



OUR

FAR

SUSTAINABILITY  
REPORT **2020**

NORTH

**APPROVED**

by the Board of Directors  
of PJSC MMC Norilsk Nickel  
Minutes No. GMK/12-pr-sd  
dated 23 April 2021

**APPROVED**

by the Management Board  
of PJSC MMC Norilsk Nickel  
Minutes No. GMK/6-pr-p  
dated 7 April 2021

► [102-32](#)

**ABOUT THE REPORT**

The 2020 Sustainability Report of Nornickel Group (the "Report") is the seventeenth public non-financial report prepared by MMC Norilsk Nickel and addressed to a wide range of stakeholders. ► [102-50](#)

The Report conforms to the GRI Sustainability Reporting Standards (Comprehensive option), constitutes a UN Global Compact communication on progress, and discloses the Company's contribution to the UN Sustainable Development Goals up to 2030 ("UN SDGs"). ► [102-54](#)

Among others, the Report relies on the following documents: GRI Mining and Metals Sector Supplement, Guidance on Social Responsibility ISO 26000:2010, Reference Performance Indicators of the Russian Union of Industrialists and Entrepreneurs (RSPP), Accountability Standards AA1000SES (2015) and AA1000AP (2018), the UNCTAD Guidance on core indicators for entity reporting on contribution towards implementation of the UN Sustainable Development Goals, and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB).

The Report covers operations of the Norilsk Nickel Group companies. For the purposes of this Report, Norilsk Nickel Group shall refer to MMC Norilsk Nickel and the entirety of operations of the Norilsk Nickel Group companies. Unless otherwise specified or required by the context, the terms "Company", "Group", "Nornickel" or "the Group companies" shall refer to Nornickel Group. Quantitative indicators for certain areas of sustainable development pertain to the Group's specific operations in accordance with the Scope of Data Collection appendix. ► [102-45](#)

During preparation of the Report, there were no significant changes in the report boundaries and the list of material topics compared to the 2019 Report. ► [102-49](#)

The Report contains updates of the data for previous years, which is indicated in the text. ► [102-48](#)

The content of the Report has been determined in accordance with the requirements of the applicable standards and guidelines, with the Company's stakeholders being engaged in the process. The list of material topics has been updated to reflect the needs of stakeholders and keep pace with the latest trends in reporting. Specifically, it was amended to include material topics addressed in GRI standards such as GRI 207: Tax (2019), GRI 402: Labour/Management Relations (2016), GRI 406: Non-discrimination (2016) and some more beyond GRI reporting requirements. For full details about material topics and the procedure for defining them, please see the Definition of Material Topics appendix. ► [102-46](#)

Each year, the Company's Report undergoes external assurance procedures, including independent professional assessment of the Report's compliance with the GRI Standards and the RSPP public verification procedure. ► [102-56](#)

The Social Policy Department of MMC Norilsk Nickel and a dedicated working group comprising representatives of the Group's key companies supervised the preparation of the Report. The Report has been approved by MMC Norilsk Nickel's Management Board and Board of Directors. ► [102-32](#)

Other sources of information about Nornickel Group:

Corporate website: [www.nornickel.ru/](http://www.nornickel.ru/)

Nornickel's ESG highlights:  
[www.nornickel.ru/sustainability/esg-highlights/](http://www.nornickel.ru/sustainability/esg-highlights/)

Nornickel's annual reports:  
[www.nornickel.ru/investors/reports-and-results/](http://www.nornickel.ru/investors/reports-and-results/)

**DISCLAIMER**

The Report discloses the Company's short-, medium-, and long-term goals, objectives, and plans. Plans and intentions are provisional and subject to a number of economic, political, and legal factors beyond the Company's control. As a result, actual future performance may differ from the forward-looking statements contained in this Report.



# OUR FAR NORTH

SUSTAINABILITY  
REPORT 2020

## HPP-3 Incident

The incident occurred on 29 May 2020, when sudden subsidence of piles led to depressurisation of the back-up fuel storage facility at HPP-3, causing diesel fuel to spill. In a short span of time, 21.2 kt of diesel fuel went beyond the bunding, flowing into a designated pit, onto adjacent grounds, and into the Bezymyanny Stream.

Through the Bezymyanny Stream via the Daldykan River, the fuel then reached the Ambarnaya River, where containment protective booms were quickly constructed. This helped prevent the fuel spill into Lake Pyasino. Occurring far away from the city, the incident did not affect day-to-day activities in Norilsk.

