategy within the Power segment is to raise the efficiency of electricity generation at hydroelectric power stations and to reduce losses in the transmission of thermal energy and electricity to consumers.

In order to achieve the strategic goal to increase the volume of electricity from renewable energy sources supplied to RUSAL facilities, the Power segment is performing a major upgrade of its hydropower plants under the New Energy programme. As a result of this modernisation, by 2025 it is planned to increase generation by 2.5 billion kWh per year. The implementation of this programme will in turn reduce energy consumption from non-renewable sources.

Innovative technologies to enhance production efficiency

As part of its strategy to boost production efficiency, RUSAL is developing a process control system for electrolysis using modern approaches based on predictive analytics (Big Data). The system will provide an opportunity to ascertain the reasons behind any decline in the productivity of electrolyzers, select optimal conditions (depending on the current condition of equipment), and provide predictive analytics on malfunctions.

This technology could eventually help reduce energy consumption and boost productivity at aluminium smelters. A pilot project is being implemented at a number of RUSAL plants in Siberia.

SASB IF-EU-420a.3. Total customer electricity savings resulted from New Energy implementation in 2019 stood at 1.7 TWh.

In addition to boosting generation efficiency, the Power segment also implements projects to reduce losses in energy transmission. In 2019 the Power segment implemented a programme to upgrade heating networks in the cities in which it operates. As part of this programme, repairs to pipelines and pumping stations were carried out, and new pipeline were laid. Also, a number of projects were implemented to improve the connection of consumers to heating networks. RUB 1.3 billion (USD 20.1 million) was allocated to implement the programme.

Goals for 2020 onward

En+ Group has defined the following plans in the area of climate leadership:

- + Revising strategic goals relating to climate change.
- + Setting Science-Based Targets.
- + Organising air patrols and extinguishing forest fires in 505 thousand hectares of the Lower Yenisei Forest in the Krasnoyarsk Territory.
- + Determining the volume of absorption from forest project activities, verifying the results, and recording them in the Russian National Cadastre of anthropogenic emissions and absorption of GHG.
- + Determine GHG emissions coefficients for power generated by HPPs based on GHG gases emissions/ absorptions balance measures.
- + Finalising a TCFD project to assess climate change risks.
- + Increasing of efficiency of Hydro power generation.

ENVIRONMENTAL STEWARDSHIP

- 91** Management approach
- 96** Air emissions
- 98** Water resources
- 102** Waste and safe tailings management
- 106** Land rehabilitation
- 110** Biodiversity
- 111** Goals for 2020 onward



Environmental stewardship

Environmental protection and combatting climate change are important components of En+ Group's business. The Group's facilities have an impact across a wide range of environmental areas and the most important task for us is to minimise these effects.

En+ Group fully complies with the environmental laws and regulations of the countries where it operates and implements a significant number of environmental projects.

En+ Group operates HPPs on the Angara River flowing out of Lake Baikal which is a unique ecosystem and is included in the UNESCO World Heritage List. En+ Group pays special attention to the conservation of ecosystems around Lake Baikal, the world's largest source of fresh water.

2019 highlights

The total volume of water withdrawn by the Group's facilities was

845.7 ↓
mn m³

(down from 913.7 in 2018, a 7.4% reduction)

Air emissions (excluding GHG) was

414.9 ↓
kt

(down from 429.1 in 2018, a 3.3% reduction)

Launch of an Eco-monitoring programme of Lake Baikal

Material topics

- Air quality
- Water and waste water management
- Waste and safe tailings management
- Biodiversity

Standards

GRI 102-11	GRI 103-1	GRI 103-2	GRI 103-3	GRI 201-2
GRI 303-1	GRI 304-1	GRI 306-2	GRI 306-3	GRI 306-4
GRI 307-1	SASB EM-MM-160a.2.	SASB EM-MM-140a.1.		
SASB EM-MM-150a.1.		SASB EM-MM-150a.2.	SASB IF-EU-150a.1.	

Contribution to UN Sustainable Development Goals



Management approach

En+ Group pays considerable attention to climate change and environmental protection. The Company is committed to reducing its environmental and climate impacts and supports efforts by the international community to prevent a global temperature rise of above 1.5 °C.

En+ Group is guided by the following principles in its decision-making:

- + Identifying and assessing the environmental and climate risks generated by the Company's facilities, as well as the impact of environmental and climate risks on the Company's activities.
- + Compliance with environmental legislation in the regions where the Group operates, as well as with internal corporate regulations, which are sometimes more stringent than local regulations.
- + Preventing and mitigating negative environmental and climate impacts.
- + Engaging with stakeholders and respecting their views.

GRI 102-11 The Group applies the precautionary principle in its risk management system and in its evaluation of the environmental and climate impacts of the business. It is committed to ensuring the sustainable management of natural resources, applying high-tech solutions with a view to minimising potential environmental impacts, and adopting the cost-benefit principle when implementing these technologies.

In 2019 En+ Group strengthened its sustainability commitment through the establishment of the Environmental Advisory Board (EAB). The board will brief the Company's Board of Directors on issues relating to the environmental agenda and identify emerging environmental issues¹.

In 2019, the Group's HSE Committee was established. It comprises four members and meets at least once a quarter during the Company's financial year. The HSE Committee has the following environmental protection-related functions:

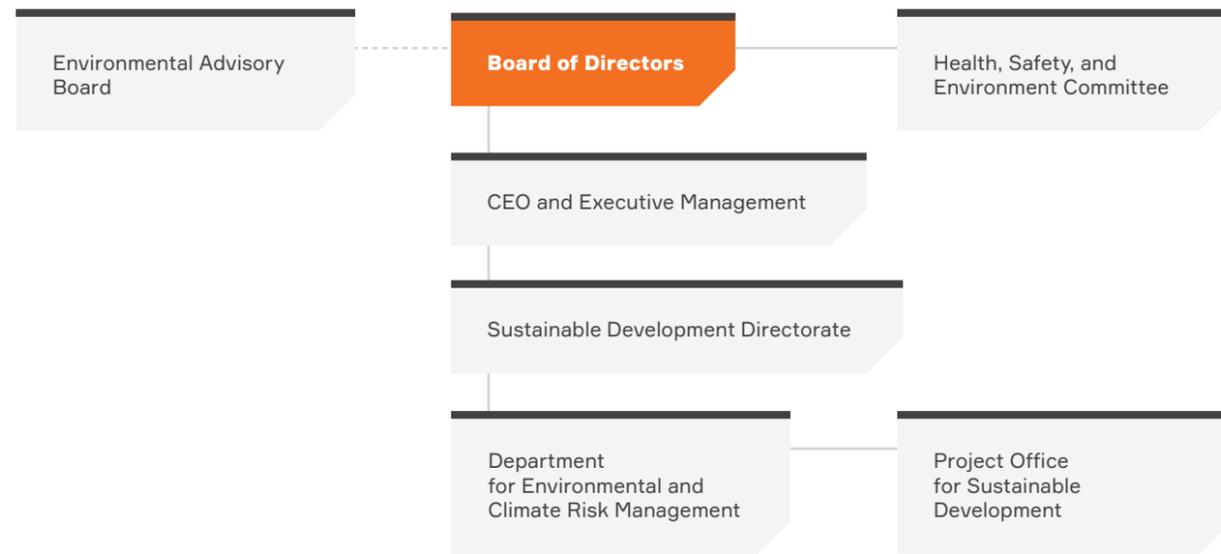
- + Periodically reviewing the effectiveness of the Group's environmental strategies, systems, policies and practices, as well as the results of any environmental audits.
- + Overseeing the development of policies and other bylaws of the Group regarding the environment.
- + Assessing significant corporate and individual environmental risks.
- + Assessing whether appointed executives manage identified risks effectively.

Key events



¹ For more information see Corporate governance, pp. 24-37.

GRI 102-11 Environmental management structure



The planning, management, and reporting of environmental protection activities in the Metals and Power segments are carried out by environmental protection departments and specialists at En+ Group entities, and include addressing environmental issues resulting from operations through approving objectives and budgets, financing initiatives, monitoring the issue of permits, and conducting environmental risk assessments.

The following are the future key areas of En+ Group's environmental policy:

- + Minimising air polluting emissions.
- + Reducing impacts on the climate through reducing direct and indirect GHG emissions, increasing their absorption, and boosting energy efficiency, in order to minimise the carbon footprint of products.
- + Minimising water consumption and contaminated wastewater discharges.
- + Increasing the share of waste processing and recycling, as well as safe waste storage, accumulation, and utilisation.

- + More efficient use of natural resources and energy.
- + Decommissioning equipment with PCBs (polychlorinated biphenyls) and ensuring their safe disposal.
- + Rehabilitating disturbed land, taking into account the technical and economic feasibility and the terms of land reclamation according to respective design documentation.
- + Minimising adverse impacts on biodiversity and promoting biodiversity conservation in areas where the Group operates.
- + Continual improvements to the Group's Environmental Management System.
- + Active participation and leadership in international and national environmental and climate change initiatives.
- + Continual increasing employee knowledge and awareness of their role in environmental protection and climate change.
- + Increasing management and employee as well as supplier and consumer engagement in environmental protection and climate change prevention.

All the Group's production facilities conform to the environmental legislation of respective regions. On top of this, a number of projects are being implemented to continuously improve environmental performance.

The Company ensures that its activities conform to international standards. Thus, En+ is constantly improving its environmental management system in accordance with the ISO 14001 – Environmental management systems international standard and the GOST R 14001-2016 Environmental management systems Russian national standard. In 2019 the compliance of the environmental management system was aligned with ISO 14001 at 18 out of 26 production facilities¹ of the Company's Metals segment. In the reporting period the Power segment's subsidiary Irkutskenergo underwent an audit against the ISO 14001

international standard and the GOST R 14001-2016 Russian national standard. PJSC Irkutskenergo successfully retained its conformity certificates for environmental management systems, which it has held since 2017.

An important aspect of the Group's management approach is the regular update of main documents regulating environmental protection. Thus, the Environmental Policy is developed at Group level, with the latest update to policy currently at the approval stage. Policies are developed in accordance with ISO 14001 requirements. The Company plans to update the policy in 2020 and publish it on En+ Group's official website. En+ Group's enterprises have their own list of standards and policies, which can be found on their websites.

WWF Russia transparency ratings



In the reporting period PJSC Irkutskenergo and RUSAL, subsidiaries of En+ Group, entered the Russian rankings for transparency on environmental responsibility of power and mining and metals companies.

The ratings were compiled by the World Wildlife Fund (WWF) Russia. The power rating encompasses 25 criteria and takes into account only companies whose production of heat and electricity is powered by fossil fuels. The rating for mining and metals companies was based on criteria established primarily by the basic provisions of the environmental and social responsibility policy of mining companies, as well as by a number of international documents.

The calculations were carried out by the National Rating Agency's Analytical Centre using methodologies developed by WWF Russia.

The compilation of these ratings was part of the WWF's People for Nature project, supported by the European Union.

RUSAL ranked 17th out of 40 and PJSC Irkutskenergo came first out of 15 participants in their respective ratings. It was the first WWF rating for power companies, and we are proud of the results achieved by PJSC Irkutskenergo.

RUSAL is actively involved in improving the methodology and criteria of the rating for transparency on environmental responsibility of Russian mining and metals companies and uses the results of these ratings to improve its own performance.

GRI 201-2 GRI 307-1 In 2019 no significant issues were recorded at En+ Group facilities of non-compliance with environmental regulations, and no significant environmental

finances or incidents (of more than USD 1 million) were reported². The total monetary value of non-significant fines was RUB 993 thousand (USD 15 thousand)³.

¹ Excluding mothballed facilities.

² Though En+ Group uses this damage threshold, when defining significant environmental incidents it also takes into consideration the region, the background state of the environment, the type of damage, the level of impact and the value of lost species. The combination of these factors affects the final calculation of damages in monetary terms that needs to be paid for damage compensation. It may not be related only to compensation costs but also payments to government to carry out any environmental measures related to reduction and elimination of impact, as well as compensation measures. This kind of evaluation lets one convert the damage into monetary valuation. The damage threshold of USD 1 million is not regulated by the Russian law, but it was determined based on the Company's long-term experience in managing environmental risks. En+ Group has plans to develop more comprehensive system for definition significant environmental incidents that shall be simple and objective.

³ Calculated based on the USD/RUB average exchange rate of 64.74 for 2019.

Supporting NGO environmental programmes

Environmental safety continues to be a vital area of En+ Group's sustainability strategy. We carry out a series of projects aimed at protecting unique landscapes in the territories where we operate. Our initiatives have received positive responses from regional and federal governments, as well as from residents who appreciate local nature.

Through environmental social projects, the Group seeks to cooperate with local organisations to facilitate a synergetic effect.

A key environmental programme for the Group is Nature Matters, which brings together a variety of activities to promote the protection of Lake Baikal and other water bodies and natural territories, including volunteering, environmental protection events, and eco-education based on collaborations with non-profit organisations and local activists.

Cooperation with Protect Baikal Together in 2019 enabled the Group to conduct lectures for children about the Irkutsk Region and its unique ecosystems. Children find out how to observe nature, understand environmental processes, and assess the impact that humans have on the natural world.

En+ Group is also engaged in a partnership with Great Baikal Trail, an association providing environmental education and focusing on sustainable development. As a part of this partnership, we support responsible eco-tourism to Lake Baikal, creating safe trails for tourists and reducing the impact of human activity on the unique ecosystem of the lake. In 2019 over 400 volunteers from 16 countries participated in Great Baikal Trail projects.



Roundtable discussion on microplastics

In the reporting period the Company together with the UNEP (UN Environment Programme) Russia Office and A.N. Severtsov Institute of Ecology and Evolution of the Russian Academy of Science (IPEE RAS) set up a roundtable to discuss the microplastic pollution issue. The roundtable was held on 18 December 2019 at the UN Information Centre in Moscow. The roundtable was attended by representatives from the State Duma (the Russian Parliament),

the Russian Ministry of Natural Resources and the Environment, the Russian network of the UN Global Compact, Russian environmental NGOs, WWF Russia, the business community, and leading Russian research institutions. The roundtable issued a resolution, including a number of conclusions and recommendations that highlight the great importance of this issue and the need to find solutions.

The Group, together with the Revival of the Siberian Land Youth Charitable Foundation, has launched the Environmental Entrepreneurship School Project (EESP), which is the first and only Russian educational project aimed at developing environmental entrepreneurship. The main objective of the project is to preserve new ideas and to support small businesses in the Irkutsk Region that enhance resource efficiency and pursue a responsible approach to the environment. Over 730 entrepreneurs have participated in EESP since 2012.

En+ Group's Metals segment – RUSAL – develops its own environmental initiatives, which are designed to protect the environment, and local communities are engaged in this process.

The Yenisei Day environmental marathon has been held in Siberia for seven years. RUSAL employees, together with volunteers from other companies in Krasnoyarsk and

Sayanogorsk, collect litter along the banks of the Yenisei River and organise environmentally focused activities.

RUSAL also holds the Green Wave grant contest. As part of this contest, active citizens and volunteers, as well as representatives from non-profit organisations and municipal organisations, participate in landscaping and making general improvements to local urban spaces.

In the reporting period En+ Group decided to switch to a new format for supporting NGOs and environmental projects – the En+ Group Environmental Project Grant Contest. This competition will allow the Group to provide fair and transparent support to ecological initiatives from non-profit organisations, scientists, and communities that reflect the genuine priorities of local people. The first grant competition is planned for 2020. Its aim is not only to provide one-off financial support, but to foster the long-term development of environmental initiatives.

Environmental initiatives grant competition framework for 2020

 NOMINATIONS				
Local initiative	Uniting resources	Sharing the experience	Science and practice	
Projects aimed at growing voluntary resident initiatives focused on the protection and development of water ecosystems.	Projects aimed at developing environmental entrepreneurship and improving infrastructure to reduce anthropogenic impacts on the natural area. Also, these projects help build a culture of environmental awareness and engage local communities in the protection of water resources and biodiversity.	Educational projects aimed at studying and applying best practices from local community participation to solve environmental problems related to water ecosystems and other natural areas common in the Irkutsk Region and other Russian regions.	Support for research conducted by Master's, graduate, and PhD students of universities and institutes aimed at solving related tasks in the fields of water and biodiversity conservation. This includes actions to facilitate researcher participation in specialised conferences, including international fora.	
Maximum grant: RUB 300 thousand (USD 4,600)	Maximum grant: RUB 300 thousand (USD 4,600)	Maximum grant: RUB 300 thousand (USD 4,600)	Maximum grant: RUB 500 thousand (USD 7,700)	
 PARTICIPANTS				
Non-profit organisations	Municipal organisations	Homeowner associations/ Managing companies	Entrepreneurs	Scientists

The Group takes very seriously its obligations to protect the environment in its daily operations.

Air emissions

GRI 103-1 En+ Group is committed to reducing its negative impact on the atmosphere, and we comply with all applicable internal and government regulations in countries where we operate. The Group is implementing a number of initiatives to ensure that technological improvements, which contribute to reducing emissions, are carried out in a timely manner:

- + introducing advanced gas treatment facilities that reduce emissions from production facilities
- + upgrading dust-collecting plants
- + promoting research and technological development activities
- + using best available technologies for reducing air emissions

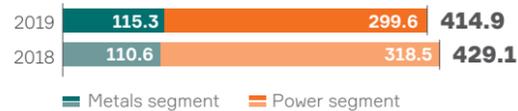
GRI 103-2 Since 2018, En+ Group has been executing a comprehensive plan to reduce emissions in Russian industrial cities, as a part of the Ecology National Project

and Clean Air Federal Programme. This project seeks to achieve at least a 20% reduction in total emissions of pollutants in 12 Russian industrial centres by 2024 compared to 2017 levels. The Group's production facilities located in Bratsk, Novokuznetsk, and Krasnoyarsk are taking steps to reduce negative impacts on the atmosphere, in particular by implementing Eco-Söderberg technology and modern exhaust gases treatment plants.

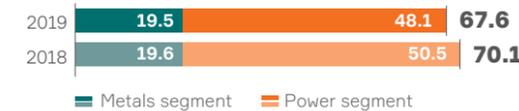
Across the Group, RUSAL and PJSC Irkutskenergo account for the main share of emissions. The reduction in emissions in 2019 was due to a decrease in the volume of electricity generation by coal-fired CHPPs.

Total air emissions

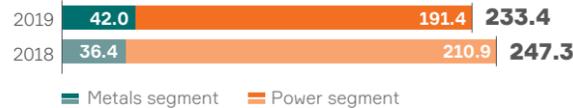
(excluding greenhouse gases and CO, kt)^{1,2}



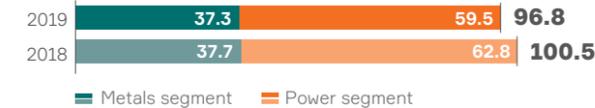
GRI 305-7 NO_x air emissions (kt)



GRI 305-7 SO_x air emissions (kt)



GRI 305-7 Particulate matter (PM) air emissions, (kt)



¹ Hereinafter in the section "Environmental stewardship – Air emissions" the data for the Friguia Bauxite and Alumina Complex, that maybe material for consolidated indicators, is excluded, due to the lack of metering systems and relevant requirements in national legislation. Starting 2019 Boguchansky Aluminium Smelter (BoAZ) was included into the reporting boundaries for environmental stewardship data.

² For detailed information about emissions of air pollutants including pollutants breakdown please refer to Additional Information, pp. 166-167.

The Metals segment

The Group's Metals segment carries out measures to reduce air emissions and to monitor air quality. For emissions mitigation purposes, the Metals segment uses R&D results from an automated tracking system to monitor seals. Modern gas treatment facilities captured up to 99.8% of both hydrogen fluoride and solid fluorides present in exhaust gases at smelters' reduction areas, and transported them to the aluminium reduction process for reuse in production.

In the Metals segment, the volume of air emissions, excluding greenhouse gases³, totalled 347.5 kt. The vast majority of air emissions comprised low-hazard carbon monoxide (CO). The amount of CO emitted into the atmosphere accounted to 232.2 kt, which made up 66.8% of total air emissions in the Metals segment. Excluding CO, the total volume of air emissions in the Metals segment stood at 115.3 kt in the reporting period, 4.1% more than in 2018.

GRI 103-3 The measures En+ implements are long term in nature and require a significant amount of time to complete, therefore the main effects are forecast to be achieved in 2024.



Inert anode production technology development

The En+ Group Metals segment, RUSAL, is actively developing an inert anode technology, whose introduction to the production process will completely eliminate emissions of greenhouse gases and polyaromatic hydrocarbons. The technology will also reduce operating expenditure by over 10%, through the reduced consumption of anodes, while capital expenditure on new projects will drop by more than 30%.

The Company does its utmost to minimise its carbon footprint. RUSAL is currently testing inert anodes in pilot cells at the Krasnoyarsk aluminium smelter. However, before this technology is rolled out on an industrial scale, major efforts are needed to improve its technical and economic indicators, design a fundamentally new logistics scheme for raw and other materials, and draw up options for transitioning from carbon to inert anodes.

The Power segment

The Group's Power segment is taking part in the Russian Federal Programme to modernise steam power plants, which aims to upgrade to 41 GW (nearly 25% of thermal generation) across the Russian power system. As part of this programme, En+ Group is proceeding with electrofilter upgrading at PJSC Irkutskenergo. The modernisation of the dust-collecting plants is scheduled for 2022–2024.

SASB EM-MM-120a.1. / IF-EU-120a.1. In the reporting period the Power segment's total volume of air emissions, excluding greenhouse gases³, stood at 307.6 kt, which was 7.3% less than in 2018. In 2019 the amount of CO emitted into the atmosphere by the Power segment totalled 7.9 kt.⁴

³ For information on greenhouse gases see Climate leadership, pp. 78-87.

⁴ For more information on emissions of air pollutants see Additional information, pp. 166-167.

Water resources

GRI 103-1 Minimising the Company's negative impacts on water resources is one of the main focuses of En+ Group's environmental protection activities. The Company's work includes:

- + decreasing the volume of fresh water used in operational processes
- + decreasing the volume of wastewater produced and the concentration of hazardous substances contained in it
- + increasing water recycling
- + water quality monitoring

At the end of 2019 En+ Group joined the CEO Water Mandate, a UN Global Compact initiative, which is committed to developing, implementing, and disclosing comprehensive strategies focused on water management. Joining the initiative reinforced En+ Group's prior commitments in the area of water management.

En+ Group – the largest company operating in the Baikal region – operates hydropower plants on the Angara River flowing out of Baikal, thus providing a supply of renewable power for the local population and regulating the cascade of the river.



Unique study of microplastics in the water of Lake Baikal

En+ Group conducted a scientific expedition to assess the state of the Lake Baikal ecosystem. The expedition, which was two-and-a-half months long, involved specialists from Moscow State University, the Russian Academy of Science's Institute for Information Transmission Problems, the Siberian Federal University, and Irkutsk State University.



The expedition's main goals were to conduct environmental monitoring and to carry out a detailed investigation into the impact of microplastics (generated generally from uncontrolled plastic refuse), on the lake's freshwater environment.

The study involved a detailed analysis of plastic and microplastic volumes in the lake, which served as an important indicator of anthropogenic impacts. The scientists took water samples to study the content of heavy metals, toxins, and nutrients in the lake. As a result, the expedition was able to ascertain where various types of pollutants were localised and where volumes

of surface-active substances exceeded permitted levels.

The researchers also investigated the increased blooming of filamentous algae, which is an indicator of changes in the general level of lake pollution and water quality. Also, the expedition conducted an assessment of the lake's endemic sponge population, *Lubomirskia baicalensis*, which acts as an important filter for the lake's water.

Following the expedition, the researchers are conducting a laboratory analysis of the samples collected as well as the statistical processing of the data. The results will be used to discuss an improvement plan on the condition of the lake with stakeholders.

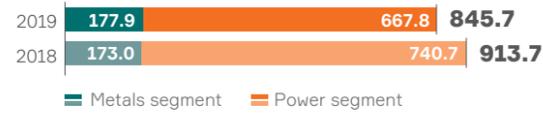
The Company signed an agreement on cooperation with IPEE RAS, within the framework of which they agreed to conduct research on the distribution of microplastics in ecosystems and the effect on living organisms.

