ALUMINA
LIMITED

ROCK SOLID

Annual Review 2020

RESILIENT ROBUST RESPONSIBLE

Qualities that have evolved from decades of partnership, planning and perseverance – through the good times, and those as challenging as 2020.

The Annual Review is presented in US dollars, unless otherwise specified.

ABOUT ALUMINA LIMITED

Alumina Limited is a leading Australian company listed on the Australian Securities Exchange (ASX). Alumina Limited is the 40 per cent partner in the AWAC joint venture whose assets comprise globally leading bauxite mines and alumina refineries in Australia, Brazil, Spain, Saudi Arabia and Guinea. AWAC also has a 55 per cent interest in the Portland aluminium smelter in Victoria, Australia.

AWAC's joint venture partner and operator is Alcoa Corporation. The AWAC joint venture was formed in 1994 and our relationship with Alcoa dates back to the early 1960s when Western Mining Corporation (now called Alumina Limited) began to explore bauxite deposits and other resources in the Darling Ranges of Western Australia. Alcoa Inc. was invited to join the project to provide technology, aluminium expertise and finance.

Over the following years the venture grew to include refineries and smelter interests as the partners sought to take opportunities to expand the business. By 1990, WMC Limited's interests in Alcoa of Australia had grown through acquiring the interests of other minority participants, other than Alcoa.

WMC Limited and Alcoa Inc. combined their respective bauxite, alumina and alumina-based chemicals businesses and investments and some selected smelting operations to create Alcoa World Alumina and Chemicals (AWAC) in January 1995. Alumina Limited was created on 11 December 2002 when WMC Limited's alumina assets were demerged from the nickel, copper and fertilizer businesses.

The demerger has enabled investors to benefit directly from the full value of the bauxite, alumina and aluminium business.

The Company's strong balance sheet and joint venture cash distribution arrangements have been crucial in delivering another year of healthy dividends to shareholders.

AT A GLANCE

In 2020 Alumina Limited posted a profit after tax of $146.6 million compared to the net profit of $214.0 million in 2019. Excluding significant items of $(0.1) million (2019: $112.6 million), the net profit after tax would have been $146.5 million (2019: $327 million). Net distributions from AWAC totalled $182.7 million (2019: $420.9 million).

The Company declared a fully franked final dividend of 2.9 US cents per share, bringing the full year dividend to 5.7 US cents per share.

It was a solid result in a year that experienced a softening alumina market leading to a steady decline in the Alumina Price Index (API). The average realised alumina price in 2020 declined 20 per cent to $268 per tonne. In 2020, AWAC sold about 97 per cent of its smelter-grade alumina on an alumina index or spot pricing basis.

Primary aluminium demand fell over the first half of 2020 as a result of the pandemic but in the second half aluminium, and as a result alumina, demand recovered with the help of Government stimulus. Prices for both aluminium and alumina have recovered from COVID induced lows and have stabilised. We expect aluminium demand to increase during 2021. A narrowing rest of world alumina surplus in 2021 is expected to be exported to China to meet a deficit there.

Despite softer prices, record production at AWAC's tier 1 low cost refineries has enabled it to deliver strong margins and returns. This enabled the Company to record a strong result, pay dividends, and maintain a strong balance sheet.

Alumina Limited represents a unique opportunity for a pure investment in AWAC, one of the world's largest bauxite and alumina producers.

$146.6m

2020 net profit after tax
2019: $214.0 million

$182.7m

2020 net cash distributions
2019: $420.9 million

ALUMINA LIMITED RESULTS

5.7¢ per share

2020 dividends
2019: 8.0 cents per share

$49.6m

2020 net (cash)/debt
2019: $54.8 million

AWAC – A GLOBAL BUSINESS

In 2020, AWAC recorded a net profit after tax of $401.6 million compared to a net profit after tax of $565.1 million in 2019. The decline in profit was due to a softening market price for alumina. AWAC's EBITDA for 2020 was $895.9 million (2019: $1,260.7 million) and excluding significant items would have been $895.2 million (2019: $1,586.0 million).

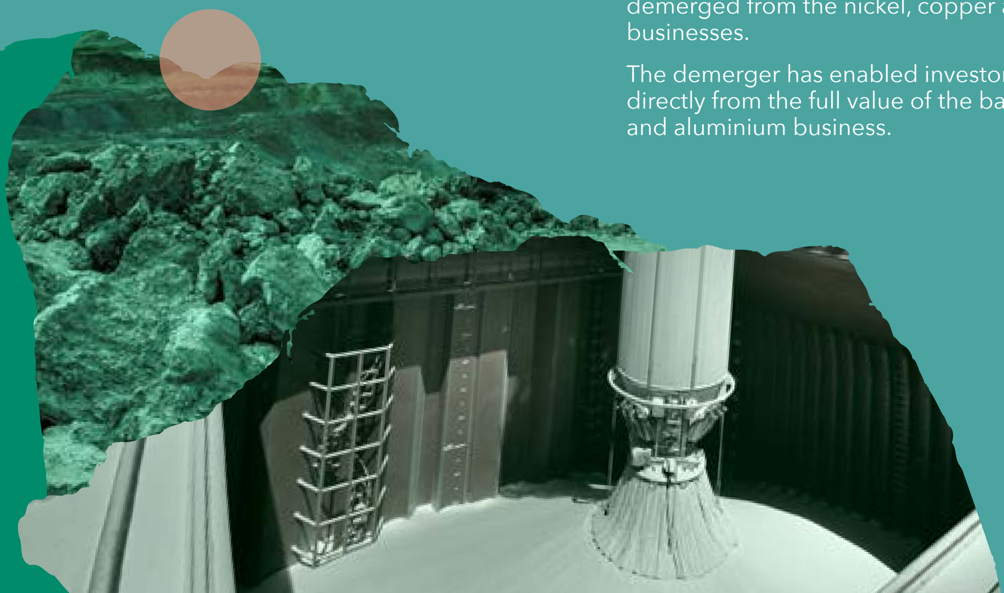
In 2020 AWAC's average realised alumina price was $268 per tonne (2019: $336 per tonne).

AWAC benefited from record annual alumina production of 12.8 million tonnes (by the existing refinery portfolio) and a five per cent improvement in the average cost of production to $199 per tonne (2019: $210 per tonne).

Alumina Limited is the 40 per cent partner in the AWAC joint venture whose assets comprise globally leading bauxite mines and alumina refineries in Australia, Brazil and other countries. AWAC also has a 55 per cent interest in the Portland aluminium smelter in Victoria, Australia.

AWAC's 60 per cent managing partner is Alcoa Corporation. The AWAC joint venture was formed in 1994 and our relationship with Alcoa dates back to 1961. Alumina Limited was created on 11 December 2002 when WMC Limited's alumina assets were demerged from the nickel, copper and fertilizer businesses.

The demerger has enabled investors to benefit directly from the full value of the bauxite, alumina and aluminium business.



$401.6m

2020 AWAC net profit after tax
2019: $565.1 million

$671.7m

2020 AWAC cash from operations
2019: $906.3 million

AWAC RESULTS (USGAAP)

$268 per tonne

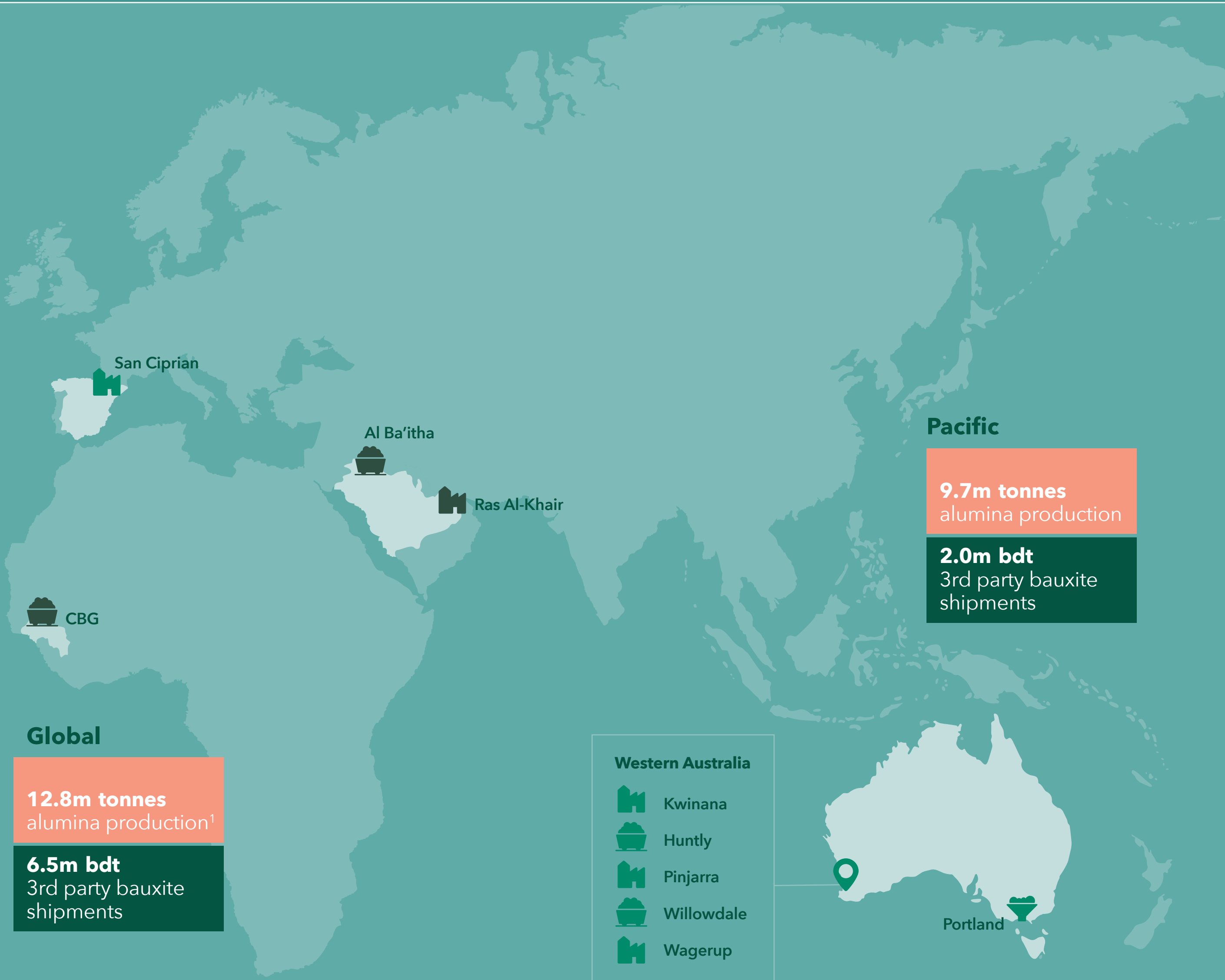
2020 realised Alumina price
2019: $336 per tonne

$895.2m

2020 AWAC EBITDA excl significant items
2019: $1,586.0 million

MAP OF OPERATIONS

Alumina Limited has a 40 per cent joint venture interest in tier one long-life alumina refineries. Shareholders have continued to benefit from these assets even as the alumina markets change.



