



Global Compact Network
Russia



UNITED NATIONS
GLOBAL COMPACT
NETWORK RUSSIA

CORPORATE SOCIAL
RESPONSIBILITY
PRACTICES



PARTICIPANTS OF THE UN GLOBAL COMPACT NETWORK RUSSIA

RUSAL, UNITED COMPANY

SISTEMA JSFC

JSC FOREIGN TRADE ASSOCIATION -
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TRADE ASSOCIATION

COORDINATION COUNCIL OF THE
INTERNATIONAL CONGRESS OF THE
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INTERNATIONAL TELECOMMUNICATIONS ACADEMY

RUSSIAN UNION OF INDUSTRIALISTS
AND ENTREPRENEURS

AEROFUELS GROUP

INSTITUTE FOR COMPARATIVE
SOCIAL RESEARCH - CESSI

SUE VODOKANAL OF SAINT PETERSBURG

ASSET MANAGEMENT OF HUMANE
DEVELOPING PROGRAMS LIMITED

FOUNDATION FOR PROMOTION OF SCIENCE,
EDUCATION AND MEDICINE DEVELOPMENT

CENTRE FOR REAL ESTATE NIRLAN

CONSTRUCTION CONCERN EDINSTVO

ICOS UNESCO IFAP - RUSSIA

TRANSAERO AIRLINES

PRIMORSKY PUBLIC MOVEMENT - MOVEMENT OF
SUPPORT OF SOCIAL PROGRAMMES - MART

JSC RUSSIAN RAILWAYS

INTERNATIONAL FUND OF BUSINESSMEN

VOLNA

AGENCY FOR SOCIAL INFORMATION

SOCIAL INVESTMENT CORPORATION

NATIONAL AGENCY OF INDUSTRIAL MARKETING

LUKOIL

OJSC TERRITORIAL GENERATING COMPANY NO.5

COCA-COLA HBC EURASIA, LLC

INTERNATIONAL ASSEMBLY OF BUSINESS CONTACTS

NGO CLUB OF CORPORATE PHILANTHROPISTS

NGO CORPORATE SOCIAL RESPONSIBILITY-
RUSSIAN CENTRE

ASSOCIATION OF RUSSIAN LAWYERS FOR HUMAN RIGHTS

RENOVA GROUP (BRANCH OF THE COMPANY
RENOVA MANAGEMENT AG (SWITZERLAND)
IN RUSSIAN FEDERATION (MEMBER OF THE
RENOVA GROUP OF COMPANIES)

RUSSIAN MICROFINANCE CENTER

POLYMETAL, JSC

INTERNATIONAL RESEARCH INSTITUTE

FUND NARODNAYA INITSIIATIVA (PEOPLES INITIATIVE)

SCIENTIFIC RESEARCH CENTER OF CORPORATE
GOVERNANCE, LAW AND VENTURE INVESTMENT
OF SYKTYVKAR STATE UNIVERSITY

SAKHALIN ENERGY INVESTMENT COMPANY LTD.

ROSNEFT OIL COMPANY JSC

CONCLAV CAPITAL LLC

INDEPENDENT INSTITUTE OF INTERNATIONAL LAW

OPEN INSTITUTE

THE COMMITTEE FOR FIGHTING CORRUPTION

THE NATIONAL PROJECT FOUNDATION

SCIENTIFIC CENTRE FOR BENCHMARKING
AND EXCELLENCE OF THE IVANOVO STATE
POWER UNIVERSITY (SCBE/ISPU)

INTERNATIONAL UNIVERSITY OF FUNDAMENTAL STUDIES

UNGC NETWORK RUSSIA

AT the end of 2001 the Global Compact was officially launched in Russia during a round table jointly organized by the Ministry of Foreign Affairs and the Russian Union of Industrialists and Entrepreneurs and in partnership with UN agencies.



Global Compact Network
Russia

UNGC Network Russia – looking into the past



In 2004 the first corporate social responsibility index in Russia was launched in collaboration with the Russian Managers' Association and under the aegis of the Government of the Russian Federation. The Index is based on a field survey of a representative sample of 1,000 large and medium-sized Russian companies operating in various branches of industry. The survey includes questions on social reporting data, financial soundness and weight in the national economy. The key components of the CSR Index include investments in human resources, health and safety, environment and local communities.



The International Conference on Social Investments in Economic Development of Russian Regions, held in October 2006, was aimed at promoting corporate responsibility and regional development in Russia.

In February 2007, a round table was held with representatives of civil society to discuss paths of cooperation in promoting Global Compact principles in Russia. Participants discussed the role NGOs can play in CSR promotion and GC advocacy, and involvement of NGOs in the implementation of joint social programmes by the government and businesses with a view to increasing their efficiency and to guarantee transparency.



The first national report “Business Risks in Public-Private Partnership” was developed and published in 2007 in association with the Russian Association of Managers. The report incorporates a survey among 180 representatives of major Russian companies, a dozen interviews with leading Russian PPP experts, and results of multiple round table discussions on PPP issues.

The CSR Business Directory “Russian Business and UN Global Compact” was developed jointly by UNGC participants in Russia, the Agency of Social Information, and Russian NGOs. The Directory presents an analysis of CSR trends in Russia and CSR practices implemented by Russian companies.



In October 2007, the International Congress on Business Reputation and Russia’s Future was organized by the Global Compact, the Russian Union of Industrialists and Entrepreneurs, and RAO United Energy Systems. The Congress included the business forum “Business Reputation: Responsibility. Transparency.

Sustainability” and the exhibition “Made in Russia: Responsible Business at Work”.

In 2008, participants of the Global Compact Network Russia implemented vital structural and organizational changes aimed at increasing the effectiveness of Russian local network activities. More than 30 senior representatives of Russian companies met with UN Secretary-General Ban Ki-moon, and declared their intention to found a Russian local network of the UNGC.



“I welcome today’s formation of the Russian Local Network as a sign that the business community of Russia, one of the largest economies in the world, is ready to fully support the universal values of the United Nations”, Ban Ki-moon said.

On December 17, 2008, the Global Compact Network Russia was formally established at a meeting of UNGC participants from the Russian Federation. The first annual general meeting of Russian participants of the Global Compact ratified the Statutes of the UNGC Network Russia as well as key priorities and objectives of the Network for coming years. The Steering Committee of the UNGC Network Russia and its Chairman were also elected.

In 2008 the second social investment report “Social Investments in Russia 2008” was developed with assistance from the Russian Association of Managers and widely presented to Russian business and expert communities. This report presented research subsequent to that presented in “Social Investment in Russia 2004” and is devoted to analysis of the genesis of corporate social responsibility activities in the Russian Federation.



The research report “From Russia with Love. A national chapter on the global CSR agenda” was commissioned by RUSAL from the Economist Intelligence Unit and supported by PricewaterhouseCoopers in Russia. The report aimed to shed light on how Russian companies compared with other multinationals elsewhere, evaluate the maturity of Russian CSR practices and what role they play in companies’ strategic development, as well as outlining immediate priorities for Russian multinationals.





In early 2009, the UNGC Network Russia started publication of the UNGC Network Russia bulletin, which is prepared by the secretariat of the Network and is widely disseminated. One issue of the bulletin was dedicated to analysis and assessment of companies' social risks in the on-going economic recession.



UNGC Network Russia – looking into the future

In 2009, UNDP launched a five-year project with the Ministry of Economic Development to promote private sector engagement in addressing Russia's development challenges through engaging Russian business in the UN Global Compact. The project "Engaging Russian Business in Global Compact Driven Sustainable Development (2009-2014)" is focused on policy advice to UNGC Network Russia participants on social and economic issues and joint implementation of related projects with companies and sub-national governments.

The primary objective of the UNGC Network Russia in the next few years is development and realisation of projects for minimisation of economic, social and environmental repercussions of the global economic crisis on participating companies of the Global Compact in the territories where they do business. The Network's participants aim to achieve progress in the following areas:

Human rights

1. Cooperation of UNGC participants in their interaction with regional and local government bodies regarding the management of social and economic risks of companies in territories where they do business: identifying, ranging, monitoring and preventing human rights abuses during times of crisis:
 - Managing the risk of diminishing standards of living in territories where a company does business: current manpower and consumer demand as essential economic criteria for stability and business development.
 - Managing the risk of diminishing levels of sustainable livelihood of the able-bodied population amid drastic unemployment in territories where a company does business: preventing negative impacts on current operation of production-sites and human resources in order to allow post-crisis development of the company.
2. Managing risks of human rights abuses in relations between companies and their employees: implementation of projects that raise personal responsibility of employees in sustaining their livelihood, including in the case of unemployment, illness, disability through the fault of the employee and the loss of means of subsistence, including through the employee's own fault.
3. Increasing effective management of social risks of companies within their system of corporate governance: informing managers and heads of units, increasing professional qualifications of those involved in development and implementation of internal documents of the company, regulating decision-making and implementation in risk and opportunity management of the social environment of the business.

Labour standards

1. Informing managers and increasing the professional qualifications of those responsible for risk management of a company's internal environment: issues affecting both material assets (including but not limited to cost-saving, current profits and future profitability) and intangible assets (such as reputation, the brand's value and competitiveness).
2. Increasing the effectiveness and efficiency of companies through improved management of corporate ethics as a system of informal regulation of labour relations and a tool to cut costs; increasing pro-

ductivity and the quality of work, and early identification and prevention of bad practise and conflicts within the company.