Most Group facilities are based in regions with a large amount of water. No significant water-related risks were recorded in 2019, and there were no issues in sourcing water necessary for the Company's production processes.

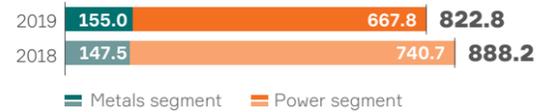
GRI 103-2 En+ Group maintains strict limits on water withdrawal and discharges tailored to the regions where the Group operates. The Company monitors effluent quality on a scheduled basis. In the reporting period there were no significant violations in this area.

In 2019 the total volume of water withdrawn by the Group's facilities was 845.7 mn m³. A decline in water withdrawal in the Power segment related to a reduction in electricity generation at CHPs, while, a rise in water withdrawal in the Metals segment was due to the launch of production at Frigia.

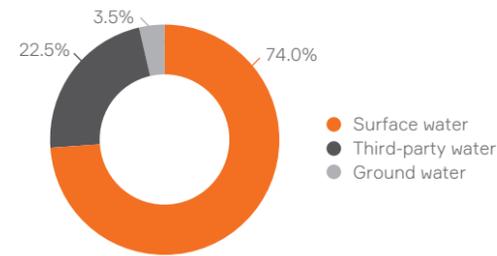
SASB EM-MM-140a.1, GRI 303-1 **Water withdrawal** (mn m³)^{1,2}



SASB EM-MM-140a.1, **Fresh water withdrawal** (mn m³)³



GRI 303-1 **Composition of water withdrawal**



The Metals segment

The Metals segment pays considerable attention to water resource management and endeavours to reduce discharges of wastewater. In the reporting year the rate of circulating and recycling water was 93.2%. Through the following measures the Metals segment takes steps to efficiently manage water resources:

- + Using recycled water
- + Conducting regular inspections of water supply facilities to prevent leakage or waste
- + Monitoring water usage

All Metals segment facilities adhere to water withdrawal and discharge limits, which are established to reflect the water body properties and chemical compositions of discharges. In the reporting period no significant violations were recorded in this area.

GRI 303-1 The composition of the Metals segment's water withdrawal was constant in 2019 compared to 2018. Fresh water was mainly drawn from surface water (72%), underground sources, and public water systems. Seawater was used at the KUBAL production facility for cooling in the casting process and for cleaning discharges. Total water withdrawal stood at 177.7 mn m³ in 2019, as against 173 mn m³ in 2018 – the increase was due to the launch of production at Friguia in Guinea.

RUSAL makes every effort to reduce its water intake from natural sources and to increase water reuse. In this regard the Ural and Bogoslovsk Aluminium smelters are implementing a project to create a closed water supply system at production facilities to reduce water discharges.

Promoting clean rivers



Since 2011, RUSAL has conducted, in collaboration with the Russian Geographical society, public activities to draw public attention to the issue of river pollution. This work includes organising an annual regional festival called Yenisei Day, named after the Russian River Yenisei, the fifth-longest river system in the world.

In 2019 the Metals segment established in 12 Russian towns a new environmental project, called River Day, in order to incentivise improvements in river water purity. Around 3,000 volunteers took part in the project, collecting over 30 tonnes of waste from the banks of rivers for safe disposal or recycling.

¹ Excluding quarry, mine, drainage, and storm waters in the Metals segment, which are not used in the production process.
² Hereinafter in the section "Environmental stewardship – Water resources" Boguchansky Aluminium Smelter (BoAZ) was included into the reporting boundaries for environmental stewardship data starting 2019.
³ Excluding quarry, mine, drainage, and storm waters (in 2019 – 119.7 mn m³ in the Metals segment), which are not used in the production process.



The Power segment

A key area of water resource management for the Power segment's facilities are processes to reduce water losses, as well as technological upgrades aimed at increasing water use efficiency.

EnSer CHP, the Power segment's facility in Chelyabinsk region, operates in an area of water scarcity. As a dedicated measure of control over the impact on water resources in this region, a special KPI, avoiding penalties for negative environmental impact, has been established for the managers of the facility.

All hydropower plants in the Power segment carry out planned monitoring of generating and auxiliary equipment, as well as downstream water quality. Water sampling and laboratory analysis are carried out in partnership with accredited laboratories. Quality control over surface and wastewater is performed at a number of control points upstream and downstream from the hydropower plants. These studies focus on indicators such as the volume of suspended solids and oil products.

The New Energy Hydropower Plant Modernisation programme is a key investment project of the Power segment. It targets improving water usage efficiency by increasing power generation while at the same time using the same amount of water.

After the completion of the modernisation programme in 2025 it is expected to increase generation by 2.5 billion kWh per year, while maintaining volumes of water passing through the turbines at the same level.

In addition to boosting water use efficiency, the risk of water pollution is reduced. Upgraded turbines installed at Irkutsk and Krasnoyarsk HPPs under the programme use an impeller design that excludes leaks of turbine oil into water.

GRI 103-3 Total water withdrawal across the Power segment in 2019 was 667.7 mn m³, which was 9.9% less than in 2018. The composition of the Power segment's water withdrawal is comparable to the Group's in general. The main source of water is surface water (74%).

Waste and safe tailings management

GRI 103-1 The key waste management priorities for En+ Group are to increase rates of recycling and reuse and to provide for the safe storage and disposal of waste. We plan to develop a full waste utilisation strategy and goals by the end of 2021.

GRI 103-2 En+ Group strives to continuously improve waste management practices and strictly monitors all types of waste generated by the Company. The Company performs the following actions in order to enhance waste management:

- + conducting research on waste recycling and implementing the results
- + land rehabilitation after decommissioning waste disposal facilities
- + using modern waste disposal facilities to ensure long-term and reliable storage and/or burial
- + reducing the amount of bauxite and nepheline residue generated by the Metals segment and ash and slag waste generated by the Power segment
- + raising awareness of waste management issues at all Company levels

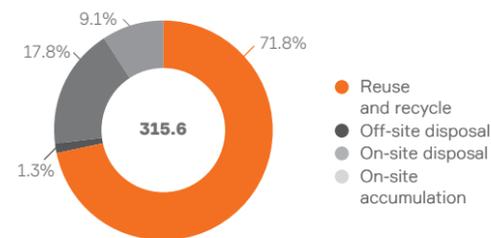
GRI 103-3 The Company also pays significant attention to the disposal of polychlorinated biphenyl (PCB) waste. En+ Group has developed a long-term plan to completely and properly remove waste containing PCB by 2022, in line with Russia's commitments under the Stockholm Convention on Persistent Organic Pollutants (POPs). Some Group facilities have already achieved that objective. The Metals segment utilised 7.4 tonnes of PCB-containing waste in the reporting period. 52.6 tonnes of PCB-containing waste were disposed at OJSC Irkutsk Electric Grid Company, in line with the Company's plan for 2019.

GRI 306-4 The transportation of hazardous waste was only undertaken by officially recognised organisations and in conjunction with all applicable laws; the Group did not perform any cross-border movements of hazardous waste in the reporting period.

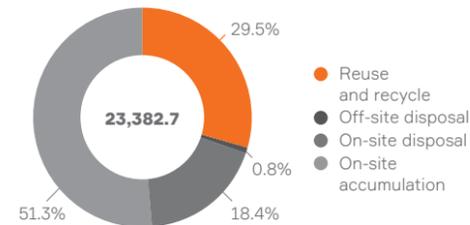
Non-hazardous waste generated, 2019, excluding mining waste (overburden, rocks and tailings) (mt)



GRI 306-2 Total volume of hazardous waste generated in 2019, excluding overburden, by disposal method (kt)



GRI 306-2 Total volume of non-hazardous waste generated in 2019, excluding overburden, by disposal method (kt)¹



GRI 306-3 In 2019 there were no significant spills or risks related to spills at production facilities at either the Metals or the Power segment of En+ Group.

The Metals segment

In the reporting period the total volume of non-hazardous waste produced by the Metals segment was 13.7 mt (excluding overburden rocks). For the Metals segment, the most significant types of waste in terms of volume are bauxite and nepheline residue, which are generated as a result of alumina and aluminium production and classified as non-hazardous and non-toxic waste. In 2019 bauxite and nepheline residue accounted for 94.6% of all waste generated by RUSAL².

Another important type of industrial waste generated by the Metals segment is spent carbon pot linings. In the reporting year the volume of spent carbon pot linings generated by the Company declined by 13.4% and totalled 41.6 kt, 78.2% of which was recycled.

The Company aims to increase its ratio of waste recycling. The share of recycled and reused waste in the Metals segment totalled 14.4%² in the reporting year. In the past 10 years RUSAL has recycled and sold on average over half of waste produced by its aluminium smelters during this period. En+ Group implements the following measures to increase the Company's share of processed waste and to find new methods to reduce waste volumes:

- + cooperating with R&D organisations and conducting research into cost-efficient technologies for managing industrial waste
- + identifying other companies to which some waste can be delivered as a raw product
- + removing sulphates from gas treatment facilities
- + extracting high value-materials, such as scandium oxide, from bauxite and nepheline residue

The Power segment

In 2019 total waste excluding mining wastes (overburden, rocks and tailings) was 1.6 mt. The volume of hazardous waste totalled 1.5 kt.

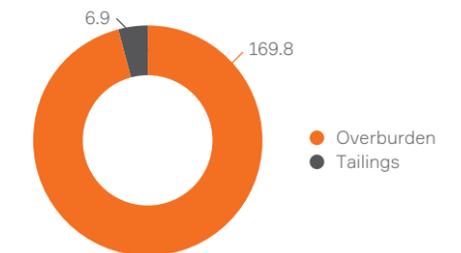
SASB IF-EU-150.a.1. Ash and slag waste make up a significant portion of the non-hazardous waste generated by the Power segment. The Group aims to improve ash and slag disposal, enhance recycling processes, and reduce the area of land used for waste disposal management. PJSC Irkutskenergo produced 1.4 million tonnes of ash and slag waste in 2019 after putting in place the following measures:

- + a feasibility study into the use of ash and slag waste for land reclamation and road building
- + ash and slag waste displacement in order meet for internal requirements, such as the construction of technological dams and building protective sand formations along the walls of embankments
- + providing alternative means of storage, such as the dry stacking of ash and slag waste

Overburden and tailings are generated at the facilities of JSC "UK "SOYUZMETALLRESURS" and the coal business segment. The total volume of overburden, rock, tailings, and sludge generated in the reporting period was 176.8 mt.

The majority of overburden generated by the coal business segment is channelled into inner underground workings and does not accumulate.

Total volume of overburden and tailings generated in the reporting period (mt)³



In 2019 the total weight of tailing waste was down 4% compared to 2018, and stood at 6.9 mt.⁴

SASB EM-MM-150a.1. Total volume of tailing wastes (mt)⁵



² Excluding overburden rocks.

³ The volume of tailings is the volume of coal refining solid waste; the volume of sludge is the volume of sludge with the classification water of coal feedstock.

⁴ For more information on the total volume of mineral processing waste see Additional information, pp. 166-167.

⁵ In tailings is denoted the volume of sludge from coal refining of silt disposed in hydraulic fills. After partial dehydration all sludge is delivered to mining output, and recultivated after it is filled.

¹ Excluding overburden rocks.

Safe tailings management

The Company builds waste disposal facilities, including tailing dams, taking into account the unique circumstances of different facilities. There are 28 residue storage and five ash-disposal areas at Metals segment production facilities, while the Power segment has 12 ash dumps. These sites operate in accordance with all applicable laws. En+ adopts a comprehensive approach to the safety of hydraulic structures at all stages of their life cycle – from design to conservation.

ENSURING THE SAFETY OF TAILING DAMS AT ALL LIFE CYCLE STAGES



Design

specialised organisations conduct necessary surveys and studies

all project documents are approved by the state authorities



Construction and renovation

all necessary construction permits are authorised by government authorities

construction activity is carried out by construction companies under state supervision and the project developer



Operation and maintenance

safety monitoring is conducted continuously

internal audits are conducted, covering technical and environmental issues

external audits are performed by independent experts, state supervisory authorities, and the original designers



Conservation

land reclamation projects are developed

decommissioning is supervised by state environmental authorities after approval is obtained from local supervisory authorities

The Company plans to use the dry stacking of bauxite residue filter cakes on a step-by-step basis to reduce risks related to the liquid phase of mud disposal areas. These technologies will boost the efficiency of bauxite residue disposal and storage operations through the use of press filters, and will eliminate the impact of the liquid phase on the safety of mud disposal areas. The technologies will also increase the time limits for filling residue storage areas.

2019 saw major dam disasters around of the globe. For this reason, En+ Group pays particular attention to operational safety at our dams.

En+ Group closely monitors and analyses the causes of these disasters in order to learn lessons and to prevent similar situations from occurring at its own facilities.

To prevent any accidents and significant impacts on the environment, bauxite and nepheline residue storage areas, together with ash and slag waste storage areas, are subject to comprehensive monitoring.

- + Hydraulic structures are inspected daily and periodically, and their condition is constantly monitored using instruments.
- + The Company requires that personnel operating hydraulic structures are certified and provides professional development for technicians who perform technical supervision of safety at hydraulic structures.

En+ Group operates a number of large tailing dams. Safety at these is a priority for the Group. Based on investigations into accidents at external companies' tailing dams, En+ Group plans to implement the following actions:

- + constant monitoring measures aimed at maintaining the reliability of tailing dams
- + the training and professional development of personnel
- + a targeted audit of mud disposal areas at alumina refineries to ensure that they comply with hydraulic structure health and safety rules
- + development plans for mud and ash dumps

The Company is currently developing pilot projects for the disposal of ash and slag waste. In 2019 a map of potential ash and slag waste consumers was created. This work is overseen by and reported to the HSE Committee.



Entire world project

For the Power segment's hydraulic machinery, special absorbent materials have been used to gather oil films and purification. A slick bar with absorbent materials soaks up oils from the surface of hydraulic machinery, thus eliminating the need for manual cleaning. The absorbent materials are then compressed in special containers, and the oils are recycled. This approach helps make the process of gathering oils and oil products both safer and more environmentally friendly.

Land rehabilitation

Land rehabilitation work is carried out after the completion of mining activities and waste disposal and involves:

- + the reclamation of disturbed terrain and soil upon the completion of open-cut mining
- + the restoration of waste disposal facilities, such as ash dumps, and landfills.
- + the recultivation of disturbed and contaminated land.

En+ Group conducts land rehabilitation work on a permanent basis each year, in accordance with approved plans for rehabilitation. Rehabilitation plans are developed with respect to specific risks, scope and resource requirements. Land rehabilitation includes facility decommissioning and

dismantling, the removal or treatment of waste materials, and site restoration.

The rehabilitation budget is initially calculated at the time that environmental disturbance occurs. If the extent of disturbance increases over the life of an operation, the budget is increased accordingly. Budgets for the Group's operations hence include an allocation for anticipated restoration and rehabilitation activities.

In the Metals segment, the increase in disturbed land over recultivated land is mainly due to development activities at the Dian-Dian (Guinea) and Timan Bauxite (Russia) mines.

Area of disturbed and rehabilitated land from open-cut mines, hectares

	Total area of disturbed, but not yet rehabilitated land, from open-cut mines as at 1 January 2019	Total area of disturbed land from open-cut mines during 2019	Total area of rehabilitated land from open-cut mines for agreed end use during 2019	Total area of disturbed, but not yet rehabilitated, land from open-cut mines as at 31 December 2019
The Metals segment	5,606	686	18	6,274
The Power segment	10,113	272	578	9,807
En+ Group	15,719	958	596	16,081



The Metals segment

The Metals segment of En+ Group carries out land rehabilitation in accordance with RUSAL's Operational Policy for Decommissioning Assets and Restoring the Environment, as well as its Requirements for Organising

Work and Assessing Obligations. These establish a consistent approach to restoring disturbed land and to assessing obligations when decommissioning facilities and rehabilitating the environment.

The Power segment

In the Power segment the main cause of land disturbance is coal mining and the operation of tailings management facilities. The coal business segment carries out land rehabilitation following the completion of coal mining activities. In the reporting period 578 hectares of disturbed land were rehabilitated by the Power segment's facilities.

SASB EM-MM-160a.2. Another important aspect is monitoring mining in areas where there is the possible drainage of acidic rocks. PJSC Irkutskenergo does not mine in areas where such drainage is projected to occur. During environmental impact assessments and environmental research, no indication of acidic rocks at the coal business segment's mining sites was identified .



Safety of fuel storage system

AN ACCIDENT AND SUBSEQUENT SPILL OF DIESEL FUEL IN NORILSK IN MAY 2020¹ DEMONSTRATED THE IMPORTANCE OF OBSERVING SAFETY REQUIREMENTS WHEN OPERATING FUEL STORAGE SYSTEMS. REGULAR MONITORING OF THE TECHNICAL CONDITION OF TANKS IS VITAL TO ENSURING SAFE FUEL STORAGE.



All En+ Group facilities that have their own fuel storage tanks regularly check their condition in accordance with Russian Federal Law No.116-FZ on the industrial safety of hazardous production sites. These evaluations are carried out in the following cases:

- + prior to commissioning
- + at the end of the service life specified in the technical certificate
- + if the number of load cycles established by the manufacturer is exceeded
- + if the actual operation exceeds 20 years
- + in the event of any change or replacement of structural load-bearing components
- + after accidents and major repairs
- + at the order of supervisory authorities
- + at the request of the owner



every **3-10** years
Depending on the condition of each tank, evaluations are carried out

Depending on the condition of each tank, evaluations are carried out every three-to-10 years. For tanks that contain small amounts of fuel, and thus are not classified as dangerous industrial facilities, technical diagnostics and controls are also in place. For these tanks, bespoke approaches are applied, depending on their condition and service life. All above-ground tanks are equipped with pallets or bunding (bund walls), which ensure that oil products are not spilled outside a facility, even if the tank is completely depressurised. Also, all tanks are equipped with safety monitoring devices (e.g. sensors for overflow, levels, temperature, pre-explosion concentrations etc.).

En+ Group does not have any tanks located in areas with permafrost, nor any tanks with expired industrial safety certifications. In addition, there are no unfulfilled orders from the supervisory authority, the Federal Environmental, Industrial, and Nuclear Supervision Service of Russia (Rostekhnadzor), regarding the condition of fuel tanks.

The Company's 'emergency response plans' and 'oil spill response plans' have been elaborated and approved by supervisory authorities and the Russian Federal Ministry for Emergency Situations. To support these plans, regular training sessions are held with staff.

In response to the spill in Norilsk, En+ Group carried out an unscheduled inspection of all fuel storage systems. As well as reviewing the general condition of tanks, evaluators checked their compliance with requirements set by supervisory authorities regarding both the storage and transportation of oil. The evaluation process identified no oil spill risks which required mitigating action.

¹ On 29 May 2020 a fuel storage tank at Norilsk-Taimyr Energy's Thermal Power Plant #3 failed, flooding local rivers with diesel oil.

Biodiversity

GRI 103-1 The Group is committed to positively contributing to the environment and to mitigating its negative impacts on biodiversity in the regions where the Company operates. The Metals segment's main production facilities are located in Siberia, a region with unique flora and fauna. The Company endeavours to adhere to the best global practices in biodiversity protection.

The Group works collaboratively with researchers, educational institutions, and non-governmental organisations to develop effective strategies for protecting ecosystems around our operations.

GRI 304-1 Several Group facilities are located near Lake Baikal – a UNESCO World Heritage Site.

The Metals segment

GRI 103-2 The Group is actively engaged in international sustainable development initiatives. The Group's Metals segment is involved in the ASI biodiversity and ecosystem services working group, in affiliation with the International Union for the Conservation of Nature and Natural Resources (IUCN), Fauna & Flora International (FFI), and the Chimbo Foundation.

production facilities are in Siberia. We collaborate with scientific organisations in order to study human impacts on natural ecosystems and to prevent the loss of biodiversity.

In 2019, to support certain fish populations, the Metals segment released 20 thousand fish into the Yenisei River. Also, 20 thousand juvenile sazan were placed in an artificial pond in the suburbs of Shelekhov, and 500 juvenile trout were released into the Yenisei.

En+ Group's facilities are located in various regions and countries around the world, though the main Metals segment's

Research into and monitoring and evaluating the Company's impacts on biodiversity

The Metals segment supports a range of scientific research projects in Siberia:

- + In the Stolby Nature Reserve, the Company is studying the presence and impact of pollution on the natural ecosystem.
- + The Metals segment, in collaboration with the Forest Institute at the Siberian Branch of the Russian Academy of Sciences, conducts research into the health of pine plantations in the forest-steppe zone. The results demonstrated a positive trend vis-à-vis forest regeneration.
- + The Company monitors protected areas in collaboration with the Khakassky regional division

of the Russian Geographical Society, the National Fund Strana Zapovednaya, the National Park Shushenskiy Bor, and the Khakassky and Sayano-Shushensky nature reserves.

- + In the Altai-Sayan Ecoregion, the Company conducts research into red-listed species, such as the snow leopard and woodland reindeer.

The monitoring results indicated no significant influence from the Company on the biodiversity of regions surrounding its operations.

Protecting the Vym River Biodiversity

In the Komi Republic, where the site of Timan Bauxite is located, the Company monitors aquatic biological resources along the Vym River, with support from the Komi Science Centre's Institute of Biology, which is part of the Ural Branch of the Russian Academy of Sciences.

The monitoring has revealed commercial fishery scarcity. Overfishing, which is unrelated to the Company's operations, is recognised as the main cause to this state.

In 2019 RUSAL, in cooperation with the Komi branch of the Main Basin Department for Fisheries and the Conservation of Aquatic Biological Resources (a Federal State Budgetary Institution) released 10 thousand Thymallus fingerlings at the head of the Vym River, as part of an artificial reproduction voluntary project.

The Power segment

GRI 103-2 Since 2014, En+ has released more than 1.5 million juvenile fish into rivers and water reservoirs around the Irkutsk Region as part of a breeding programme. In 2019 the Power segment released over 243.5 thousand juvenile peled into the Belaya River and 9.6 thousand into the Bratsk Reservoir. It also released 7.6 thousand juvenile Thymallus into the Irkutsk Reservoir and 10.1 thousand juvenile sturgeon into the Yenisei River, in collaboration with the Baikal Interregional Environmental Prosecutor's Office and

the Angara and Baikal Territorial Directorate of Russia's Federal Agency for Fisheries.

GRI 103-3 The species of fish released into the river were selected based on feedback received from scientific and research organisations under the authority of the Federal Fisheries Agency.

Cooperation Agreement with Severtsov Institute of Ecology and Evolution

In December 2019 En+ Group and the Severtsov Institute of Ecology and Evolution at the Russian Academy of Sciences signed an agreement of cooperation.



Using the Institute's laboratory, a study into the impact of micro and nanoplastics on living organisms will be conducted. Microplastic content in samples taken during expeditions to Lake Baikal will also be analysed, while specialists from the institute will conduct environmental research trips to Lake Baikal.

The agreement also includes joint work with the institute to preserve the Baikal seal.

The long-term agreement mandates activities aimed at minimising negative human effects on the environment and restoring biodiversity.

Goals for 2020 onward

In the medium term the Company aims to:

- + Modernise dust-collecting plants at PJSC Irkutskenergo.
- + Reduce the Metals and Power segments' air emissions by continuing to implement initiatives under the Ecology National Project.

- + Continue Lake Baikal ecosystem studies.
- + Continue removing and recycling all PCB-containing equipment.
- + Continue leading long-term regional biodiversity projects.

HUMAN DEVELOPMENT

114 Employees

130 Health and safety

146 Local communities



Employees

Material topics

Employee management and engagement
Diversity and gender equality

2019 highlights

88,732
employees

88%
of employees were covered by collective agreements

26%
of the En+ Group workforce was female

94%
of employees worked under permanent contracts

24%
of new recruits were female

99%
of employees worked full time

Key events

More than 30 labour councils were established.