Nornickel immediately responded to the fuel spill with a series of clean-up actions. An emergency response task force was set up in Norilsk and included representatives of local and regional authorities, Nornickel's senior management, law enforcement and other government agencies. The clean-up was conducted in and around HPP-3, in the adjacent areas and waterways.

By October 2020 key stages of clean-up have been finished: over 90% of spilt fuel was collected, all contaminated soil was removed. In the next years the Company plans to continue working to remediate the affected territory and eliminate the damage done.

### The Company estimates the total clean-up costs at about RUB 12 bn.

On 10 March 2021, the Company fully paid the fine imposed by court over the diesel fuel spill at NTEC's HPP-3 in the amount of RUB 146.2 bn. Of this amount, RUB 145.5 mln was paid to Russia's federal budget and RUB 685 mln went into the budget of Norilsk.



# Environment

Nornickel considers environmental protection an integral part of all production processes. We comply with the applicable laws and international agreements and are committed to reducing emissions, on a phased basis, and the sustainable use of natural resources.

In 2020, Nornickel developed a new Holistic Environmental Strategy. It pinpoints six key areas of environmental protection and sets the targets Company intends to deliver by 2030.

The detailed elaboration and approval of the Holistic Environmental Strategy by the Board of Directors is expected in 2021.

2020 saw continued implementation of Sulphur Programme 2.0. In December 2020, we shut down Kola MMC's smelting shop in Nikel, helping to eliminate 100% of sulphur dioxide emissions in the Russia-Norway border area.

This and other environmental initiatives will contribute to an 85% reduction in sulphur dioxide emissions in the Murmansk Region by the end of 2021.

The Company contributes to the global climate change agenda meeting Russia's and global economy's growing need for materials to manufacture products that can enhance the quality of life and facilitate the transition to a low-carbon and energy-efficient economy.

Currently in the first quartile of the GHG emissions intensity curve among global metals and mining companies, Nornickel intends to sustain these positions going forward.

## Key areas of the Holistic Environmental Strategy<sup>1</sup>



Climate change



Air



Water



Tailing dumps and waste



Land



Biodiversity

<sup>1</sup>For more details on the target areas of the Holistic Environmental Strategy, please see the Strategy and Management section.

## COVID-19

In the face of a global challenge – COVID-2019 pandemic, Nornickel took all the necessary steps to protect health and safety of its employees and efficiently adapt business processes to new circumstances.

During the lockdown the Company imposed a blanket ban on job cuts, maintained 100% of the salaries at the same level, transitioned office staff to remote work and provided them with all the necessary equipment for distant work. All the necessary steps were taken to supply all operating assets with individual protective gear and health monitoring devices.

The Company took prompt action to maximise the lockdown of residents across its footprint by allocating considerable resources to support medical institutions, small and medium-sized enterprises, educational institutions, and non-profit organisations.

Since the introduction of the lockdown measures and high alert status in March, Nornickel provided substantial sponsorship support to healthcare institutions in the Krasnoyarsk Territory, Murmansk, Saratov, Tver, and some other regions of Russia. The money was used to purchase coronavirus tests kits, ambulance cars, medical equipment, including lung ventilators, disinfectants, and personal protective equipment.

## > 20 bn RUB

has been allocated by Nornickel to fight COVID-19 and maintain social stability across its footprint<sup>1</sup>:

- ▶ over 372,000 COVID-19 test kits
- ▶ 150,000 express antibody test kits
- ▶ 15 mobile labs
- ▶ 12 stationary labs
- ▶ 7 ambulance cars
- ▶ about 400 thermal imaging systems
- ▶ 412 ventilators
- ▶ personal protective equipment, including more than 10 mln masks



<sup>1</sup>In 2020, about RUB 12 bn from this amount was allocated for these purposes, and another RUB 8 bn is reserved in the Group's budget for 2021. Inclusive of VAT.

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- 🌿 Environmental responsibility

- 📍 Contribution to the regional development

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Sustainability report 2020

MMC Norilsk Nickel

The Report conforms to the GRI Sustainability Reporting Standards (Comprehensive option), constitutes a UN Global Compact communication on progress, and discloses the Company's contribution to the UN Sustainable Development Goals up to 2030.



Nornickel supports

UN Global Compact and UN Sustainable Development Goals

# Statement of the President and Chairman of the Management Board

Dear shareholders, investors, consumers, colleagues, and other readers of this report,

## ► 102–14

2020 was a year of unprecedented challenges for our Company and businesses across the globe. However, in the face of the global pandemic, we were able to protect the health and safety of our employees and effectively adapt the Company's business processes to the new reality. Today, I can confidently state that COVID-19 has failed to make a significant impact on Nornickel's operating and financial performance. We made every effort to support regions across our footprint in tackling the pandemic. The Group provided generous assistance to local authorities, healthcare institutions, and small and medium-sized businesses along with educational institutions and non-profit organisations to become Russia's No. 1 industrial company by COVID-19 spending.