3. Increasing company effectiveness and efficiency in managing the risks and opportunities of interactions with both formal associations of workers (unions, collectives, international and Russian non-governmental organisations and other social organisations) and informal associations.
4. Increasing professional qualifications of managers in conflict management to ensure the early identification and resolution of conflict in the sphere of labour relations.
5. Increasing the effectiveness and efficiency of a company's social programmes for workers and their families with regard to the socio-economic situation: developing and implementing programmes with a cross-cutting approach and with fixed indicators of success, and effect on the tangible and intangible assets of the company.

Environment

1. Working to minimise negative effects of a company's operations on the environment.
2. Working to increase energy efficiency and sustainable resource management without compromising the quality of goods and services, including, but not limited to, implementation of the following projects:
 - Economising and recycling computers and other office equipment, paper, magnetic media and other consumables.
 - Using electronic communication systems in preference to hard copy.
 - Minimising consumption of fuel, electricity and other resources.
3. Increasing the effectiveness and efficiency of ecological risk management in territories where a company does business.
4. Participating in relevant informative and social advertising actions on ecology issues and promotion of best energy-efficiency practice.



Anti-corruption

1. Increasing effectiveness of corporate ethics management as a means of preventing work-related offences, including corruption.
2. Including ethical principles in all company dealings with business partners in the supply and retail chain, including the inadmissibility of corruption.
3. Employing information technology and information resources, and means of social advertising to prevent corruption.
4. Assisting in developing democratic institutions aimed at preventing corruption in governmental agencies.

More detailed information on how to join UN Global Compact as well as the list of participating Russian organizations in the UNGC Network Russia can be obtained at the web-sites: www.unglobalcompact.org or www.undp.ru.



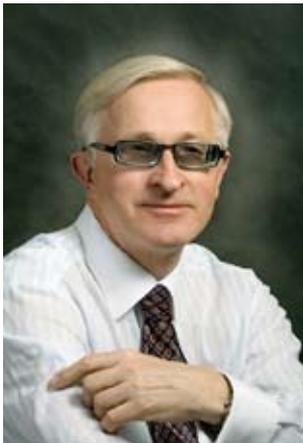
United Nations Development Programme supports UNGC Network in Russia. UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. UNDP is on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and a wide range of UNDP partners.

THE RUSSIAN UNION OF INDUSTRIALISTS AND ENTREPRENEURS (RSPP)



THE RUSSIAN UNION OF INDUSTRIALISTS AND ENTREPRENEURS (RSPP) is Russia's largest national business organization. RSPP unites over 60 trade associations and as many as 80 regional business associations – in major economic sectors, and represents the interests of many thousands of industrial, research, financial and business entities in Russia.

RSPP organizations collectively generate over two thirds of Russia's GDP. RSPP's mission is to consolidate efforts by Russian industrialists and entrepreneurs to improve the business environment, raise business standards, promote the image of Russian business at home and abroad, and maintain the balance of interests between society, government and businesses.



"Being a party to the UN Global Compact and the initiator of a corresponding national document, the Social Charter of Russian Business, the Russian Union of Industrialists and Entrepreneurs calls on the representatives of the business community to join these initiatives and use the guidelines outlined in these documents in their corporate practices. RSPP's priority tasks include developing a favorable business climate to ensure effective business development and strengthen business reputation by promoting principles of business responsibility, making business more transparent, promoting constructive cooperation with partners and distributing information on the performance of Russian companies inside the country and abroad."

A. Shokhin

RSPP President



RSPP Agenda 2010–2012: 12-12 Program



Business and government use RSPP as a platform for their constructive dialogue. Issues of common concern business and government in 2010–2012 are shown above.



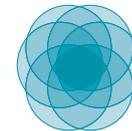
RSPP Committees

RSPP includes approximately 50 different committees, industry commissions and councils that address various business issues and make suggestions concerning the focal points of business activity and relations between the business community, government and the public. These bodies include the Corporate Social Responsibility Committee, Labor Market and Human Resources Strategy Committee, Nature Management and Ecology Committee, Energy Policy and Efficiency Committee, Corporate Relations and Self-Regulation Committee, and Industrial Policy Committee.

RSPP Projects: Promotion of Responsible Business Practices

Social Charter of Russian Business

The Russian business community, at the initiative of and with direct participation by the Russian Union of Industrialists and Entrepreneurs, has framed and adopted a consolidated posture regarding corporate responsibility and the role of business in social - economic development. This posture is laid out in the Social Charter of Russian Business – a code of responsible business practices that facilitate stable business development and can become a framework for the corporate strategy of any given company. The Charter encompasses the economic, environmental and social components of business activities, relies on the UN Global Compact guidelines and explicates these guidelines in accordance with the role of business in today's society (adopted in 2004; revised in 2008). Many companies, with a total of over 6 million employees, have already joined the Charter. RSPP encourages members of Social Charter of Russian Business to join the UN Global Compact to expand the national network of organizations participating in this international initiative.



Social Charter
of the Russian
Business



The National Register of Corporate Financial Reports was created in 2006 and has been maintained ever since then

The National Register of Corporate Financial Reports is a single open national data collection and distribution center, including a database containing published electronic reports by companies of their results, as well as social and environmental reports. The National Register contains over 200 reports published since 2000. Information on the reporting companies and the Reports Library are published on RSPP's official Web site (www.rspp.ru). RSPP assesses the development of nonfinancial reporting practices and publishes corresponding analytical reviews.

Public verification of non-financial reports

The RSPP Non-financial Reporting Council conducts public verification of corporate reports to enable independent validation of the companies' performance in terms of corporate responsibility and development as stated in their reports. In doing so, RSPP furthers public recognition of business practice results, promotes confidence in reported information and reporting standards, and stimulates open and transparent business practices by propagating non-financial reporting.



RSPP contests

RSPP supports various initiatives that promote public recognition of successful corporate practices and, thereby, create a more favorable image of Russian business. The Union organizes and co-sponsors a number of large national competitions that are intended to identify and promote recognition of successful companies that represent a combination of profitability and social and environmental awareness.



Corporate Practices Library – established by RSPP in 2008, openly published on RSPP's website

The Corporate Practices Library is an electronic database of corporate practices of Russian companies. The Library was created to consolidate information on corporate social practices, promote an exchange of successful corporate expertise on the subject matter and publish information on how companies address social issues.

Social partnership

RSPP leads employers in their cooperation with labor unions and government and represents the joint interests of enterprises and regional, industry-specific and national business unions in the Russian Trilateral Commission on Social and Labor Relations. Additionally, RSPP participates in executing general agreements among national employers' associations, Russian trade union associations and the Government of the Russian Federation on behalf of the business community.



Development of ADR establishments

RSPP plays a key role in the development of alternative (non-government) disputes resolution bodies and in promoting their importance for resolving economic disputes and protecting property in Russia. RSPP has established and runs the following bodies: Joint Commission on Corporate Ethics (established in 2002), Joint Mediation Service (established in 2006), and Corporate Dispute Arbitration Court (established in 2006).



Cooperation with the international business community

One of RSPP's areas of focus is international cooperation with business associations. RSPP represents Russian employers in the International Employers' Association, and its partners include the US Chamber of Commerce, European Business Club, Union of Industrial Employers' Confederation of Europe and national business associations throughout the world. In 2008, RSPP established a body to work with foreign companies operating in Russia – the International Cooperation and Investment Council. Over 70 foreign companies and directors of many national business associations are members of ICIC. In 2007, RSPP and the United Nations Development Programme signed a Cooperation Agreement, where both parties committed to maintain and promote the guidelines of the UN Global Compact and Social Charter of Russian Business.

RENOVA MANAGEMENT AG RENOVA GROUP

Renova Management AG (www.renova-group.com) is the corporate center of Renova Group, a leading Russian private business group that holds and manages participations in the mining, metallurgy, oil, mechanical engineering, chemical, energy, real estate development, housing, utilities, telecommunications, nanotechnology and financial sectors in Russia, as well as the CIS, Switzerland, Italy, South Africa and the United States.

The Group's primary business include investments in the Russian-British oil joint-venture TNK-BP, in UC RUSAL, one of the world's largest aluminum companies, in the Russian utility company IES, and in the Swiss high-tech and industrial companies OC Oerlikon and Sulzer.

Over 80% of the Group's companies operate inside Russia, where they employ about 100,000 people.

In order to continuously improve its responsible business practices and correlate them with international best practice, Renova Group of Companies has joined Russian and international initiatives in this area, notably the UN Global Compact and the international Partnering Against Corruption Initiative (PACI). Renova Group also continues to actively participate in improving and developing the Social Charter of Russian Business and is encouraging companies in the Group to subscribe to the Charter. Renova takes part in the activities of Russian and international business community organizations and business councils in the countries where it has a presence.





“We channel our investment and managerial resources in order to create and develop competitive and sustainable businesses by motivating the companies in which we hold a share to perfect their practices with respect to responsible business principles. Our corporate management system addresses these tasks by forming a culture of responsible business practice and encouraging the companies within Renova Group and their individual employees to align their work with the best international practices and corporate citizenship principles”.