The Transformation talent pool development programme was designed and launched.



Energy Lab, the first corporate innovation accelerator for students was organised.

Contribution to UN Sustainable Development Goals



Standards

GRI 102-7	GRI 102-8	GRI 102-41	GRI 103-1	GRI 103-2
GRI 103-3	GRI 202-1	GRI 202-2	GRI 401-1	GRI 401-2
GRI 403-6	GRI 404-2	GRI 405-1		

Management approach

Approach

GRI 103-1 En+ Group's people are the heart of the Company. A valued and engaged workforce is critical to the business's success and the key driving force behind all of its enterprises.

The Company complies strictly with all applicable international legislation, the laws of the countries where it operates, and all related personnel management standards. En+ Group respects personal freedom and human rights, provides equal opportunities for all, and condemns any kind of workplace discrimination.

The Company's key HR objectives are recruiting and retaining highly skilled personnel, increasing employee engagement, and creating a safe and attractive working environment for employees, thereby contributing to their professional development and the well-being of their families.

GRI 103-2 En+ Group's approach to human resource management is governed by corporate codes, policies and regulations. At the enterprise level, regulations for personnel management are developed in accordance with the corporate body of legislation.

Following the adaptation of corporate legislation to ongoing changes in national and international laws, norms, regulations, and corporate practices conducted in 2019, the Company began developing a new set of policies. These are:

- + the Corporate Code of Ethics;
- + the Policy on Human Rights;
- + the Board of Directors Diversity Policy.

The approval of these policies is planned for 2020. Implementation will begin immediately thereafter.

Personnel management function

En+ Group has a vertically integrated personnel management function in place, which is regulated by the RemCom and the CGNC. The RemCom's role is to determine and review the Company's remuneration policies, compensation and benefits plans, including incentive and executive compensation and any equity-based plans. The CGNC is responsible for reviewing the corporate governance guidelines of the Company and its consolidated subsidiaries. It also oversees corporate governance matters and makes recommendations.

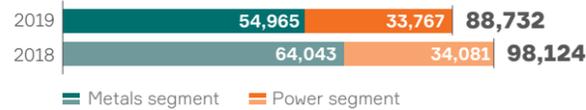
At the executive level, the HR function is governed by the Chief People Officer, who coordinates the implementation of the human resource policy across the Company. Strategic HR management in the Metals and Power segments is executed by the HR Directors of each segment. Operational HR management at an enterprise level is performed by the HR Units of each production facility.

GRI 103-3 The performance and efficiency of the Company's personnel management approach is evaluated monthly, quarterly and annually based on defined KPIs.

Personnel structure

En+ Group is one of the largest employers in Russia, providing jobs to around 90,000 people across all the regions of Russia where it operates, and in other countries.

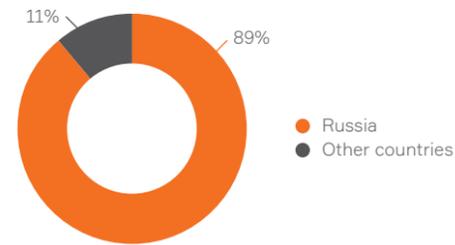
GRI 102-7 Average headcount, 2018–2019¹



In order to boost efficiency, a restructuring was performed at the Metals segment in 2019, and some functions were outsourced. This led to a decrease in the average number of the Group employees.

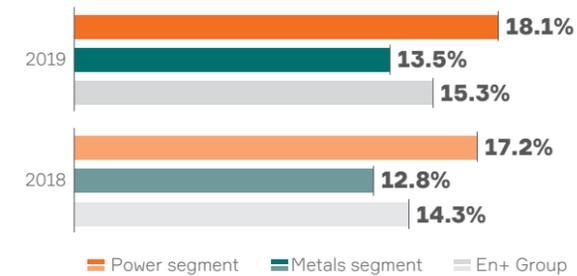
The Company employs people in 12 countries across the globe. The majority of our personnel (89%) work in Russia.

Headcount at Russian and international facilities, 2019, %



GRI 102-8 Nearly all our employees work full time (99% in 2019). The vast majority of personnel (94% in 2019) work under permanent contracts; fewer than 6% work under part-time contracts.

GRI 401-1 Employee turnover, 2018-2019, %

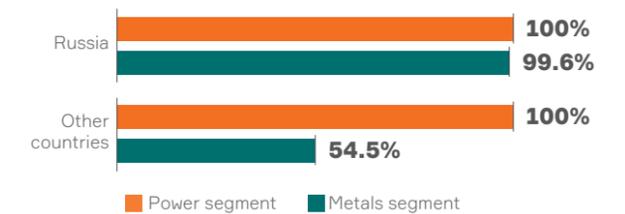


Employee turnover in the past two years has witnessed similar trends in different segments. In 2019, the Group employee turnover rate stood at 15.3%, which was slightly higher than in 2018. This was due to the restructuring of the Metals segment and the outsourcing of certain functions.

The Company endeavours to employ local residents and thereby contribute to the development of local markets and

employment in the regions where we operate. At our facilities outside Russia we have a strict policy to always recruit from the local population first. We take this approach to recruiting at every level. However, if the Group cannot find the appropriate level of skills and experience locally, we consider candidates from other regions.

GRI 202-2 Share of senior managers recruited from the local population in Russia and other countries, 2019², %



¹ Average number of employees does not include external secondary job employees.

² The geographical definition of 'local population' includes a country.

Diversity and inclusion

Diversity and inclusion commitment

GRI 103-1 En+ Group operates across 12 countries and offers its products and services to customers worldwide. The Group understands the advantages of having a diverse workforce and employs people from all backgrounds. The diverse perspectives and experiences of En+ Group's workforce contribute to the enhanced performance of the business and the Group plays a vital role in supporting local economies across the globe.

GRI 103-2 En+ Group is committed to creating an environment that respects and values the diversity of the people and communities around it. The Company sees the complete elimination of all forms of discrimination, persecution, or bullying on the basis of race, skin colour, religion, sex, age, ethnicity or nationality, sexual orientation or disability as being an essential part of its success. We strive to observe the tenets of equal opportunity when hiring, making promotions, providing training, and in the remuneration of all employees, regardless of ethnicity, national origin, religion, gender, age, sexual orientation, marital status, disability, or any other characteristic.

The Company complies with all requirements of labour laws and employment contracts in its relations with employees, respects personal freedoms and human rights, grants equal opportunities to all, and does not tolerate any form of discrimination.

Diversity and inclusion framework

Work to achieve the Company's vision of a diverse and inclusive corporate environment is supervised by the Board and guided by En+ policies, local legislation, and the international principles set forth in the Universal Declaration of Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights.

The Board and the Corporate Governance and Nomination Committee

The Board and the Corporate Governance and Nomination Committee drive and promote En+ Group's diversity and inclusion agenda. They ensure that the Board has a diverse composition and assess company-wide progress against En+ Group's diversity and inclusion objectives.

The Board of Directors Diversity Policy

The Policy that is to be approved in 2020 provides a clear statement of En+ Group's commitment to boost and foster diversity at Board level. Diversity is

considered from a number of angles, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service.

Policy on Human Rights

The Policy that is also planned to be approved in 2020 establishes respect for human rights as being a fundamental value for En+. It sets forth basic corporate principles, including:

- + fair and equal remuneration to both men and women
- + the right of employees to freedom of association
- + engagement of a local workforce, and providing them with training, provisioning and ensuring equal remuneration for equal labour

Corporate Code of Ethics

Among values, principles, and rules of ethical behaviour the Code promotes an inclusive workplace that is free from discrimination and harassment. It establishes a set of provisions, including Group to:

- + provide everyone with equal opportunities and prevent any discrimination in the field of employment
- + create conditions to foster the professional development of employees
- + welcome initiatives and leadership from employees at all levels



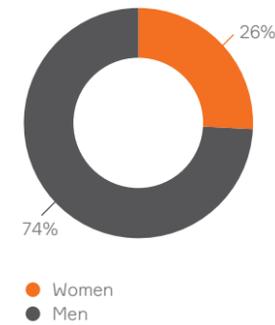
Delivering diversity

GRI 103-3 Achieving gender equality is an important goal for the Company.

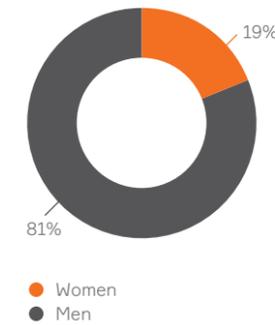
En+ Group recognises and embraces the advantages of having a diverse Board. In 2019 female representation on the Board of Directors reached 33%.

Female representation within the Group's labour force remained stable, at 26% in 2019. The nature of the business means that numerous production-related operations in are classified as highly hazardous. Female involvement in such operations is heavily regulated, especially in Russia and Commonwealth of Independent States (CIS) countries. That said, while the Company recognises industry restrictions related to female workers in certain areas, it continually strives towards creating an ever-more inclusive and diverse working environment.

Workforce gender diversity in 2019, %



Senior and middle management gender diversity in 2019



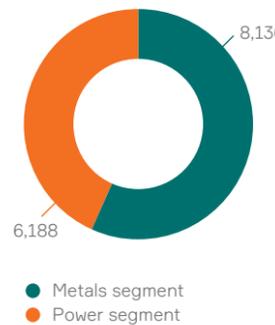
GRI 405-1

Female representation at management level largely reflects the gender composition of the Group's workforce as a whole. In 2019, 19% of senior and middle management roles were held by women.

From a corporate perspective, we are focused on increasing the representation of minority groups through recruitment and personnel retention. En+ complies with all applicable legal obligations across host jurisdictions for people with disabilities, and provides all employees with appropriate working conditions. The Company recruits and retains employees without discriminating by age and works closely with universities, colleges, and local communities to engage more women and local and indigenous people.

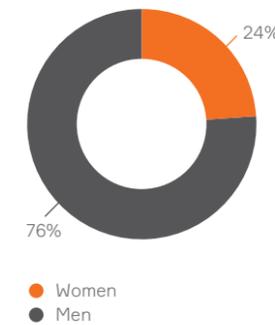
In 2019 En+ Group 6,188 in the Power segment and 8,136¹ in the Metals segment were hired across all regions of operation, of which 24% were female. In the reporting period the Company engaged workers of all ages. New hires in the 30-50 age group accounted for over half of all new hires, while the 18-30 and 50+ age groups accounted for 38% and 10%, respectively

Number of new employee hires, 2019



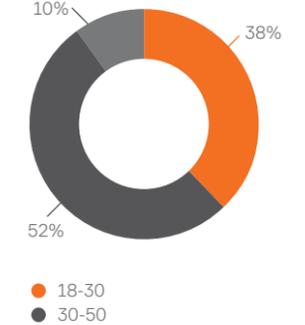
GRI 401-1

New employee hires by gender, 2019, %



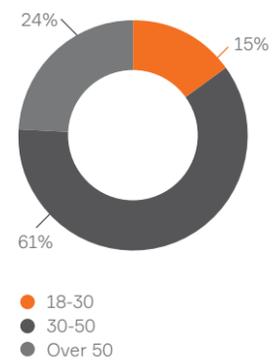
GRI 401-1

New employee hires by age, 2019, %



GRI 401-1

Employees by age in 2019, %



The Company recruits and retains employees without discriminating by age. In 2019 employees in the 30-50 age group made up over half of our personnel (61%), while employees aged 50 and over made up 24%, and 15% of our employees were under 30.



30% Club

As it focuses on aligning its activities with best business practices, in 2019, En+ Group joined the 30% Club, an international initiative aimed at achieving gender equality and increasing the representation of women in the governing bodies of business organisations. En+ Group has joined leading Financial Times Stock Exchange (FTSE) companies in its mission to support women in leadership positions. By signing the Membership Form, Executive Chairman Lord Barker also declared the Company's willingness to help establish the Russian Chapter for the 30% Club campaign. Achieving gender equality is one of the priorities for the Company.

¹ Average number of hired employees in the Metals segment.

Social partnership

We value employee participation in management processes and support forums and institutions that facilitate this. At En+ Group management cooperates with trade unions, and labour councils have been established.

Constructive dialogue with trade unions is essential, as most of our workforce are members of a union. We see trade unions as key partners in creating long-term positive relationships that focus on the future of the business and improving the working life of employees. This has resulted in collective bargaining agreements implemented in all of our businesses, with the exception of small service structures. These agreements regulate the duties and responsibilities of the Company and employees, partnerships with trade unions, working salaries, working conditions, benefits, and other aspects of workers' compensation and rights.

The management of En+ Group companies hold regular meetings with trade unions to discuss progress on collective bargaining agreements, their implementation, and other important topics related to social partnerships and labour regulations. Local trade-union committees at enterprises, together with the management of En+ Group companies,

contribute to organising youth councils that unite leaders who drive the active participation of young workers in social life, volunteering initiatives, and healthy lifestyle activities.

GRI 102-41 Employees covered by collective agreements, 2019

Metals segment	85%
Power segment	92%
En+ Group	88%

The Group supports the setting up of labour councils to represent employees from our operating entities and to facilitate discussions with senior management on important topics. For employees, these forums also provide an opportunity to be active players in the ongoing strategy of the Company, from the introduction of new technologies, equipment, and techniques to boost labour productivity to developing and implementing socially significant initiatives. Over 30 labour councils were set up in 2019.

En+ Group employee engagement practices



Communication is an essential part of employee engagement. To facilitate the sharing of news and information throughout the Company, En+ Group publishes a weekly internal newspaper and makes broadcasts via its corporate TV channel. This is supplemented by an internal corporate intranet and email.

It is important for the Company to collect feedback from employees – this not only provides important insights into their satisfaction levels, but also flags potential issues and helps boost operational efficiency. Feedback channels include an in-depth annual survey on employee satisfaction and regular polls.

Employees can raise concerns through a 24/7 anonymous hotline¹, as well as an online HR portal, post-boxes at our facilities, and at meetings with dedicated ethics officers.

Talent acquisition

Our talent acquisition strategy focuses on attracting, developing, hiring, and retaining highly talented employees, with a view to maintaining the sustainable growth of the Group and continuing to remain competitive.

As talented and highly skilled professionals are essential for our continuing success, we invest significant time and resources into talent acquisition and development programmes. En+ Group puts significant work into developing educational programmes to meet the requirements of our business, the industry, and to contribute to the development of local communities.

The technical nature of many of our operations requires highly skilled personnel. Considerable effort goes into finding and recruiting technically skilled employees, therefore, once they are hired we commit to their continued development and training.

Career orientation for school students

We seek to attract young people into engineering professions and work with local communities to ensure that every child and student has equal access to a quality education.

In Russia, En+ Group supports the Robotics: Engineering and Technical Personnel of Innovative Russia Programme, which provides targeted training for young people considering a career in engineering. It encourages the development of the key skills of the future, immersing participants in real business environments, and identifying priority areas for regional development. Siberia's most prominent robotics festival, RoboSib², has been held since 2013 as part of this programme and with support from En+ Group.

The Company supports other national-wide initiatives in Russia, such as Week Without Turnstile, to showcase En+ Group as a future-oriented workplace and to attract school students to technical colleges and universities. Every year, school students visit the Group's production facilities to experience the Company's operations first-hand.

Further specific projects for school students supported by the Group include Successful Candidate, a corporate initiative for high school graduates that is run by the Power segment. This is a career guidance project that helps

prepare final-year school pupils for graduate exams and to successfully enrol a PJSC Irkutskenergo – Irkutsk National Research Technical University³, the Corporate Training and Research Centre. The centre's chief objective is to train highly qualified specialists for the Power segment. As part of this, the Company attracts leading professionals to provide in-class and distance education training sessions for pupils. The project includes courses on physics, maths, and Russian alongside workplace learning and visits to power facilities.

Working with educational institutions

En+ Group makes significant efforts to develop educational programmes, particularly those aimed at training future engineers and technicians.

The Company collaborates with the largest Russian universities and colleges, including the Siberian Federal University, the Irkutsk State Technical University, Irkutsk National Research Technical University, the Ural Federal University and the Nizhny Novgorod State Technical University. Together with colleges and universities En+ Group runs targeted education programmes designed to meet the Company's and industry requirements for skilled personnel and to prepare students for careers at En+ Group. The Company covers tuition fees, provides scholarships for the most talented students and offers many job opportunities for graduates.

The Company also encourages young engineers to develop their creative talent by participating in research and development activities. A number of student initiative centres have been established by RUSAL Laboratory at various universities, thereby facilitating the engagement of talented students and facilitating their interaction with En+ professionals. In the past year students worked on over 20 projects to find innovative solutions for real operations.

In 2019, the Group expanded its collaborations with educational institutions. En+ Group reached an agreement with Nizhny Novgorod State Technical University to establish a dedicated faculty for targeted student training. Another agreement was signed with Ivanovo Energy Institute, providing internships for postgraduate students at the Company's facilities. En+ Group almost doubled student recruitment numbers under its targeted education programme at the Corporate Training and Research Centre Irkutskenergo – Irkutsk National Research Technical University.

¹ For more information see p. 37, Ethics and integrity.

² For more information see pp. 146-157, Local communities.

³ En+ Group Corporate Training and Research Centre Irkutskenergo - Irkutsk National Research Technical University was set up in collaboration with the Irkutsk National Research Technical University and Bratsk State University.

In the Metals segment, in order to provide the Company's enterprises outside Russia with qualified employees, RUSAL runs an international education programme, aimed at training young professionals from Guinea and Jamaica in Russian educational institutions. RUSAL covers all student expenses associated with education and accommodation in Russia. Once they graduate, the students return to their

home countries, where they are employed by RUSAL's local production facilities. In 2019, 78 students from Guinea were enrolled on undergraduate degree programmes, 17 entered secondary special education programmes, and three joined residency programmes. 123 foreign students from Guinea and Jamaica are currently studying in Russia.

Energy Lab corporate innovation accelerator for students



In 2019 En+ Group organised the first corporate innovation accelerator for students – Energy Lab. The goal of the project is to foster the creation of new ideas and technologies for further implementation in the Power segment.

The programme comprises a number of elements, including the engagement of students, creating and training teams to work on projects, and the support and coordination of teams.

142 students from Irkutsk, Bratsk, and Kazan technical universities participated in the

programme. The teams worked on projects with the support of the faculty of the Irkutsk National Research Technical University and En+ experts.

111 contestants reached the final, and over a third of finalists were young women. Students submitted 22 innovative solutions to the jury (the top management of the Power segment), which could be used in the operations and business of the Company.

En+ Group plans to continue the programme in 2020.

New Generation internship programme

In 2019 En+ Group continued its New Generation internship programme for young specialists. The programme attracts young professionals with high potential: participants are selected from the best graduates of the Company's target universities. In the Metals segment, this initiative has been running since 2017. The project has also been piloted within the Power segment.

Internships last six months. Each intern works with a mentor as well as a representative from the HR department, who designs an individual development plan and helps the intern adapt to the new working environment and to achieve their professional goals.

During the internship, participants work on challenging projects which they then present to a commission. If they deliver a successful presentation, they are offered a full-time job at the Company. In 2019 the programme attracted 100 participants in the Metals segment and 34 in the Power segment. Most participants successfully completed internships and have become permanent employees.

Personnel training and development

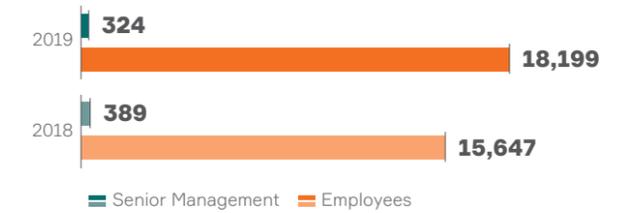
The key objective of personnel training is to cultivate professional skills, which enable employees to efficiently deliver operational and production quality, while at the same time ensuring safety and fostering long-term technological development within the industry.

En+ Group encourages the continuous training and development of its workforce, starting with career orientation at high schools, followed by students enrolling on targeted educational programmes at colleges and universities and, finally, young specialists becoming part of the Company and continuing to develop soft and hard skills in the workplace.

Number and percentage of employees trained in the Power segment, 2018-2019¹



Number of training courses held for employees in the Power segment, 2018-2019¹



Adaptation of employees

It is important that Group employees can adapt to new working environments featuring different processes. As a rule, new employees are prepared for their work duties, operations, and equipment before they begin their new roles. En+ organises internships for students as part of targeted education programmes, and attracts specialists via the New Generation internship programme.

In addition, the Company provides induction training to personnel during their initial days at work. For example, in the Power segment all new employees must attend online trainings delivered through the corporate web-portal, covering such topics as the fundamentals of the modern Power industry, information security, the Corporate Code of Conduct, and the development of the production system.

New employees are also supported by Youth Councils which bring together young leaders and professionals from the Company's enterprises. Freshmen are supervised by young but skilled and experienced co-workers.

En+ Corporate Universities

Each En+ Group segment has a Corporate University, created to provide comprehensive training programmes and bolster the Company's commitment to professional development. The educational and training system is constantly developing via the addition of new programmes, which are specially tailored to attain the Company's objectives.

GRI 404-2 En+ Corporate Universities provide a variety of in-class and e-learning training programmes for all categories of personnel:

- + Vocational training and skills development
- + Talent Pool programme
- + Fostering a safety culture
- + Simulator training
- + Educational programmes for commercial personnel
- + Virtual University / Remote Learning System
- + New Generation programme internships

¹ Represents the Power segment without JSC "UK "SOYUZMETALLRESURS", "OVE" JSC, and "KRAMZ" LLC.

The Power segment Corporate University highlights



Corporate University facts:

- + Established as a Corporate University in 2015 (the first training sessions for power engineers in Siberia started in 1965)
- + 238 trainers
- + 100 skills development programmes for all categories of personnel
- + 75 training and retraining programmes for workers



Corporate University in 2019:

- + Vocational training and skills development – 6,354 employees trained
- + Training grounds training – 164 employees trained
- + Mandatory precertification training on industrial, energy and hydraulic engineering safety, health and safety training – 2,414 employees trained
- + Simulator training – 244 employees trained
- + Psychophysiological support of operational staff – more than 1,000 employees per month
- + Project management – 340 employees trained

Internal Talent Pool

Having talented people available during times of change enables the Company to react with greater flexibility to new challenges and to respond appropriately to ever-changing market dynamics.

En+ prepares high-performing employees for the future by developing internal talent pools. Talent pool programmes are aimed at achieving one of the Company's critical strategic goals: to prepare a pool of professional, and highly qualified employees for all managerial positions.

The Company regularly identifies key positions that have the maximum impact on its performance and evaluates the likelihood of vacancies becoming available. Candidates for internal talent pools are identified through employee evaluation and professional visibility and assessment techniques. High-potential candidates placed in talent pools are involved in further training, including education and improving their skill sets through special projects.

Succession candidates are assessed to determine whether they are ready to work in a higher position. Then, based on the results of the assessment, training plans are elaborated for each participant individually.

In 2019 the entire Power segment database of talent pool candidates was examined. The analysis revealed that more than 84 % of top-level candidates were promoted to new management positions in 2019.

In the Power segment in the reporting period we introduced a new comprehensive talent pool development programme – the Transformation¹. The Reload programme is another initiative that was launched specifically for health and safety (HS) management and candidates for HS managerial positions in 2019.

Alongside these new initiatives the Power segment continued to implement the Technical Academy programme. In 2019 the participants took an advanced TRIZ course and worked on individual projects.

In the Metals segment in 2019, 425 participants of the RUSAL talent pool programme Business System-250¹ were trained in managerial competence. Training topics comprised public speaking, goal-setting (tools and practice), and inspirational leadership. Also, 338 reservists were trained in other areas, including strategic team-building, systemic thinking, and focusing on business results.

In 2019, 63 Business System-250 programme graduates were enrolled in the Business System-250+ programme, which is aimed at fostering the further development of Business System-250 graduates and organising project management and strategic management trainings.

E-learning system

In addition to traditional in-class training and practical training sessions the Company offers e-learning courses.

In the Power segment, personnel can visit the Virtual University web-portal to help improve their performance and productivity. Around 10,000 people enrol in online classes each year. The Corporate University regularly updates its Virtual University curricula and develops courses upon request to develop new skills as and when they are needed. Currently there are more than 100 video lectures and online courses. Most have been created with the help of Company specialists who have expertise in relevant areas.

