

Guidelines for Sustainable Supplier Relationships



Alcan

Shared Values

Integrity We believe in conducting all our business dealings with integrity. We act responsibly, as outlined in our Worldwide Code of Employee and Business Conduct, which also applies to our contractors, consultants and suppliers.

Accountability We strive to be openly accountable and willing to align decision-making power with responsibilities at all levels of our organization. Accountability entails honouring commitments and accepting responsibility for our actions and behaviour.

Trust and Transparency Trust is at the core of all ethical business dealings. Trust that others will do as they say and trust that we will live up to our commitments. One key to building trust is being transparent in the way we communicate with others, and by providing timely and accurate information.

Teamwork We believe in leveraging the abilities of our employees, suppliers, contractors, customers — our many stakeholders — through a cooperative team approach to problem solving and project implementation. Interaction with other group and team members is a vital part of everyone's job.

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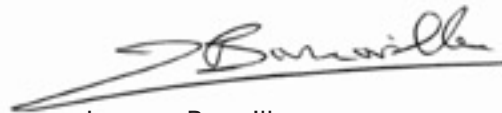
Alcan emphasizes the importance of good working relationships with suppliers. We believe that these relationships must be based on mutual support and cooperation. Therefore, it seems appropriate to outline the conduct we expect from our suppliers.

Alcan has a Worldwide Code of Employee and Business Conduct which contains guiding principles that all Alcan buyers must comply with when dealing with suppliers. This code reinforces the high standards of conduct expected from our procurement community as well as from our business partners.

Our relationships and our choice of partners are based on the quality of products and services, total cost and value efficiencies, technology enhancements and innovation that are delivered by our suppliers.

Alcan is committed to providing products and services of superior quality and value to the world's businesses. Alcan is concerned not only with its finished goods and services, but also with how the results are achieved in terms of legal, environmental and human rights regulations. We operate within the spirit and letter of the law and maintain high ethical standards wherever we conduct business. We expect our suppliers to have the same high ethical standards and seek business partners with equivalent standards.

We do this not only because it is the right thing to do, but also because we believe that it is the way to build strong and sustainable relationships and a successful business.



Jacques Barrailler
Vice President, Corporate Procurement

Sustainability

Building a successful, global and sustainable company involves maximizing value for all our stakeholders, especially by making a significant contribution — through the way we do business and the products we make — to the economic, social and environmental well-being of the communities in which we operate.

Alcan has a vital role to play in reducing environmental releases, conserving natural resources and ensuring healthy and safe communities and workplaces.

Together with concerned stakeholders, governments, employees, shareholders and customers, we are pursuing business opportunities that strengthen Alcan's position in all aspects of its business to provide a prosperous and sustainable environment for future generations.



Sustainability and Procurement: Building Supplier Relationships for the Future

Alcan views the relationships forged with its suppliers as a path that leads to a sustainable and successful future. To get the most value from these supplier relationships, Alcan is refocusing its attention on the procurement process.

Alcan has compiled a list of eight key issues that affect sustainability. Each supplier is expected to act in a way that takes these issues into consideration in all business situations.

Reputation is an important asset. Alcan strives to earn and maintain a reputation that our employees can be proud of. We are a global corporation that seeks to better the communities in which we operate. Alcan requires that its workplaces be safe and respectful of employees' well-being. The same is expected of our suppliers. Alcan reserves the right to terminate contracts with suppliers who fail to adhere to the principles set forth in and referenced throughout this document.

Alcan values and expects sustainable Total Value and Total Cost improvement proposals from all of its suppliers.



Energy

Energy has been a key issue for Alcan historically and is expected to remain so in the short and long term.

Objective

Alcan strives to increase energy efficiency while maintaining savings, seek low-cost energy and address the impact of energy use.

Business Value

By investing in new technologies and processes, aluminum producers have reduced the energy required to make aluminum: the International Aluminium Institute reports that primary energy requirements per ton of aluminum produced have decreased by one third since the 1950s and by one third again since 1990.

Supplier Aspect

Alcan values energy consumption reduction initiatives by its suppliers. By partnering with suppliers, Alcan will strive to gain access to reliable, low-cost energy sources. Alcan suppliers will help establish long-term contract prices for energy that are fundamental to several of our businesses.

Key Message

Besides the obvious environmental benefits of reducing energy consumption, such as reducing related emissions including greenhouse gases, Alcan can significantly increase savings by choosing to use more energy efficient products. Suppliers that also choose more energy efficient processes will benefit from reduced costs, which can then be reflected in lower prices.