Viktor Vekselberg,
Chairman of the Board of Directors
of Renova Group of Companies

The concept of **responsible business practice (RBP)** is understood within Renova Group as **good faith compliance** by companies with the laws of the countries of their presence, as well as implementation of voluntary initiatives in the social, economic and environmental spheres that are directly related to the company’s core activities and aimed at improvement of deliverables based on sustainable development objectives:

- Objective 1. Ensuring economic stability of the business
- Objective 2. Production of high-quality goods and services
- Objective 3. Creation of efficient and safe workplaces
- Objective 4. Mitigation of negative impact on the environment
- Objective 5. Improvement of the living conditions of local communities
- Objective 6. Fair competition
- Objective 7. Building good-faith and stable relations with interested parties

Responsible business activities within Renova Group are coordinated by a **Director for HR Management and Corporate Relations**. This role is currently fulfilled by the **Executive Board Member, Oleg Alexeev**. Further details concerning the principles and system of management of responsible business practices at Renova Group, are available in the “Partnership for the Benefit of Sustainability”, which can be viewed in the Responsible Business Practices section of our web-site www.renova-group.com.

Renova Group and each company within the Group uphold the following principles of responsible business practices and sustainability:

- Abide by the legislation of the countries of presence, adhere to industry standards and other obligations that the Group or the companies may assume.
- Seek positive behaviour in the economic, social and environmental spheres by striving to minimize potential negative impacts therein; comply with or exceed the industry average or regional indicators, depending on the company’s capacity.
- Continuously improve managerial practices using international experience and benchmarks.
- Employ a program-oriented approach to investments in the production, social and environmental spheres to guarantee high performance and effective use of scheduled resources.
- Be consistent in increasing the stakeholders’ awareness of performance results, through preparation of non-financial reporting and other measures.

- Use a systemic approach in building relationships with government, civil society, and business partners, hold consultations in the course of implementation of the strategic development objectives.
- Strive to involve employees and representatives of local communities in the development of internal social and external charity programmes to increase the efficiency of resources use, improve targeting and effect of social investments.
- Develop corporate culture and a system of competencies in accord with Group and company values.

Major results of sustainable development achieved in 2008-2009 by Renova Group companies operating in Russia:

- The overall number of accidents, incidents, fires and road traffic accidents involving Group companies fell in 2009 by **45%** compared with 2008.
- In 2008 the Group companies achieved a major reduction in injury rate and prevention of fatal accidents at work. The total number of employees suffering occupational injuries fell by **14%** in 2009 compared with 2008.
- There were no significant environmental accidents involving Group companies in 2009.
- Environmental investments grew by **26%** in 2009 against 2008.
- Most Group businesses have designed and launched energy-efficiency and cost-effective-use programs. Such a program implemented at one of the Group's companies, OJSC Koltsovo Airport (Yekaterinburg), generated over USD **300,000** in 2009 (more than RUR 10 million.).
- Nearly all Group companies experienced an **inflow of new clients**, and some companies entered new markets in 2009.
- The practice of collective agreements was extended to more than **80%** of enterprises within the Group. Despite the crisis, most enterprises maintained all of the social commitments to personnel, which were made when collective agreements were contracted. in 2008-2009).
- In 2008 Renova Group won an award "For Initiative and Originality in Social Programs" as part of the Russian Corporate Charity Ranking, organized by "Vedomosti" newspaper, PriceWaterhouseCoopers and the Donors Forum. In 2009 Renova won the "Social Investments and Initiatives" section of the nomination for "Social Responsibility" in the "Best Russian Enterprises" competition, which was held by the Russian Union of Industrialists and Entrepreneurs (RSPP).

Further details on results will be presented in a communication, which Renova Group will publish in July 2010. Data for 2006-2007 are available in the "Responsible Business Practices" section on the Group's web-site www.renova-group.com

A number of steps have been taken to develop a culture of responsible corporate conduct, and to assess and present the results of responsible business practice at Renova companies:

- A non-financial report entitled "Partnership for the Benefit of Sustainability" has been published at least once every two years since 2008 based on GRI (G3) sustainable development reporting recommendations and dedicated to the objectives of sustainable development within Renova Group.
- Since 2007 the Group has organized an annual **Corporate Award** for achievements of Renova Group companies in responsible business practice, aimed at developing a culture of socially responsible practices at companies, where Renova holds a share, based on the UN Global Compact principles and the Social Charter of Russian Business. The Corporate Award also has the function of identifying best practices of Renova Group companies in the following areas:
 - Production of quality goods (services) and relations with consumers,
 - Industrial, occupational and health safety,
 - Environmental safety and protection,
 - Personnel management and labor organization,
 - Relations with local communities and key stakeholders.

Two thirds of jury members for the Corporate Award belong to external expert organizations.

Over 40 prize applications in 6 categories were submitted by Renova companies in 2009 as part of the Corporate Award scheme.

The following Group companies won Corporate Award prizes in 2008 for achievements in responsible business practice:

- **CJSC Ural Turbine Plant**
For a relevant and integrated program of energy - saving solutions, aimed at long-term economic benefits and mitigation of environmental impact.
- **CJSC Energoprom-Management (Energoprom Group)**
For strategic approach to creation of an integrated system of industrial, environmental, and occupational management.
- **CJSC AKADO-Stolitsa (AKADO Group)**
For development of a system of service - quality improvements and formation of client-oriented corporate culture.
- **CJSC Novosibirsk Electrode Plant (Energoprom Group)**
For consistent establishment of a health & safety system and implementation of international standards.
- **OJSC TGK-5 (IES Holding)**
For high - quality presentation of data concerning socially responsible practice on the company web site, and reporting on social responsibility and corporate sustainability.
- **OJSC Ural Gas Networks (IES-Holding)**
For innovative approaches to creation of a health & safety system and for involving clients in service-quality improvement and mitigation of accident risk.
- **CJSC Integrated Energy Systems (IES-Holding)**
For support and development to social investment programs in youth education and leisure in regions of presence of TGK-5, TGK-9, and VoTGK, and for creation of the school basketball league "IES Basket".
- **NOVOGOR-Prikamye LLC (Russian Utilities Systems)**
For constructive dialogue and formation of long-term and mutually beneficial relationships with stakeholders, and for high quality of the company's third report on social and environmental responsibility.
- **CJSC Energoprom-Management (Energoprom Group)**
For creation and development of activities of Energoprom Group's Social Partnership Council as an effective model for social and labor relations.

Special prizes were awarded by the Corporate Award jury to:

- **CJSC Neftekhimiya (Renova Orgsintez)**
For encouraging awareness among local communities of the potential offered by company investment projects and social programs.
- **GAZEKS Management LLC (IES Holding)**
For designing and implementing a consumer information and education program on safe use of gas in the home, thus helping to mitigate accident risk.
- **OSJC VoTGK (IES-Holding)**
For a competitive approach to distribution of social investments in the region where the company does business.



UC RUSAL



UC RUSAL is the world's largest aluminium producer. The Company owns and operates bauxite and nepheline mines, alumina refineries, aluminium smelters, and facilities producing aluminium alloys, foil and foil-based packaging materials. The company also has its own energy assets. Operating in 19 countries on five continents, UC RUSAL employs over 75,000 people. UC RUSAL joined the United Nations Global Compact in 2002.

The official Company web-site is: www.rusal.com



"A country's quality of life is dependent on the socio-economic development of its regional infrastructure. Through investment in jobs, and also in medical, scientific and

educational institutions we can target improvement in that infrastructure. Through high-quality and innovative education at occupational and higher levels, through support of moral and cultural development, and through contribution to the all-round social and economic development of our territories, we invest in the future. This is an essential element of a successful business. This is what RUSAL is aiming towards, and we will continue to implement social and charity projects in the regions where we work."

Oleg Deripaska,
CEO, UC RUSAL

UC RUSAL's corporate social responsibility projects

Sustainable development requires a clear action plan that encompasses all areas of the Company's activities. This plan should be based around our responsibility to partners, customers, employees and local communities, whilst focussing on the environment, investment in development of new technologies, and the continuous improvement of production processes.

RUSAL is implementing a number of programmes which aim to ensure efficient protection of the environment, improvement in working conditions, an increase in the well-being of employees and their families, and socio-economic development in the regions. A constructive dialogue between business and society supports social stability, which is integral to the long-term, successful development of any business.

The Company's internal practices include corporate social reporting, by which we provide the public with detailed information about projects and initiatives that characterize us as a socially responsible and dynamic multinational corporation.

RUSAL adopted its «Safe Future Strategy» in 2007 to help reduce risks associated with climate change. The Company continues to deliver on its pledges of sustainable development through introduction of innovative 21st century technologies and by utilizing green energy sources. By 2015, RUSAL plans to reduce its greenhouse gas emissions by 1.5 times by implementing green and safe technologies and modernising its production facilities.

UC RUSAL's approach to stakeholder engagement is based on continuous dialogue at every stage of the production cycle. In every greenfield project, the Company initiates public consultations with local communities, and provides various opportunities for every person to make a contribution. Such opportunities range from targeted welfare activities to grants to volunteer movements. This approach is taken regardless of the geographic location of projects, although every programme is tailored to meet specific local needs. Stakeholder relations are governed primarily by the Code of Ethics, which was last revised in 2007 following the merger with SUAL and Glencore.

The Company's social activities refer primarily to the following areas:

- Social Infrastructure Development
- Healthcare and Education Support
- Sports Social Investment Grants
- Volunteer Development

In Russia, the Company's relations with local communities are organised by the Company's Centres of Social Programmes (CSP). Located as near to employees and local residents as possible, CSPs were designed to engage students and teachers in useful public activities, assist in environmental education and awareness, support young people's creative, entrepreneurial and other initiatives, and develop sport and cultural opportunities for local communities.