In the Metals segment a remote learning system offers over 300 electronic courses in various fields of study that are relevant to RUSAL employees. The E-learning system also provides remote employee evaluations, tracks educational performance, and collects feedback from employees. In 2019, 36,835 employees from 57 enterprises and departments attended trainings under this system.

Also, in 2019 the RUSAL Engineering and Technology Centre began developing a computer system for personnel training based on a realistic 3D technology. The system is set to be launched in 2020.

Personnel assessment

En+ Group conducts periodic personnel assessments, as part of meeting regulatory requirements and achieving corporate goals.

Employees are regularly evaluated by supervisors in order to identify highly efficient workers for inclusion in the Internal Talent Pool and to enrol them in employee development programmes. The same method is used to identify any employees whose performance is lagging; these are assigned relevant training courses. The Company also

conducts assessments of Internal Talent Pool candidates to determine their development potential and suitability for promotion. Feedback is always given and is further used to prepare individual development plans.

The Power segment runs employee knowledge assessments on regulatory and technical documentation in order to prepare employees for mandatory special certification tests conducted by Rostekhnadzor (the Federal Environmental, Industrial and Nuclear Supervision Service of Russia). At the Corporate University, pre-certification training is conducted via a special automated assessment system containing 7,000 questions in a database. Everyone can study various terminologies and technical documentation and prepare for the test using this system.

The Power segment's Corporate University applies a number of well-established personnel assessment methods. These include: the 360-degree method, personal and motivational questionnaires, and the assessment centre method. Also, Power segment enterprises conduct psychodiagnostic assessments of production and operational personnel.

In the Metals segment as part of the Corporate University, a competency assessment centre has been established, which allows personal qualities, leadership competencies and professional knowledge and skills to be remotely assessed.

The assessment of leadership competencies is carried out on the basis of a refined competency model using a professional personal questionnaire and cognitive tests. Checking that employees still have the required level of skills and knowledge is periodically carried out via a computer-based testing service of the e-learning system. The results are used in further employee development initiatives.

¹ For more information see pp. 57-61, Business System.

Motivation and remuneration

En+ Group employees are provided with safe and inclusive working conditions, fair treatment, a decent salary and benefits. Every single worker belongs to our corporate family in which the welfare of employees is supported, their

successes celebrated, and social activities encouraged. The Company provides stable, competitive salaries and comprehensive social benefits for its employees as well as remuneration based on skills, performance and grade.

GRI 202-1 Standard entry level wage rate for employees and established minimum wage in key regions where the Company operates, 2019¹

Region	Standard entry level wage rate, Metals segment		Standard entry level wage rate, Power segment		Established minimum wage in the region	
	RUB	USD	RUB	USD	RUB	USD
Russia	29,712	459	11,280	174	11,280	174
Republic of Armenia	28,236	436	15,677	242	9,789	151
Ukraine	23,105	357	-	-	10,467	162
Jamaica	21,059	325	-	-	14,643	226
Guinea	11,524	178	-	-	3,102	48
Ireland	262,688	4,058	-	-	123,873	1,913
Guyana	36,988	571	-	-	16,006	247
Nigeria	9,032	140	-	-	3,832	59

The Company has a motivational system in place that encourages highly productive work from employees. The system consists of the following components:

- + Bonuses awarded by the head of the enterprise from a specially allocated fund.
- + Annual performance-related bonuses.
- + Payments to employees that have received corporate, state, or departmental awards.
- + Payments to employees actively participating in social projects of the Company's enterprises.

Staff bonuses are paid monthly, quarterly and annually, depending on the employee job level. Additional payments are also provided to employees participating in different projects, performing special tasks, or involved in working groups.

For managerial positions, the bonus portion of the salary depends entirely on the attainment of set goals and KPIs. In the Company, KPIs are cascaded downwards from level to level. In view of the importance of having mature safety culture within the Company, we increased the weight of health and safety KPIs for production employees. In 2020 this updated approach will be applied to individuals as well as in business unit evaluations. In the reporting period the Company also worked on automating the KPI system, including developing performance indicator settings and the evaluation system – this should make the management of KPI-related processes more efficient and reliable. This project will be continued in 2020.



Three-year wage-raising programme in the Metals segment



As a part of executing the RUSAL strategy to increase employee remuneration, in 2019 a three-year wage-raising programme was developed and launched. Even though the programme is planned to be completed in 2021, it has already delivered significant results: in 2019 the average salary of RUSAL employees rose by 10.7% compared to 2018.

¹ Calculated based on the USD/RUB average exchange rate of 64.74 for 2019.

Social protection programme

GRI 401-2 The Group's production facilities have developed a social benefits system focused on fostering and maintaining long-term employee motivation by providing targeted social benefits. Benefits are provided equally to all full- and part-time employees of En+ Group.

GRI 403-6 For a number of years the Group's key production units in Russia have provided employees with the following key social benefits:

- + Financial aid to employees (payments for the birth of a child, parental leave until the child reaches six months old, aid to families with three or more children under 18, to those who have an income below the regional minimum wage, payments for anniversaries, or towards the funeral of a close relative).
- + Recreation at health resorts.
- + Pension benefits for employees (co-financing with the employee of their pension savings through non-state pension funds in excess of mandatory payments by the employer).
- + Medical services (including voluntary medical insurance).
- + Sports activities.
- + Providing meals to employees during the working day at production sites.
- + Reimbursing housing costs when managers or highly specialised experts need to move to a region where the Company's operations are located, as well as accommodation costs for young specialists with particularly valuable and sought-after skills.

- + Childcare programmes (partially covering the costs of children going to health resorts and summer health camps).
- + Support for non-working pensioners (additional benefits to the state pension are provided to those who retired before 2007, and additional payments are made to former heads of departments, and electricity and gas payments are made to for the Company veterans).
- + Holding festive events for workers and members of their families (on the anniversaries of enterprises, the Day of Metallurgist and other holidays, as well as annual New Year parties and gifts for the children of employees).
- + Other social expenses (subsidised transport, additional paid social holidays under the collective bargaining agreement and local regulations, and compensation in the event of work-related accidents).

The Group always demonstrates solidarity with its people and supports them during crises. In 2019 the Siberian regions suffered severe floods which affected the lives of many, including some of the Group's employees. The Company provided around RUB 22 million (about USD 340,000) to employees to help them deal with the damage as well as a loss of property¹. En+ Group labour councils also organised a donation programme to help the school children of co-workers who had suffered from the flooding to prepare for school. Altogether, En+ Group employees collected for children 342 school bags with various school supplies.

En+ supports summer holidays for employees with children



The Company supports a number of childcare programmes, including organising summer holidays for the children of employees. In 2019 around 1,800 children spent summer holidays at recreational and health camps supported by En+ group

Depending on the type of programme and the employee's length of service with the Company, En+ Group covers up to 80% of the cost of the programme itself and up to 100% of accommodation costs. Every employee

with a child is eligible for subsidised holiday vouchers.

There are a variety of holiday options to choose from, including family holidays on the Mother and Child programme; or wellness, sanatorium, sports training, and educational activities for children.

The Company covers holiday expenses in full for employees who are single parents or have large families, and for employees with children with disabilities.

Goals for 2020 onward

The Group's main goals for the next year and the mid-term are:

- + Collaborations with targeted universities and colleges in all regions where we operate.
- + Continued implementation of personal development programmes.
- + The automation of learning and development processes.
- + The automation of HR processes.



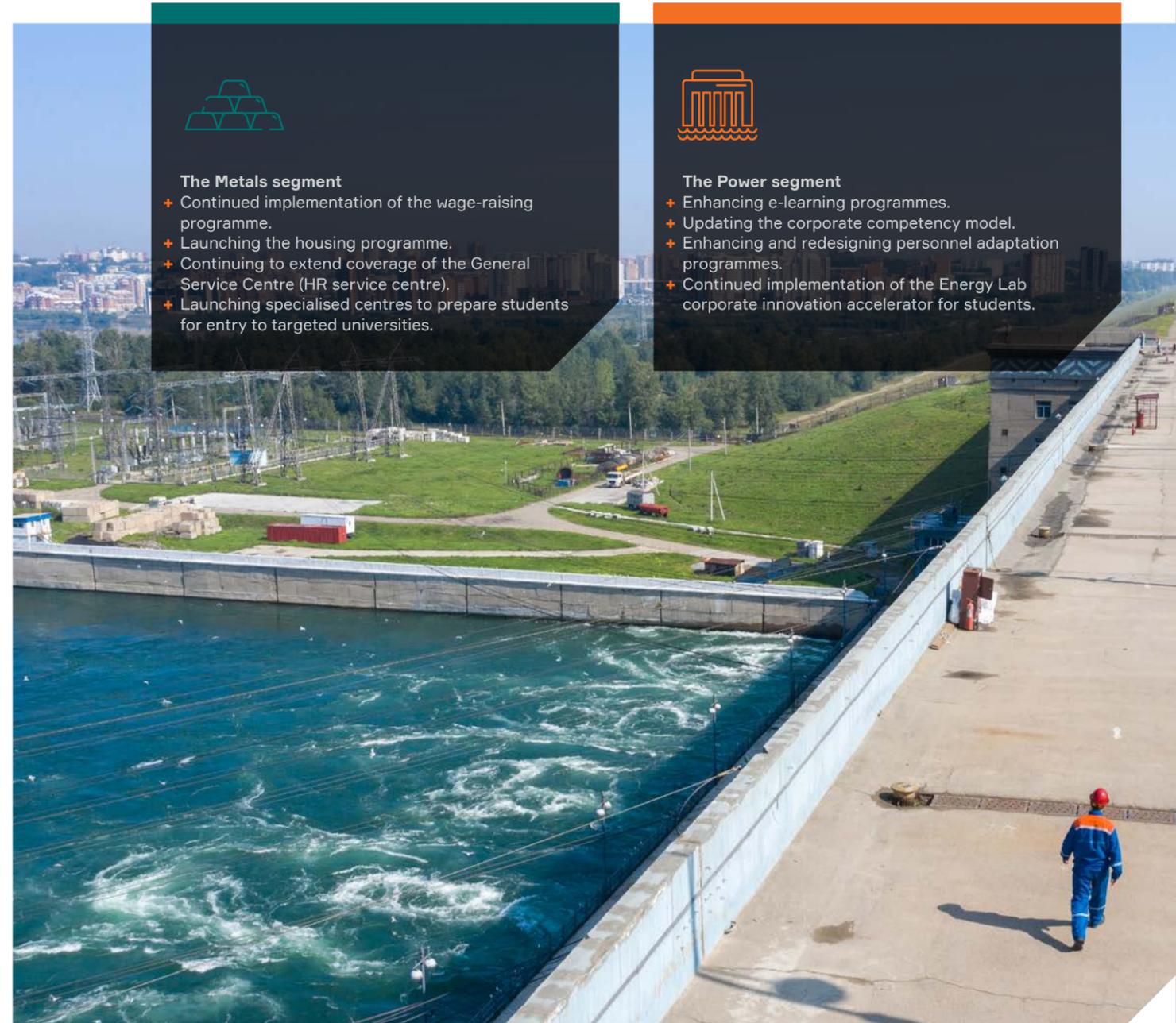
The Metals segment

- + Continued implementation of the wage-raising programme.
- + Launching the housing programme.
- + Continuing to extend coverage of the General Service Centre (HR service centre).
- + Launching specialised centres to prepare students for entry to targeted universities.



The Power segment

- + Enhancing e-learning programmes.
- + Updating the corporate competency model.
- + Enhancing and redesigning personnel adaptation programmes.
- + Continued implementation of the Energy Lab corporate innovation accelerator for students.



¹ For more information see pp. 146-157, Local communities.

Health and safety

Material topics

Health and safety

2019 highlights

5↓
fatal incidents in 2019
(down from 8 in 2018, a drop of 37.5%)

0.17↑
lost time injury frequency rate (LTIFR)
(up from 0.14 in 2018, a 17.6% rise)¹

224↑ cases
of employee occupational illness
(up from 196 in 2018, a 14.3% increase)

GRI 103-1 En+ Group strives to create a safe and favourable working environment for its employees. Health and safety are at the core of all our operations. The Group remains focused on the goal of no fatalities and no injury to our employees. The health and safety of all staff is the Group's overriding priority, and all risks are carefully scrutinised before any operational decisions are made. We endeavour to create optimal working conditions and develop a strong safety culture at all our facilities.



The Group's Occupational health and safety (OHS) management system is constantly being enhanced, in order to ensure that the best safety practices are adopted. As a result, the Group is set to be a leader in health and safety among global peers and competitors.

Management approach

GRI 103-2

The Company consistently adheres to the requirements of Health and Safety legislation, as well as internal corporate standards on health and safety protection. Internal procedures are often more stringent than the rules prescribed by legislation.

In compliance with the international best practices, En+ Group is committed to align its operations not only with domestic laws, but also with voluntary initiatives such as ISO 45001, as determined by commitments from the executive management team. In 2020 the Group expects to certify two enterprises under ISO 45001.

International legal norms, domestic laws, international standards and En+ Group internal codes, systems and procedures form a single platform to ensure that the Company maintains safe working conditions and contributes to further improving the OHS management system.

En+ Group performs work to develop the corporate safety culture and involve employees in health and safety management. One of the goals of the Company is to enhance and maintain a strong safety culture among

employees by making them personally responsible for safe behaviour, as well as engaging them in the process of risk assessment and hazard identification.

Safeguarding human life and health from threats related to harmful and dangerous industrial factors is the Group's highest priority. The Group provides stakeholders with free access to OHS-related data and information. En+ Group invests in new technologies and projects that enhance the overall safety of working environments and the industrial safety of facilities.

The Company's OHS activities are underpinned by the following principles:

- + Human life and health are more important than production results and economic performance.
- + Any incident can be prevented.
- + Safety management should be fully integrated into all business and production operations.
- + An unwavering commitment to comply with OHS legislation, and where possible be best in class.
- + Each employee has (must have) the necessary skills and knowledge to be able to work safely.
- + Safe behaviour must be supported and encouraged.
- + Suppliers and contractors must commit to our standards of safety.



Key events

HSE Committee established at Board level



Launch of the Self-Suspension regulation throughout the Power segment



Developing and implementing the Basic and the Cardinal Safety Rules

Contribution to UN Sustainable Development Goals



Standards

GRI 103-2 GRI 103-3 GRI 403-1 GRI 403-2 GRI 403-3
GRI 403-5 GRI 403-7 GRI 403-9 GRI 403-10

¹ The LTIFR value for En+ Group was clarified for 2019 due to the improvement of the reporting processes.

OHS management system

GRI 403-3

En+ Group is committed to the safety of its employees and to further improve its health and safety management system. The Group continuously monitors the efficiency of the OHS management system by:

- + Performing internal and external audits and developing and implementing remedial actions.
- + Auditing the management system in accordance with international certifications.
- + Regularly collecting and analysing statistical data on injuries and near-misses, based on a set of safety performance indicators.

The HSE Committee of the Board of Directors was established in 2019 to boost the efficiency of the system and align it with the best international practices. Since 2019 each session of the Board of Directors has begun with a review of the current HSE situation at facilities. It is not just fatalities and serious injuries that are taken into account, but also cases of occupational diseases, near-miss events, and risks associated with working conditions. The HSE Committee conducts a detailed review of each fatality, management's response and the lessons to be learnt.

In 2019 the HSE Committee held five meetings and considered regular HSE reports on incidents as well as evolving health and safety development goals.

The health and safety (HS) Directorate at the Group level is a major unit that improves and enhances HS departments. This strategic body supervises all enterprises of the Power and the Metals segments. The HS Directorate helps increase the efficiency of the OHS management system, by sharing work with a few working groups that focus on various important areas of health and safety.

To facilitate a further reduction in incidents and to achieve the Group's goal of zero fatalities and injuries, En+ Group has introduced a system of health and safety KPIs for executive management, including the CEO, as part of its safety culture initiatives. These KPIs prescribe a 10% year-on-year reduction in the lost time injury frequency rate (LTIFR) across the Group, zero fatalities, and compliance with performance monitoring requirements. Performance monitoring shows how well safety measures are implemented: inductions, skill testing, risk assessments, workplace organisation inspections, investigations, staff engagement levels in risk management, and injury prevention initiatives.

The Group has elaborated an action plan to further reduce the LTIFR:

- + Zero tolerance from management towards health and safety violations.
- + Investigations into all injuries, root cause analyses, and remedial actions.
- + Targeted programmes and initiatives for potentially dangerous areas.
- + Extended safety trainings for personnel.
- + Exchanging best safe working practices with other industry leaders.

Our overall expenditures on safeguarding the health and safety of our employees in 2019 stood at USD 80 million¹. The bulk of this amount was spent on personal protective equipment, improving working conditions, and fire safety.

¹ Calculated based on the USD/RUB average exchange rate of 64.74 for 2019.

OHS regulations

En+ Group regularly implements new interrelated regulations and standards. These contain requirements designed to facilitate safe working conditions and to ensure the health of employees during work processes. The standards are regularly revised and updated to ensure compliance with international best practices.

By the end of 2019, under the leadership of the Chair of the Health, Safety, and Environment Committee of the Board, En+ Group developed and implemented new, companywide HS standards.

The Health, Occupational, Industrial and Fire Safety Policy (HS Policy) is the key document and core of all the Company's HS activities, and is also the most important component of the entire OHS management system. It covers employee health and safety, fire and industrial safety, and is applicable for all Group enterprises. The HS Policy of the Company sets forth the commitments and principles related to health, occupational, industrial, and fire safety, determines expectations for line managers vis-à-vis fostering safe working conditions. The working group is currently drafting the policy, which is scheduled to be issued in 2020.

In March 2019, the Power segment created the Regulation on Occupational Safety Unified Reporting, which establishes the approach to OHS performance data collection and analysis. Our subsidiaries and joint ventures (JVs) use this regulation to prepare and submit to the HS Directorate the latest health and safety information, as well as monthly and annual reports on their performance. In the Metals segment, this corporate regulation was introduced earlier and there were no changes and updates during the reporting period.

GRI 103-3 In 2019 the Company introduced a new ongoing monitoring regulation for the OHS management system in all Power segment units. This regulation describes the assessment process with a view to determining the health and safety performance of HS staff and executives. Also, in the second quarter of 2020 this quantitative indicator was based on the results of monitoring and became one of the most important key performance indicators. It will affect quarterly bonus payments to unit managers, and thereby make them even more motivated to ensure the health and safety of their employees and contractors.

En+ Group endeavours to comply with all local OHS and fire safety legislation, its internal regulations, and all HS Policy principles.

En+ Group is regulated by the following OHS and fire safety document framework:

- + HS Policy
- + OHS and Fire Safety Management System Guidelines
- + HS and Fire Safety Role Matrix
- + Basic and Cardinal Safety Rules
- + Policy for the Prompt Communication of Incidents and their Consequences
- + Regulation for the Reporting, Investigation and Analysis of Occupational Safety Incidents

International standards

GRI 103-2 **GRI 403-1** An OHS management system has been implemented at all the Group's production facilities. OHS management systems in the Power and Metals segments are certified under OHSAS 18001. Compliance assessments are performed by the most experienced verification bodies, such as Bureau Veritas and Det Norske Veritas for the Power and the Metals segment respectively. The Group is committed to further enhancing its health and safety management system and to securing employee safety.

In 2018, the Company began work to update the OHS management system and align it with the new international standard ISO 45001:2018.

In 2020 the Metals segment plans to begin preparations on ISO 45001 standard certification. Some Power segment enterprises already hold the ISO 45001 certificate and the Company updates them up to date. One Power segment enterprise, EuroSibEnergohydrogeneration, is currently preparing for an audit in order to be certified under ISO 45001:2018 standard.

Safety culture development

The Group's safety culture establishes a model of behaviour for employees and directly influences how operations are performed at facilities. The Company makes significant efforts to build a stringent safety culture and to implement reliable and safe practices at every Group facility. Embracing safe behaviour and adhering strictly to safety rules and standards applies to each employee, regardless of status or position. We are aware that production activity can be successful unless there is a rigorous safety culture in place.

The Safety Culture programme embraces the Company's five key safety values:

- + Safety
- + Leadership
- + Risk-based approach
- + Professionalism
- + Engagement

These values underpin all safety rules in the Company and guide our employees in this area.

The safety culture development project involves thousands of En+ Group employees: all levels of staff are trained to improve its safety and risk awareness. It is vital that all employees share common values that make them more responsible and considerate about safety. The safety culture level is defined not only by employees who work in production, but also by senior managers, engineering staff, and workers engaged in hazardous operations. Production safety is determined primarily by the safe behaviour of our people.

GRI 103-2 **GRI 403-2** In 2019 the Group's Safety Culture programme was enhanced with an initiative to improve the safety culture and foster better employee engagement in the safety management process. A Self-Suspension regulation was introduced in all of the Power segment's facilities, which allows any employee to refuse to perform work that might cause an injury. The CEO of the Group guarantees that no employee will be penalised for such an action. Every case of self-suspension is carefully analysed in order to prevent injuries in the future and to resolve hazardous situations. 226 cases of self-suspension were recorded in 2019.

GRI 103-2 The Company is striving to improve its occupational injury indicators. Hence, in 2019 it implemented a set of the Basic Safety Rules and the Cardinal Safety Rules, aimed at promoting safe behaviour, and information about potential risks was visually presented. The Basic Safety Rules were adapted for various line managers and manufacturing personnel. The violation of any of the Basic Safety Rules due to carelessness or incorrect actions poses a risk to the life of employees. The rate of responsibility for a Basic Safety Rules violation depends on the position of the staff members to which it applies.

The Cardinal Safety Rules establish a model of safety behaviour for each person at a facility, including our contractors. The violation of a rule by an employee can endanger the life of both the employee and their colleagues. These mandatory regulations are designed to avoid incidents and thereby protect the health and safety of our employees.

To date, six high priority rules have been established and in 2020 the Company is set to continue this process.

Cardinal Safety Rules

I always work wearing/using appropriate PPE:



I proceed with switching and repair of electrical equipment only in complete arc flash PPE.



I always use safety devices when working at heights (at the distance less than 2 metres from unsecured vertical drop of 1.8 metres height or greater).



I always wear a safety helmet securely fastened with a chin strap in the areas where safety helmet is mandatory.



I never change my work assignment without permission, I do not expand the work area. I am in no hurry and do not violate the technology of work.



I do not enter designated hazardous areas without permission.



Working with lifting equipment I use only proper strapping and cargo sling schemes. I keep away from possible drop zone of a load.



I always wear a seatbelt in a vehicle.



I use only established traffic routes. I cross the road and railway tracks in a specially designated/equipped pedestrian crossings.

GRI 403-7 In 2019, the Power segment of the Group held a health and safety poster contest, aimed at promoting corporate values and the Cardinal Safety Rules at the production facilities of the Group. Winners were selected in the categories of the Basic Rules, Values, and Health

and Safety Culture, and a special audience favourite prize was also awarded. 300 posters were submitted and over 6,000 votes cast. The contest helped Company employees creatively engage with the topic of safety through art.

Safety audits

GRI 403-2

The Company has a significant number of performance measurement techniques and tools for performing management system assessments, including safety audits at enterprises. It is committed to conducting regular internal and external audits to monitor the effectiveness of OHS measures.

In total 431 external audits were conducted during the reporting period. The Company also monitors and assesses the overall efficiency of the OHS management system by conducting annual internal audits. In 2019 it performed 725 internal audits, 50 of which were conducted in the Metals segment, covering all facilities.

The audit results confirmed compliance with national legislation and internal regulations, and no significant violations were identified. All audit results are used to develop corrective actions to eliminate violations.

An important decision made by the HSE Committee in 2019 was to conduct the behavioural safety audit to identify the safety culture level of employees at Power segment facilities.

The Company is currently searching for a contractor to fulfil the decision of the HSE Committee in 2020.