Pacific

9.7m tonnes
alumina production

2.0m bdt
3rd party bauxite shipments

Global

12.8m tonnes
alumina production[1]

6.5m bdt
3rd party bauxite shipments

AWAC operated

Bauxite mine | Smelter | Refinery | Location

Non-AWAC operated

Bauxite mine | Refinery

1. Excludes alumina production from the Ras Al-Khair refinery

CHAIRMAN AND CEO REPORT

The Company's resilient financial performance for 2020 reflected the quality of Alumina's investment in AWAC, which has successfully managed through the shocks triggered by the COVID pandemic.

The Company reported a profit of $146.6 million and declared fully franked dividends to shareholders of US 5.7 cents.

The low cost, long-life quality of the bauxite mines and alumina refineries in Western Australia and Brazil were a key factor in the Company being able to perform well in 2020.

While world commodity markets and the alumina price experienced volatility and weakness, the Company was able to continue to deliver healthy dividends. Alumina prices declined by 18% over the year. However, Alumina Limited continued to receive net cash distributions from AWAC of $182.7 million in 2020. This enabled the Company to continue to deliver regular dividends.

A year to test resilience

The low cost position of AWAC's bauxite and alumina assets enabled it to generate solid profits and cash flows in the face of COVID challenges. AWAC maintained its low cost position during the year, with its cash cost of alumina production falling by 5%. This partly offset the lower alumina prices received by AWAC in 2020. Favourable exchange rates also contributed to lower conversion and bauxite costs and the key input cost of caustic was also lower.

The spot Alumina Price Index (API) for 2020 averaged $271 as alumina prices weakened (compared to an average price of $332 in 2019). This was largely due to the impacts of COVID in reducing aluminium demand and prices and the flow on effect into lower alumina prices.

AWAC's assets operated safely and consistently despite the COVID disruptions. AWAC achieved records in both bauxite and alumina production for the year. AWAC's alumina production of 12.8 million tonnes in 2020 represented an increase of 0.2 million tonnes compared to the previous year.

AWAC delivered alumina margins of $69 per tonne, in a year of volatility and lower commodity prices. This was a decline from the margin of $126 per tonne in 2019 but was still a strong platform for AWAC to distribute dividends of $517 million to its joint venture shareholders.

Some specific measures were taken to conserve cash in response to the pandemic. AWAC put on hold all growth capital expenditure for part of 2020, deferred non-critical sustaining capex and reduced working capital and overheads.

The Company's results and AWAC operating performance are discussed in more detail in the Operating and Financial Review.

Alumina market

The Company operates in a commodity market where change, reflected in fluctuations in market conditions, is constant. Between 2017 and 2019, factors that affected our commodity markets were generally favourable. Alumina prices and operating margins were strong in those years.

In 2020, COVID came as an exogenous shock to the alumina market, causing substantial declines in alumina prices in the second and third quarters.

The global health responses to COVID-19 caused a rapid and substantial decline in global economic activity. This produced a decline in aluminium consumption and falls in aluminium and alumina prices. Global primary metal consumption fell by 5% in 2020. The decline in global metal consumption was largely due to a decline in western world consumption. The alumina market operates relatively efficiently and increased alumina production costs later in 2020 were reflected in higher prices.

However, aluminium smelter production did not contract in line with the fall in consumption. This softened the negative effect on demand for alumina and alumina prices because the aluminium surplus over consumption was able to be warehoused and also exported to China.

China's economy rebounded rapidly later in 2020 and drove demand for alumina and aluminium. Increasing aluminium prices at this time also resulted in greater aluminium production. These are positive developments for the alumina market for the beginning of 2021. Whilst we are prepared if the market conditions of 2020 are repeated, there are some reasons for optimism on the alumina market outlook for 2021, compared to 2020.

Portland smelter

The energy supply arrangements for the Portland aluminium smelter expire in mid-2021. The future of the smelter has been dependent upon identifying a lower cost and reliable power solution.

In March 2021, Alcoa of Australia Limited and Eastern Aluminium (Portland) Pty Limited through their ownership of Portland Aluminium signed electricity supply agreements for a five-year period effective from 1 August 2021 ending 30 June 2026. Additionally, the Commonwealth and Victorian State Governments are expected to provide financial assistance to support the ongoing operations of the Portland Smelter.

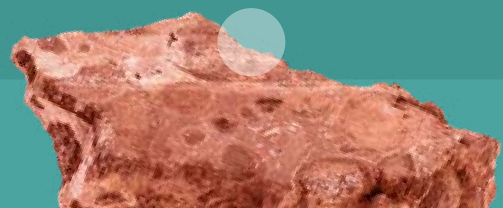
The AWAC Portland smelter has been working to reduce its carbon dioxide emissions – on an intensity basis they have decreased by approximately 18 percent since 2015. This has been the result of an increase in the proportion of renewable energy that is supplied to the smelter and improved energy efficiency. Renewable energy generated by wind and solar now represents approximately 33 percent of electricity supplied to the smelter from the grid.

Alumina's strategy

Alumina is the co-owner of AWAC, a best in class, global resource business. AWAC's long-life, low cost resource assets in West Australia are exceedingly rare.

AWAC is a long-term business. Its West Australian bauxite and alumina assets were developed 60 years ago and continue to have a long life ahead of them. Similarly the bauxite assets in Brazil have decades of production life. Alumina's strategy is to:

- **Maintain AWAC's low position on the bauxite and alumina cost curves.** This is the key to weathering severe market shocks such as the impact of COVID, and low points in the cycle. AWAC's enviable cost competitiveness also enables it to take advantage of positive market developments as they arise, such as the sudden global supply shock caused by the suspension of production by a major competitor, which occurred in 2018 and 2019.
- **Remain a focused bauxite and alumina investor.** Alumina Limited participates predominantly in the bauxite and alumina parts of the aluminium industry chain, because we believe they demonstrate attractive market fundamentals. We aim to provide an uncompromised investment choice, through that focus and by AWAC selling at alumina market index prices that directly reflect the specifics of the particular markets we supply.
- **Maintain low financial leverage.** A strong, clean balance sheet enables Alumina to weather challenging industry conditions and cycles and also provides investors with undiluted exposure to AWAC's reliable and strong cash flows. The Company seeks to pay out to shareholders dividends that it receives from AWAC, after corporate costs and net of any contributions back into the joint venture.
- **Contribute as an active, informed and engaged joint venture partner in the AWAC joint venture.** This involves undertaking independent research and analysis to have a different and informed perspective on the bauxite, alumina and aluminium markets. It also encourages an informed discussion within the joint venture on matters such as portfolio management, investment opportunities and disruptive threats.



Sustainability

The Company in 2020 continued its focus on climate change analysis and improving our sustainability reporting.

- During 2020 AWAC established separate new carbon reduction targets for its operations. AWAC is targeting to reduce emissions from its refineries from current levels by approximately 12 per cent by 2030.
- We continue to work with AWAC on:
    - its implementation of strategies for responding to climate change, identifying and assessing climate change risks and opportunities; and
    - evaluating technological and carbon abatement measures
- AWAC has introduced low carbon alumina as a separate product that is available to its customers. This development is leading the industry. AWAC is currently one of the lowest carbon emitters in the alumina industry.

There continues to be substantial activity by the bauxite and alumina industry and AWAC on residue storage management. Alcoa is a member of the International Council of Metals and Mining and this involves AWAC committing to implement the new Global Industry Standard on Tailings Management across its operations.

AWAC has set a number of sustainability objectives and projects for 2021 and beyond, including the ratio of land disturbance to rehabilitation and the reuse of bauxite residue, as well as water consumption in areas of water scarcity and biodiversity.

All of these sustainability activities support AWAC's licence to operate in the future. Alumina Limited's and AWAC's sustainability targets and outcomes are discussed in greater detail in the Sustainability Report and Update on the Company's website.

Capital management / shareholder returns

Alumina Limited received $182.7 million in net cash distributions from AWAC in 2020 (2019: $420.9 million). Your Company has been able to pay most of its free cash flow to shareholders by way of dividends. The total declared dividends for the year were US5.7 cents per share. This represents a yield of 5% to shareholders for 2020, based on the average share price for the year. Average dividends since 2016 over the last five years have been 11.2 cents per share which has delivered an average yield for shareholders of 7.5%.