Climate Change

Climate change is a complex global issue that has major implications for governments and industry, indeed all of society.

Objective

For Alcan, addressing the economic, social and environmental dimensions of climate change is directly related to the company's global competitiveness and preserving its long-term license to operate.

Business Value

In the context of future greenhouse gas (GHG) regulations, significant GHG emissions in a company's value chain may result in increased costs or decreased sales¹. By reducing GHG emissions, Alcan can manage both costs and sales.

Supplier Aspect

With the help of suppliers, Alcan will strive to manage and reduce GHG emissions. Alcan values suppliers who take steps to manage and reduce GHG emissions related to their own operations.

Key Message

Alcan has assumed a prudent, pragmatic and voluntary approach to the issue of addressing climate change and believes that actions taken need to be truly global.

1. Source: Raganathan, J. & Bhatia, P. *Greenhouse Gas Protocol: A corporate accounting and reporting standard (revised edition)* (2003) EarthTrends, http://earthtrends.wri.org/pdf_library/features/cli_fea_business.pdf



Natural Resource Stewardship

At Alcan, energy, water and land use represent the most significant natural resource issues, although their relative impact varies depending on the business group.

Objective

Given the energy-, capital- and material-intensive nature of Alcan's operations, natural resource stewardship at Alcan is fundamental and offers savings both for the environment and the bottom line.

Business Value

Efficiency and conservation, pollution prevention and waste minimization, recycling and re-use help to reduce impact on the natural environment and reduce overall costs of production and supply. Alcan and its suppliers can also increase savings in the long term by being resource-conscious and preserving the resources available as long as possible.

Supplier Aspect

Alcan strives to optimize the use of natural resources and expects its suppliers to do the same.

Key Message

Alcan depends on natural resources to maintain the competitiveness of its industrial operations. In using resources efficiently and minimizing waste and pollution, we expect to obtain the greatest business value while remaining competitive.



Product Stewardship

Product stewardship, and the related topic of life cycle considerations, encompasses a range of issues, including choosing materials and processes that ensure safe production and manufacturing, consumer use and recovery or disposal of materials at the end of the product's life.

Objective

Alcan's objective is to increase benefits while reducing the impact of Alcan products throughout the product's life cycle.

Business Value

In 2004, Alcan alone shipped enough aluminum for vehicle applications to reduce greenhouse emissions by more than six million tonnes during the life cycle of the vehicles.

Supplier Aspect

Suppliers that work with Alcan are expected to provide information needed to make educated decisions about the materials being selected for the production process. Alcan and its suppliers need to keep in mind that materials should be recyclable. It is imperative for Alcan to have a commitment from suppliers that they will make significant progress toward greater resource conservation and a more sustainable economy.

Key Message

Sustainability involves much more than the environmental compatibility of a product. Many aspects of sustainability must be taken into account over the life cycle of a product and its use, such as the social impact and long-term impact on resource availability, climate change and consumer behaviour.

Consider these quick facts about aluminum recycling

It takes aluminum 500 years to break down, but only a few minutes to be recycled. Every minute of every day, an average of 123,097 aluminum cans are recycled. Today, on average, two out of every three aluminum cans is recycled. The energy saved from recycling one aluminum can runs a TV for three hours.



Community Development

To compete successfully, a company needs to develop responsible business policies and practices and make them an integral part of its mission, values, strategy and operations¹.

Objective

Regardless of where Alcan operates, its goal is to ensure that it is a welcome member of the community.

Business Value

Community development includes Alcan's contribution to local, regional and national economies, relationships with people in the communities in which we operate, and the impact our operations have on these communities. It also includes the investment made in the business operations, local infrastructure and services to the community as well our support of local charities, disaster relief and community events. Community development has traditionally been an important issue for Alcan and is vital to our license to operate.

Supplier Aspect

Alcan will partner with suppliers that share the same vision for the communities in which they operate and that strive to be appreciated members of the communities. The decisions they make should reflect their caring and consideration for their communities.

Key Message

Alcan strives to be a respected and valued member of the community. This commitment is reflected in our behaviour as an employer and a neighbour with long-term interests in a region's prosperity.

1. *Business for Social Responsibility*, <http://www.bsr.org/Meta/About/index.cfm>



Well-Being

Well-being is a broad concept that includes both direct and indirect effects. It includes the health and safety of our employees and the people who live in communities where we operate. It also includes the work/life balance of our employees and the positive changes we can make in our communities and for our customers. Our *EHS FIRST* initiative is a central mechanism to ensuring best practices in environment, health and safety.