Social investment programmes implemented by CSPs in 2008

7 Inter-regional programmes	800,000 participants	USD 250,000 allocated for social rehabilitation of orphans	1,050 partner organisations
USD 1.608 mln in grants	15,000 pupils (60% of projects cover country schools)	71,000 volunteers	98 sections representing winners of the 100 Sports Projects programme from Russia and Ukraine
300 residential areas	125,000 participants in fitness and sports projects	USD 173,000 raised	22,000 services provided to socially vulnerable groups





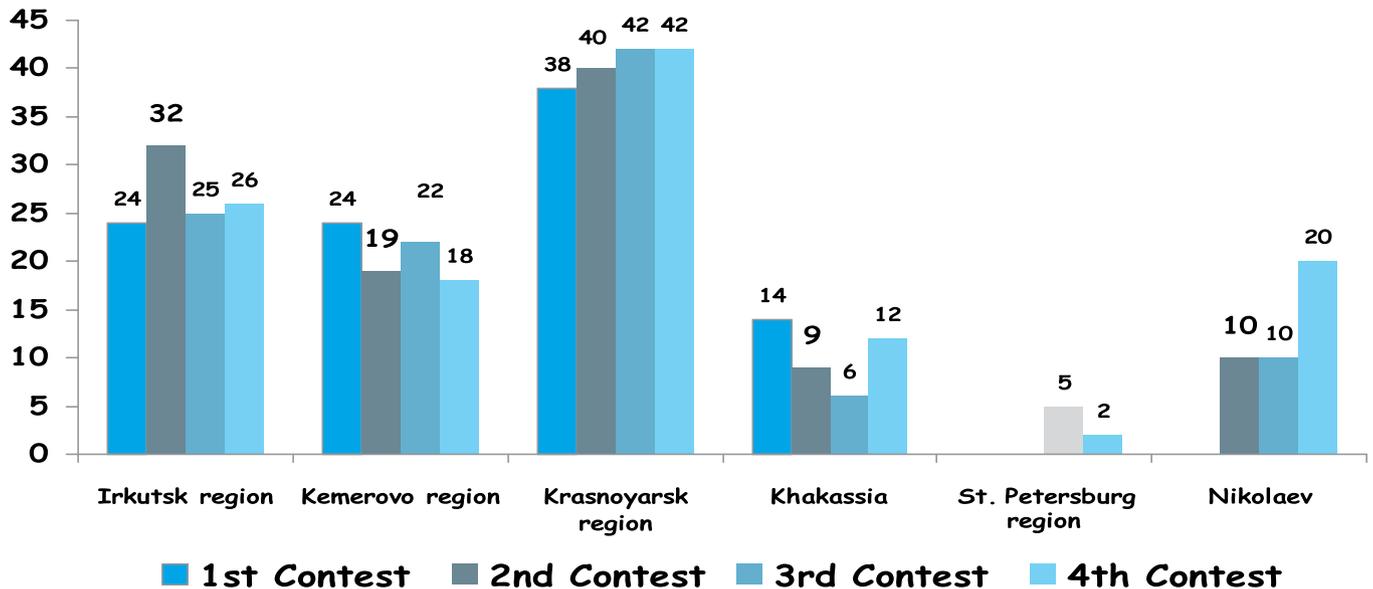
«100 Classrooms» Project

One of UC RUSAL's trademark programmes is «100 Classrooms» project, which is managed by CSP's regional offices and targets pupils in year-6 to year-9 at Russian schools. The program was launched in the 2004-05 academic year and 2257 applications have been received, of which 480 became prize-winners. Over 10,000 students took part in the programme, and we can say proudly that this initiative shows the success of the grants as a social investment.

Each child in the “100 Classrooms” project decides on the best way for them to help their city and its people, and so the participants are always in charge of their own project. Every project must undergo a highly stringent selection process, but the reward is significant: RUR 100,000 for each winning initiative.

These projects give young people the opportunity to acquire their first business experience. The process involves filing an application, receiving a grant, carrying out project activities and developing a completion

Number of winners



report. The grant becomes their first loan, and a successful grantee must be able to answer some very important questions: How can I secure a grant? What is the best way of spending the grant? How should I present my project to make sure I receive another 100,000 roubles for a new project? By finding the right answers, the budding entrepreneurs take their first step into the business world. Whilst demanding, it helps the youngsters to appreciate each rouble they earn and invest.

In conjunction with local organisations, UC RUSAL implements large-scale projects to help the fight against poverty and address environmental issues. The Company's size and expertise allows new business environments to be created in countries such as Nigeria, Guinea or Jamaica; these business environments serve as a platform for the sustainable socio-economic development of the whole region.

Guinea Healthcare Programmes

Delivery of quality medical services to our employees in Africa is an important aspect of the Company's activities in the region. In Fria, UC RUSAL runs a hospital which can accommodate up to 110 patients and provides medical care to RUSAL's employees, their families and the local communities. UC RUSAL also pays the salaries of the hospital staff. In total, the Company allocates USD 1.2 mln annually to this programme. RUSAL also has a 10-bed clinic in Kindia and a 5-bed clinic in Debele. It also takes part in malaria and AIDS relief programmes. In 2006, the Company contributed to the vaccination of 4,000 local residents against malaria, while in 2003 it purchased 10,000 vaccines against yellow fever.

In 2008, UC RUSAL commissioned an Economist Intelligence Agency Report, with the support of PWC in Russia and the UNDP, entitled "From Russia with Love. A national chapter on the global CSR agenda."

The report compares Russian companies' CSR practices with that of other multinationals. It evaluates the maturity of Russian CSR practices and the role that they play in the companies' strategic development, as well as outlining immediate priorities for Russian multinationals. The analysis in the report draws on a global survey of 258 senior executives with representative samples from Russia and other emerging markets, as well as the developed world. The full research report is published on UC RUSAL's web site at <http://www.rusal.ru/docs/FromRussiaWithLoveRUS.pdf>

UC RUSAL published its first social report in 2004. The report summarised the Company's efforts to join the UNGC and triggered an active dialogue with all stakeholders.

UC RUSAL's CSR activities have received numerous awards.

Vedomosti and PWC	UC RUSAL takes first place in the 2007 corporate charity ranking in the "Most efficient charity" category.
The Donors' Forum, the Ministry of Economic Development and Trade, the Russian Union of Industrialists and Entrepreneurs, the Public Chamber	UC RUSAL's program 'Centre of Social Programmes as an efficient territory development tool' was acknowledged "Best program to efficiently implement trilateral cooperation between business, NCOs and regional authorities" as part of the "Corporate Donor of Russia" competition in 2008
The Executive Association	UC RUSAL won the Grand Prix in the "Industrial Sector" category of the competition "People Investor 2008: companies that invest in people".
The Russian Union of Industrialists and Entrepreneurs	UC RUSAL's "100 Classrooms" project won the Grand Prix for "Best corporate program".
Fith Russian Conference on Volunteering	UC RUSAL's CSP won a national public award in 2007 for "Volunteering and non-commercial organizations"
The Cultural Agency of the Krasnoyarsk Regional Administration	UC RUSAL's CSP won a commendation "For good deeds"
The Public Chamber	The national report of the Public Chamber 'On development of civil society in Russia - 2007', CSP is mentioned as a 'model social organisation'.
National competition 'Donor 2008' (Ukraine)	UC RUSAL's CSP wins the 'Best corporate fund in Ukraine' competition.

UC RUSAL published its first social report in 2004. The report summarised the Company's efforts to join the UNGC and triggered an active dialogue with all stakeholders.

In the second social report, which covered 2005-2006, RUSAL confirmed its commitment to Global Compact principles and demonstrated greater transparency. Several indicators prescribed by GRI's Reporting and Sustainable Development Guidelines were disclosed in the Report. In accordance with the Guidelines, the Company presented its contribution to economic, environmental and social improvements.

The 2007 Social Report was prepared in line with the GRI Mining and Metals Sector Supplement. The document took account of Russian practice of non-financial reporting and Basic Performance Indicators developed by the Russian Union of Industrialists and Entrepreneurs. The full report can be found at http://www.rusal.ru/UserFiles/File/SocialReport_01112008_rus.pdf

The 2008 Social Report of UC RUSAL meets the Level C criteria of GRI's reporting system and can be found at http://www.rusal.ru/UserFiles/File/SocialReport_2008_rus.pdf

SAKHALIN ENERGY



SAKHALIN ENERGY is the operator of the Sakhalin-2 Project, designed to develop the Piltun-Astokhskoye oil field and the Lunskeye gas field, located offshore northeast of Sakhalin, an island in the Russian Far East. The Company was established in 1994. Its shareholders include Gazprom (50% plus one share), Shell (27.5% minus one share), Mitsui (12.5%), and Mitsubishi (10%).

Sakhalin-2 is one of the world's biggest integrated offshore projects for the production and export of hydrocarbons. It is also one of the world's most technologically advanced projects ever implemented in the oil and gas industry. The objectives, scope of operations, size of investment, harsh environment and unique ecosystem of the Sakhalin Island, plus the lack of oil and gas infrastructure at the outset, and Sakhalin's remoteness from major Russian economic centres, required Sakhalin Energy to apply best industry practices, deploy innovative technologies, and use efficient managerial solutions.

As the first offshore oil and gas development and the first LNG project in Russia, the Sakhalin-2 Project is also being implemented under the first production-sharing agreement (PSA) in the Russian Federation. The liquefied natural gas (LNG) produced from Sakhalin-2 has opened up new markets in Asia and America for Russian energy resources. The Project strengthens bilateral commercial and economic relations between Russia and countries in the Asia-Pacific, and helps these countries to diversify their sources of gas supply and reduce their dependence on supplies from other destinations.