The fuel spill incident at HPP-3 was an important lesson for us, revealing the need to thoroughly review Nornickel's risk management model and climate risks in particular, and introduce more demanding environmental KPIs for executives.

Nevertheless, I would like to praise the management for the concerted effort in eliminating the fuel spill consequences and the effective cooperation with government agencies and other stakeholders that helped prevent a major environmental disaster in the Arctic. Within a short time, the spill was fully contained, and pollution of Lake Pyasino was avoided. By October 2020, the clean-up of the accident site was mostly completed with 90% of the leaked fuel collected and all contaminated soil removed.

The Company's executive structure saw a major overhaul at all levels. We created a Risk Management Committee under Nornickel's Management Board chaired by me. Additionally, an Environmental Department was set up with relevant responsibilities transferred from the operating unit. A new role of Deputy Director for Industrial Safety and Environmental Protection was established at Polar Division. On top of that, we created a business unit responsible for continuous environmental monitoring with the right to suspend production if violations are revealed. These and other structural changes are intended to strengthen internal environmental controls and ensure environmental safety.

To facilitate effective interaction with all stakeholders, the Company has established the position of Senior Vice President for Sustainable Development and created a Sustainable Development Department. We place special emphasis on cooperating with the regions hosting our production sites and those bordering the areas that are home to indigenous peoples of the North.

Nornickel has started developing a comprehensive ESG Strategy that will clearly define objectives for each area of environmental protection. Its main provisions were unveiled at the Investor Day in December 2020.

We are committed to maintaining our leading positions in carbon intensity per unit of output and plan to stay at the bottom quartile of the global nickel production in terms of carbon dioxide emissions per nickel unit. The global transition to a green economy offers a unique opportunity for the Company to become a key player in metals markets leading the way in terms of low-carbon growth.

2020 saw continued implementation of Sulphur Programme 2.0. In December 2020, we shut down Kola MMC's smelting shop in Nikel, helping to eliminate 100% of sulphur dioxide emissions in the Russia-Norway border area. This and other environmental initiatives will contribute to an 85% reduction in sulphur dioxide emissions in the Murmansk Region by the end of 2021.

As a socially responsible employer, Nornickel fully observed its social partnership commitments, maintained wage levels, and avoided lay-offs during the pandemic. During the shutdown of Nickel Plant in Norilsk, we provided a full package of social benefits to the shop personnel, including comfortable relocation to other sites, retraining and pension plans. We work continuously to improve our OHS performance and maintain injury rates below the global industry average. The Company management views occupational safety excellence and zero injuries as key strategic objectives.

By signing a cooperation agreement with three organisations representing the interests of over 90% of indigenous minorities in Russia's North, Siberia and the Far East, Nornickel has demonstrated its intention to pursue sustainable non-ferrous metals production. Nornickel's programme to support indigenous peoples until 2024 is consistent with the Company's strategic commitment to reduce the environmental impact of its mining activities. The programme was developed following a comprehensive ethnological expedition conducted as part of a large-scale independent assessment of the Company's environmental footprint launched in 2020.



The Company has a strategy in place aimed at deploying advanced digital technologies to create a customer-oriented supply chain. Last year, we implemented two major initiatives to this end – issued metal secured tokens on the Atomyze platform and joined the Responsible Sourcing Blockchain Network (RSBN)<sup>1</sup>. Going forward, these projects will help maximise supply chain transparency in the metals and mining industry, which is in line with the Company's general policy of ensuring operations transparency.

Besides identifying areas that need further development, the challenges we had to deal with in 2020 confirmed our strategic adherence to the principles and goals of sustainable development with a focus on the principles of the UN Global Compact, signed by the Company in 2016. We will continue implementing major projects and initiatives to enhance efficiency and deliver strong financial and non-financial results for our shareholders, investors, employees, local communities and other stakeholders.

**Vladimir Potanin**

President, Chairman  
of the Management Board

<sup>1</sup> In January 2021.

# Our 2020 highlights

## Environment<sup>1</sup>

**9.7**  
mt of CO<sub>2</sub> equivalent  
GHG emissions (Scope 1 and 2)  
**(down 2.5% y-o-y)**

**1.97**  
mt  
air pollutant emissions  
**(up 0.7% y-o-y)**

**141,237**  
TJ  
energy consumption

**8.68**  
t of CO<sub>2</sub> / RUB mln  
GHG emission intensity in 2020  
**(down 23.3% y-o-y)**

**1.76**  
t / RUB mln  
air pollution intensity in 2020  
**(down 20.7% y-o-y)**

**135**  
GJ / RUB mln  
energy intensity in 2020  
**(down 22.4% y-o-y)**

<sup>1</sup> Emission intensity per RUB 1 mln of consolidated revenue.