The Company's net debt at 31 December 2020 was only $49.6 million which is a gearing of less than 2.8%. The Company's low debt level enables cash received from AWAC to be readily distributed to shareholders. The Company has debt facilities of $350 million with maturities ranging from 2022 to 2024.

Board and management

Ms In't Veld joined as an independent Non-Executive Director on 3 August 2020. A former Chief Executive Officer of Verve Energy and senior executive in the resources industry (including with Alcoa), Ms In't Veld brings to the Board extensive experience in the aluminium industry, energy and financial markets and in the management of long-life assets. As part of normal director succession planning, Ms Stein has indicated she will retire from the Board as a Non-Executive Director after the 2021 Annual General Meeting. Ms Stein has been an independent Non-Executive Director of the Company since 2011 and has provided significant and valuable counsel to the Board and management. We welcome Ms In't Veld and thank Ms Stein.

Conclusion

The Company demonstrated impressive resilience through this most recent COVID period, with markets characterised by significant uncertainty and volatility. Our investment in AWAC's portfolio of low cost, long-life assets, together with a strong balance sheet, underpinned the Company's capacity to deliver strong returns to shareholders throughout the cycle. The impact of COVID-19 did affect the financial result for the year, but Alumina's business model has to-date successfully met the challenges of the pandemic.

The dividends paid in 2020 confirmed a consistent record of returns to shareholders. The recent improvement in the outlook for the alumina market provides some cause for optimism that this can continue in 2021.

The Board thanks the employees of Alumina Limited and AWAC for their work in 2020.

W Peter Day • Chairman

Mike Ferraro • Chief Executive Officer

SUSTAINABILITY

Sustainability governance – first and foremost

Effective governance is a key part of continued success in any field of business, to drive improvement and ensure that company goals are achieved in an ethical and sustainable manner.

In 2020 Alumina Limited's sustainability governance and strategy was strengthened by the formation of a Sustainability Committee of the Board. The committee consists of all of Alumina Limited's Non-Executive Directors and is chaired by Mr Day. The Committee meets on a quarterly basis and operates under a Charter that specifies its role and responsibilities. A copy of the Committee Charter is available in the Governance section on the Company website.

The Committee members and the senior management received targeted climate change and ESG training from independent third-party specialists. In 2020, the training included an update on climate science, the implications of national and international policy developments, carbon pricing, Task Force on Climate-Related Financial Disclosure (TCFD) and energy and emissions issues and opportunities.

The Committee established goals for 2020 and beyond which include improving the transparency, structure, content and quality of disclosure in the Company's sustainability reporting. ESG specialists were engaged to review and benchmark existing reports and also conduct a gap analysis to peer reporting and relevant reporting standards. As a result, the 2019 Sustainability Report (covering the year ended 31 December) was updated and restructured to provide a clearer and more informed report which has led to improved ranking by analysts commending the Company's sustainability efforts.

Sustainability action in 2020

Effective sustainability governance and strategy requires an understanding of the most important environmental, social and governance risks and opportunities facing the Company and the business. For that purpose, in 2020, senior management conducted a "materiality assessment" of Alumina Limited and AWAC's business, with the findings presented to the Sustainability Committee. Material topics were categorised under four themes of: governance, community, environment and people. A fuller description of the material topics and how they map to the UN Sustainable Development Goals can be found in the 2019 Sustainability Report available on the Company website.

A gap analysis between Alumina Limited reporting practices and the TCFD was also completed in 2020. The analysis identified some disclosure gaps and will assist in the development of a TCFD/business resilience roadmap in 2021. Also, ESG matters will be further imbedded in the Company's Risk Management profile.

Other environmental sustainability actions undertaken in 2020

Sustainability efforts must continue to be more aligned to future performance planning, notwithstanding what has been achieved in the past, by the creation of new and challenging targets and continuing to build pathways to reducing environmental and social impacts.

New targets and standards for AWAC operations were rolled out in 2020. New biodiversity standards were developed and biodiversity action plans implemented at AWAC sites to govern and direct biodiversity actions in operations.

An increased focus on water stewardship at water scarce areas such as AWAC's Western Australian operations has been introduced with new water targets to reduce water intensity by 5% by 2025 and 10% by 2030 using a base year of 2015.

Refining bauxite ore into alumina generates substantial amounts of bauxite residue. The target is to reduce bauxite residue storage land requirements per tonne of alumina produced by 15% by 2030 using a base year of 2015 to be achieved, in part, by using filtration technology to create a dry cake rather than a greater volume of wet slurry. Studies are also advanced on extracting red sands from the residue for potential use in other industries such as concrete production.

The goal of bauxite mining is to achieve a running five-year average ratio of 1:1 or better of active mining disturbance (excluding long-term infrastructure) to mine rehabilitation. This means at a minimum, the goal for each unit of land disturbed, a unit or more, will be rehabilitated contemporaneously.

In relation to GHG emissions, an intensity (tonnes of GHG per tonne of production) reduction target has been set for AWAC's refining operations of 4% by 2025 and 12% by 2030 using a base year of 2015. AWAC's refining portfolio is the lowest CO_2e emitter amongst major producers and positioned AWAC to launch the world's first low-carbon alumina brand, EcoSource. EcoSource alumina is a smelter-grade alumina with carbon emissions that are better than the vast majority of the industry and has no more than 0.6 metric tons of carbon dioxide equivalents per tonne of alumina produced (global industry average 1.2t/tonne of alumina).

Progress against these targets is disclosed in the 2019 Sustainability Report on the Company website.

To further underscore the governance strength underpinning the business, all of AWAC directly owned and operated facilities have been certified by the Aluminium Stewardship Initiative (ASI). ASI certification means that AWAC sites have been assessed and proven to operate in accordance with performance standards for a set level of human rights, ethics, compliance, environmental and biodiversity indicators. AWAC facilities are committed to meet the International Council on Mining and Metals (ICMM) operating mining principles defining good practice environmental, social and governance requirements.

Social and community

Human Rights and the protection and advancement of indigenous people's rights are an important part of the Company ethos and AWAC's ethical and operational position. From 2019, Human Rights due diligence assessments using external experts have been conducted at AWAC's West Australian and Brazilian operations that pleasingly did not identify any major gaps. The due diligence process involved comparison to international standards set by the International Labor Organisation and UN conventions. The work also included examination of local treaties, sectorial agreements, national and state agreements and legislation. A separate Human Rights risk due diligence exercise will be undertaken and completed in 2022.

In regard to engagement with indigenous peoples, Alcoa, as manager/operator of AWAC, issued an Indigenous Peoples Statement regarding respect for the diversity, cultures, customs and values of indigenous peoples. Following the completion of the Indigenous Peoples Statement, Alcoa have undertaken to develop a formal engagement approach aligned with the ICMM Position Statement on Indigenous Peoples and Mining. This program will underpin a framework for engaging with Indigenous Peoples with respect to new operations or major capital projects that are located on or near lands traditionally owned by or under customary use of Indigenous Peoples and which are likely to impact them. Also, in 2020, Alcoa of Australia (an AWAC asset) progressed the first stage of its Reconciliation Action Plan, a guide for Aboriginal and Torres Strait Islander engagement and reconciliation.

2020 was a significant year from a sustainability perspective however, Alumina Limited and AWAC are focussed on continuing to improve sustainability performance.

Projects

Decarbonisation strategies are being examined by AWAC including assessing the viability of introducing mechanical vapour recompression technology in the alumina refinery system in the longer-term. This technology has the potential to reduce consumption of steam obtained from heating water in a boiler, improve thermal performance and reduce fossil fuel usage and hence CO_2 emissions. The vapour recompression system would utilise renewable solar energy to power the mechanical vapour recompression. This technology could reduce 70% of CO_2e (10 million CO_2e per annum) and reduce water use by approximately 25 GL per annum.

2020 was a significant year from a sustainability perspective however, Alumina Limited and AWAC are focussed on continuing to improve sustainability performance. Additional information on 2020 sustainability efforts and outcomes will be available with the publication of the 2020 Sustainability Report in the second half of the 2021 calendar year.

BOARD OF DIRECTORS

The Company's Directors in office as at 31 December 2020 were:

Mr W Peter Day

Mr Day was appointed as a Director of the Company on 1 January 2014 and was appointed Chairman of the Board on 1 April 2018. He is a member of the Nomination, Compensation and Audit and Risk Management Committees and Chair of the Sustainability Committee. Mr Day is also currently a Non-Executive Director of Ansell (appointed August 2007), Non-Executive Chairman of Australian Unity Investment Real Estate (appointed September 2015), and a former Director of: Boart Longyear (February 2014 –September 2017), Federation Centres (October 2009–February 2014), Orbital Corporation (August 2007–February 2014) and SAI Global (August 2008–December 2016).

Mr Day brings extensive experience in the resource, finance and manufacturing sectors, having held a number of senior positions with Bonlac Foods, Rio Tinto, CRA, Comalco and the Australian Securities and Investments Commission. He is a former Chief Financial Officer (CFO) of Amcor Limited. He also supports initiatives in disability services and mentoring.

Ms Emma R Stein

Ms Stein was elected as a Director of the Company on 3 February 2011. Ms Stein is currently a Non-Executive Director of Adbri Limited (formally known as Adelaide Brighton Ltd) (appointed October 2019) and Worley Ltd. She is a former Non-Executive Director of Cleanaway Waste Management Limited (formerly known as Transpacific Industries Group Ltd) (appointed August 2011 and resigned December 2020), Programmed Maintenance Services Ltd (appointed June 2010 and resigned October 2017), Diversified Utilities Energy Trust (appointed June 2004 and resigned May 2017) and Clough Limited (appointed July 2008 and resigned December 2013).