The license areas of the Sakhalin-2 Project are located in the Sea of Okhotsk near the north-eastern coast of Sakhalin Island. The two oil and gas fields which make up the resource base are about 15 kilometers off the island's coastline. These fields are estimated to hold about 9% of offshore Sakhalin hydrocarbon reserves.

Implementation of the Sakhalin-2 Project was in two phases. In the first phase, Sakhalin Energy started seasonal oil production in 1999 from the ice-resistant Molikpaq offshore platform in the Astokh area of the Piltun-Astokhskoye field, the first offshore oil and gas production platform on the Russian shelf. The second phase of the Project started in 2003, consisting of a large-scale, integrated development of the two fields to simultaneously produce oil and gas with an integrated production infrastructure. In Phase 2, year-round oil production began in late 2008, and LNG production and deliveries began in the first quarter of 2009.

The Sakhalin-2 Project has introduced several technological innovations to Russia, including LNG production and offshore oil production. The Company tapped Russian and international experience to find solutions to the most difficult challenges. The Project can serve as a model for similar partnership initiatives to develop energy sources in

the Arctic. In May 2009, the Board of Directors of the Offshore Technology Conference, a global forum on developing oil and gas industry technology, awarded Sakhalin Energy one of the most prestigious prizes for oil and gas offshore production development and use of innovative technologies.

As of the end of 2009, the Company employed some 2000 people, 80% of them Russian nationals. Over the life of the Project, Russian contractors have been awarded contracts worth more than USD 14 billion. The Project has contributed some USD 600 million to large-scale upgrade of the Island's infrastructure. The Russian Federation received revenue from the Project of USD 1.30 billion since its start through 2009. Since 2007, the Company has invested about USD 13 million (over RUR 350 million) to implement social programmes in Sakhalin Region.

More detailed information about the Company and the Sakhalin-2 Project is available at the Company's public website (www.sakhalinenergy.com – in English and www.sakhalinenergy.ru – in Russian).

Sakhalin Energy joined the UN Global Compact in 2009.

2. A message from the CEO

We define *corporate social responsibility* (CSR) as a suite of measures to realize the Company's sustainable development policy, including its engagement with stakeholders. At the corporate level, a sustainable development policy and strategy ensure a gradual fusion of the economic, environmental, social and human rights aspects of the Company's operations into a single, self-organizing system.

Sakhalin Energy has adopted a proactive commitment to implement corporate sustainability and responsibility, consistent with the best international standards. The Company has received several loans from international credit organizations, in which we have pledged to comply with the highest health, safety, environmental (HSE) and social standards (including those of the World Bank and the International Finance Corporation). External verification of our efforts by lenders and third parties are conducted regularly, and show that the Company meets these standards. These reports are available on the Company's public website.

Our values, principles, and the reference documents we use to achieve our CSR goals include:

- The core values of Sakhalin Energy, such as honesty, integrity and respect for people form the basis of its *General Business Principles*. The *General Principles* cover all areas of the Company's activities such as business, competition, business integrity, political activities, health, safety and the environment, stakeholder engagement, and compliance with Russian laws.



- From the outset, Sakhalin Energy developed and bases its activity on a *Sustainable Development Policy and Strategy*. This allows us to achieve our business goals in a proactive, systematic manner and in an environmentally and socially responsible way. This means using resources efficiently, maximising benefits to the community, respecting and protecting human rights, providing quality products and services to clients, and engaging stakeholders effectively.
- Sakhalin Energy's commitment to protecting the environment is reflected in its *Policy on Health, Safety and Environment*.
- The *Code of Conduct* is the main document we use to ensure greater clarity on norms and standards of behaviour, which the Company expects employees to adopt and observe. Employees refer to this document to ensure that their personal behaviour complies with the core values of the Company, such as honesty, integrity, respect for people, and due diligence.

Over the last eight years the Company has issued annual reports on our social activities, and on our charitable and environmental efforts. After we analyzed best international and Russian practices, in 2009 Sakhalin Energy decided to take a major step to follow market leaders in Russia and abroad and publicly disclose our non-financial reports. Our reports are based on the best international standards, the sustainable development reporting and stakeholder engagement section of the Global Reporting Initiative and the AA1000 Accountability standard (AA1000SES standard).

Our efforts are targeted at harmonious and sustainable development, public benefit, and environmental protection.

"By joining the Global Compact initiative in 2009, Sakhalin Energy confirms that we support these principles, and we look forward to contributing to the future global agenda for corporate responsibility. The global CSR agenda includes the development, effective use, and continuous improvement of model policies and programmes for ethical disclosure; environmental, health and social impact assessments; and anti-corruption and human rights. We also look forward to sharing experiences from our innovative approach to responsible business interaction with neighbouring communities and other stakeholders."

Andrei Galaev,
Chief Executive Officer



3. Best International Practices in Corporate Social Responsibility

International and Russian organizations have lauded the Company for using best practices. Some of these notable recognitions include:

- **Innovative engagement with local communities and Indigenous Peoples:** The Company case is included as an example of good practice in the Stakeholder Engagement handbook, issued by the IFC. Several Russian authorities, and forums and resolution initiatives of indigenous peoples' organizations have recommended our model of engagement and experience, for use in other Russian regions where indigenous people live.
- **Responsible and systematic grievance mechanisms:** The Company's grievance practices and procedures were singled out by participants at the international forum on Business and Human Rights in 2010. Sakhalin Energy was selected along with four other companies to participate in a pilot project on human rights-compatible grievance mechanisms, to implement the so-called Ruggie Principles, set out by Special Representative of the UN Secretary-General for Business and Human Rights, Professor John Ruggie. Results from this project will be used to develop recommendations for businesses around the world.
- **Protection of labour rights:** In 2009, as a result of a labour rights declaration process by the State Labour Inspection, the Company was the first to be awarded Employer Recognition Certificate № 001, which

confirms that a company respects employee rights in accordance with Russian labour legislation.

- **Responsible environmental, health and social impact assessments and mitigation:** Sakhalin Energy won the Environmental Project of 2008 award from the Russian Federation's Ministry of Natural Resources, for its Western Gray Whales protection programmes. Sakhalin Energy's Oil Export Terminal won the environmental safety award from the Second International Oil Terminal Congress (2009).
- **Innovative strategic partnership projects that contribute to environmental and social sustainability, and community capacity:**
 - PriceWaterhouseCoopers, Vedomosti Newspaper, and the Forum of Donors ranked Sakhalin Energy among the three best companies in Russia by efficiency of its corporate philanthropy in 2008.
 - The Sakhalin Salmon Initiative, a joint programme of the Wild Salmon Centre and Sakhalin Energy, won the main prize, "Best programme demonstrating corporate philanthropy policy and social investment principles", in the Corporate Donor of Russia contest.
 - Sakhalin Energy's project "In Charge for the Future" supporting the philanthropy initiatives of Company employees won the prize for "Best programme promoting philanthropic culture in society" in the Corporate Donor of Russia contest.
 - Sakhalin Energy has won the Sakhalin Region contest, "Benefactor of the Year" for several years running.

SISTEMA JSFC



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA



IN AUGUST 2010 Sistema Corporation will celebrate 8 years of participation in the United Nations Global Compact. We are proud to have been one of the first Russian companies to sign the Global Compact in 2002 and to have our representative elected for the Management Committee of the UN Global Compact Network in Russia.

Our main principles

Sistema has outlined its social responsibility priorities in a document entitled "Policy of Sistema for Corporate Social Responsibility". As described in the document, the Corporation's responsible approach to its business includes:

- Improving quality of life through innovative business development.
- Providing a safe work environment and investing in the development of human potential.
- Protecting the environment.
- Investing efficiently in production to increase competitiveness and contribute to the well-being of society as a whole.
- Taking account of the expectations and opinions of all stakeholders to build an honest, ethically - based and mutually beneficial system of relationships.
- Developing local communities, particularly by creating mutually beneficial social partnerships in regions of the Corporation's presence.
- Ensuring that social accountability of Sistema Corporation is transparent.

As well as putting in place a policy of corporate social responsibility (CSR), Sistema has applied CSR to strengthen its own management systems. The Board of Directors has a permanent body, the Committee for Corporate Conduct, headed by the Deputy Chairman of the Board of Directors, which defines CSR priorities.

A dedicated Corporate Social Responsibility Department is charged with building effective systems for managing CSR processes at Sistema and its subsidiaries, in line with best practice. The department also carries out practical training on CSR issues through a series of seminars led by external experts in the field.

Developing CSR culture in Russia

The Corporation has issued an annual Social report since 2007, and all of its public companies published their own social reports in 2009. From 2012, as part of the plan to develop a unified system of non-financial reporting, all subsidiaries will issue social reports.

Sistema is a leader in developing a broader CSR culture in Russia. Its representatives are active members of the Corporate Responsibility Committee of the Association of Russian Managers. Sistema is also a signatory of the Social Responsibility Concept developed by the Russian Union of Industrialists and Entrepreneurs, as set out in the Social Charter of Russian Business.

Investing in the development of human potential

True to its strategy of investing in the development of human potential, Sistema has founded its own Corporate University as well as cooperating with Moscow State University, which is our partner in the postgraduate program "Higher School of Management and Innovation". This program gives our employees the chance to obtain a Master's degree and deepen their knowledge. The first 19 students graduated from the program in 2008. The Corporate University enables Sistema's employees to enroll on a distance-learning course, giving every employee the chance to participate in advanced training.