External safety audits have been regularly conducted in both segments since 2014 to identify safety culture level of employees. For many years, the number of revealed hazardous situations and actions has been gradually declining. External safety audits also identified the most common hazardous situations and actions, and the findings indicated that a significant number of the hazards identified were in zones where equipment and vehicles operate in inappropriately isolated hazardous areas. The main types of hazardous actions comprise violations of correct working methods, working with faulty or non-standard tools, and using non-designated routes. Audit campaign is planned to be finished in the third quarter of 2020.

In 2019, in line with the Russian law requirements, the Company performed a special assessment of working conditions at facilities.

The Company constantly carries out scheduled and spot audits, inspections, and external safety checks, with a view to leaving no stone unturned in this critical area.



Safety programmes and projects

En+ Group continually implements safety initiatives to further improve workplace safety. These initiatives comprise short-, medium-, and long-term programmes and projects. In 2019 the Company continued implementation of new safety programmes.



The Power segment



The Metals segment

Internal investigation process

The Company requires all incidents to be investigated, the underlying causes to be ascertained, and that lessons are learned in each case. In line with best practices the Company strives to improve the quality of investigations. In 2019 a new internal investigation process was implemented, in accordance with domestic legislation. This covers fatal cases and injuries that result in a loss of working capacity, as well as near-miss incidents that did not lead to grave consequences but could potentially cause them.

Internal trainings are provided to our employees from every facility on all aspects of the investigation process to facilitate professional and strong leadership and improve the overall investigation process.

Electrical personnel monitoring and error analysis

GRI 403-7 In order to prevent incidents and to achieve our objective of no harm to employees, the Company has launched an initiative that allows it to monitor online all operational switchings at power units, by recording the activities of electrical personnel on portable dash cams. Dash cam recordings are an indispensable tool in the process of identifying potential mistakes, and in analysing violations. This initiative is aimed at raising employee when working with industrial installations. Video recordings are also used to educate our staff when investigating the causes of incidents and accidents.

This risk-based approach is fundamental to safety management at En+ Group. By September 2020 the Company plans to use cameras to check how well worksites have been prepared, whether the targeted briefing has been conducted, and whether the private protection equipment is being used appropriately.

Combined turnstiles – breathalysers

In 2019, En+ Group launched a programme to improve the alcohol testing of employees before they begin a shift. As part of this programme the Company installed additional breathalysers at checkpoints, integrating them into the turnstile system at entrances. Employees at combined heat and power plants are required to pass a non-contact remote alcohol intoxication test. Breathalyser identify the presence of ethyl alcohol vapour when an employee exhales, and provide extra an additional level of control without attracting resources. To date, a significant reduction in incidents of employees being intoxicated has been recorded. The Company is planning to roll this system out at all hydropower plants.

Workflow flashcards

GRI 403-7 2019 also saw an initiative to create flashcards on safe working conditions for potentially dangerous operations, containing a complete description of the safety rules an employee must adhere to, including related to workplace preparation and appropriate tool use. The Company constantly monitors how well these flashcards are being implemented and whether employees carry out their work in compliance with the rules stipulated on the flashcards. This initiative will continue in 2020.

Hazardous area visualisation

The visualisation of hazardous areas at electrolysis and foundry facilities can be difficult, due to the constant use of the vehicles and technical equipment and the presence of abrasives on the floor. In general, painted markings cannot endure such harsh conditions for more than two months. The Company uses durable, cold plastic markings to clearly designate hazardous areas at electrolysis and foundry facilities.

Employee safety around overhead cranes

Metals segment enterprises are equipped with warning light systems to protect the health and safety of employees working close to overhead cranes zone. This measure is aimed at improving the safety of overhead crane operations. A laser beam creates a square box around the load/hook on

the ground, indicating an obvious danger area. The system also significantly improves operators' control over loads, especially when exact positioning of a load is required.

Transport safety

The process of moving vehicles across large facilities can carry a major threat to occupational health and safety. As part of efforts to minimise traffic accident risks at production facilities, spherical mirrors have been installed to assist drivers.

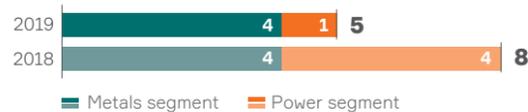
Another smart solution has been implemented to increase the safety of material handling operations and to boost its productivity: mobile loading and unloading bridges. These are used at enterprises where loading docks are not present or there are obstacles to performing typical loading / unloading operations.

Health and safety performance

Fatalities

En+ Group regrets to report that there were five work-related fatalities in 2019. The Company is deeply saddened by these losses. Any fatal cases are unacceptable, and the Company continues to work hard towards its goal of achieving zero fatal accidents at its enterprises. To this end, En+ Group investigates each accident, conducting a risk assessment and implementing health and safety initiatives across the Company and in individual business units. The HSE Committee studies a detailed report on every accident where a fatality has occurred, and key findings from fatal accidents are reviewed and discussed at Board level. Eliminating all work-related accidents is an absolute priority for En+ Group.

GRI 403-9 Work-related employee fatalities¹



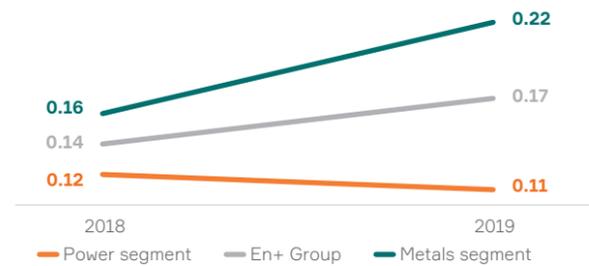
All investigation findings are available to employees, thereby they are provided with an opportunity to learn respective lessons and understand how to prevent such incidents from reoccurring in the future.

The Company improved its safety culture throughout 2019 by consistently focusing on implementing measures to avoid work-related accidents.

Work-related injuries

In 2019 the Lost Time Injury Frequency Rate (LTIFR)² at En+ Group was 0.17³, up on the figure of 0.14 recorded in 2018. This reflected an increase in LTIs in the Metals segment, from 77 LTIs in 2018 to 90 in 2019. On the back of minor changes to the business structure, in 2019 the Company is concerned that the number of injuries sustained by staff increased at a number of aluminium smelters that suffered no injuries in 2018. As result, corrective programmes were developed based on the results of internal investigations, and efforts were made to increase the leadership level of management in the field of health and safety. The Company carefully scrutinised all the possible causes behind these dynamics and initiated a number of measures to boost LTIFR performance.

GRI 403-9 LTIFR^{2,3}



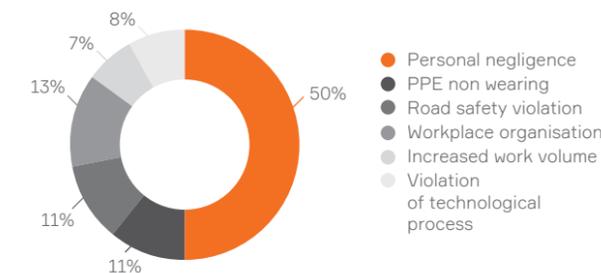
GRI 403-9

A moderate LTIFR improvement was recorded in the Power segment, which saw an 8.3% reduction, from 0.12 in 2018 to 0.11 in 2019. The recordable number of work-related accidents in the Power segment continues to show a downward trend, and has the lowest recorded incident rate and one that has fallen by 32% in the past five years.

Due to the increase in the number of LTIs in 2019 and significant changes in the structure of the Metals segment and an overall reduction of man-hours in the segment LTIFR rose by 37.5%, from 0.16 in 2018 to 0.22 in 2019.

In 2019 most work-related accidents occurred due to personal negligence and work discipline breaches, such as unsatisfactory workplace organisation and the non-wearing of personal protection equipment. The Company considers personal negligence to be a workplace violation. Through the new incident investigation process, the Company expects incidences of personal negligence to fall.

Main causes of work-related accidents in the Power segment in 2019, %



En+ Group is aware that its operations can affect the health of its employees and takes all possible precautions to protect their current and future well-being.

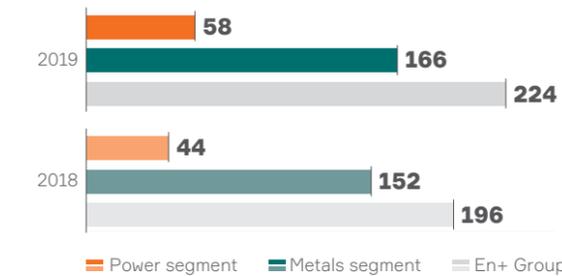
Health protection

Performance results

The Company performs in-depth work to enhance working conditions and improve industrial sanitary and hygiene conditions and organises a number of awareness-raising campaigns.

GRI 403-10 However, 224 cases of occupational diseases were recorded during the reporting period at En+ Group facilities which was 14.3% higher than in 2018, when 196 cases were documented. The most reported were vibration disease, sensorineural hearing loss and chronic bronchitis due to high dust concentration in the air at a worksite. En+ Group specifically targets these occupational diseases in its health risk assessments and health management plans.

Employee occupational illness cases, 2018-2019



The structure of registered occupational diseases saw no changes during the reporting period. We take a proactive approach to managing health risk by continuously improving our occupational disease prevention programmes. As a result, there were no employee or contractor fatalities because of work-related ill health in 2019.

Medical treatment

GRI 403-3 The Company carries out a significant amount of work to enhance working conditions and to improve the healthcare of personnel. Its high-quality medical examination system allows more occupational illnesses to be detected and provides employees with effective and timely treatment.

All Metals segment facilities work with the Moscow Scientific and Research Institute of Occupational Medicine. Such in-depth medical check-ups allow it to identify multiple occupational diseases for one employee.

The Power segment has health centres that are equipped to provide employees with exceptional treatment and preventive care. The centres are staffed with top medical professionals who provide first aid, pre-shift and post-shift medical check-ups, alcohol tests and preventive medical examinations. All employees must undergo mandatory medical examinations to ascertain any undetected conditions, and they receive treatment quickly. Each year the Company offers vaccinations against flu and tick-borne encephalitis.

Employees included in risk groups are referred to a doctor. Employees receive help from psychologists who provide individual consultations, lectures, and classes in specially equipped psychological relief rooms. These rooms are equipped with a special VibraSound chair – an intelligent tool providing psychological comfort and featuring virtual reality elements. To restore a good psycho-emotional balance and a high level of performance, it is recommended that sessions last 15–30 minutes. Such psychophysiological monitoring using quick daily assessments and psychological preventive work yielded positive results: due to timely diagnostics, the functional state of employees significantly improved during the project period. In 2010–2019 there was a stable decrease in the risk group, from 40% to 10%, reduction and in the average number of days off from work by five days per year.

En+ Group's Safety Culture programme provides employees with trips to health resorts, voluntary health insurance, and corporate discounts at fitness centres. The Group also covers expenses for surgeries and other medical procedures.

¹ Hereinafter in the section "Health and safety - Health and safety performance" the injuries data represent cases registered by the Company.

² Per 200,000 hours worked.

³ The LTIFR value for En+ Group was clarified for 2019 due to the improvement of the reporting processes.



The En+ Group response to Covid-19

THE COMPANY INTRODUCED A PACKAGE OF HEALTH AND SAFETY MEASURES IN 2020, FOLLOWING THE EMERGENCE OF THE COVID-19 PANDEMIC:

- + To prevent the spread of Covid-19, only employees engaged in maintaining necessary ongoing operations were permitted to work at operational facilities. The Company took all necessary measures to ensure maximum protection for production personnel.
- + Employees not involved in the production process began working remotely from home.
- + An intra-corporate emergency working group was set up to coordinate pre-emptive and reactive measures against the Covid-19 virus.
- + Relevant regulatory documents on the Covid-19 virus, which reflected information for employees on minimising the risk of contracting the virus, were adopted.
- + Regular qualified briefings for En+ Group employees were held at all sites, providing information on Covid-19, its symptoms, and ways to prevent and combat it.
- + Regular qualified training sessions on Covid-19 for employees were held.
- + Employee health is monitored on a regular basis, operational communication with health authorities is maintained, the Company's facilities undergo thorough disinfection and sterilisation, and additional wards in hospitals have been held for employees.
- + Employees arriving from countries with high rates of Covid-19 are required to quarantine.
- + Foreign business travel has been restricted.
- + Large public Group events were cancelled, and participation in external public events will likely be rescheduled.
- + Lung ventilators and ambulances were purchased. Isolation units have been prepared at Company premises for patients suspected of having the Covid-19 virus.

The Company complies with all instructions from the Russian Government, which has put in place national programmes to prevent Covid-19 from affecting the Russian population (quarantine, a working-from-home policy, etc.). The Company also complies with all protocols and measures taken by the countries in which we operate, including World Health Organisation (WHO) recommendations.

At the time of writing, Covid-19 continues to be prevalent in a number of countries. Not only the En+ Group, but also other companies, understand the importance of not only local immediate measures, but also strategic joint efforts to overcome the consequences of the Covid-19 crisis. The Company believes that post the Covid-19 crisis, the importance placed on sustainability and climate resilience, by both consumers and responsible businesses will only increase.

In May 2020 En+ Group joined a call by the Energy Transitions Commission (ETC) for governments to adopt sustainable economic recovery measures following Covid-19. Lord Barker, En+ Group Executive Chairman, joined other ETC members in signing a public report calling on governments to stimulate the economy, spend wisely, and invest in the economy of the future by placing sustainable development at the heart of economic recovery following the pandemic.

En+ Group also joined the largest-ever UN-backed CEO-led climate advocacy initiative and signed the CEO statement on "Uniting business and governments to recover better", a joint statement from major multinationals to governments around the world to align their Covid-19 economic aid and recovery efforts with the science-based targets initiative and the Business Ambition 1.5°C campaign.

 **800,000**
protective masks
En+ Group provided to the Ministry of Health of the Irkutsk Region.

En+ Group realises that Covid-19's impact on the health of the Company's staff and management can also affect the Company's operations, and included the Covid-19 virus in the list of the Company's operational risks.

BioMouse software complex

As part of the Safety Culture programme, En+ Group carries out psychophysiological monitoring. The BioMouse project was launched in 2010 by the Technical Directorate team and constitutes a hardware-software solution that enables employees to receive swift medical check-ups and identify any health deviation in a timely manner.

An employee determines their stress index by observing their heart rate on a screen, and then performing a number of physical exercises. BioMouse shows the state of the cardiovascular system and monitors trends by saving test results. This complex procedure helps the Company determine high-risk groups among employees and decide whether medical treatment is needed.

Over 150 sites at the Company's facilities are equipped with BioMouse. The project helps more than 1,000 employees per month monitor their health.



Working conditions

New technologies are also helping to reduce the risk of occupational diseases. En+ Group is constantly implementing technical measures aimed at eliminating (where possible) or reducing such risks. Initiatives are geared towards prevention and diagnosis, as well as providing rehabilitation services for all employees should they require them.

The Metals segment has developed a highly effective approach to protect workers from vibration risks and has reduced vibration-related illnesses by educating workers on how to select and use anti-vibration PPE. In 2019, the Metals

segment initiated a project to reduce physical exertion levels for electrolysis production workers. One of the measures was the introduction of a back-support belt to reduce pressure on the spine during work. Another initiative implies the use of exoskeletons by workers; 10 of these devices were tested at production facilities.

To reduce the impact of potentially harmful operations on employees, En+ Group equips them with PPE. For example, the Company identified workplaces where employees require noise protection and provided employees with state-of-the-art communication headsets. The Company is planning to roll this system out at all high-pressure thermal stations and hydroelectric power stations.

OHS training

GRI 403-5

The appropriate and safe handling of tools and installations, basic first-aid skills, and primary knowledge of occupational and fire safety are key to maintain the highest level of OHS system efficiency. Employees undergo regularly updated mandatory trainings and tests, in line with the stringent domestic law requirements.

Employees are given safety inductions and there is a complete introduction for new joiners as well as refresher, targeted and unscheduled training sessions. As part of the induction process, each employee must undergo an OHS training, which comprises questions on working instructions and health and safety regulations.

En+ Group oversees and evaluates the safety skills of staff. All employees undergo respective trainings and examinations of occupational safety and industrial safety, which are held in state supervisory bodies. During the reporting period, 3,920 employees were trained in industrial safety and safe equipment operation methods, and 10,256 in occupational safety.

The Company provides regular professional development programmes. These include both online self-study materials as part of the distance learning system, and courses from the Corporate University.¹ En+ Group established a Corporate University in order to develop a set of professional skills for employees so that they could implement production programmes at required quality and safety levels.

In 2019 the Company continued to train Power segment employees under the Perceived Safety and Leadership corporate training programmes. These programmes are organised by the Corporate University and are based on the NEBOSH methodology, in order to familiarise employees with the best international practices.

The Perceived Safety programme seeks to engage each employee in the process of identifying and reporting potential hazards, with a view to subsequently eliminating them. The Leadership programme aims to further increase the engagement level of line managers in the implementation of the safety culture in their units and branches. The new programme will help them improve their leadership positions,

and demonstrate to employees through example how to treat risks and hazards to life using personal protective equipment.

In 2019 over 6,600 En+ Group employees were trained by the Corporate University of the Power segment within the Safety Culture programme launched in 2017, in order to enhance awareness of safety issues among operational staff, line managers, and top managers. More than USD 324 thousand was spent on training staff and on keeping their professional skills at the highest level.

In the Metals segment the practice of mentoring has been introduced, to help new joiners follow safety rules and to monitor their aptitude to be able to work safely. Each newcomer is supervised by an experienced instructor who assesses their actions based on HS requirements and helps them reach an appropriate level of safe behaviour.

At the beginning of 2020 a new corporate training was developed to prepare the Company's health and safety commissioners improve safety levels in the field.

In addition, in 2020 the Company conducted a number of online training programmes including one for internal auditors within an upcoming cross audit procedure. Another was carried out in connection with the implementation of a new internal investigation regulation. By taking this training, employees can improve their risk awareness as well as their ability to identify dangerous activities. As part of the new internal investigation regulation, the Company plans to conduct a one-day training with practical learning features, and covering HS unit employees with a view to making them familiar with all aspects of the investigation process.

From 2020 every new safety standard to be implemented will be supported by a corresponding comprehensive practice training, in order to provide employees with in-depth knowledge.

En+ Group provides employees with an opportunity to train in multifunctional training centres and acquire practical skills and methods for working at height, using personal protective equipment and teamwork for specific tasks.

¹ For more detailed information see pp. 114-129, Employees.

Contractor engagement

The Company endeavours to promote safe behaviour among its contractors, and has set out a wide range of measures to ensure that their operations at facilities are performed in accordance with the legislation of countries of operation as well as corporate regulations, including the HS Policy, the Regulations on Managing Contractors in the Field of HS, and the Cardinal Safety Rules.

The Company works with contractors that respect legislative requirements and hold all necessary licenses and work permits. Before signing a contract and beginning an engagement, all necessary documents to verify legal compliance are requested.

To facilitate effective engagement with external contractors, the Company is developing a regulation to determine the procedure for selecting an appropriate contractor, signing

of contracts, and worksite monitoring. Contractors cannot be exposed to hazardous work until their practical skills and knowledge have been assessed. En+ Group provides its contractors staff with occupational health and safety briefings before they commence work.

All contractors that the Company works with are required to adhere to its rules and standards. Compliance with these rules and standards forms an integral part of our monitoring of contractor performance.

En+ Group continues to integrate the OHS management system of its internal contractors with a common HSE management system. Currently its internal contractors are in process of enhancing their OHS management system and they are continuously monitored to see how well they comply with En+ Group requirements.

Emergency preparedness

All En+ Group facilities are prepared to respond to a wide range of emergency events, caused by either natural disasters or operational incidents. The evaluation of emergency risk is conducted on a regular basis.

In accordance with the Russian legislation, Action Plans for the Localisation and Liquidation of an Accident's Consequences are developed and maintained by all En+ Group facilities. This document contains comprehensive information about a facility including the existence of high

fire risk installations and materials and other technological features, and describes how a facility will respond. The Company tests and coordinates its planning with local authorities and community organisations.

Each facility is equipped with emergency warning systems. In case of an emergency, the system is activated to inform employees, residents and authorities, as well as special rescue services.

Fire safety units at Group enterprises in the Irkutsk region

All major En+ Group facilities have their own fire safety units, which provide a swift response to any fire detected at an enterprise. Thus, all facilities in the Irkutsk region are covered by the Irkutskenergo fire unit. This division consists of over 600 fire safety specialists. More than 50 high-tech vehicles are available, including engines, ladders, and rescue vehicles.

To protect its facilities, PJSC Irkutskenergo always coordinates with the Russian Emergency Control Ministry (EMERCOM), local authorities, and local fire units. As a result of these joint efforts, small facilities that are not equipped with their own units are also well protected.

During the fire season, or in case an emergency is declared in the whole region, the Company's employees also participate in and support local fire units in combating any disaster. In May 2019 Vostsibugol rescue unit had to battle forest fires. In coordination with EMERCOM and the local forest guarding service, the fire, which covered three hectares, was extinguished within an hour with the help of the Company's own vehicles.

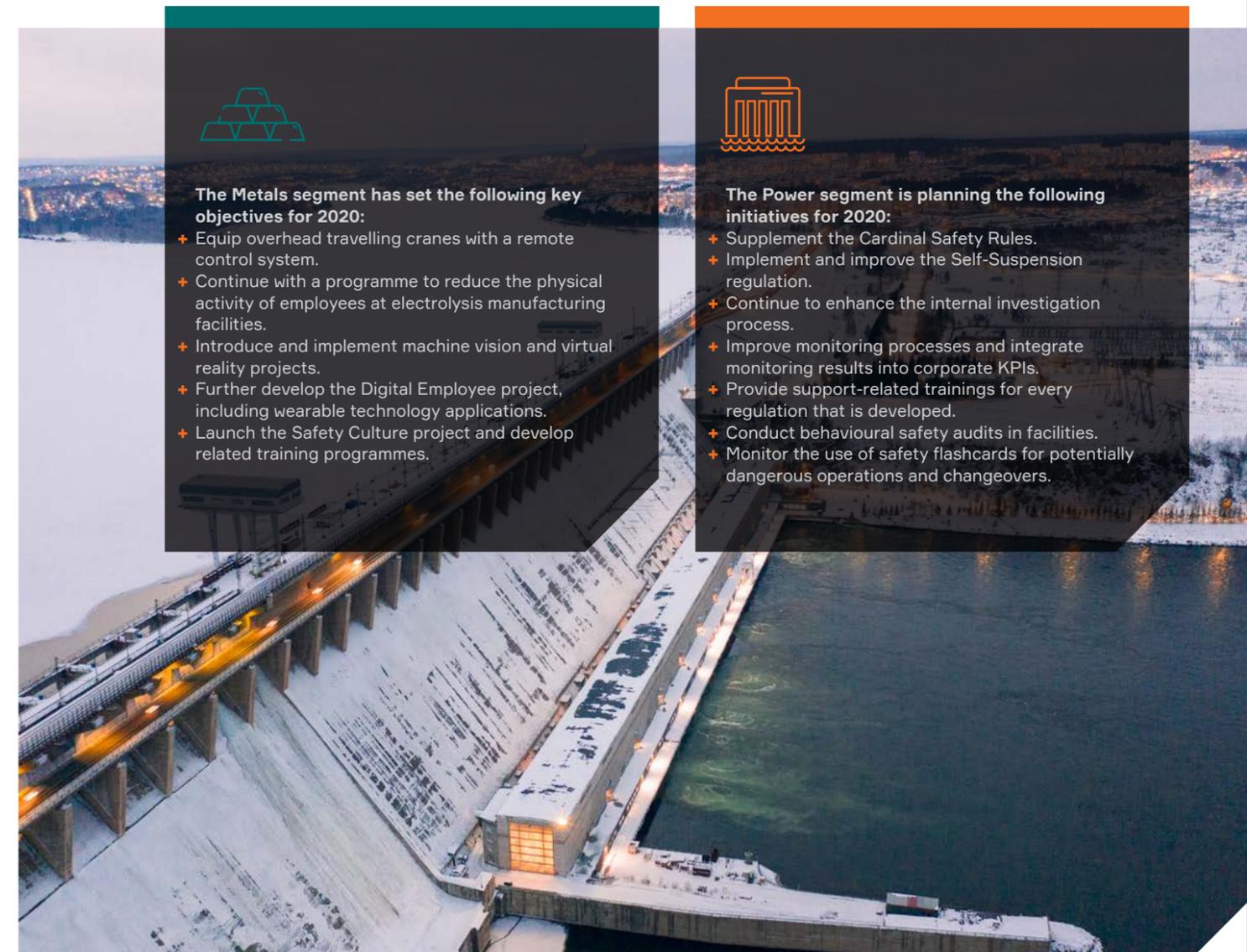


Goals for 2020 onward

In 2020 and the midterm, the Group will seek to further enhance its health and safety performance. En+ Group has set the following occupational health and safety and fire safety objectives:

- + An initiative to include contractor injuries in overall LTIFR figures, and to establish these data as the main KPI for senior executives from 2021.
- + Achieve zero fatalities as well as zero serious work-related injuries related to production processes.
- + Reduce the LTIFR.