Mr W Peter Day
LLB (HONS), MBA, FCA, FCPA, FAICD
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Emma R Stein
BSC (PHYSICS) HONS, MBA, FAICD, HON FELLOW WSU
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Chen Zeng
MIF
NON-EXECUTIVE DIRECTOR

Ms Deborah O'Toole
LLB, MAICD
INDEPENDENT NON EXECUTIVE DIRECTOR

Mr John A Bevan
BCom
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Shirley E In't Veld
BCom LLB (HONS)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Mike P Ferraro
LLB (HONS)
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Ms Stein also remains a Non-Executive Director (appointed September 2017) of Infigen Energy which has been acquired by the Iberdrola Group. Formerly the UK Managing Director for French utility Gaz de France's energy retailing operations, Ms Stein moved to Australia in 2003. Before joining Gaz de France, she was UK Divisional Managing Director for British Fuels.

Ms Stein is Chair of the Compensation Committee (since 1 January 2014), current member and former Chair of the Audit and Risk Management Committee (Chair from 28 November 2013 to 31 December 2013), current member and former Chair of the Nomination Committee (from 22 June 2017 to 31 March 2018) and member of the Sustainability Committee. As a senior executive, she gained considerable international experience in management and leadership, strategy development and implementation in global industrial, energy and utilities markets. She has 15 years' experience as a listed Non-Executive Director and Board Committee Chair for capital intensive companies spanning resources, oil and gas and related sectors.

Mr Chen Zeng

Mr Zeng was appointed as a Director of the Company on 15 March 2013. He is a member of the Nomination, Compensation, Sustainability and Audit and Risk Management Committees (appointed 7 August 2014). Mr Zeng is also currently the Chairman and President of CITIC Pacific Limited, the Chairman and Chief Executive Officer of CITIC Pacific Mining Management Pty Ltd ("CITIC Pacific Mining") and CITIC Mining International Ltd, the holding company of CITIC Pacific Mining. He is also the Chairman of Dah Chong Hong Holdings Limited (focused on distribution of automobile, healthcare and consumer goods). He is a former Executive Director of CITIC Limited (listed on the Hong Kong Exchange) and Non-Executive Director of CITIC Dameng Holdings Limited (listed on the Hong Kong Exchange), Macarthur Coal Limited (July 2007–October 2011) and Marathon Resources Limited (resigned in January 2014). Mr Zeng also served as a Director on the Board of CITIC Group between January 2010 and December 2011.

Before joining CITIC Pacific Mining, Mr Zeng was an Executive Director, Vice Chairman and Chief Executive Officer (CEO) of CITIC Resources Holdings Limited ("CITIC Resources"), a CITIC Group controlled Hong Kong listed company focused on crude oil production, metal mining and refining, and commodity trading. Mr Zeng was redesignated as Non-Executive Director of CITIC Resources in March 2014. Mr Zeng is also the Chairman of CITIC Australia. Mr Zeng has over 30 years of experience in project development, management, and a proven record in leading cross-cultural professionals in the resources sector. He has been working in Australia since 1994 and has extensive experience in various industries including aluminium smelting and coal mining.

Ms Deborah O'Toole

Ms O'Toole was appointed as a Director on 1 December 2017. She is a member of the Nomination Committee, Sustainability Committee, the Compensation Committee and Chair of the Audit and Risk Management Committee (from 1 April 2018). Ms O'Toole is a Non-Executive Director of Boral Limited (appointed September 2020), Sims Limited (appointed November 2014), Pacific National Rail (appointed October 2016) and Credit Union Australia Ltd (appointed March 2014). She is a former Non-Executive Director of Boart Longyear Limited (appointed 1 October 2014 and resigned September 2017), Wesley Research Institute (appointed March 2013 and resigned 6 November 2019), CSIRO, Norfolk Group, various companies in the MIM and Aurizon Groups and Government and private sector advisory boards. She has acted as Chairperson of the Audit Committees of CSIRO, Norfolk Group and Pacific Aluminium.

Ms O'Toole has extensive executive experience across a number of sectors including over 20 years in the mining industry and, more recently, in transport and logistics which included managerial, operational and financial roles. She has been CFO of three ASX listed companies: MIM Holdings Limited, Queensland Cotton Holdings Limited and, most recently, Aurizon Holdings Limited.

Mr John A Bevan

Mr Bevan was appointed Non-Executive Director on 1 January 2018. He has been appointed a member of the Audit and Risk Management Committee, the Compensation Committee, the Sustainability Committee and the Nomination Committee and Chair of the Nomination Committee from 1 April 2018. Mr Bevan is currently a Non-Executive Director and Chairman of BlueScope Steel Limited (appointed March 2014), a Non-Executive Director and Chairman of Ansell (appointed August 2012), Non-Executive Director of Humpty Dumpty Foundation (since 2017) and a former Director of Nuplex Industries Limited (September 2015–September 2016).

Mr Bevan was formerly the Chief Executive Officer and Executive Director of Alumina Limited (June 2008 –December 2013). Prior to his 2008 appointment to Alumina Limited, he spent 29 years in the BOC Group Plc where he was a member of the Board of Directors and held a variety of senior management positions in Australia, Korea, Thailand, Singapore and the United Kingdom. Mr Bevan brings to the Board extensive commercial and operational experience gained through operating joint ventures in many parts of the world, particularly Asia.

Ms Shirley E In't Veld

Ms In't Veld was elected as an independent Non-Executive Director of the Company on 3 August 2020.

She is currently a Non-Executive Director with APA Group Limited (appointed 19 March 2018), Northern Star Resources Limited (appointed 2016) and NBN Co Limited (appointed 2 December 2015). She is formerly Deputy Chair of CSIRO (term ceased 30 June 2020), a Non-Executive Director of Perth Airport, DUET Group, Asciano Limited, Alcoa of Australia Limited and a Council Member of the Chamber of Commerce and Industry of Western Australia.

Ms In't Veld was also the Managing Director of Verve Energy (2007–2012) and, before that, she worked for 10 years in senior roles at Alcoa of Australia, WMC Resources Ltd, Bond Corporation and BankWest.

In 2014, she was Chairman of the Queensland Government Expert Electricity Panel and a member of the Renewable Energy Target Review Panel for the Department of Prime Minister and Cabinet. Ms In't Veld's experience with the Renewable Energy Target Panel and CSIRO will also bring to Alumina expertise in renewables, research and innovation.

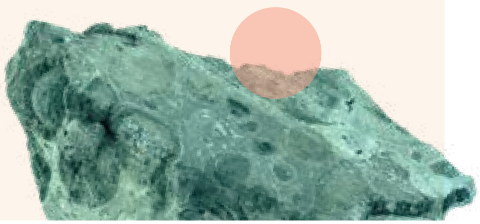
Ms In't Veld is a member of the Compensation Committee, Audit and Risk Management Committee, Nomination Committee and Sustainability Committee.

As a former Chief Executive Officer of Verve Energy and senior executive in the resources industry, Ms In't Veld will bring to the Board extensive experience in the aluminium industry, energy markets and management of long-life assets.

Mr Mike P Ferraro

Prior to his appointment as CEO and Managing Director Mr Ferraro was a Non-Executive Director of Alumina Ltd from 5 February 2014 to 31 May 2017 and Partner, Client Development-Asia Pacific at Herbert Smith Freehills, a global law firm. He was also formerly head of the firm's Corporate Group and a member of its executive management team. Mr Ferraro is also currently a Non-Executive Director of Helloworld Travel Limited (appointed January 2017).

Between 2008 and 2010 Mr Ferraro was Chief Legal Counsel at BHP Billiton Ltd. Mr Ferraro has considerable experience in the resources sector and has over 30 years of experience in joint ventures, mergers and acquisitions, fund raising and regulatory issues across a wide range of sectors and countries. He also has considerable experience in the commercial and financing aspects of large transactions gained from a number of years in investment banking as a corporate adviser.



EXECUTIVE MANAGEMENT

Alumina Limited's management team comprises:

Mike Ferraro

LLB (HONS)

Chief Executive Officer and Managing Director

Prior to his appointment on 1 June 2017 as CEO and Managing Director, Mr Ferraro was a Non-Executive Director of Alumina Limited from 5 February 2014 to 31 May 2017 and Partner, Client Development Asia Pacific at Herbert Smith Freehills, a global law firm. He was also formerly head of the firm's Corporate Group and a member of its executive management team. Mr Ferraro is also currently a Non-Executive Director of Helloworld Travel Limited (appointed January 2017).

Between 2008 and 2010 Mr Ferraro was Chief Legal Counsel at BHP Billiton Ltd. Mr Ferraro has considerable experience in the resources sector and has over 35 years of experience in joint ventures, mergers and acquisitions, fund raising and regulatory issues across a wide range of sectors and countries. He also has considerable experience in the commercial and financing aspects of large transactions gained from a number of years in investment banking as a corporate adviser.

Galina Kraeva

BEcon Novosibirsk State University of Economics and Management (Russia), CA, FCCA

General Manager – Finance Interim Chief Financial Officer (effective 1 January 2019–30 June 2019)

Ms Kraeva joined Alumina Limited as Financial Controller in October 2012. Prior to joining Alumina Limited, Ms Kraeva spent 14 years with PricewaterhouseCoopers in Australia and Russia, most recently as a partner in Melbourne office.

Stephen Foster

BCom LLB (Hons) GDipAppFin (Sec Inst)
GradDip CSP, ACIS

General Counsel and Company Secretary

Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources. He has a wide range of legal and commercial experience gained over 30 years, at Village Roadshow and WMC Limited, after working with the legal firm of Arthur Robinson & Hedderwicks (now Allens).

Andrew Wood

BA LLB GDipAppCorpGov (GIA) FGIA, FCIS

Group Executive Strategy and Development

Andrew Wood is responsible for strategy and business development, including market analysis, pursuing strategic investments and developing industry relationships. He has over 20 years' resources experience in commercial and legal roles, mainly at WMC Resources Ltd and Sibelco.