Supporting healthy lifestyle

Nothing compares with sport for bringing people together, and we view sport as the best way to create a team of active people and to promote healthy lifestyles among our employees and their families. Every year our employees compete in corporate sports teams and participate in sports competitions.

Environmental best practice

Since every subsidiary faces different environmental challenges, it is in the competence of their management to define relevant strategies.

The main environmental priority for the Sistema subsidiary and leading Russian cellular phone company, **Mobile Tele Systems**, is to ensure that radiation is kept in check. Locations for MTS base stations have therefore been carefully selected in compliance with highest standards of environmental protection and safety. Each of the thousands of stations is certified by the Federal Service for Consumer Rights and is tested for intensity of its electromagnetic field.

Another major Sistema subsidiary, the electronics company **Sitronics**, is working hard to achieve a zero-discharge principle in production. The environmental audit company Atkins, an international leader in the field, has audited environmental policy of Sitronics factories in Russia and the Czech Republic, testing impacts on atmosphere, soil and water, as well as systems for solid-waste utilization. The audit results confirmed the efficiency of Sitronics' environmental policy and that environmental risks at all production operations are low. The auditor's recommendations were taken into account and acted on: key productivity indicators (KPI) and a corporate system for ecological monitoring (EMS) were introduced.

Corporate philanthropy

Sistema Corporation is deeply committed to charity activities, which it carries out in four key areas: culture; science and education; sports and health, and social development. The activities are managed through the Corporate Charitable Foundation, which was founded in 2004 to ensure efficient management of the Corporation's social investments.

A ranking of "Corporate Philanthropy Leaders 2009", carried out by PriceWaterhouseCoopers, placed Sistema in 6th place among 40 participants.

As part of its commitment to promoting Russian culture and preserving the country's rich heritage, Sistema has been the main supporter of the State Russian Museum in St Petersburg, supporting the Museum's restoration and providing technical and financial support for the project, "Virtual World of the State Russian Museum". Visitors to 67 specialized centers in Russia and abroad can take virtual excursions around palaces, see reconstructions of lost interiors, and observe

events taking place in the Museum in real time. Work is under way to link all of the centers and enable virtual visits to both the Russian Museum and regional museums and galleries.

Sistema supports the development of classical arts, including music and ballet. It sponsors the "Easter Music Festival", which is centered in Moscow and "Stars of the White Nights", which is organized around the Mariinsky Ballet in St Petersburg. The corporation has also sponsored the "Musical Kremlin" event organized by the Kremlin Armory and the prestigious ballet competition "Benois de la Danse". In the theater world, Sistema maintains a close relationship with the Sovremennik Theater in Moscow and the Studio of Theatrical Arts.

The Corporation is a keen supporter of scientific and innovative development by young and has provided a scholarship program over many years for outstanding students at a number of technical institutes, enabling students to gain practical experience by working at the Corporation. Sistema also sponsors the program "A Step into the Future", organized by the Bauman State Technical University in Moscow, and supports the Bauman its robotics technology team at international competitions.

Sistema has long been a committed supporter of Russian sport, including such organizations as the Fund for Russian Olympic Sportsmen, the Russian Rugby Union, the Federation of Bicycle Sport, the Sports Federation of the Interior Ministry, and various sports schools for children and young people.

Another important part of the Corporation's charitable activities is helping the disadvantaged people. Sistema provides aid to several orphanages and shelters and helps children with mental and physical disabilities. It also works closely with several organizations that provide assistance to veterans and the disabled.

Developing local communities in the regions of presence

Sistema's Charitable Foundation operates in many parts of Russia and opened an affiliate in Ufa (Bashkortostan) in 2009. The affiliate has provided over RUB 1.2 billion to various state organizations and departments in the Republic of Bashkortostan for repairing schools, hospitals, other medical institutions, orphanages, and professional educational institutes.

THE COMMITTEE FOR FIGHTING CORRUPTION

THE interregional non-governmental organization “The Committee for Fighting Corruption” was established in 2005 by a group of Russian citizens to consolidate the efforts of civil society and mass media in combating the causes and conditions that engender corruption.



The main activities of the Committee are:

- Strengthening mutual trust between civil society institutions and government bodies in the fight against corruption, terrorism and other related types of crime.
- Formation of “anticorruption consciousness” in society.
- Creation of an efficient system of public control over the activity of officials at all levels and a system of corruption monitoring.
- Providing support to conscientious citizens and business structures in their opposition to corruption.

The Committee has over 20 permanent staff, and most of them work for the Committee without payment. The Committee is headquartered in Moscow.

The Committee has been member of the United Nations Global Compact Network since 2010.

The official site of the Committee is <http://www.com-cor.ru>

“Sanity and responsibility for the future of our planet and of humanity makes it obvious that unconditional voluntary adherence to each of the 10 principles of the Global Compact should become as natural for top executives in every company and organization as observing elementary morals and rules of decorum. In essence, these principles are the main moral norms for business circles, civil society organizations and government.”

We consider the tenth principle – anti-corruption behavior – to be the most important prerequisite, which ensures efficient realization of the other principles of the Global Compact.

No racial, religious, national, economic, ideological or other differences, or even state borders, can or should be an obstacle to humanity’s common struggle against the global peril of corruption. Consolidation of efforts in this fight by civil society institutions, mass media, the business community and government in all countries is one of the main tasks of the Committee for Fighting Corruption.”

Anatoliy Golubev,
Chairman of the Committee for Fighting Corruption

In the five years of its existence, the Committee for Fighting Corruption has achieved the following results:

- Created a multi-channel telephone hot-line, by which citizens and organizations directly affected by specific cases of corruption can quickly address requests for help and support to the Committee for Fighting Corruption. Of almost 80,000 requests received by the hot line, the support and practical assistance provided by the Committee led to restoration of rights of citizens and business structures, violated by corrupt officials, in at least 70% of cases.

- Provided free legal help to disadvantaged citizens who are victims of corruption. Such assistance was provided in hundreds of cases in 2010 alone.
- The annual All-Russia contest “Mass Media against Crime, Terrorism and Corruption” was set up by the Committee and the Russian Union of Journalists with the support of the Federation Council of the Federal Assembly of the Russian Federation. Over 300 journalists and media directors from all Russian regions have received awards since 2006.
- We have developed a course of lectures entitled “The fight against corruption as a system of social relations”. These lectures have been delivered in a number of higher educational institutions over the last two years.
- The Committee publishes the only specialized periodical in Russia devoted to preventing and fighting corruption: the magazine “Anti-corruptsioner” (“Anticorruptionist”). Since 2010 the magazine has published a special rubric devoted to promotion and implementation of the Global Compact, and assumption of a responsible civil position by corporations in different countries of the world.
- The Committee for Fighting Corruption has its own TV studio, which prepares video materials related to preventing and combating corruption;
- The Committee is working to create “corruption ratings” of territories and branches of the economy, in order to develop a “corruption map” for Russia. The work aims to identify solutions to the problem of corruption and to instruct the actions of law enforcers. The ratings for prevalence of corrupt practice in branches of the economy and regions of the country are inversely proportional to levels of confidence among the general public in those economic branches and regions. The ratings serve to characterize country risk in Russia, which is the most important factor of the investment process.
- We have worked on dozens of TV and radio programs concerning corruption with the All-Russian State Television and Radio Broadcasting Company and other broadcasters. The views of the Committee on topical issues in the fight against corruption are regularly cited by Russian and foreign mass media.



CONCLAV CAPITAL LLC

ConclavCapital

THE view of Roman Belousov, the President of Conclav Capital LLC is as follows: “The main value of our company lies in its Human Capital, which management and shareholders of the Company understand to be the mainstay of our growth, and in a respectful attitude to employees, clients and partners of the Company. By implementing a policy of corporate social responsibility we are able to integrate and carefully manage these people-related factors.”

Conclav Capital LLC is a dynamic financial and investment advising company, which aspires to leadership, development and self-improvement.

Conclav Capital LLC has been operating since 2006 and at the moment it is a specialized financial advising company, which renders the full spectrum of investment-finance and consulting services such as capital raising; financing and refinancing organization; organization and monitoring of merger and acquisition negotiations; business restructuring; direct investments; strategic consulting; support of capital transactions; finance consulting; provision of consultation on trade finance organizations; advising on leasing organizations; etc. Besides standard services



*Roman Belousov,
President of Conclav Capital LLC*

for such business area, Conclav Capital LLC specializes in engineering of innovative financial services, providing for its clients' and partners' welfare, business improvement and development.

Conclav Capital LLC has a solid, specialized expertise in the field of oil and gas industry, processing, energy, shipbuilding, mechanical engineering and transport, building materials production, logistics and development, agriculture, telecommunications, internet. The firm cooperates with the largest Russian and foreign investment companies, funds and banks, and accumulates information about their investment preferences, which is successfully applied while implementing the clients' needs.

Currently the significant part of company's project portfolio consists of both Russian and international projects from the real sector, aimed at raising of debt and equity finance for existing businesses as well as start-up projects.

One of the priorities of Conclav Capital LLC is arranging financial and advisory services to ship owners, shipbuilders, and companies engaged in the business of sea and river shipping. More detailed information about the company's activities can be found at the corporate website: www.conclavcapital.com

The strategic aim of Conclav Capital LLC is to contribute to the economic development and welfare of its clients by providing them with the whole spectrum of quality financial and investment advisory services, while complying with high professional and ethical standards.