Objective

Alcan is guided by principles of non-discrimination, respect for human rights and individual freedom and conducts its global business in a manner that makes it an employer of choice. These guiding principles affect Alcan's choice of suppliers — Alcan expects all suppliers to respect the well-being of their employees and the people living in the communities in which they operate.

Business Value

The Alcan approach to employee health and safety goes far beyond the plant walls, as illustrated by our involvement in a variety of aspects of health and safety (local community health and safety days, anti-smoking programs, and action on global concerns such as HIV/AIDS).

Supplier Aspect

Alcan strives to maintain a work environment where personal dignity is respected, and it does not permit discrimination or harassment of any sort. Alcan is unequivocally opposed to child labour and forced labour in any operations or facilities. We expect our suppliers to adhere to the same standards in their business practices. Alcan also expects its suppliers to conduct their business in such a way as to avoid the unacceptable treatment of workers, such as physical or psychological harassment, physical punishment or any type of discrimination. We expect our suppliers and subcontractors to respect our environment, health and safety practices when they work in or visit Alcan facilities. We expect our suppliers to provide us with a description of product hazards in the required format.

Key Message

Alcan expects its suppliers to comply with all applicable laws, rules and regulations regarding employee well-being. Employee health and safety are a top priority at Alcan, and our goal is to protect the environment and promote the health and safety of employees and the communities in which they operate.



7 Environmental Releases

The issue of continuing to reduce our environmental footprint includes responsibility for managing our releases to air, land and water. Our business groups' operations give rise to different challenges. Many of the releases from our facilities are subject to government regulation.

Objective

Alcan's objective is to minimize environmental releases throughout our operations.

Business Value

Minimizing environmental releases leads to competitive opportunity for Alcan in terms of social responsibility and operational efficiency.

Supplier Aspect

We expect our suppliers and contractors to respect our environmental practices by making an effort to substantially reduce environmental releases. It is crucial for Alcan and its suppliers to make this an ongoing effort in order to prevent environmental accidents and to minimize potential harmful effects. In addition, we expect our suppliers to take care of any environmental releases from their own facilities.

Key Message

Environmental releases present a number of challenges and opportunities through the wide variety of air, land and water issues related to the diverse operations of the company's business groups. Alcan strives to minimize these releases in all company operations through its *EHS FIRST* management system.



Industry Shifts

In the short and long term, we can expect — and must successfully plan for — shifts in consumer preferences, markets and technologies. We have the opportunity to innovate to meet emerging needs and be on the leading edge of change.

Objective

Alcan's objective is to be proactive in monitoring industry shifts that affect internal operations, while developing innovative technological solutions to address challenges.

Business Value

Technological evolution provides Alcan with a key competitive opportunity in terms of technology development to respond to industry needs.

Supplier Aspect

Alcan works with suppliers that do their best to ensure that quality products/services at good prices are delivered on time. Alcan also expects suppliers to contribute by helping identify new trends and developments and proposing approaches that position both Alcan and the supplier to better succeed in an evolving business setting. We look to suppliers to continually submit ideas for improvement.

Key Message

Part of Alcan's commitment to being a sustainable business is to respond effectively and in a timely manner to a range of industry shifts. Being proactive in monitoring these shifts will help us respond to them as efficiently as possible.

Quality of Business

To conduct business with our customers and our suppliers in a way that is profitable for all parties, Alcan commits to the following standards and expects the same from its suppliers:

- Respect of commitment. Contracts must be respected.
- Confidentiality of information, notably to avoid insider trading. Agreements between Alcan and its suppliers, especially on prices, discounts and other major issues will not be revealed when dealing with third parties.
- Accuracy of information. Each Alcan Group member provides data and information that is as precise as possible. We expect the same from our suppliers.
- Professional behaviour (integrity, courtesy, professionalism and honesty).



Alcan has guidelines for relationships with suppliers in which we commit to respecting these standards.

Alcan fights corruption. We do not want to work with companies where corruption is tolerated or not reprimanded.

Alcan also fights anticompetitive business conduct. We expect our suppliers to do the same. Alcan has an antitrust guidebook to prevent antitrust issues in our company.

Alcan is committed to full compliance with the law wherever we conduct our business. We expect our suppliers to comply with all local, national and international laws, including laws, rules and regulations relating to the environment, employment, child labour, health and safety.



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