- + Reduce the number of occupational diseases.
- + Implement additional measures exceeding regulatory OHS requirements to ensure the most robust safety environment.
- + Continue to provide health and safety training for employees on a regular basis.
- + Continue to improve the Self-Suspension regulation.
- + Continuously improve the OHS management system, guided by international best practices.



The Metals segment has set the following key objectives for 2020:

- + Equip overhead travelling cranes with a remote control system.
- + Continue with a programme to reduce the physical activity of employees at electrolysis manufacturing facilities.
- + Introduce and implement machine vision and virtual reality projects.
- + Further develop the Digital Employee project, including wearable technology applications.
- + Launch the Safety Culture project and develop related training programmes.



The Power segment is planning the following initiatives for 2020:

- + Supplement the Cardinal Safety Rules.
- + Implement and improve the Self-Suspension regulation.
- + Continue to enhance the internal investigation process.
- + Improve monitoring processes and integrate monitoring results into corporate KPIs.
- + Provide support-related trainings for every regulation that is developed.
- + Conduct behavioural safety audits in facilities.
- + Monitor the use of safety flashcards for potentially dangerous operations and changeovers.

Local communities

Material topics

Local communities

We believe that the Company can be successful only if it cares about the prosperity of society. En+ Group is committed to improve the wellbeing of local communities through the implementation of a variety of social and charity projects and development of volunteering in regions where it operates. The Group aspires to work collaboratively with local communities to deliver sustainable and valuable outcomes.

2019 highlights

USD **41** mn
allocated to social support initiatives

RUB **22** mn
(USD 340 thousand)
allocated to help the people affected by the flooding in the Irkutsk Region

6,000 people
visited RoboSib festival

800 children
took part in robotics competition at RoboSib festival

500 volunteers
joined Lake Baikal shore cleaning up

Over **730** entrepreneurs
participated in Environmental Entrepreneurship School Project

Key events

Elaboration and implementation of **Social Investment Regulations**.



Update of management approach and creation of social policy committees.



Development of a grant competition framework to **support environmental projects**.



Unification of all social projects under En+ brand.

Contribution to UN Sustainable Development Goals



Standards

GRI 103 GRI 203-1 GRI 203-2 GRI 413-1

Management approach

GRI 103-1 The Company understands the importance of wellbeing and the prosperity of the territories of its operation and strives to contribute to their development. That is why it is committed to a proactive external social policy and has developed a specific approach to take care of local communities.

The Board of Directors, together with the management team of En+ Group, define the direction of the social development of the territories of operation. They determine the overall approach to cooperation with local communities, annually analyse achieved results and discuss future plans.

GRI 103-2 Social policy committees in the Metals and Power segments have an executive function and consist of financial, public relations, investor relations, human resources, and security specialists. These committees prioritise social investment areas, approve budgets and requests for financing received from committees on social projects of production enterprises, and determine positioning strategies for social projects to implement in particular regions of operation. They also consider all the charity requests from local communities. Committees' team members conduct meetings every month to track the performance and make strategic decisions.

Understanding the significance of constant improvement in external social policy management to meet expectations and satisfy the needs of local communities, En+ Group focused closely on the development of its management mechanisms in this area in 2019.

Prior to performing its operations, it carries out risk management procedures related to local communities' rights and interests protection.¹

In 2019, En+ Group implemented Social Investment Regulations which established the Group's management approach and enshrined key areas of social support. The document also describes the necessity of managers' engagement and transparency of investing in the social sphere.

The Group elaborated its corporate social responsibility (CSR) strategy to manage social projects and identified key areas for further development of charity projects:

- + Comfortable cities comprised of infrastructure development and sports projects,
- + Environmental protection,
- + Education.

GRI 413-1 The Company aims to create value for local communities and understands that its support can be useful only if it meets expectations and satisfies the needs of the residents of territories of its operation. Hence, En+ Group seeks to engage local communities in implementing its social projects. It is always open to dialogue, informs local communities and seeks feedback. Outcomes of communication are used to improve our social programmes and elaborate convenient approaches to implement our external policy.

The Company uses a variety of engagement mechanisms to ensure the effectiveness of its communication with residents. In the reporting period, En+ Group upgraded its communication policy regarding local communities. It united all its social projects under one brand – En+ – and conducted a series of special projects with media, carried out a social media marketing campaign and held competitions and quizzes in its social network communities. These actions played a significant role in informing local communities and enhanced their involvement.

In addition, it used a set of instruments to communicate with local communities, including conferences and round tables, personal meetings, corporate websites, email, mail, hotline, social networks and cooperation with media. Its production enterprises apply different mechanisms for local communities' engagement based on local and operational features of each subsidiary. For instance, there is a particular specialist – Common issues director – at Krasnoyarsk HPP, whose role includes communication with residents of the city and resolution of their concerns; JSC Volgaenergo created a special section on its website for stakeholders to communicate their concerns, the subsidiary also consults with residents of the city personally in its offices.

GRI 103-3 The Company evaluates the effectiveness of its approach to local communities' engagement and always seeks improvement. En+ Group conducts sociological studies regarding the territories of operation, monitors and adopts best industrial practices and collects feedback. The Social Investment committee of the Group analyses the results of social initiatives implementation and develops applicable recommendations.

¹ For more information on risk management see section Internal control and risk management, pp. 34-36.

Territories of operation

The Company's principal operations for both Metals and Power segments are located in Siberia and Ural. The well-being of local communities is crucial to its business success. The Group strives to enhance its positive influence and minimise the potential negative impact on the territories of operation. It therefore aims to bring value to the regions of operation, as well as to the whole country, by implementing social and charity projects on regional and federal levels. It also respects and supports local communities abroad, in the countries where its Metals segment's enterprises are located.

It is engaged in socio-economic partnerships with local governments and cooperates with local authorities while implementing social projects. The main areas of input include; stable supply of electricity and thermal power, development of electricity market and renewable energy sources, environmental protection, technical regulation, economic issues and support of federal projects.

Socio-economic partnerships with regions align with corporate social investment policy and focus on the implementation of specific projects related to the particular needs of each region. The aims of this cooperation are the following:

- + Boosting the socio-economic development of the regions
- + Improving living standards in the regions
- + Creating of new jobs
- + Growth in local citizens' income
- + Tax payments

En+ Group, as a large company, positively influences the regional economy by creating jobs for the residents and transparent tax payments.

One of the most significant and large-scale federal projects in which the Company participates is Yenisei Siberia – a comprehensive investment project aimed at regional development.

GRI 203-1 En+ Group recognises its high responsibility to society and future generations and endeavours to invest in regional development to improve living standards and create a favourable social climate. The Company provides direct support to local communities by implementing a wide range of social and charity programmes and initiatives in the territories of operation, that align with its business strategy. In the reporting period, social investments made by the Group amounted to USD 41 million, out of which USD 7 million were directed to RUSAL Territory programme which involves infrastructure development projects. The Company identifies the areas for support through communication with local communities, including local authorities, non-profit organisations and active citizens.

The key areas of social investing, identified on the basis of the opinion of local communities, are the following:

- + Infrastructure and urban development
- + Volunteering
- + Sports and healthy living
- + Supporting NGO's environmental programmes
- + Education

Throughout its experience, En+ Group has established a set of projects, meeting the needs and expectations of local communities. The Group constantly works to maximise the positive impact of its external social policy by assessing ongoing programmes, their modification and the introduction of new ones. It elaborates its social projects considering business and the social environment and attempts to set the programmes into action timely and accurately.

Yenisei Siberia

GRI 203-2 Yenisei Siberia is a comprehensive investment project initiated for the development of three regions: Krasnoyarsk Territory, the Republic of Khakassia and the Republic of Tuva. The project was initiated by the heads of the regions and supported by the president of the Russian Federation. It embraces 32 investment projects with a total declared investment value of over RUB 1.9 trillion (USD 29.3 billion)¹ for the years 2019–2027. En+ Group contributes to Yenisei Siberia by participation in two projects:



1. Establishment and development of Krasnoyarsk Technological Valley special economic zone of the industrial and production type. The expected results of this project include creation of 1,200¹ new jobs, platform for synergy and cooperation with the production enterprises, new production facilities, expansion of sales markets for the products released in the territory and new opportunities for researches and education.

Participation of En+ Group is represented by En+ Logistics and its Metals segment – RUSAL – and complies with its social investment strategy.



2. Nizhneboguchanskaya hydro power plant construction. The dam construction is supposed to provide the average yearly electricity production of 3,300 million kWh, which will decrease final consumer electricity costs and propose a convenient connection procedure for new customers, and create approximately 3,000 of new jobs at various qualification levels.

Response to help the people affected by the flooding in the Irkutsk Region

GRI 203-2 At the end of June 2019, 83 settlements in the Irkutsk Region suffered from flooding. The disaster affected 39,000 people, including more than 500 employees of the Group. 11,000 houses were flooded, and 22 bridges were destroyed. Town Tulun suffered the most in the Region, since the water level in river Iya exceeded the critical mark by 7 metres in the area.

From the first days of the disaster En+ Group took action to prevent and alleviate its consequences: ensured supplies of drinking and technical water, allocated heavy equipment for the removal of rubble, formed groups to protect against looters, and also took over the prompt restoration of the electricity supply in the destroyed settlement. All the actions were taken in close cooperation with the Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters (EMERCOM of Russia), the Ministry of Energy of the Russian Federation, the regional government and municipalities, and all the volunteers involved. The Group together with volunteers managed to collect and deliver several tonnes of humanitarian aid.

The Group elaborated and implemented measures to support the locals after the disaster:

- + Humanitarian aid consisting of furniture, household equipment, dishes and other necessities was collected, its delivery and allotment among residents were organised.

- + Employees of the Group, living in different places, took the initiative to raise funds for affected colleagues in Tulun. En+ Group supported this initiative and announced a doubling of the amount raised using corporate resources. As a result, considering its doubling, the total amount of funds raised reached more than RUB 22 million (USD 340 thousand) which were allocated to the victims of the flood.
- + Employees of the Group received monetary compensations sponsored by the Group that included collective agreement payments, trade unions payments and amends for housing rental.
- + Those who were left without a home after the flooding were relocated to hotel accommodation until their houses were repaired, and children of the Group employees were sent to summer camps in the Irkutsk Region.
- + Before the beginning of a new academic year, En+ Group organised a campaign Get Your Child to School which assembled 342 school kits for the kids of employees in Tulun.

A lot of attention was paid to informing locals by means of a specially established hotline and channels in popular messenger services, where residents could ask questions and request help.

The Group took responsibility to ensure the electricity supply in the Region and provide assistance to other local power companies.

¹ Calculated based on the USD/RUB average exchange rate of 64.74 for 2019.

Infrastructure and urban development

Infrastructure development is one of the priority areas of social investing for En+ Group. Cities are expected to reflect the needs and desires of their residents and be convenient to live in. Hence, the Group contributes to urban development by implementing infrastructure projects.

GRI 413-1 To ensure understanding of local communities, En+ Group conducts sociological studies in the territories of operation and collects feedback. This research demonstrated

that one of the main concerns of residents is the quality of infrastructure and public spaces. To meet the expectations of locals, the Group started an urban development programme in the reporting period as well as the continued implementation of several infrastructure projects.

A significant part of the Group's infrastructure investments is represented by programme RUSAL Territory, carried out by the Metals segment.

RUSAL Territory programme

RUSAL Territory is a socio-economic development programme covering the regions of operation of the Metals segment. The programme was created to support the construction and renovation of social infrastructure, urban environment and socially important public spaces as well as organise a variety of leisure activities including cultural and educational events for residents.

Following the strategy elaborated in 2017, in the reporting period RUSAL made a significant contribution to regional infrastructure development by arrangement and introduction of the following objects:

-  **21** modern playgrounds,
-  **10** sports facilities,
-  **5** community centres,
-  more than **30** educational facilities,
-  **9** public spaces.

In 2019, the RUSAL Territory grant competition was relaunched in an updated format with an increased maximum grant of RUB 50 million (USD 772.3 thousand) per project. The key objective of the competition is to support large-scale projects of open public spaces. The winning projects are expected to create a comfortable urban environment and infrastructure for city events in the fields of culture, tourism, and recreation, and offer novel solutions related to landscaping and creating of social and cultural objects, based on the residents' preferences.

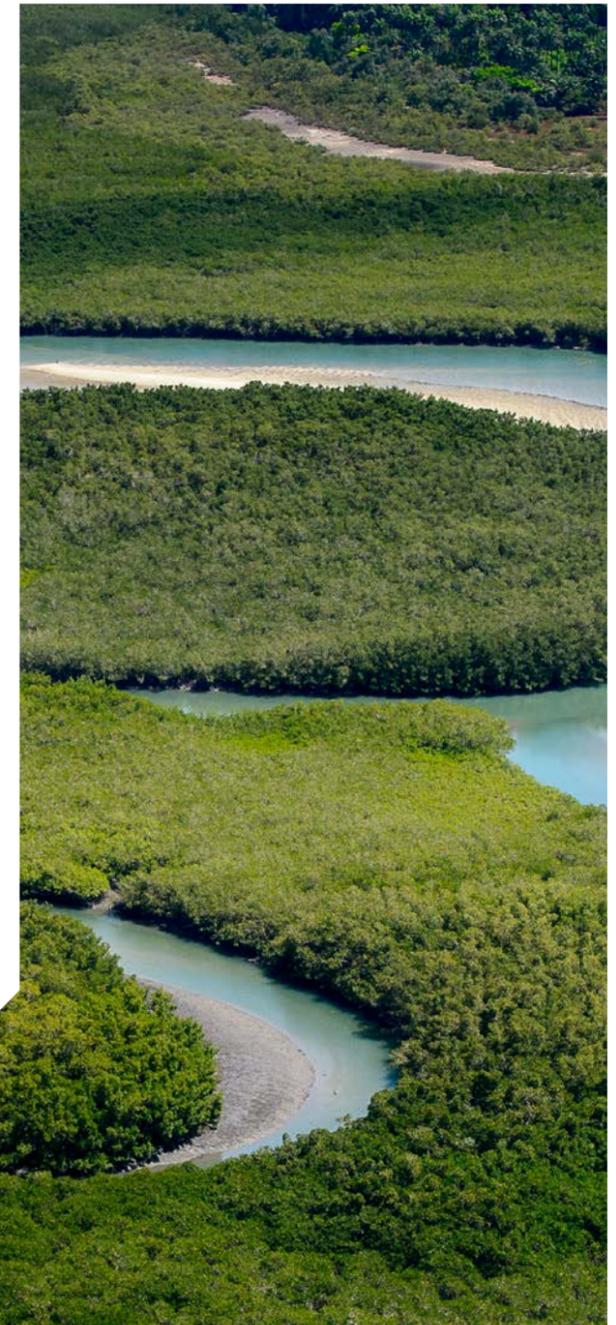


Infrastructural and socio-economic impact in Guinea

GRI 203-1 **GRI 203-2** One of En+ Group's sustainability priorities in Guinea is to provide access to drinking water, electricity, medical and educational services for the residents of remote villages. Its Metals segment, represented by RUSAL, is involved in the development of the educational system in the prefectures of Mambia and Frigiagbe, where it constructs and equips schools. For example, in 2019 RUSAL built and equipped a primary school in Nianaya, Kindia. The Company also purchased school equipment for the Nelson Mandela School in Debele and funded meals during school exams.

In Guinea, RUSAL is engaged in the construction of basic infrastructure, in particular to provide drinking water to the population. In 2019, the Company drilled six artesian wells in the villages of Mambia and Frigiagbe, in the Kindia region, six artesian wells in the prefectures of Sangharedi and Kamsar (Boke), and three artesian wells in the hard-to-reach areas of Kimbo, Tundedokode and Doteb.

It also implemented activities to ensure equal rights and support the socio-economic development of the region. In the reporting period, it provided financial help to six organisations of the Union of Manufacturers of Mambia and six women's production groups of Frigiagbe (Kindia) to combat poverty and ensure gender equality. In addition, in 2019 RUSAL provided charitable assistance to 14 villages in the territory of its operation in Fria Prefecture. The funds were used to implement infrastructure projects.



- In addition, a number of infrastructure projects in the Krasnoyarsk and Irkutsk Regions:
- + Constructing and renovating ski infrastructure in Divnogorsk and Tulun
 - + Building cycle tracks along the Irkutsk HPP's dam
 - + Building children's playgrounds in Irkutsk and Ust-Ilimsk
 - + Building an ice rink in Cherekhovo

- + Co-financing the building and renovation of schools in Svirsk and Nukutskiy District
- + Renovating roads in Alarskiy District

Most of these projects are in an active phase and will be finalised in 2020–2021.

Community programmes

Health

The Group supports initiatives to promote a healthy lifestyle among local people and create opportunities to achieve their potential. It builds and renovates sports infrastructure, purchases required equipment and builds strong relationships with local and regional federations and institutions that help it organise and hold events. The overall aim is to popularise a healthy lifestyle among local citizens, our employees and their family members.

En+ Group implements sports infrastructure projects: it builds and renovates sports grounds, cycle tracks and ski facilities.¹

It also aspires to organise sports events available for all residents. One of its largest sports and healthy lifestyle projects in Russia is "Get on Your Skis Everyone!", jointly run by En+ Group, RUSAL and the Russian Ski Racing Federation since 2016.

Our Metals segment's project – RUSAL Laboratory – has established student initiative centres at a number of universities: Irkutsk National Research Technical University, Siberian State Industrial University, Siberian Federal University, and Volgograd State Technical University. These centres serve as innovative platforms facilitating interactions between talented students and specialists of En+ Group.

leaders who, whether independently or in cooperation with RUSAL, can improve the quality of life in their residences by delivering regional development projects.

En+ Group supports the career development of children and young people in various regions of Russia. As part of the project, En+ Group holds RoboSib, the largest technology festival in Siberia, featuring contests in robotics and other high-tech disciplines.

RUSAL has also developed the School of Urban Changes educational programme. The programme is targeted at identifying, educating, and supporting local community

Get on Your Skis Everyone

En+ Group carries out this large project to promote skiing and nurture talent in youth and junior ski teams. It set an ambitious goal to train the Olympic reserve for participation in the Olympic Games 2022 as a part of the Russian team.

The project has been running in the Irkutsk and Kemerovo Regions, Krasnoyarsk Territory, the Republic of Khakassia and the Komi Republic since 2016. Under the project, En+ Group formed partnerships with regional sports administrations, provided junior ski teams with 1,131 pieces of equipment, and supported the preparation and launch of educational courses for skiing coaches working with junior teams and children. In 2019, it organised the first annual competition The Best Ski Coach of the Year, five coaches won the competition and received a RUB 90 thousand (USD 1,390) scholarship. This year more than 1,900 young sportsmen participated in competitive skiing. For the past four years, about 50,000 winter sports fans in 16 Russian cities have been involved in the initiative.

En+ Group together with its partners implemented a set of ski infrastructure projects in the reporting period. In particular, RUB 44.4 million (USD 685.8 thousand) were directed to continue the reconstruction of stadiums and recreation facilities in Bratsk and Kamensk-Uralsky, where mass ski holidays are conducted. Stadiums and training bases in the cities of Angarsk, Bratsk, Krasnoyarsk, Kemerovo, Abakan and Syktyvkar received six snow-clearing machines made in Russia to service ski pistes – ratracks.

To promote ski sports and healthy lifestyle among a mass audience of local residents, the Company created communities on social media including Instagram, VKontakte, Facebook and YouTube. More than 94,000 of people subscribed to these communities.

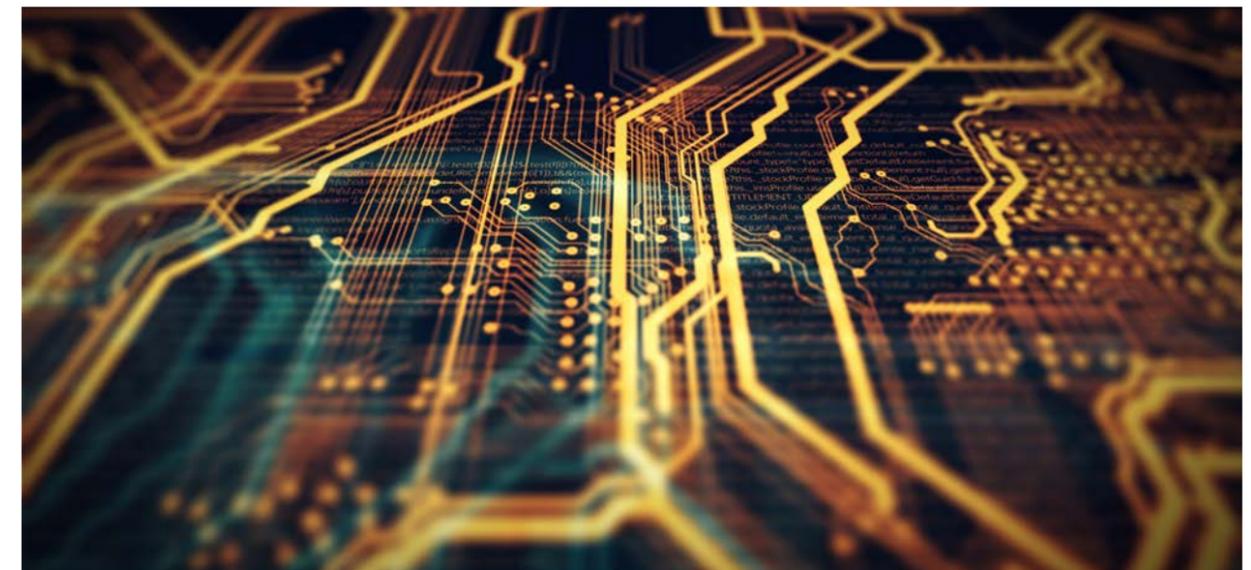


Education

GRI 203-2 En+ Group believes that education should be available for those who seek personal and professional development and especially for children. Hence, the Group carries out various activities that can widen educational opportunities for the residents in the regions of operation. Activities include support of schools and universities, the organisation of public exhibitions and events, and the introduction of its own programmes.

By implementing educational activities, it aspires to cooperate with reputable professionals in the area. This is an additional reason why the Company cooperates closely with specialised universities.

It supported the creation of the Corporate Scientific and Research Centre at INRTU, which has already graduated more than 300 specialists who are now employed at power facilities across Siberia.



RoboSib – the largest technology festival in Siberia

RoboSib is a large-scale event that has been held by the Group annually since 2013. At the beginning of January 2020, the seventh festival took place in Irkutsk as part of programme Robotics: Engineering and Technical Personnel of Innovative Russia. The key activity of the festival was a robotics competition among schoolchildren and students. This time, 76 teams out of 164 won awards in different nominations, 10 teams received certificates to buy robotics equipment, four teams got vouchers to the XII Russian Technological festival RoboFest and two teams won vouchers to the FIRST Russia Robotics Championship in Krasnoyarsk.

Besides the main competition, the festival was full of interesting activities for visitors of different

ages and hobbies. There were 18 platforms with masterclasses, interactive scientific exhibition. As an experiment, an interactive seminar Scales of Solar System, a demonstration by the Irkutsk planetarium and other scientific and musical shows. For the youngest guests of the festival, who were five years old, master classes were organised in assembling robots from LEGO.