The key factor for successful development of the firm is its professional team of employees. Conclav Capital LLC therefore focuses on personnel development, recruitment and retention of capable, skilled and talented employees, ensuring competitive levels of remuneration to its specialists, safe and comfortable working conditions, and security.

The decision of Conclav Capital LLC to participate in the United Nations Global Compact was dictated by strategic importance for the Company of the factors listed above, and also by our desire to support corporate social responsibility of the Russian business community. The decision to join the UN Global Compact was made at the session of the Board of Directors on December 10, 2009. Evgeny Tsukanov, Chairman of the Board of Directors, noted that membership of the Global Compact is a logical step for the Company, since its shareholders and management

have been guided in their daily activity and business practice by the principles and norms of corporate social responsibility, which the UN Global Compact contains.

The company was included in the list of UN Global Compact participants on January 28, 2010.

By participating in the UN Global Compact, Conclav Capital is not only aspiring to be a participant of the global commodity and services market and making a public statement about the role of corporate social responsibility, but is making a commitment to the basic principles of human rights, reasonable wage levels, environmental consciousness and action against corruption.

Since joining the UN Global Compact, Conclav Capital LLC has started working out its own Ethical Code and Corporate Social Responsibility Programme, in order to support responsible and ethical business conduct that takes account of the interests of business and society.

Vadim Kovalenko, Conclav's Executive Director, emphasizes that corporate social responsibility needs to be the "life philosophy" of the enterprise and an integral part of its culture, and should not be reduced to declarative statements and showpiece actions.

Shareholders, management and employees of Conclav Capital LLC understand that participation in the UN Global Compact assumes both voluntary advancement of commitments to sustainability and corporate citizenship, and obligatory reports on development, implementation and disclosure of the 10 Principles of the UN Global Compact.

In order to deliver on its commitments the Company has created the post of corporate secretary, whose basic duties are coordination of all company divisions with respect to introduction and strict adherence to the 10 Principles of the UN Global Compact. Conclav has also agreed to give public reports on its progress in this direction, in accordance with principles of openness and transparency.

A special section of the Company's corporate website, which will be devoted to Conclav's participation in the UN Global Compact, is now being prepared. The section will include information about current activities by Conclav Capital LLC for implementation of the 10 Principles as well as reports on development, implementation and disclosure under the 10 Principles on an annual basis.

JSC POLYMETAL



JSC POLYMETAL
(www.polymetal.ru) is the largest producer of primary silver in Russia and fourth largest in the world. It is also among the top five gold producers in Russia.

Polymetal produces gold and silver in four regions of Russia (Magadan, Khabarovsk, Sverdlovsk and Chukotka) and also in the Republic of Kazakhstan. The Company independently carries out a wide range of development tasks at ore deposits, from exploration to construction and operation. Polymetal's project portfolio comprises 42 licenses with total area of more than 8,500 square km.

In 2007 Polymetal held an initial public offering of 24.8% of share capital in the form of ordinary shares and GDRs on the London Stock Exchange (LSE), RTS and MICEX.

In 2009 Polymetal produced 311 Koz of gold, and 17,3 Moz of silver.

In 2010 the Company's market capitalization exceeded USD 4 billion.

In 2009 Polymetal employed 6 400 people.

In 2009 Polymetal joined the UN Global Compact marking a new stage of Company development. Accession to the international voluntary initiative of the UN means that the Company has assumed a new level of corporate social responsibility. In August 2009, a first report on Company progress with respect to the Global Compact was published. <http://www.polymetal.ru/7161>

Information on implementation of Corporate Social Responsibility (CSR) commitments assumed by Polymetal is available on the Company's official website, in annual reports and in the Company's Social report. <http://www.polymetal.ru/121>

The Social Report reflects the Company's activities in implementation of CSR and commitment of Polymetal to Global Compact principles. Social reports are published annually. They go beyond a declarative position regarding CSR principles, specifying measures that the Company is taking to comply with the Global Compact and to develop corporate social responsibility.

Vitaliy Nesis, CEO of Polymetal

“We recognize our responsibility for implementation of generally accepted international principles of accountability and transparency in corporate social policy. The 10 Principles of the UN Global Compact on human rights, labor protection, environment protection and anti-corruption activities are implemented in the work of each subsidiary of Polymetal. Our efforts are aimed at protecting the environment in the regions of presence, ensuring safe working conditions in accordance with international standards, and expanding the range of motivational and social programs for personnel. Polymetal enterprises are located in remote areas with difficult climatic and social conditions, and are often the main employer in towns and settlements, which imposes a special responsibility for providing good living standards and supporting local development. As a modern and responsible company, Polymetal is convinced that sustainable and long-term development depends on achieving a balance between business interests and the interests of society”.



Personnel Development

The strategic goals of Polymetal in labor relations correspond to the principles of the UN GC and are as follows:

- Create a just system to regulate labor relations.
- Improve employee motivation system (fair remuneration, decent compensation package).
- Provide continuing employee training and development.
- Improve labor conditions and safety equipment.
- Improve living conditions at operations.

In September 2009 a ten-storey apartment building (30 apartments) for Polymetal personnel and their families was completed in Amursk. Modern construction technologies and materials were used, the apartments are decorated, and fitted with furniture and appliances. There are playground facilities adjacent to the building.

Personnel development is a key part of the Company's HR policy, and includes a variety of programs and systems: mandatory training, professional training and retraining. In 2009, 1,366 employees benefited from these programs.

Polymetal operates a special program in association with leading Russian universities, entitled “Youth, professionalism, career”, to attract students and graduates to work at Company enterprises.

The Company's “Personnel reserve” program is designed to assess and prepare specialists as replacements for managers in key positions.

Polymetal has an internal corporate communications system, which matches principles of the UN GC by encouraging dialogue at all levels within the Company.

The system of “personnel feedback” has been operating since 2007 and enables employees to refer freely to management on all matters, including: future prospects and development plans of the Company, remuneration and compensation packages, training and skills development, opportunities for promotion, and social and living conditions. Managers respond to questions and enquiries in person and via the corporate newspaper. Managers at enterprises in all regions regularly hold meetings on personnel issues and have telephone hotlines for employees.

Polymetal was acclaimed “Best Employer of the Year” in 2008 and 2009 on the basis of research, conducted among employers in Russia by the portal SuperJob.ru.

Industrial and occupational safety

Industrial and occupational safety is an absolute priority for Polymetal. The Company adheres to international standards of industrial and occupational safety in order to minimize risks for employees.

The Company operates an industrial and occupational safety control system, which was assessed by external auditors as complying with applicable requirements of the World Bank. The Company is also in compliance with the OHSAS 18001 “System of Health and Safety Management” standard.

The Company implements a set of measures to avoid employee injury and ensure that work practices do not breach safety rules.

Environmental protection

Polymetal and its subsidiaries have environmental and sanitation management system, which complies with the World Bank standards, the ISO 14001 and Russian law. The Company is making a gradual transition to the environmental management system (EMS), which fully accords with international and national standards.

Minimizing negative impact on the environment is a priority for the Company. Polymetal seeks to ensure environmental safety at all its enterprises by:

- Introduction of new technologies.
- Seeking alternatives to hazardous materials and reagents.
- Rational use of natural resources, reduction in consumption per unit of output.
- Integrated use of secondary resources.
- Improving environmental risk management.
- Developing and improving environmental and other monitoring systems.

In accordance with the corporate disclosure and transparency principles the Company makes its best effort to keep local communities, local government and public organizations informed on the Company’s impact on the environment and the actions performed to minimize such impact.

Social partnership and relationships

Social responsibility in regions where Polymetal subsidiaries are located is one of the key conditions for long-term effectiveness and it corresponds to the principles of the UN GC.

Polymetal has always supported local populations in regions of Company presence through long-term social programs.

Social investments by Polymetal are aimed at supporting education and health, sports and healthy lifestyle. The Company has concentrated its charity efforts on developing local cultural and creative initiatives, and supporting indigenous people in their traditional activities and crafts, celebrating national holidays and preserving cultural traditions.

As part of work to support education, health, and social infrastructure in 2009 the Company repaired hospitals and kindergartens in remote areas of Khabarovsk, Sverdlovsk and Magadan Regions. Medical equipment and power supplies were acquired for local hospitals, and children’s playgrounds were equipped.

The Company financed a number of junior sport teams in 2009, and an indoor ice rink has been rebuilt and commissioned in Omsukchan District of the Magadan Region. The Company also invested in renovation of the sports stadium in Amursk.

Polymetal is now building a sports complex in Okhotsk (Khabarovsk Region), which will be the first major sports facility in this remote settlement and will provide modern conditions for fitness and sport activities.

Polymetal supports cultural initiatives and the way of life of indigenous northern peoples, helps to organize important national holidays and events, and develops cultural infrastructure in remote areas.

The Company has set up a system of feedback for the general public to express its opinion of Company activities. This helps to increase efficiency of social programs and improves management of social activities.

VODOKANAL OF ST. PETERSBURG

THE State Unitary Enterprise “Vodokanal of St. Petersburg” provides water and sanitation services to the City of St. Petersburg. It is the country’s biggest public utility and one of the key municipal companies in St. Petersburg.

Vodokanal provides its services to the inhabitants of St. Petersburg (more than 4.5 Mio. people) and to dozens of thousands other 36,000 consumers (industrial companies, governmental and municipal organizations, enterprises providing social services, etc.).