Grant Dempsey

BComm

Chief Financial Officer (appointed 1 July 2019)

Mr Dempsey is responsible for accounting, treasury, investor relations and taxation and is based in Melbourne. Prior to joining Alumina Limited in July 2019, Mr Dempsey was Senior Adviser, Finance at ANZ Banking Group. Prior to that he served as Managing Director and Head of Investment Banking, Australia and New Zealand at JP Morgan.

Mr. Dempsey has been a Non-Executive Director of IFM Investors Pty Ltd since July 1, 2018 and was an Independent Non-Executive Director of Mission Australia from 2010 until 2019. Mr. Dempsey has more than 30 years' experience as a senior executive, adviser and investment banker.

Mike Ferraro
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Galina Kraeva
GENERAL MANAGER - FINANCE

Stephen Foster
GENERAL COUNSEL AND COMPANY SECRETARY

Andrew Wood
GROUP EXECUTIVE STRATEGY AND DEVELOPMENT

Grant Dempsey
CHIEF FINANCIAL OFFICER

LETTER BY CHAIR OF COMPENSATION COMMITTEE

Dear Shareholders,

As always it gives me pleasure to write to you to frame Alumina's remuneration report. As I retire from the Alumina Board following the 2021 AGM (having joined in February 2011), this is my last letter to you. In this letter I address both the performance and remuneration outcomes for this year, and also reflect on the remuneration journey the Board has travelled over the past seven years in particular as it has strengthened Alumina's executive remuneration framework and policies to align with the context in which Alumina seeks to create value for its shareholders.

2020 business context

2020 has been an awful year for many people in the world. In early 2020, our management teams and Board acknowledged the huge uncertainty that lay ahead and responded quickly to potential impacts and risks as best as we could see them. At that time, the precise ways the world's health, economies, markets and funds flow might fare was almost impossible to predict. Key steps taken were:

- Initiatives to protect employees' health
- Increased level of communications regarding AWAC's operational planning and crisis management in the event of forced operations closure. Consideration of the potential implications of different operating and financial scenarios which might have impacted Alumina Limited results.
- Judicious actions to hold additional balance sheet liquidity within Alumina in the event of deteriorating funding markets or if operating free cash flow should erode.

These steps were coupled with ongoing focus on key sustainability matters such as tailings dams' integrity and governance, climate change and TCFD reporting.

Only now can we see what transpired – at Alumina and AWAC, our world-wide operations from Australia, to Europe, to Brazil have been kept operating. 2020's production level of 12.8 million tonnes of alumina compares with 12.6 million tonnes in 2019. As a result, Australian government employment schemes such as Job-keeper were not required for Alumina Limited.

While generally companies in the energy, mining and minerals sectors continued trading through 2020, some of Australia's core commodities have experienced weak prices, others have enjoyed price highs.

The alumina price fell sharply from around $300/t in early March to $225/t in mid-April. Alumina prices ended up averaging $271/t for 2020, approximately 7% lower than the alumina price of the second half of 2019. By the end of 2020, the alumina and aluminium prices were $305/t and $1,974/t respectively, close to what they were in the beginning of the year.

At these levels, whilst the resultant margins of $69/tonne are not at the highs that were seen in 2018 and first half 2019, they are nevertheless healthy and, notwithstanding the impact of lower commodity prices, annual cash flow has been sufficient to pay a dividend at a yield of 5% to our shareholders.

Detailed economic analysis in respect of alumina and aluminium prices has been provided in the Market, Outlook and Guidance section of the Operating and Financial Review.

2020 remuneration decisions and outcomes

In making its remuneration decisions in 2020, the Board therefore considered:

- The huge pressure that our country has been under as a result of COVID-19 and the fact that, for many Australians, businesses and livelihoods have been lost. This broader social context was considered when taking decisions on fixed remuneration and STI outcomes.
- In evaluating performance against the corporate objectives or personal targets, the Board did not identify any instances where COVID might have made achievement easier and no credit was given where COVID made realisation harder. In the final review of the scorecard, the judgements made in assessing performance and the resultant mathematical outcomes were considered fair and appropriate. The Board was satisfied with the quality of the outcomes achieved and that the actual STI payments were appropriate and fair.
- The share price of the company and its linkage with commodity prices and exchange rates and potential impact on equity values used in remuneration. The Board used analysis to look for unusual movements which might result in executives benefiting in an unforeseen way, noting of course that a deteriorating share price will erode historic equity entitlements. The Board determined that there were no unusual movements impacting equity values used in remuneration and specifically, it was appropriate to grant the quantum of LTIs (at %'s consistent with the past).
- The Company TSR performance. In testing the two LTI tranches that expired in 2020, before approving the vesting, the Board considered the occurrence of negative absolute TSR, and that the degree varied by currency and by tranche which fell about six months apart. Having analysed other financial performance outcomes over the period (including dividend yield, return on invested capital and the relativities within the international peer group), the Board authorised vesting. As a highly cyclical company, the Board has concluded that it is more meaningful to examine the testing outcomes as they occur rather than introduce a further hurdle or gateway.

2020 key decisions can be summarized as:

- 2021 Conditional Rights (CR's) and LTI's granted to the CEO valued at $472,800 and $525,281 respectively at the time of the grant.
- LTI vesting of the CEO pro-rated tranche 17 in May 2020 of 87% (as a result of partial vesting using the ASX comparator group and top percentile performance against the international comparator). Grant of pro-rated FY17 tranche was authorised by shareholders at the 2018 AGM.
- LTI vesting of tranche 18 at end December 2020 of 50% (as a result of no vesting using the ASX comparator group but positively, top percentile performance against the international comparator).

- STIs which are applicable for KMP other than the CEO and CFO were 89% of target award and 63% of maximum award (which compares with 97% and 75% in 2019). In total $417,000 was awarded and reflects that two executive KMP were covered in the 2020 scheme for the whole of the year (which compares to $513,00 in 2019 where a 3rd, now former executive KMP, was included for part of the year).

Looking ahead to 2021, the following decisions were made:

- No increases to 2021's fixed remuneration for executive KMP;
- No increase to 2021 non-executive directors' base fee, consistent with decisions on fixed remuneration for executives and staff as a whole.
- No increase to the 2021 non-executive directors' committee fees, except for increase the fee for the Chair of the Nomination Committee from $10,000 to $15,000 due to the increased workload.

Remuneration in a business context

Over my time on the Board, Alumina has had three CEOs. On each appointment, the Board has tested its thinking in terms of the qualities, experience and skill set sought in our CEOs as well as the remuneration structures and policies best suited to the Company. At the heart of this, the following considerations have been upper most:

- **The non-operating and pure play nature of the company,** Alumina as the joint venture partner in AWAC provides shareholders with a unique exposure to tier 1 alumina assets. This opportunity simply doesn't exist through others in the sector that have, either more diversified downstream interests in the aluminium supply chain and/or businesses engaged in other metals or minerals. Alumina offers very direct exposure to the alumina price for our shareholders.
- **The cyclical nature of this capital-intensive sector where the underlying alumina commodity price is a key direct determinant of AWC's share price, earnings, free cash flow and dividends.** For example, in 2020, global concerns about demand resulted in weakening alumina prices – through to quarter 3, AWAC's realised alumina price declined by 20.2%, with EBITDA margin declining 45.2%. In upswings of the cycle, prices and earnings can leap the other way. Dynamics such as these stem from worldwide supply imbalances and economic sentiment and remain external risks to the company.
- **The role of Alumina and its management team in the joint venture.** AWAC's businesses are based on long-life assets. As well as the day-to-day operational management, these assets require sustaining capital, timely reinvestment for growth and long-term customer and supply chain positions. There are significant responsibilities to our communities too. This done well, coupled with appropriate balance sheet settings, underpins sustainable value creation and protection through the cycle. Alcoa's role is that of manager and equity owner. Alumina's role is to influence Alcoa in its position as manager of the joint venture and share in the custodianship, while exercising its position and rights in the joint venture arrangements appropriately to support shareholders' interests and optimising our investment.

Remuneration policies for AWC's leadership team

The Alumina board has continued to think carefully about its remuneration policies such that they are aligned with shareholders and with longer-term outcomes (yet balance the exposure executives should bear to the rise and fall of commodity pricing and have specific mechanisms in place to ensure that overall remuneration is reduced in times of poor returns).

We believe that these considerations are captured by the following policies:

- **To pay fixed remuneration at a competitive level** that will attract and retain high calibre executives – we look for strong leadership, relationship and influencing skills, proven track record in commercial and M&A transactions together with an ability to grasp the detail of complex matters pertaining to a global asset base while thinking strategically and tactically.
- **To provide a meaningful part of the total remuneration package in equity** that is earned and released over the medium to longer-term to provide alignment with shareholders.

As part of their Remuneration, the CEO and CFO have no STI, but as a part of their remuneration CR's are awarded with a three-year trading lock.

LTIs are delivered wholly in equity, with testing against two peer groups using TSR. LTIs are set at a level such that the quantum would be considered modest when compared with more traditional senior executive remuneration structures.

STI, as applicable for other senior KMP, is grounded in corporate objectives and a scorecard and designed with an appropriate exposure to short-term financial results such that on the one hand, large windfall gains (say as a result of peak world alumina price rises or exchange rate movements) do not flow through to remuneration and, on the other hand, STI's are curtailed when returns are poor. Furthermore, Mr Foster (Company Secretary and General Counsel) is required to applied 50% of STI award towards purchasing shares.

- **To set overall remuneration levels with additional reference to the nonoperating nature of the company.** When benchmarked last in 2019 against ASX 51-100 peer group, the CEO's overall remuneration was at the "8th" percentile.