Totally, almost 6,000 people visited the festival: 800 participants and 5,000 viewers; and 56 team coaches attended LEGO education training.

The festival also has a long-term effect since more than 100 schools conduct robotics classes in Siberia enabling pupils to acquire the skills of the future.

¹ For more information on infrastructure development, see section Infrastructure and urban development on pp. 150-151.

Educational activities in Jamaica

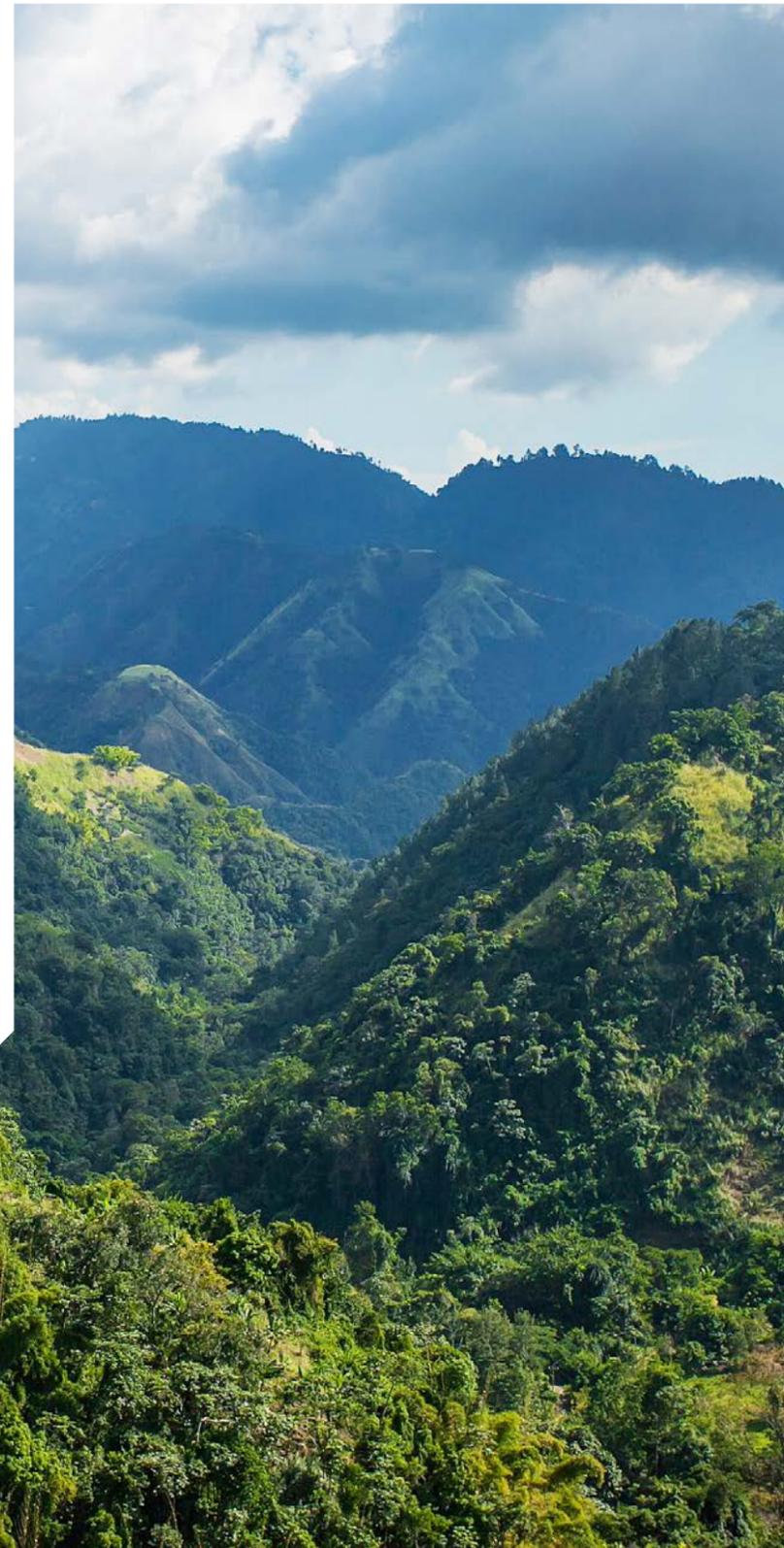
GRI 203-2 En+ Group's Metals segment represented by Windalco located in Jamaica seeks to provide educational opportunities for locals. In 2019, the Company continued its support and maintenance of 25 Jamaican students studying at Siberian Federal University in Krasnoyarsk. In addition to the tuition and accommodation costs, Windalco provides monthly scholarship payments to help with the personal upkeep of students.

Scholarships are awarded to five final year engineering students at the University of Technology participating in the programme. The financial award assists students to complete their final year engineering research projects as well as helping to cover tuition costs ahead of graduation.

The local scholarship and grants programme provided bursaries granted to 50 students attending tertiary institutions across the island to assist with college or university tuition. Students were selected based on their academic performance, financial need, and involvement in extra-curricular activities as well as based on their knowledge of the bauxite industry.

Nine primary school students were also awarded full one-year scholarships for matriculating to secondary school after passing the Primary Exit Profile test. As part of the application process, students were asked to write an essay explaining the importance of railway safety as part of the Company's ongoing Facts for the Tracks public education campaign.

In addition, there was a Back to School initiative. In August 2019, the Company provided book vouchers to several students in host communities. Hundreds of students were also given back to school supplies and were able to complete medical tests, free of charge, ahead of the new school term.



Volunteering

En+ Group pays a lot of attention to the development of volunteering programmes since they can address various issues and encourage residents of the territories of operation to participate. Corporate volunteering is an important mechanism of interaction, which allows the Group to keep in touch with local communities and regional authorities. Elaborate programmes cover the areas important for residents and this fact is supported by a growing number of participants in the volunteering events.

The Company has been introducing new volunteering programmes for more than 10 years, which have united different groups of people including pupils, students, employees, and the representatives of social and educational organisations. The most popular tend to be environmental volunteering programmes such as Yenisei Day, Project 360, Green Wave, New Year's charity marathon Believe in Miracles, Create Miracles! and charity sports festival Energy of Our Hearts. Each event is accompanied by a PR-campaign to let more people know about it and engage them.



Project 360

Project 360 is a part of the integrated programme of En+ Group to protect Lake Baikal and preserved areas of the Russian Federation from adverse environmental impacts, which was first introduced in 2011. The programme includes environmental, scientific, educational and awareness projects.

In 2019, the event was held in a new format in five locations on the western shore of Baikal. Most of the locations were difficult to access. Participants were cleaning up the trash and installing picnic benches and tables so that tourists could interact with local nature with care and responsibility.

As a result, 500 volunteers gathered and filled six KamAZ trucks with collected garbage, built 210 metres of a new environmental trail, renovated 330 metres of the existing one, and established three sets of picnic benches and tables.

In the reporting period, for the first time separate garbage picking was organised. A total of 1,869 kilogrammes of glass, 930 kilogrammes of metal, 146 kilogrammes of plastic and 12.5 kilogrammes of plastic bottle caps were collected during the volunteering event.

Many of the volunteers came from different regions especially to take part in the event, they came from Novosibirsk, Tomsk, Yakutsk, Tver, Tula, Astrakhan, Sakhalin. Corporate volunteers also joined from 21 federal and regional companies, as well as seven school and student groups. En+ Group top-managers participated in the event: Head of Power segment and Director of Hydrogeneration unit joined in with litter picking near the village of Buguldeyka.



Development of volunteering in the Irkutsk Region

En+ Group strives to develop a strong volunteering network in the territory of its operation and made serious progress towards this goal in 2019. The Group elaborated the necessary set of documents to organise the activity of the Irkutsk Council for Corporate Volunteering, including policy, procedure of entry into Russia's National Council for Corporate Volunteering and a calendar of events for 2019.

A meeting with Irkutsk Oil Company volunteers was organised to share experiences and adopt best practices for volunteering.

En+ Group boosted the work with a PR campaign which consisted of cooperation with local media and invited its employees to participate.

All these steps created an opportunity to conduct several important volunteering events:

-  **Two environmental campaigns, Give the Plastic Bag,** were held. During which volunteers managed to collect more than 250 kilogrammes of batteries and 1.7 tonnes of plastic bags.
-  **56 volunteers planted 20,000 trees** in Shelekhovskiy District to replace five hectares of destroyed forest.
-  **The event 17 Trees of Spring** resulted in the planting of 12 rowan trees and five lilacs on Konny island in the centre of Irkutsk.
-  Volunteers contributed to the gathering of humanitarian aid for victims of the **flood in Tulun.**

The Group aims to continue the development of the programme and cooperate with other volunteer organisations.

Charity events in Ireland

The Irish branch of En+ Group's Metals segment – RUSAL Aughinish – conducts annual charity runs. In 2019, a 10 km run, and 6 km walk took place on the Aughinish Nature Trails to engage employees and neighbours from the local communities to participate in this charity fundraising event. Every year the initiative is welcomed by residents and attracts active participation. The Company's employees usually choose the beneficiary of the event. In 2019, the designated charity was an organisation which promotes positive mental health in the local community.

The Company also organised a voluntary opportunity for employees to raise funds for projects in local hospitals, hospices and support charities.



Goals for 2020 onward

En+ Group plans to maintain existing social programmes, further develop its approach to local communities, and raise standards of living. Its plans for 2020 and medium term include:

- + Analysis of current social projects to determine suitable local communities' development strategy and objectives.
- + Optimisation of the approach to manage the investment in local communities, including the elaboration of more reliable internal mechanisms regulations.
- + Implementation of a new programme to support local communities within the framework of the urban infrastructure development in the regions of operation in 2020.

- + Further development of volunteering activities and their extension.
- + Carrying out charity, social and infrastructure projects in the territories of operation.
- + Cooperation with regional and federal governments to contribute to national projects and jointly implement infrastructural initiatives.
- + Advancement of grant competition based on the results of 2020.
- + Regarding the situation with Covid-19, the Company intends to continue providing specialist virus-related health protection facilities to local communities, including employees and their families, for as long as necessary.

ABOUT THE REPORT

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About the Report

The 2019 En+ Sustainability Report (hereinafter and hereinbefore referred to as the “Sustainability Report” or the “Report”) reflects the key achievements of En+ Group throughout the reporting period in the field of sustainable development.

GRI 102-51 GRI 102-52 This Report is issued annually; this is the second Sustainability Report for En+ Group since listing on the London Stock Exchange. The Sustainability Report 2018 was issued on September 18th 2019. The Group carries out its activities based on the principle of transparency, and we strive to provide stakeholders with the most complete and reliable information about various aspects of our work. We pay great attention to environmental protection, climate change issues, labour protection and the development of the regions where we have operations, as well as corporate governance issues. The Group considers the development of the environmental, social and governance (ESG) agenda as a priority activity.

GRI 102-32 The Health, Safety and Environment Committee of the Board of Directors and the Board itself have considered and approved the Sustainability Report as covering all material ESG topics related to the Group’s activities.

GRI 102-50 GRI 102-54 This Report covers all the activities of the Company from 1 January 2019 to 31 December 2019. In some cases, the Report describes events that happened during the first half of 2020. The Report is prepared in accordance with the Global Reporting Initiative (GRI) standards (Core option). The Report also discloses indicators from two Sustainability Accounting Standards Board (SASB) industry standards – Metals & Mining and Electric Utilities & Power Generators. SASB standards are, in the opinion of the Company, the most consistent with our business activities.

This Report has also been prepared in accordance with 17 UN Sustainable Development Goals and Ten Principles of UN Global Compact. When producing the Report, En+ Group was guided by the requirements and recommendations of the London Stock Exchange, the requirements of Directive 2014/95/EU, implemented through the UK Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016 n. 1245, and also the Aluminium Carbon Footprint Technical Support Document, the Streamlined Energy and Carbon Reporting (SECR) technical guidelines, and EU Taxonomy for Sustainable Finance metrics. In addition, when preparing the Report, indicators that are considered by key ESG agencies and best practices for disclosing information to the investment community were considered.

Boundaries of the Report

In this Report the terms “En+”, “En+ Group”, “the Company”, “the Group” and “we” in various forms shall mean EN+ GROUP IPJSC (or, where relevant, in relation to the Company prior to the Continuance (as defined below), EN+ GROUP PLC) and its subsidiaries whose results are included in the Group’s consolidated financial statements prepared in accordance with the International Financial Reporting Standards (the IFRS).

GRI 102-45 In the Sustainability Report, two segments are considered – the Metals segment (represented by RUSAL) and the Power segment. Sustainability Report includes consolidated information about the Group’s entities. It covers entities that are consolidated under the IFRS unless the notes indicate otherwise. Occupational health and safety, and environmental stewardship data, along with HR indicators of the Group entities that should be consolidated proportionately under the IFRS, are accounted for in this Report in full. Starting 2019 Boguchansky Aluminium Smelter (BoAZ) was included into the reporting boundaries for environmental stewardship data. Financial data in the Report is represented in accordance with IFRS.

The principles of the Report

During the preparation of the Report, we were guided by several principles.



The principles for providing Report quality

The following principles were used to define the Report's quality.

Balance	The Report contains information on both the positive and negative aspects of the Company's activities.
Comparability	The information in the Report is given for several years, allows the dynamic tracking of ESG related data over time and allows the En+ Group to be compared to similar organisations.
Accuracy	The Report contains the most accurate and detailed information available so allowing stakeholders to assess adequately the results of the Company's activities.
Timeliness	The Sustainability Report is published annually to provide stakeholders with timely information about the Company.
Clarity	The information in the Report is structured and presented in such a way as to ensure maximum comprehensibility and ease of perception.
Reliability	In addition to internal checks and quality assurance, the Company externally verifies its non-financial indicators with the assistance of an independent auditor.

Limitation of liability

The information presented in this Sustainability Report only reflects the Company's position during the review period from 1 January 2019 to 31 December 2019 (the "Review Period"), unless otherwise specified. Accordingly, all forward-looking statements, analyses, reviews, discussions, commentaries, and risks presented in this Sustainability Report (save for this section, or unless otherwise specified) are based upon the information of the Company covering the Review Period only.

This Report may include 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", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company'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 or strategies. Forward-looking statements speak only as of the date they are made.

To the extent available, the industry, market and competitive position data contained in this Report comes from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein has been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company reasonably believes that each of these publications, studies and surveys has been prepared by a reputable party, neither the Company nor any of its respective directors, officers, employees, agents, affiliates, advisors or agents, have independently verified the data contained therein. In addition, certain industry, market and competitive position data contained in this Report comes from the Company's internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates. While the Company reasonably believes that such research and estimates are reasonable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change. Accordingly, reliance should not be placed on any of the industry, market or competitive position data contained in this Report.

Continuance

With effect from 9 July 2019 (the "Continuance Date"):

- + The Company was registered as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation and changed its legal jurisdiction of incorporation from Jersey to Russia (the "Continuance").
- + The Company's name was change from EN+ GROUP PLC to EN+ GROUP IPJSC.

Following completion of the Continuance, the Company's ordinary shares were admitted to the Level One Quotation List of the Moscow Exchange (also the "MOEX") on 17 February 2020, creating a diversified platform for investors in equity instruments of the Company and increasing accessibility of the Company to capital markets, and the Company's Global depository receipts ("GDRs") were delisted from the Moscow Exchange on 20 April 2020 (17 April 2020 was the last trading date for the GDRs on MOEX). The Company's GDRs remain listed on the London Stock Exchange.

ADDITIONAL INFORMATION

166 Additional quantitative data



Additional quantitative data

Metals segment's emissions, kt¹

Pollutants	2017	2018	2019 ²
PM (except Fsolid, tarry substances, B(a)P)	41.9	37.7	37.3
Sulphur dioxide (SO ₂)	36.2	36.4	42.0
Sum of Nitric oxides as nitrogen dioxide (NO ₂)	20.9	19.7	19.5
Total fluoride (gaseous and solid fluoride)	7.3	7	6.6
Other emissions ³	10.4	10	9.9
Benzpyrene	0.004	0.004	0.004

Power segment's emissions, kt

Pollutants	2017	2018	2019
Nitric oxides (NO _x)	46.9	50.5	48.2
Sulphur oxides (SO _x)	189.6	210.9	191.4
Persistent organic pollutants (POP)	0.0	0.0	0.0
Volatile organic compounds (VOC)	0.4	0.5	0.4
Particulate matter (PM)	57.9	62.8	59.5
Other standard categories of air emissions identified in relevant regulations ⁴	8.4	7.1	8.0

Waste generation in 2019, kt⁵

	Power segment	Metals segment
Total volume of non-hazardous waste generated	8,514.0	13,746.3
Total volume of hazardous waste generated	1.6	307.1

SASB EM-MM-150a.1. Power segment's overburden, rock, tailings and sludge accumulation and generation, mt

	Overburden	Rock	Tailings	Sludge
The volume accumulated at 31 December 2019	951.5	1.8	110.0	0.7
Total volume generated in the reporting period	169.8	0.7	5.9	0.3

¹ The data for the Friguia Bauxite and Alumina Complex, that maybe material for consolidated indicators, is excluded, due to the lack of metering systems and relevant requirements in national legislation.

² Starting from 2019 this indicator considers BoAZ (Boguchansky Aluminium Smelter).

³ This category includes all pollutants specified by Russian legislation, with the exception of CO and of those pollutants already presented in this table.

⁴ This category includes all pollutants specified by Russian legislation (including CO), with the exception of those pollutants already presented in this table.

⁵ Excluding overburden waste.

APPENDICES

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GRI content index

GRI 102-55

GRI Disclosure	Name	Link	Excluded information
GRI 102 GENERAL DISCLOSURES			
1. Organisational profile			
102-1	Name of the organisation	At a glance, p. 14	
102-2	Activities, brands, products, and services	About the Report, p.160 At a glance, p. 15	
102-3	Location of headquarters	At a glance, p. 14	
102-4	Location of operations	At a glance, p. 14	
102-5	Ownership and legal form	At a glance, p. 14	
102-6	Markets served	At a glance, p. 15	
102-7	Scale of the organisation	Key economic and financial results, p. 23 Employees, p. 116	
102-8	Information on employees and other workers	Employees, p. 116	All indicators on employees are counted using of two methodologies due to the existing reporting processes. In the Metals segment average number of employees is presented, in the Power segment — total number of employees as on 31.12.2019. The share of full-time employees is disclosed without gender breakdown. The share of employees with a permanent contract is disclosed without breakdown by gender and region.
102-9	Supply chain	Business model, p. 20 Supply chain, p. 62	
102-10	Significant changes to the organisation and its supply chain		There were no significant changes to the organisation's size, structure, ownership, or supply chain in 2019.
102-11	Precautionary Principle or approach	Contribution to Sustainable Development Goals, p. 52 Environmental stewardship, p. 91, 92	
102-12	External initiatives	Partnerships and memberships of associations and external initiatives, p. 48	
102-13	Membership of associations	Partnerships and memberships of associations and external initiatives, p. 48	
2. Strategy			
102-14	Statement from senior decision-maker	Message from the Executive Chairman, p. 4 Message from the CEO, p. 6	
102-15	Key impacts, risks, and opportunities	Internal control and risk management, p. 35	

GRI Disclosure	Name	Link	Excluded information
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Ethics and integrity, p. 37	
102-17	Mechanisms for advice and concerns about ethics	Ethics and integrity, p. 37	
4. Governance			
102-18	Governance structure	Corporate governance structure, p. 27 Committees of the Board, p. 31	
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder engagement and materiality assessment, p. 44	
102-22	Composition of the highest governance body and its committees	Board's responsibilities, p. 28	
102-23	Chair of the highest governance body	Board's responsibilities, p. 28	
102-24	Nominating and selecting the highest governance body	Board's responsibilities, p. 28	
102-25	Conflicts of interest	Ethics and integrity, p. 37	
102-26	Role of highest governance body in setting purpose, values, and strategy	Board's responsibilities, p. 27 Strategy management, p. 42	
102-27	Collective knowledge of highest governance body	Board's responsibilities, p. 29	
102-29	Identifying and managing economic, environmental and social impacts	Internal control and risk management, p. 34 Stakeholder engagement and materiality assessment, p. 46	
102-30	Effectiveness of risk management processes	Internal control and risk management, p. 35	
102-32	Highest governance body's role in sustainability reporting	About the Report, p. 160	
102-35	Remuneration policies	Board's responsibilities, p. 30	
102-36	Process for determining remuneration	Board's responsibilities, p. 30	

GRI Disclosure	Name	Link	Excluded information
5. Stakeholder engagement			
102-40	List of stakeholder groups	Stakeholder engagement and materiality assessment, p. 44	
102-41	Collective bargaining agreements	Employees, p. 120	
102-42	Identifying and selecting stakeholders	Stakeholder engagement and materiality assessment, p. 44	
102-43	Approach to stakeholder engagement	Stakeholder engagement and materiality assessment, p. 44	
102-44	Key topics and concerns raised	Stakeholder engagement and materiality assessment, p. 44	
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	Boundaries of the Report, p. 160	
102-46	Defining report content and topic Boundaries	Stakeholder engagement and materiality assessment, p. 46	
102-47	List of material topics	Stakeholder engagement and materiality assessment, p. 47	
102-48	Restatements of information		All restatements in the Report are indicated appropriately in the footnotes. The key reasons for restatements of information in the Report are improvement of the indicators' boundaries and retrospective information.
102-49	Changes in reporting		The following material topics were added in the Report 2019 in comparison with Report 2018: Supply chain and Diversity and gender equality
102-50	Reporting period	About the Report, p. 160	
102-51	Date of most recent report	About the Report, p. 160	
102-52	Reporting cycle	About the Report, p. 160	
102-53	Contact point for questions regarding the report	Contact information, p. 186	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report, p. 160	
102-55	GRI content index	GRI content index, p. 170	
102-56	External assurance	Independent assurance report, p. 184	

GRI Disclosure	Name	Link	Excluded information
GRI 103 MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	Business model, p. 16, Corporate governance p. 26, Supply chain, p. 62, Internal control and risk management, p. 34, Energy management, p. 85, Water resources, p. 98, Biodiversity, p. 110, Air emissions, p. 96, Waste and safe tailings management, p. 102, Climate leadership, p. 79, 80, Ethics and integrity, p. 37, Employees, p. 115, Health and safety, p. 130, Local communities, p. 147	
103-2	The management approach and its components	Business model, p. 16, Corporate governance p. 26, Supply chain, p. 62, Internal control and risk management, p. 34, Energy management, p. 86, Water resources, p. 99, Biodiversity, p. 110, Air emissions, p. 96, Waste and safe tailings management, p. 102, Climate leadership, p. 80, Ethics and integrity, p. 37, Employees, p. 115, Health and safety, p. 131, Local communities, p. 147	
103-3	Evaluation of the management approach	Key economic and financial results, p. 23, Board's responsibilities, p. 30, Supply chain, p. 62, Internal control and risk management, p. 34, Energy management, p. 85, Water resources, p. 101, Biodiversity, p.110, Air emissions, p. 97, Waste and safe tailings management, p. 100, Climate leadership, p. 80, 81, Ethics and integrity, p. 37, Employees, p. 115, Health and safety, p. 133, Local communities, p. 147	

GRI Disclosure	Name	Link	Excluded information
GRI 200 ECONOMIC			
GRI 201 ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Key economic and financial results, p. 23	
201-2	Financial implications and other risks and opportunities due to climate change	Climate leadership, p. 80	
201-4	Financial assistance received from government	Key economic and financial results, p. 23	The information about received from government tax relief, tax credits and subsidies is disclosed without breakdown by region.
GRI 202 MARKET PRESENCE			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employees, p. 126	The ratio of standard entry level wage is disclosed without gender breakdown.
202-2	Proportion of senior management hired from the local community	Employees, p. 117	
GRI 203 INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	Local communities, p. 149	
203-2	Significant indirect economic impacts	Local communities, p. 148, 149, 152, 154	
GRI 204 PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers	Supply chain, p. 62	In the Metals segment share of the procurement budget includes only procurement of raw materials for the main production due to the existing reporting processes.
GRI 205 ANTI-CORRUPTION			
205-2	Communication and training about anti-corruption policies and procedures	Ethics and integrity, p. 37	The information about total number and percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to is excluded due to the existing reporting processes.
GRI 300 ENVIRONMENTAL			
GRI 302 ENERGY			
302-1	Energy consumption within the organisation	Energy management, p. 85	The total consumption of non-renewable energy sources (gas, fuel oil and coal) is indicated in joules. Electricity generation is indicated by source type (non-renewable and renewable).
302-4	Reduction of energy consumption	Energy management, p. 86	Includes data only for the Metals segment.