As of 31.12.2009, the staff of SUE “Vodokanal of St. Petersburg” was 7,758 people.

The water supply system in St. Petersburg comprises:

- over 6,400 km of water distribution networks;
- 177 boosting pumping stations;
- 9 water treatment plants (the biggest are Southern WTP, Northern WTP and Main WTP);
- 2 sodium hypochlorite (chemical for water disinfection) production plants.

The wastewater disposal system in St. Petersburg comprises:

- over 8,000 km of sewers;
- more than 200 km of tunnel collectors;
- more than 100 sewage pumping stations;
- 21 wastewater treatment plants (the biggest are Central WWTP, Northern WWTP and South-West WWTP);
- 3 wastewater sludge incineration plants.

Since March 2007, SUE “Vodokanal of St. Petersburg” has been member of the United Nations (UN) Global Compact.

Official website: www.vodokanal.spb.ru



Citation of Vodokanal CEO on the importance of corporate social responsibility (CSR)



“Vodokanal St. Petersburg fully supports the UN Global Compact principles. Having signed the Global Compact, we did not have to do any special adjustments – our company has always had a very responsible attitude to protection of the environment and has always tried to create optimal labour conditions for its employees. And, of course, any corruptive practice has never been acceptable to us.”

We are convinced that today the corporate social responsibility of business is not just a tribute to fashion. It is a necessary condition for sustainable development, a natural intention of the people who are concerned about the region where they are working and about the legacy they will leave to the future generations. It is a prerequisite of sustainable development.”

Felix V. Karmazinov,
SUE “Vodokanal of St. Petersburg”
Director General

Company results in the field of CSR

Company mission: Provision of accessible water and sanitation services to ensure high quality of life for the customers and sustainable city development, to build the culture of water use and to preserve the Baltic Sea basin.

The advanced water/sewage treatment technologies implemented in St. Petersburg improve the quality of life of the St. Petersburg inhabitants. One example is implementation of UV technology for potable water treatment. It sets an effective barrier to different viruses. Today St. Petersburg is the world's only megalopolis to treat all potable water with ultraviolet. According to St. Petersburg division of Rospotrebnadzor, the incidence of hepatitis A in St. Petersburg has decreased 16 times since 2004.

Vodokanal St. Petersburg is largely focused on environment protection, personnel development programs, social policy and awareness building.



Environment protection

Improving the condition of water bodies and environment is one of the strategic goals of SUE "Vodokanal of Saint-Petersburg".

The company improves wastewater treatment quality (also by implementing the technology of chemical and biological nutrient (nitrogen and phosphorus) removal at all treatment facilities in St. Petersburg), ensures compliance with HELCOM (Helsinki Commission on the Baltic

Marine Environment Protection) requirements, strictly monitors the composition of flue gas emissions from sewage sludge incineration plants.

Discharge of pollutants to water bodies in Saint-Petersburg

		2006	2007	2008	2009
Mass of total N discharged into water bodies	tons per year	11282.1	11037.3	11048.2	10729.5
Mass of total P discharged into water bodies	tons per year	1576.7	1269.7	1177.8	760.0

Vodokanal is actively implementing the Neva Untreated Wastewater Discharge Closure Program.

Only 75% of wastewater was treated in St. Petersburg in 2000. In 2005 this figure increased to 85%.

By the beginning of 2010 – 91%.

Staff development and social policy

Vodokanal strives to create comfortable labour conditions for its employees, to ensure career growth and professional development. The company is continuously improving its system of social guarantees, developing payment schemes and labour incentives, creating a competitive system of remunerations based on the assessment of the employees' work results, improving non-material motivation (acknowledgement of the company employees' achievements). Special attention is given to occupational health and safety.

Responsibility before the staff is one of the main values on which Vodokanal's work is based.

Vodokanal has created and is developing its tutorship system, surveys of staff satisfaction are made by polling, personnel reserve is maintained, continuous process of staff training is organized. In 2008, as many as 10,717 trainees attended the company's training programs. In 2009, the number of trainees increased to 12,256 (Vodokanal employees may take up several programs in one year).

In 2009, fifteen Best Professional Contests were held at the company.

The main programs under Vodokanal's social policy:

- Social protection program and targeted material assistance
- Recognition of achievements of the employees
- Leisure program
- Provision of meals for the staff
- Recreation program for the employees and their family members
- Medical services

Organization of quality leisure for the employees and their family members is a priority component of Vodokanal's social policy.

Under the program the employees are offered subsidized vouchers to the sanatoria Burevestnik and Orlovsky for health-improving and health resort treatment.

Great attention is given to the organization of recreation of Vodokanal employees children who spend school vacations in the children's recreational camp Zvezdny.

Vodokanal has its own Medical Centre.

Vodokanal provides to its employees quality medical services with the aim to maintain a good health level, to increase career longevity and to improve "the quality of life" for all categories of personnel.

In 2006-2009, the number of temporal disability days fell from 17.1 to 13.0 (per one case). This is an evidence of improving quality of medical services provided to the company employees.

Vodokanal's Medical Centre offers services not only to the company staff but also to the citizens of St. Petersburg.



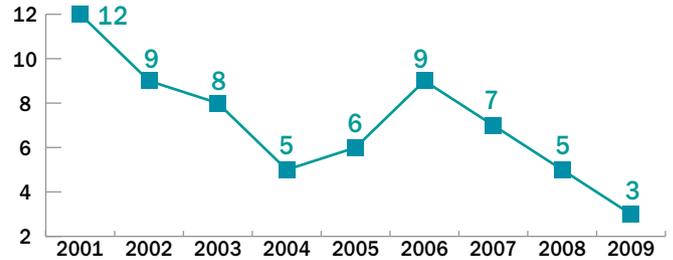
Notes to the Diagram: upper left: number of visits; bottom: Vodokanal employees; other citizens

Vodokanal's Occupational Health & Safety Management System created in accordance with the international standard OHSAS 18001 and the applicable Russian law guarantees that identified risks are controlled by the company.

The following figures could be achieved by the company due to prevention of traumatism:

- the number of insurance events per 1000 employees: Vodokanal's average is 0.38; the sector's average is 0.62;
- the number of temporary disability days per one insurance event: Vodokanal's average is 10.0; the sector's average is 93.2.

Injury rate by years:



Awareness building

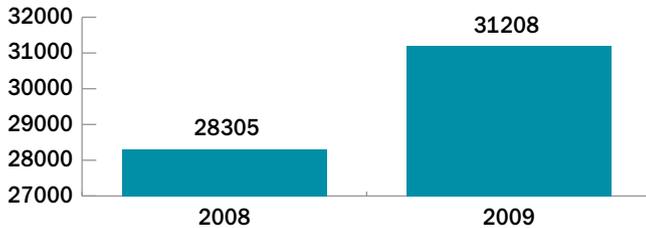
Vodokanal has the Information and Training Centre branch which comprises the Youth Environmental Centre and the museum complex "Universe of Water".

Youth Environmental Centre (YEC)

During 8 years of the YEC operation, hundred thousands of children have participated in the YEC classes, programs and projects. One of the YEC main goals is to disseminate ideas about the importance of environment and water protection using effective methods of environmental education and awareness building. Having attended the YEC classes or participated in the projects, the children bring to their families and communities (schools, studios, sections etc.) the ideas of environmental friendliness and water preservation.

Alongside with the projects dedicated to efficient water use, the YEC is involved in energy saving and energy efficiency campaigns, implements projects related to the change of climate.

Number of students who visited YEC in 2008 and 2009



Museum Complex “Universe of Water”

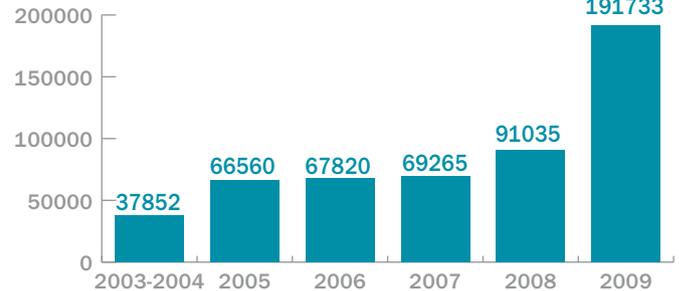
Vodokanal’s unique museum complex “Universe of Water” comprises three exhibitions: the Universe of Water (opened in 2008 in the former clean water reservoir), the Water World of St. Petersburg and the Underground World of St. Petersburg (located in the former water tower building, in operation since 2003).



In 2009 the interactive exhibition “Universe of Water” won the first national prize Prointegration Awards 2009 (prize for professional audio-video and system integration) in the nomination “Best innovative solution for recreation and entertainment facilities”.

The museum complex offers interactive programs for the visitors including children of different age groups.

Number of museum complex visitors



Since 2008, the Universe of Water has participated in the international event “The Night of Museums”. In 2010, over 11,000 people visited the museum complex in one night – three times more than in 2009.

Education projects

In 2009, Vodokanal actively developed its open social project “New Generation Specialist”. The target groups of this project are students of colleges and vocational schools.

The project combines the education techniques of Vodokanal’s Training Centre and pedagogical methods of the museum complex “Universe of Water”.

In 2009, the open social project “New Generation Specialist” won the first place at the quality contest “Made in St. Petersburg”.

Furthermore, Vodokanal largely cooperates with schools in Petersburg and other Russian cities. The number of schools participating in the programs and projects of the Youth Environmental Centre and the museum complex “Universe of Water” keeps growing.

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Global Compact Network
Russia

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