CEO remuneration

With Mr Ferraro's appointment in 2017, the Board evolved its CEO's remuneration structure further such that his remuneration consists of FAR, equity CR's (no STI) and an LTI. This, in turn, built on the structure introduced in 2014 for his predecessor Mr Wasow. Mr Wasow's remuneration consisted of FAR, equity exposed CR's, significantly reduced STI and LTI.

As seen in the benchmarking analysis, the Board has been consistent in its discipline to offer and maintain attractive and aligned remuneration, however at a much more modest overall level than typically applies.

The Board continues to believe that, for Alumina, the pay mix is appropriate for its CEO whose leadership skills, abilities to gain traction with Alcoa while maintaining a focus on Alumina's long-term agenda and stakeholder relationships is key. His remuneration is significantly exposed to the company's share price, in his CR's and through the LTI. Since his appointment, as AWC's share price has followed the fortunes of the commodity, the values of the CEO's on foot CR's as at 31 December 2020 are lower than on grant, by approximately $291,000 or 19%.

The CEO's remuneration remains performance based, however, the CEO's personal performance against corporate objectives and leadership is assessed formally annually by the Board and this assessment underpins the Board's decision-making regarding his remuneration (including FAR and CR's) as well as the LTI's. The value of the CR's on vesting reflects the share price and dividend performance since grant. The LTI award mechanism requires company outperformance against two cohorts (Australian ASX top companies and a sector international peer group) to trigger vesting.

In closing, I would like to thank shareholders and other stakeholders for your thoughtful dialogue on our remuneration report and policies; your ongoing input is of considerable value.

REMUNERATION SUMMARY

This Remuneration Summary is an abridged version of the 2020 Remuneration Report. This summary provides some understanding of the Director and executive remuneration arrangements and outcomes of Alumina Limited. For a more comprehensive disclosure of the Company's remuneration arrangements and outcomes, please review the 2020 (Remuneration Report) Annual Report on the Company website at **aluminalimited.com/annual-reports**. All contracts for key management personnel (KMP) are denominated in Australian dollars and accordingly all figures in this Summary and the Remuneration Report are in Australian dollars unless otherwise indicated. References to Senior Executives excludes the Chief Executive Officer (CEO)

Remuneration framework

Persons covered by this Report

This Report sets out remuneration information for Key Management Personnel ("KMP") which includes Non-Executive Directors (NED), Executive Director (the Chief Executive Officer ("CEO") and those key executives who have the authority and responsibility for planning, directing and controlling the activities of the group, either directly or indirectly (together with Executive Director, herein referred to as Executive KMP).

Name	Role	
Non-Executive Directors		
Peter Day	Non-Executive Chairman	Appointed Chairman 1 April 2018 Director since 1 January 2014
Emma Stein	Non-Executive Director	Appointed 3 February 2011
Chen Zeng	Non-Executive Director	Appointed 15 March 2013
Deborah O'Toole	Non-Executive Director	Appointed 1 December 2017
John Bevan	Non-Executive Director	Appointed 1 January 2018
Shirley In't Veld	Non-Executive Director	Appointed 3 August 2020
Executive KMP		
Mike Ferraro	Managing Director and CEO	Appointed CEO from 1 June 2017
Grant Dempsey	Chief Financial Officer (CFO)	Appointed 1 July 2019
Stephen Foster	General Counsel/Company Secretary	Appointed 4 December 2002
Andrew Wood	Group Executive Strategy and Development	Employed 1 September 2008
Former Executive KMP		
Galina Kraeva	Interim Chief Financial Officer (ICFO)	19 November 2018 to 30 June 2019

Remuneration in business context

Alumina Limited's remuneration strategy and policy has been developed in recognition of the unique nature of the Company, the complexities of managing a significant but non-controlling interest in a global joint venture and the significance of external factors' influence on the sector and the Company's performance.

Alumina Limited owns a 40 per cent interest in the multibillion-dollar global enterprise, AWAC, one of the world's largest bauxite and alumina producers. AWAC is a large capital-intensive business operating in a number of jurisdictions with some in remote locations. Alumina Limited's executives are responsible for protecting and advancing the interests of its approximately 59,000 shareholders in the management of AWAC. Consistent with the governing joint venture agreements, Alumina executives are responsible for providing strategic input and advice into the joint venture.

This, in turn, draws on their abilities to persuade and influence our joint venture partner to a common or at times, different conclusion. To do so, they must have a clear position on the bauxite, alumina and aluminium markets to allow detailed and substantive discussion with our joint venture partner and our shareholders on portfolio management, investment opportunities, sustainability and disruptive threats.

At the Board's direction, the CEO and Senior Executives are required to maintain Alumina Limited's financial metrics consistent with an investment grade rating, maximize cash flow from AWAC and support the joint venture in its efforts to improve its relative cost position and strategic options.

Alumina Limited goal is to be an active, informed and engaged joint venture partner and therefore it requires and must retain, high calibre people with strong skills sets and commercial experience to ensure the Company and its investment are managed well. Hence, Alumina Limited's remuneration needs to be competitive, valued and relevant.

Remuneration strategy

Alumina Limited's remuneration strategy is based on the following principles, which determine remuneration components, their mix and way of delivery.

REMUNERATION PRINCIPLES

Alignment
Our remuneration is designed to aid alignment of Company, Executive, Board and Stakeholders interests.

Relevance
Appropriate mix of fixed and at-risk components, short and long-term incentives reflecting a balance of financial and non-financial objectives relevant to target the non-operating nature of the Company and specific executive roles.

Sustainability
Remuneration that is market competitive, that attracts and retains executives with capabilities and expertise to deliver our strategy.

Transparency
Remuneration outcomes that are based on a set of clear objectives and expectations linked to Company strategy.

Executive KMP remuneration components and pay mix

The table below sets out the different components of remuneration for Alumina's Executive KMP, the performance measures used to determine the amount of remuneration executives will receive and how they are aligned with Alumina Limited's remuneration strategy.

Executive remuneration components	Fixed remuneration ("FAR")	Long-term incentive (LTI)[1]	CEO & CFO equity based award	Short-term incentive for Senior Executives
Strategic intent	Attract and retain executives with the capability and experience to deliver our strategy.	Align performance focus with the long-term business strategy and shareholders experience.	Align performance focus with the long-term business strategy and shareholder experience.	Performance incentive directed to achieving Board approved targets, reflective of market circumstances.
Performance measure	FAR is set based on market relativities, reflecting responsibilities, qualifications, experience and effectiveness.	LTI vesting is subject to service and performance tested three years from the grant date. The testing criteria is three-year Company TSR equal to or outperforming the median of the two (one local, one international) comparator groups (half of the LTI is attributable to each comparator group).	There is a three-year trading restriction on the shares from grant date. The value of the equity remains subject to performance of the Company's share price.	STI performance criteria are set by reference to: • A minimum performance threshold requirement (the "Corporate Gate") • Financial metrics • Strategic objectives • Individual performance and effort relevant to the specific objective.
Delivery	Cash payment	Performance Rights	Conditional Rights	Mix of cash and equity • GE Strategy & Development: 100% cash • Company Secretary: 50% cash, 50% equity with three years trade restriction period

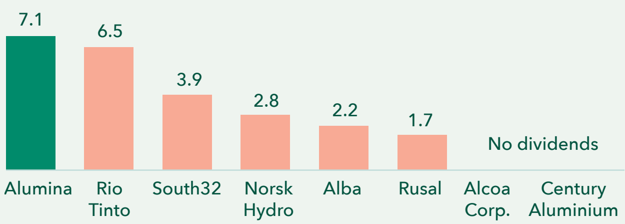
Company performance and executive remuneration outcomes

Company performance

Alumina Limited has continued its run of strong results, recording a net profit after tax of $146.6 million, a strong result considering the year that was collectively faced by all.

Alumina Limited announced a fully-franked, final dividend of 2.9 US cents per share, bringing the five-year average dividend yield to 7.5%, all fully franked.

Last five years average dividend yield (excl. franking credits)



The Company's net debt at 31 December was only $50m, which is a gearing level of 2.8%, declining further from the previous year as Alumina Limited reduced its level of drawdown on its existing facilities.

2020 was a tumultuous year with suppressed alumina prices especially in the first half where alumina prices bottomed out at $225/t during April. Prices recovered in second half to an average of $278 per tonne for 2020 and has settled around $300/t since the middle of December.

A low cost, tier one portfolio of assets, supports AWAC's ability to remain profitable despite lower alumina prices. Despite market volatility caused by the impact of COVID-19, AWAC recorded an EBITDA of $896 million and a net profit after tax of $402 million. Deferral of some non-critical maintenance and growth capex underpinned a robust cash-flow-from-operations of $672 million.

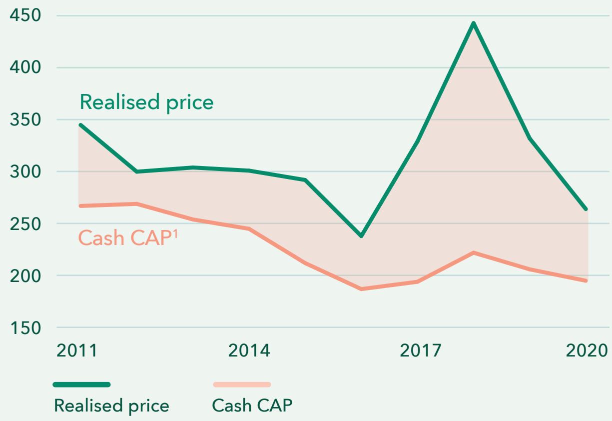
The power of AWAC's business over the past decade is demonstrated by both Its resilience to negative shocks, such as COVID and also its ability to take advantage of positive shocks like we saw in 2018 resulting from supply-side interruption.

Since the API was introduced a decade ago, AWAC's margin has averaged about $90 per tonne. The portfolio has also strengthened over that time, due to increased API-linked revenue and the closure or sale of some high-cost refineries which operated prior to 2016.