GRI Disclosure	Name	Link	Excluded information
GRI 303 WATER AND EFFLUENTS			
303-1	Water withdrawal	Water resources, p. 100	The GRI 303: Water 2016 standard is used for disclosure.
GRI 305 EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Climate leadership, p. 81	
305-2	Energy indirect (Scope 2) GHG emissions	Climate leadership, p. 81	
305-5	Reduction of GHG emissions	Climate leadership, p. 81, 82	Amount of the reduced GHG emissions includes data only for the Power segment.
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Air emissions, p. 96	
GRI 306 EFFLUENTS AND WASTE			
306-2	Waste by type and disposal method	Waste and safe tailings management, p. 102	
306-3	Significant spills	Waste and safe tailings management, p. 102	
306-4	Waste diverted from disposal	Waste and safe tailings management, p. 102	
GRI 307 ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	Environmental stewardship, p. 93	
GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria	Supply chain, p. 62, 65	The data is disclosed in numbers for the Metals segment. All the Power segment's suppliers and contractors must comply with occupational health and safety and environmental protection stipulations included in the Supplier Business Ethics Code.
GRI 400 SOCIAL			
GRI 401 EMPLOYMENT			
401-1	New employee hires and employee turnover	Employees, p. 119	All indicators on employees are counted using of two methodologies due to the existing reporting processes. In the Metals segment average number of employees is presented, in Power segment — total number of employees as on 31.12.2019.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees, p. 128	

GRI Disclosure	Name	Link	Excluded information
GRI 403 OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	Health and safety, p. 133	
403-2	Hazard identification, risk assessment, and incident investigation	Health and safety, p. 134, 135	
403-3	Occupational health services	Health and safety, p. 132, 139	
403-5	Worker training on occupational health and safety	Health and safety, p. 143	
403-6	Promotion of worker health	Employees, p. 123	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety, p. 135, 136	
403-9	Work-related injuries	Health and safety, p. 138	Work-related injuries data does not include data for not employees whose work and/or workplace is controlled by the organisation. The Company has an initiative to include contractor injuries in overall LTIFR figures, and to establish these data as the main KPI for senior executives from 2021. Data does not include the number of working hours and number of injuries used for LTIFR calculation.
403-10	Work-related ill health	Health and safety, p. 139	
GRI 404 TRAINING AND EDUCATION			
404-2	Programmes for upgrading employee skills and transition assistance programmes	Health and safety, p. 123	
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	Corporate governance, p. 29	All indicators on employees are counted using of two methodologies due to the existing reporting processes. In the Metals segment average number of employees is presented, in Power segment — total number of employees as of 31.12.2019.
GRI 413 LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programmes	Local communities, p. 147	Percentage of operations with implemented local community engagement is not included.
GRI 414 SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	Supply chain, p. 63, 65	The data is disclosed in numbers for the Metals segment. All the Power segment's suppliers and contractors must comply with the Supplier Business Ethics Code.

SASB content index

Indicator	Name	Link	Comments
SASB EM-MM			
120a.1.	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N2O), (3) SOx, (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	Air emissions, p. 97	
140a.1.	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Water resources, p. 100	
150a.1.	Total weight of tailings waste, percentage recycled	Waste and safe tailings management, p. 103	
150a.2.	Total weight of mineral processing waste, percentage recycled	Waste and safe tailings management, p. 103	
160a.2.	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	Land rehabilitation, p. 107	
SASB IF-EU			
120a.1.	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	Air emissions, p. 97	
150a.1.	Amount of coal combustion residuals (CCR) generated, percentage recycled	Waste and safe tailings management, p. 103	
420a.3.	Customer electricity savings from efficiency measures, by market	Energy management, p. 86	
550a.1.	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Energy management, p. 80	

Disclosure of the SECR requirements in the Report

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. SECR extends the reporting requirements for quoted companies and mandates new annual disclosures for large unquoted and limited liability partnerships (LLPs).

Requirement	Link	Comments
Annual global GHG emissions (global scope 1 and 2 GHG emissions in tonnes of carbon dioxide equivalent including all seven gases included under the Kyoto Protocol) from activities for which the company is responsible, including combustion of fuel and operation of any facility, and the annual emissions from the purchase of electricity, heat, steam or cooling by the company for its own use.	Climate leadership, p. 81	The greenhouse gases included in the calculations are listed in the "Climate change" section of the Report.
Underlying global energy use	Climate leadership, p. 81	
Energy use and GHG emissions figures from previous year (exempt in 1st year)	Climate leadership, p. 81	The indicators are disclosed for 2018 and 2019.
At least one emissions intensity ratio	Climate leadership, p. 81	
Narrative on energy efficiency measures	Climate leadership, p. 81	
Details of methodology used	Climate leadership, p. 81	The indicators on GHG emissions are evaluated in accordance with 2006 IPCC Guidelines and Methodological Guidance on the Quantification of Greenhouse Gas Emissions by Entities Engaging in Business and Other Activities in the Russian Federation (approved by Order No. 300 of the Ministry of Natural Resources and the Environment of Russia dated 30 June 2015).

Compliance of En+ Group's results with required thresholds under the EU Taxonomy

As part of the action plan on financing sustainable growth of the European Commission, an EU classification system for sustainable activities, i.e. an EU Taxonomy, was established. The Taxonomy Technical Report, published in June 2019, provides the basis for the EU Taxonomy, presents a list of economic activities which can make a substantial contribution to climate change mitigation and criteria to do no significant harm to other environmental objectives. For each economic activity there is a threshold.

Metric and Required threshold	Comments
ALUMINIUM PRODUCTION	
Criterion 1. Direct emissions for primary aluminium production is at or below the value of the related EU-ETS benchmark of 1.514 tCO ₂ e/t.	Direct GHG emissions per tonne in electrolysis operations are 2.0 tCO ₂ e/tAl, evaluated in accordance with an internally approved methodology of determination of direct GHGs from primary aluminium production.
Criterion 2. Electricity consumption for electrolysis is at or below 15.29 MWh/t (European average emission factor according to International Aluminium Institute, 2017).	Average electricity consumption at aluminium smelters of En+ Group is 14.72 (average for KUBAL (Sweden), Boguchansky Aluminium Smelter, Bratsk Aluminium Smelter, Volgograd Aluminium Smelter, Irkutsk Aluminium Smelter, Kandalaksha Aluminium Smelter, Novokuznetsk Aluminium Smelter, Sayanogorsk Aluminium Smelter, Krasnoyarsk Aluminium Smelter).
PRODUCTION OF ELECTRICITY FROM HYDROPOWER	
Any electricity generation technology can be included in the taxonomy if it can be demonstrated, using an ISO 14067 or a GHG Protocol Product Lifecycle Standard-compliant Product Carbon Footprint (PCF) assessment, that the allocated life cycle impacts for producing 1 kWh of electricity are below the declining threshold. Declining threshold: Facilities operating at life cycle emissions lower than 100gCO ₂ e/kWh, declining to 0 g CO ₂ e/kWh by 2050, are eligible.	The Company does not conduct evaluation of greenhouse gas emissions for electricity produced from hydropower in accordance with the standards referenced in the EU Taxonomy. If the greenhouse gas emissions from hydropower plants ¹ evaluated by the Company are divided by the amount of electricity, the indicator negligible and is well below the threshold (4.63*10 ⁻¹² gCO ₂ e/kWh).
<ul style="list-style-type: none"> This threshold will be reduced every 5 years in line with a net-zero CO₂e in 2050 trajectory. Facilities and activities must meet the threshold at the point in time when taxonomy approval is sought. For activities which go beyond 2050, it must be technically feasible to reach net zero emissions.	

¹ The indicator accounts for Scope 1 emissions for 2019. Scope 1 includes CO₂, CH₄.

Glossary

UNITS OF MEASUREMENT

bn	Billion
Gcal	Gigacalorie, a unit of measurement for heating energy
GW	Gigawatt (one million kilowatts)
GWh	Gigawatt-hour (one million kilowatt-hours)
kt	Thousand metric tonnes
kV	Kilovolt
kWh	Kilowatt-hour, a unit of measurement for produced electricity
m ³	Cubic metres
mn	Million
mt	Million metric tonnes
mtpa	Million tonnes per annum
MW	Megawatt (one thousand kilowatt), a unit of measurement for electrical power capacity
RUB	Rouble
t, tonne	One metric tonne (one thousand kilograms)
TWh	Terawatt-hour (one billion kilowatt-hours)
USD	United States dollar
UAH	Ukrainian hryvnia

TERMS AND ABBREVIATIONS

AIST	Japan's National Institute of Advanced Industrial Science and Technology
Al	Aluminium
ARC	Audit and Risk Committee
APQP	Advanced Product Quality Planning
ASI	Aluminium Stewardship Initiative (ASI)
ATS	Alternative Trading System
Aughinish	Aughinish Alumina Refinery, Aughinish Alumina, or Aughinish Alumina Limited, a wholly owned subsidiary of RUSAL incorporated in Ireland
B20	Business 20
BAT	Best available technologies
BIAC	Business and Industry Advisory Committee to the OECD

BCGI	Bauxite Company of Guyana, founded in December 2004 under an agreement between RUSAL (90%) and the Government of Guyana (10%)
Board	Board of Directors of the Company
BrAZ	Bratsk Aluminium Smelter or PJSC RUSAL Bratsk, a wholly owned subsidiary of RUSAL incorporated under the laws of the Russian Federation
BoAZ	Boguchansky Aluminium Smelter means the aluminium smelter project involving the construction of a 600 thousand tpa greenfield aluminium smelter on a 230 hectare site, located approximately 8 km to the south-east of the settlement of Tayozhny in the Krasnoyarsk region, and approximately 160 km (212 km by road) from the Boguchanskaya hydro power plant, as described at pages 23 and 26 of UC RUSAL Annual Report
BRICS	Brazil, Russia, India, China and South Africa
CAC	Capacity Allocation Contracts
CAPEX	Capital expenditures
CC	Compliance Committee
CEO	Chief Executive Officer
CEREBa	Chemical materials Evaluation and REsearch Base
CDP	Carbon Disclosure Project
CGNC	Corporate Governance and Nominations Committee
CHP	Combined heat and power plant
CIS	Commonwealth of Independent States
CNIA	The China Nonferrous Metals Industry Association
CPLC	Carbon Pricing Leadership Coalition
CO ₂	Carbon dioxide
CO ₂ e	CO ₂ equivalent
Directorate for Control	The Directorate for Control and Internal Audit
DMAICR	define-measure-analyse-improve-control-replicate
EAB	Environmental Advisory Board
EESP	Environmental Entrepreneurship School Project

EN+ GROUP, En+, En+ Group, we, the Company, the Group	EN+ GROUP IPJSC and its subsidiaries, whose results are included in the consolidated financial statements prepared in accordance with the International Financial Reporting Standards
EMERCOM	Emergency Control Ministry
ESG	Environmental, social and governance
ETC	Energy Transformation Commission
EuroSibEnerg	JSC EuroSibEnerg, a 100% subsidiary of En+ Group managing its power facilities
FMEA	Failure Mode and Effect Analysis
FTSE	Financial Times Stock Exchange
GDR	Global depositary receipt
GHG	Greenhouse gas
GHG emissions Scope 1	Direct greenhouse gas emissions from sources owned or controlled by the Company, e.g., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment. Direct CO ₂ emissions from the combustion of biomass are not included in Scope 1, as they are reported separately.
GHG emissions Scope 2	Indirect energy greenhouse gas emissions. Scope 2 accounts for GHG emissions resulting from the generation of purchased heat and electricity consumed by a company. Purchased heat and electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the company. Scope 2 emissions physically occur at the facility where heat and electricity are generated
GR	Government Relations
GRI	Global Reporting Initiative
GSEP	The Global Sustainable Electricity Partnership
HPP	Hydropower plant
HR	Human resources
HSE	Health, safety and environment
HSE Committee	The Health, Safety and Environment Committee

IAI	International Aluminium Institute
IATF 16949	IATF 16949 a quality management system for organisations in the automotive industry, using the Advanced Product Quality Planning (Production Part Approval Process) approach.
ICC	International Chamber of Commerce Russia
ICS	Internal Control System
IHA	International Hydropower Association
ILM&T	Institute of Light Materials and Technologies
INRTU	Irkutsk National Research Technical University
IPCC	Intergovernmental Panel on Climate Change
IP	Intellectual property
IRENA	International Renewable Energy Agency
Irkutskenergo	Irkutsk Public Joint Stock Company of Energetics and Electrification, a power generating company controlled by En+ by more than 30% of Irkutskenergo's issued share capital
IrKAZ	Irkutsk Aluminium Smelter, a branch of RUSAL Bratsk in Shelekhov, Russia
ISO 9001	ISO 9001:2015, an international "Quality management systems – Requirements" standard developed by the International Organisation for Standardisation setting the criteria for quality management systems and the only standard in the family that can be certified to
ISO 14001	ISO 14001:2015, an international "Environmental management systems – Requirements with guidance for use" standard developed by the International Organisation for Standardisation setting the criteria for an environmental management system and can be certified to.

ISO 45001	ISO 45001:2018, an international "Occupational health and safety management systems — Requirements with guidance for use" standard developed by the International Organisation for Standardisation setting the criteria for health and safety management systems and can be certified to
KAZ	Kandalaksha Aluminium Smelter, a branch of RUSAL Ural JSC
KPI	Key performance indicator
KrAZ	Krasnoyarsk Aluminium Smelter or JSC RUSAL Krasnoyarsk, a wholly owned subsidiary of RUSAL incorporated under the laws of the Russian Federation
KUBAL	Kubikenberg Aluminium AB, a wholly owned subsidiary of RUSAL incorporated in Sweden
LCA	Low carbon aluminium
LME	London Metal Exchange
LSE	London Stock Exchange
LTIFR	The Lost Time Injury Frequency Rate, calculated by the Group as the sum of fatalities and lost time injuries per 200,000 man-hours
Metals segment	The segment comprising of RUSAL (50.1% owned by En+ Group). RUSAL's power facilities are included into the Metals segment
Mineral Resource	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 subdivided, in order of increasing geological confidence, into inferred, indicated and measured categories
Management Team	Executive Directors and Officers of the Company
MOEX	Moscow Exchange
MSA	Measurement System Analysis
MSU	Moscow State University

National Examination Board in Occupational Safety and Health (NEBOSH)	A global organisation, which provides health, safety and environmental qualifications
Net debt	The sum of loans, borrowings, and bonds outstanding as well as deferred liability for the acquisition of PJSC Irkutskenergo (the Group's subsidiary) shares less total cash and cash equivalents as at the end of the relevant period
NGO	Non-governmental organisations
Norilsk Nickel	PJSC MMC NORILSK NICKEL, incorporated under the laws of the Russian Federation
NkAZ	Novokuznetsk Aluminium Smelter or JSC RUSAL Novokuznetsk, a wholly owned subsidiary of RUSAL incorporated under the laws of the Russian Federation
OECD	The Organisation for Economic Cooperation and Development
OEE	Overall equipment effectiveness
OFAC	The Office of Foreign Assets Control (OFAC) of the US Department of the Treasury
OFAC Sanctions	The designation by OFAC of certain persons and certain companies which are controlled or deemed to be controlled by some of these persons into the Specially Designated Nationals List
OHS	Occupational health and safety
OHSAS 18001	Occupational Health and Safety Specification (OHSAS) 18001
Ore Reserves	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, social, marketing, legal, environmental, 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 and proved.

PCB	Polychlorinated biphenyl
PCT	Patent Cooperation Treaty
PFC	Perfluorocarbons
POPs	Persistent Organic Pollutants
Power segment	The segment predominantly comprising of power facilities owned by En+ Group. The Power segment engages in all aspects of the power industry, including electric power generation, power trading, and supply
PPE	Personal protective equipment
PV	Photovoltaic
QAL	Queensland Alumina Limited, a company incorporated in Queensland, Australia, in which RUSAL indirectly holds a 20% equity stake
QMS	Quality management system
R&D	Research and Development
RCC (currently CC)	Regulation and Compliance Committee
RemCom	Remuneration Committee
RMS	Risk Management System
RPMS	Reactive polyiodide melts
RSPP	Russian Union of Industrialists and Entrepreneurs
RUSAL, the Metals segment	United Company RUSAL Plc, incorporated under the laws of Jersey with limited liability (50.1% owned by En+ Group)
Rusal Silicon Urals	LLC RUSAL Silicon Urals (formerly LLC SU-Silicon), an indirect, non-wholly-owned subsidiary of RUSAL
RusHydro	PJSC RusHydro (Public Joint-Stock Company Federal Hydro-Generating Company – RusHydro), organised under the laws of the Russian Federation, an independent third party
SASB	Sustainability Accounting Standards Board
SAZ	Sayanogorsk Aluminium Smelter, JSC "RUSAL Sayanogorsk", a company incorporated under the laws of the Russian Federation, which is a wholly owned subsidiary of the Company
SBTi	Science Based Targets initiative, a joint initiative by CDP, UN Global Compact, World Resources Institute and WWF that was established to drive corporate ambition and help businesses pursue bolder solutions to climate change

SDN List, Specially Designated Nationals List	The List of Specially Designated Nationals and Blocked Persons published by the OFAC. U.S. persons are generally prohibited from dealing with the facilities of persons designated in the SDN List which are subject to the U.S. jurisdiction, subject to certain exemptions and exclusions set out in licenses issued by OFAC
SDG	Sustainable Development Goals
SECR	Streamlined energy and carbon reporting
SPC	Statistical Process Control
TCFD	Task Force on Climate-Related Financial Disclosures
Timan Bauxite	Joint Stock Company "Boksit Timana", a non-wholly owned subsidiary of RUSAL incorporated under the laws of the Russian Federation
TRIZ	Theory of Inventive Problem Solving
UAZ	Urals Aluminium Smelter, a branch of JSC RUSAL Ural
UNFCCC	The United Nations Framework Convention on Climate Change
UN SDGs	United Nation's Sustainable Development Goals
VgAZ	Volgograd Aluminium Smelter, a branch of RUSAL Ural JSC
VAP	Value-added products. Includes wire rod, foundry alloys, billets, slabs, high purity, and others
WEM	the Russian Wholesale Electricity Market
WHO	the World Health Organisation
Wholesale electricity and capacity market	Market for the turnover of electric energy and capacity within Russia's Unified Energy System and unified economic space, with the participation of large electricity producers and consumers that have the status of wholesale market objects, confirmed in full accordance with the Russian Federal Law "On the Electric Power Industry". The criteria for determining large electricity producers and consumers are also established by the Russian Government
Winalco	West Indies Alumina Company, a company incorporated in Jamaica, in which RUSAL indirectly holds a 100% stake
WWF	World Wildlife Fund

Independent assurance report

GRI 102-56



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Independent Assurance Report on the EN+ GROUP Sustainability Report 2019

To the Board of Directors and Stakeholders of EN+ GROUP IPJSC

Subject matter

At the request of EN+ GROUP IPJSC (hereinafter 'the Company') we have obtained a limited level assurance on the qualitative and quantitative information disclosed in the Sustainability Report 2019 of EN+ GROUP IPJSC (hereinafter 'the Report') except for the following matters:

- ▶ Forward-looking statements on performance, events or planned activities;
- ▶ Correspondence between the Report and recommendations of the Sustainability Accounting Standards Board, UK government's Streamlined Energy and Carbon Reporting (SECR) policy requirements, thresholds under EU Taxonomy, requirements and recommendations of the London Stock Exchange, compliance with Directive 2014/95/EU, Compliance with Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016 n. 1245, Compliance with Aluminium Carbon Footprint Technical Support Document prepared by the International Aluminium Institute; and
- ▶ Statements of third parties included in the Report.

Applicable criteria

The criteria of our engagement were the Global Reporting Initiative's Sustainability Reporting Standards (hereinafter 'the GRI Standards') and the sustainability reporting principles of the Company as set out in section 'About the Report' of the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

Management's responsibilities

The management of the Company is responsible for the preparation of the Report and for the information therein to present fairly in all material respects sustainability policies, activities, events and performance of the Company for the year ended 31 December 2019 in compliance with the GRI Standards and the sustainability reporting principles of the Company and approaches to establish certain indicators as set out in section 'About the Report' and notes to the indicators in the Report. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of a sustainability report that is free of material misstatements, selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances.

Our responsibilities

Our responsibility is to independently express conclusions that:

- ▶ The information in the Report is, in all material respects, a fair representation of sustainability policies, activities, events and performance of the Company for the year ended 31 December 2019;
- ▶ The Report is prepared 'in accordance' with the GRI Standards using the Core option.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Summary of work performed

Our engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by IFAC, and accordingly included the following procedures:

- ▶ Interviews with representatives of the Company management and specialists responsible for its sustainability policies, activities, performance and relevant reporting;
- ▶ Analysis of key documents related to Company sustainability policies, activities, performance and relevant reporting;
- ▶ Obtaining understanding of the process used to prepare the information on sustainability performance indicators of the Company and other engagement circumstances by reviewing the reporting process used for preparation of sustainability reports;
- ▶ Analysis of the Company stakeholder engagement activities via reviewing public hearings materials conducted by the Company;
- ▶ Analysis of material issues in field of sustainable development identified by the Company and comparing them with materiality maps for the 'Electric Utilities & Power Generators' and 'Metals and Mining' sectors, issued by the Sustainability Accounting Standards Board;
- ▶ Identification of sustainability issues material for the Company based on the procedures described above and analysis of their reflection in the Report;



page 2

- ▶ Review of data samples regarding key human resources, energy use, environmental protection, process safety and health and safety activities indicators for the year ended 31 December 2019 to assess whether these data have been collected, prepared, collated and reported appropriately at the Moscow office level;
- ▶ Interview with executives responsible for human resources, environmental protection and health and safety at Company's entities JSC Krasnoyarsk Hydro-Power Plant and JSC RUSAL Sayanogorsk chosen on a selective basis, to gather evidence supporting the assertions on the Company's sustainability policies, activities, events, and performance made in the Report;
- ▶ Collection on a sample basis of evidence substantiating the qualitative and quantitative information included in the Report at the Moscow office level;
- ▶ Assessment of compliance of the Report and its preparation process with the Company sustainability reporting principles and approaches to establish certain indicators as set out in section 'About the Report' and notes to the indicators in the Report; and
- ▶ Assessment of compliance of information and data disclosures in the Report with the requirements of the Core option of reporting 'in accordance' with the GRI Standards.

Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information in the Report does not represent fairly, in all material respects, the sustainability policies, activities, events and performance of the Company for the year ended 31 December 2019 in accordance with the GRI Standards and sustainability reporting principles of the Company and approaches to establish certain indicators as set out in section 'About the Report' and notes to the indicators in the Report.

Nothing has come to our attention that causes us to believe that the Report is not prepared 'in accordance' with the GRI Standards using the Core option.

M.S. Khachaturian
Partner
Ernst & Young LLC

18 September 2020

Details of the subject of the independent assurance

Name: EN+ GROUP IPJSC
Entered in the State Register of Legal Entities on 9 July 2019 and assigned state registration number 1193926010398.
Registered address and location: Russia 236006, Kaliningrad region, Kaliningrad, Oktyabrskaya street, 8, office 34.

Details of the assurance provider

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulated organisation of auditors "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organisations, main registration number 12006020327.

Contact information

GRI 102-53

To provide your feedback, suggest a comment or ask a question please contact:

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