Alumina Limited's unique direct and undiluted exposure to AWAC's portfolio of low cost, world class assets, together with a continued strong balance sheet, underpins the Company's capacity to deliver strong returns to shareholders throughout the cycle.

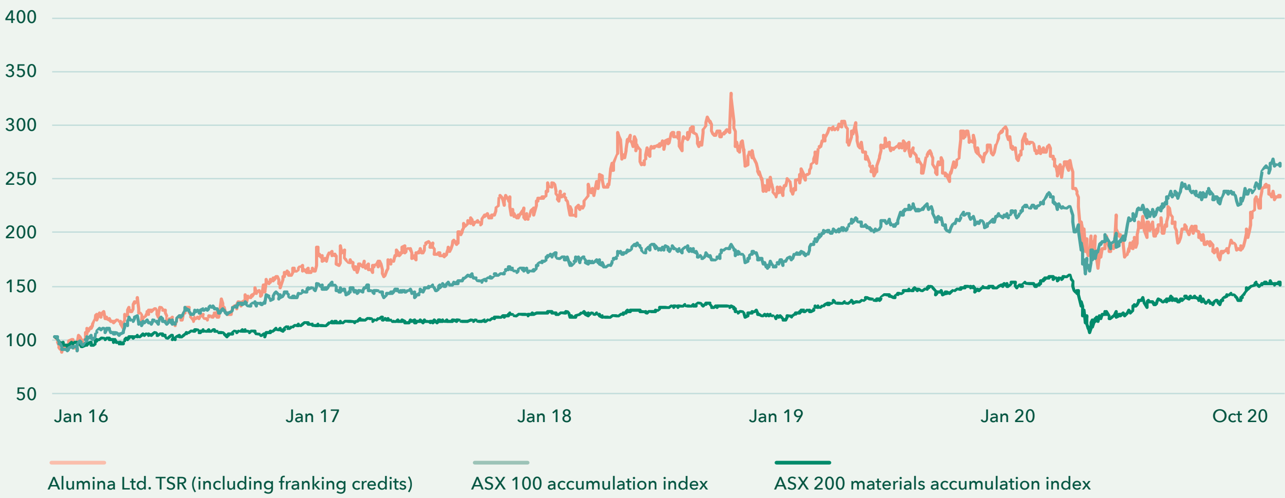
Alumina Limited's TSR compared to relevant ASX indices, demonstrates a track record of solid returns to investors since 2016 following the completion of AWAC's asset portfolio transformation.

Margin over the past 10 years (US$/t)



1. Prior to 2016 the CAP included high-cost refineries that are no longer part of the portfolio and as such have been removed from the calculated CAP.

Alumina TSR vs. ASX indices – last 5 years



Historical company performance

	2020	2019	2018	2017	2016
Net Profit/(Loss) after tax (US$ million)	**146.6**	214.0	635.4	339.8	(30.2)
Net Profit/(Loss) after tax (excluding significant items) (US$ million)	**146.5**	326.6	689.9	363.1	84.7
Dividend declared (US cents per share)	**5.7**	8.0	22.7	13.5	6.0
Share price at the end of the period (AUD per share)	**1.835**	2.30	2.30	2.43	1.83
Total shareholder return – including franking credits (%)	**(14.2)**	15.5	7.7	41.8	69.2
Total shareholder return – excluding franking credits (%)	**(16.0)**	10.8	3.8	39.1	66.0

Remuneration decisions and outcomes for 2020

Fixed remuneration	
2020 outcomes	The following changes in FAR were determined and implemented in 2019, effective in 2020, prior to the global pandemic: • Fixed remuneration for the CFO and Senior Executives increased by 2.5%, which was generally in line with the increases applied to the broader staff in the Company. • As set out in section 1.3 the CEO's fixed remuneration was revised including a 2.2% increase to FAR.
Long-term incentive	
2020 outcomes	The FY18 LTI was tested in 2020 (testing period December 2017 to December 2020) with 50% of the total award vesting. Alumina Limited's performance against the ASX Comparator group fell below the minimum required vesting threshold of 50th percentile ranking and therefore zero per cent of the potential entitlement vested. In relation to the International Comparator Group, Alumina Limited's performance exceeded 75th percentile resulting in 100 per cent of the potential entitlement vested. The CEO's pro-rata FY17 LTI was tested in 2020 (testing period June 2017 to May 2020) with 87% of the total award vesting. Alumina Limited's performance against the ASX Comparator group was 61.6 percentile rank, therefore 73.20 per cent of the potential entitlement vested. In relation to the International Comparator Group, Alumina Limited's performance exceeded 75th percentile resulting in 100 per cent of the potential entitlement vested.
Short-term incentive	
2020 outcomes	In 2020, STI payments were assessed against a range of corporate objectives, including financial strategic and non-financial objectives. "Corporate Gate" requirements were satisfied therefore STI was assessed based on 100% of the potential award. Senior Executives, achieved on average 68% of the maximum STI.

CEO and Senior Executives statutory remuneration

The following table shows details of the remuneration expense recognised for the Group's Executive KMP for the current and previous financial year measured in accordance with the requirements of the Australian Accounting Standards. Amounts shown under share-based payments reflect the accounting expense recorded during the year with respect to awards that have or are yet to vest.

	Year					Short-term benefits (A$)
		FAR[1]	STI	Non-monetary[2]	Other[3]	Total
Executive KMP						
Mike Ferraro	**2020**	**1,358,753**	**–**	**36,078**	**–**	**1,394,831**
	2019	1,318,833	–	34,689	7,702	1,361,224
Grant Dempsey[7]	**2020**	**878,052**	**–**	**30,622**	**–**	**908,674**
	2019	428,249	–	14,758	–	443,007
Stephen Foster	**2020**	**545,200**	**284,000**	**26,594**	**–**	**855,794**
	2019	531,300	302,000	477	–	833,777
Andrew Wood	**2020**	**404,152**	**133,000**	**13,546**	**–**	**550,698**
	2019	394,333	141,000	12,950	–	548,283
Former Executive KMP						
Galina Kraeva[8]	2019	289,734	70,000	9,088	–	368,822
Total executive remuneration	**2020**	**3,186,157**	**417,000**	**106,840**	**–**	**3,709,997**
	2019	2,962,449	513,000	71,962	7,702	3,555,113

1. FAR is the total cash cost of salary, exclusive of superannuation.
2. Non-monetary benefits represent the movement in accrued long service leave and value of the car park.
3. Other short-term benefits include personal financial advice allowance and travel allowance.
4. Superannuation reflect the SGC contributions for all Executive KMP.
5. The CEO's and CFO's remuneration packages include a Conditional Rights component. In accordance with AASB 2, the value attributed to the Conditional Rights represents the amortisation for the reporting period of the value at grant date of all previously granted Conditional Rights that have neither vested nor lapsed.

Post employment benefits (A$)	Share based payments (A$)			Total remuneration (A$)
Superannuation[4]	Conditional Rights[5]	Performance Rights[6]	Total	
10,847	**472,800**	**233,513**	**706,313**	**2,111,991**
20,767	420,250	276,118	696,368	2,078,359
21,348	**301,262**	**19,443**	**320,704**	**1,250,726**
10,501	59,063	–	59,063	512,571
25,000	**-**	**126,347**	**126,347**	**1,007,140**
25,000	–	131,932	131,932	990,709
21,348	**-**	**70,773**	**70,773**	**642,819**
20,767	–	72,583	72,583	641,633
10,266	–	19,868	19,868	398,956
78,543	**774,062**	**450,076**	**1,224,137**	**5,012,676**
87,301	479,313	500,501	979,814	4,622,228

6. In accordance with AASB 2, the value attributed to Performance Rights represents the amortisation for the reporting period of the value at grant date of all previously granted Performance Rights that have neither vested nor lapsed. The value at grant date is amortised over a three-year period.
7. Mr Dempsey appointed CFO from 1 July 2019.
8. Ms Kraeva appointed Interim CFO from 19 November 2018 to 30 June 2019.

Actual "take home" 2020 remuneration awarded to CEO and Senior Executives

The actual remuneration awarded during the year comprises the following elements:

- Cash salary including superannuation benefits and any salary sacrifice arrangements, but excluding termination payments;
- Other short-term benefits comprised of the personal financial advice allowance and travel allowance;
- STI cash payment;

	Year	Short-term benefits (A$)			
		FAR including superannuation	STI	Other	Total
Executive KMP					
Mike Ferraro	**2020**	**1,369,600**	**-**	**-**	**1,369,600**
	2019	1,339,600	–	7,702	1,347,302
Grant Dempsey[1]	**2020**	**899,400**	**-**	**-**	**899,400**
	2019	438,750	–	–	438,750
Stephen Foster	**2020**	**570,200**	**284,000**	**-**	**854,200**
	2019	556,300	302,000	–	858,300
Andrew Wood	**2020**	**425,500**	**133,000**	**-**	**558,500**
	2019	415,100	141,000	–	556,100
Former Executive KMP					
Galina Kraeva[2]	2019	300,000	70,000	–	370,000
Total executive remuneration	**2020**	**3,264,700**	**417,000**	**-**	**3,681,700**
	2019	3,049,750	513,000	7,702	3,570,452

1. Mr Dempsey appointed CFO on 1 July 2019.
2. Ms Kraeva appointed Interim CFO from 19 November 2018 to 30 June 2019.

- Conditional Rights vested (being the number of Conditional Rights that vested multiplied by the market price at the vesting date);
- LTI vested and exercised (being the number of Performance Rights that vested and exercised multiplied by the market price at the exercise date).

These values differ from the executive statutory remuneration table and have not been prepared in accordance with statutory requirements and Australian Accounting Standards.

Share based payments (A$)			Total "take home" remuneration, excluding termination (A$)	Total statutory remuneration (A$)
Conditional Rights	Performance Rights	Total		
418,414	**381,256**	**799,670**	**2,169,270**	**2,111,991**
379,160	–	379,160	1,726,462	2,078,359
79,000	**-**	**79,000**	**978,400**	**1,250,726**
–	–	–	438,750	512,571
-	**96,600**	**96,600**	**950,800**	**1,007,140**
–	468,000	468,000	1,326,300	990,709
-	**49,060**	**49,060**	**607,560**	**642,819**
–	156,940	156,940	713,040	641,633
–	202,578	202,578	572,578	398,956
497,414	**526,915**	**1,024,329**	**4,706,029**	**5,012,676**
379,160	827,518	1,206,678	4,777,130	4,622,228

Non-Executive Directors remuneration

Remuneration outcomes in 2020

The maximum remuneration for Non-Executive Directors is determined by resolution of shareholders. At the 2016 AGM, shareholders approved a maximum aggregate remuneration of $1,500,000 per annum for Non-Executive Directors. A total of $1,345,165 was paid in Non-Executive Director fees in 2020. Other than the Chairman, who receives a single base fee of $410,000 (inclusive superannuation), Non-Executive Directors receive a base fee plus additional fees for membership of Board Committees and superannuation contribution. Non-Executive Directors do not participate in incentive plans or receive any retirement benefits other than statutory superannuation contributions.

As a result of a Director fee review, the Board resolved to increase Board Nomination Committees Chair fees for 2021, whilst keeping the Chairman, Director base fee and other committee fees unchanged.

	2020 A$	2021 A$
Base fee	150,000	150,000
Compensation Committee – Chair	35,000	35,000
Compensation Committee – Member	10,000	10,000
Audit and Risk Management Committee – Chair	35,000	35,000
Audit and Risk Management Committee – Member	10,000	10,000
Sustainability Committee – Chair	–	–
Sustainability Committee – Member	10,000	10,000
Nomination Committee – Chair	10,000	15,000
Nomination Committee – Member	–	–

All Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

The table below provides summary of the actual remuneration received by each Non-Executive Director and is prepared in accordance with statutory requirements and relevant accounting standards.

Non-Executive Director	Year	Short-term benefits (A$)			Post employment benefits (A$)	Total remuneration (A$)
		Fees	Non-monetary	Total	Superannuation[1]	
Peter Day	**2020**	**388,652**	**-**	**388,652**	**21,348**	**410,000**
	2019	389,233	–	389,233	20,767	410,000
Emma Stein	**2020**	**205,000**	**-**	**205,000**	**19,475**	**224,475**
	2019	185,000	–	185,000	17,575	202,575
Deborah O'Toole	**2020**	**205,000**	**-**	**205,000**	**19,475**	**224,475**
	2019	185,000	–	185,000	17,575	202,575
Chen Zeng	**2020**	**180,000**	**-**	**180,000**	**17,100**	**197,100**
	2019	160,000	–	160,000	15,200	175,200
John Bevan	**2020**	**190,000**	**-**	**190,000**	**18,050**	**208,050**
	2019	170,000	–	170,000	16,150	186,150
Shirley In't Veld[2]	**2020**	**74,032**	**-**	**74,032**	**7,033**	**81,065**
Total Non-Executive Director remuneration	**2020**	**1,242,684**	**-**	**1,242,684**	**102,481**	**1,345,165**
	2019	1,089,233	–	1,089,233	87,267	1,176,500

1. The applicable superannuation contribution rate for 2020 and 2019 was 9.5 per cent.
2. Ms In't Veld was appointed as a Non-Executive Director on 3 August 2020.

Non-Executive Directors share holdings

Each Non-Executive Director is required to hold shares in the Company having a value at least equal to 50 per cent of their annual fees within five years from their appointment as a Director.

Non-Executive Director	Year	Number of shares as at 1 January[1]	Number of shares acquired during the year	Number of shares as at 31 December[1]	Date on which policy compliance achieved
Peter Day	**2020**	**75,720**	**58,050**	**133,770**	**03/11/2014**
	2019	75,720	–	75,720	
Emma Stein	**2020**	**84,794**	**-**	**84,794**	**24/02/2014**
	2019	84,794	–	84,794	
Deborah O'Toole	**2020**	**8,000**	**32,000**	**40,000**	-[2]
	2019	8,000	–	8,000	
Chen Zeng	**2020**	**4,804**	**-**	**4,804**	-[3]
	2019	4,804	–	4,804	
John Bevan	**2020**	**300,154**	**-**	**300,154**	**01/01/2018**
	2019	300,154	–	300,154	
Shirley In't Veld	**2020**	**-**	**102,563**	**102,563**	**03/08/2020**

1. Number of shares held at 1 January and 31 December of the respective years include directly held shares, nominally held shares, and shares held by personally related entities.
2. Ms O'Toole is required to achieve compliance with the Director shareholding policy by 1 December 2022.
3. Mr Zeng is a nominee of CITIC and CITIC holds 548,959,208 ordinary fully paid shares in Alumina Limited.

Reconciliation of ordinary shares held by KMP

	Year[1]	Number of ordinary shares					
		Total as at 1 January[1]	Acquired during the year under LTI[2]	Acquired during the year CEO Conditional Rights	Other shares acquired during the year	Sold during the year	Total as at 31 December
Executive KMP							
Mike Ferraro	**2020**	**359,432**	**221,886**	**183,515**	**-**	**-**	**764,833**
	2019	190,164	–	169,268	–	–	359,432
Grant Dempsey	**2020**	**-**	**-**	**49,842**	**-**	**-**	**49,842**
Stephen Foster	**2020**	**970,293**	**60,000**	**-**	**54,404**	**-**	**1,084,697**
	2019	798,234	172,059	–	–	–	970,293
Andrew Wood	**2020**	**355,533**	**26,750**	**-**	**-**	**-**	**382,283**
	2019	289,033	66,500	–	–	–	355,533
Former Executive KMP							
Galina Kraeva	2019	25,770	86,687	–	–	–	112,457

1. Number of shares held at 1 January and 31 December of the respective years include directly held, and nominally held shares, and shares held by personally related entities.
2. For 2020, includes 2018 vested Performance Rights that were tested in December 2020 and Rights vested in prior years, which were exercised during 2020. For 2019, includes vested 2017 vested Performance Rights that were tested in December 2019 and exercised in 2019.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	US$ million	
	2020	2019
Current assets		
Cash and cash equivalents	10.4	15.2
Other assets	1.8	1.8
Total current assets	**12.2**	**17.0**
Non-current assets		
Investment in associates	1,784.5	1,836.8
Total non-current assets	**1,784.5**	**1,836.8**
Total assets	**1,796.7**	**1,853.8**
Current liabilities		
Payables	0.7	0.9
Provisions	0.6	0.3
Tax payable	0.1	–
Total current liabilities	**1.4**	**1.2**
Non-current liabilities		
Borrowings	60.0	70.0
Provisions	0.7	0.5
Total non-current liabilities	**60.7**	**70.5**
Total liabilities	**62.1**	**71.7**
Net assets	**1,734.6**	**1,782.1**
Equity		
Contributed equity	2,706.7	2,682.9
Treasury shares	(0.8)	(0.8)
Reserves	(1,310.0)	(1,283.9)
Retained earnings	338.7	383.9
Total equity	**1,734.6**	**1,782.1**

FINANCIAL HISTORY

Alumina Limited and controlled entities as at 31 December

	US$ million				
	2020	2019	2018	2017	2016
Revenue from continuing operations	0.1	2.5	1.6	0.6	0.6
Share of net profit/(loss) of associates accounted for using the equity method	164.6	232.0	653.5	360.4	18.1
Other income	–	–	–	–	–
General and administrative expenses	(12.6)	(12.1)	(11.6)	(13.6)	(25.7)
Change in fair value of derivatives/foreign exchange losses	0.2	(1.0)	(1.4)	0.7	(14.1)
Finance costs	(5.2)	(7.3)	(6.7)	(8.3)	(9.1)
Income tax (expense)/benefit from continuing operations	(0.5)	(0.1)	–	–	–
Net profit/(loss) attributable to owners of Alumina Limited	146.6	214.0	635.4	339.8	(30.2)
Total assets	1,796.7	1,853.8	2,245.1	2,342.9	2,117.8
Total liabilities	62.1	71.7	109.3	109.9	110.9
Net assets	1,734.6	1,782.1	2,135.8	2,234.0	2,006.9
Shareholders' funds	1,734.6	1,782.1	2,135.8	2,234.0	2,006.9
Dividends paid	184.3[2]	532.8	515.5	210.2	135.3
Dividends received from AWAC	171.4	381.7	657.2	278.1	150.2
Statistics					
Dividends declared per ordinary share	US5.7c	US8.0c	US22.7c	US13.5c	US6.0c
Dividend payout ratio	125.7%	249.0%	81.0%	62.0%	–
Return on equity[1]	8.9%	11.0%	30.3%	15.8%	(1.5%)
Gearing (net debt to equity)	2.8%	3.0%	(4.3%)	2.5%	4.0%
Net tangible assets backing per share	$0.51	$0.53	$0.66	$0.69	$0.61
Basic EPS (US cents)	5.1	7.4	22.1	11.8	(1.0)
End of year share price (AUD)	1.835	2.30	2.30	2.43	1.83
Franking of dividends	100%	100%	100%	100%	100%
Total shareholder return (including franking credits)	(14.2%)	15.5%	7.7%	41.8%	69.2%
Total shareholder return (excluding franking credits)	(16.0%)	10.8%	3.8%	39.1%	66.0%

1. Based on net profit/(loss) attributable to owners of Alumina Limited.
2. Final dividend for the financial year ended 31 December 2020, declared and paid in 2020 and interim dividend for the year ended 31 December 2020, declared and paid in 2020.

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