## Labour

**0.21**  
LTIFR  
**(vs 0.32 in 2019)**

**93.7**  
%  
Nornickel employees covered by collective bargaining agreements  
**(vs 83% in 2019)**

**131.8**  
'000 RUB  
average monthly salary at Nornickel  
**(up 10.9% y-o-y)**

## Development of local communities

**46.8**  
RUB bn<sup>2</sup>  
spent on social programmes, charity, and social infrastructure  
**(up +32.7% y-o-y)**

**20**  
RUB bn<sup>3</sup>  
spent on combating the spread of COVID-19 in 2020–2021, including  
**12**  
RUB bn  
in the reporting year

**84.9**  
RUB mln  
allocated for the support of indigenous northern minorities  
<sup>2</sup> Including COVID-2019 response costs.  
<sup>3</sup> Including VAT.

## Position in the Industry<sup>4</sup> ▶ 102–7



<sup>4</sup> For palladium, nickel, platinum and rhodium markets – in terms of refined metals production (including tolling arrangements), for copper and cobalt markets – in terms of mining.

**37**  
countries  
Geography of supplies

**2,019**  
mt of ore  
measured and indicated resources

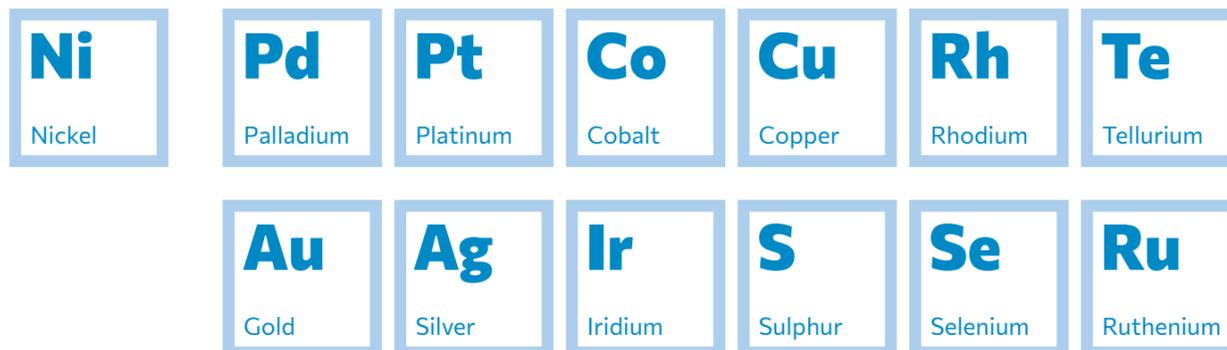
No. 1 Market Share 44%	No. 1 Market Share 22%	No. 4 Market Share 15%	No. 4 Market Share 12%	No. 8 Market Share 4%	No. 11 Market Share 2%
<b>Pd</b> Palladium	<b>Ni</b> High-grade Nickel	<b>Pt</b> Platinum	<b>Rh</b> Rhodium	<b>Co</b> Cobalt	<b>Cu</b> Copper

# About Nornickel Group

## Overview

Nornickel is a leader of the Russian metals and mining industry, the world's largest producer of high-grade nickel and palladium, and one of the major producers of platinum, copper and cobalt globally. ▶ 102-1, 102-2

Nornickel's core operations include prospecting, exploration, mining, concentration and processing of minerals along with the production, and sales of non-ferrous and precious metals. The Group's products are supplied to more than 30 countries across the world.



Nornickel's contribution to the national economy in 2020

▶ 102-7

**1.0%**

Nornickel's share in the national GDP

**4.2%**

Nornickel's share in Russia's industrial output

**14.2%**

Nornickel's share in Russia's metals production

**4.3%**

Nornickel's share in Russia's exports

**>59,000**

employees permanently residing and working beyond the Arctic Circle

Nornickel is the largest industrial player in the Russian Arctic, with more than 59,000 employees permanently residing and working beyond the Arctic Circle.

## Assets

The Company owns five production units located in three countries – Russia, Finland and South Africa. ▶ 102-4

Its core businesses are based in Russia and have a vertically integrated structure. The main production sites in Russia are:

### Polar Division

Polar Division of MMC Norilsk Nickel ("Polar Division"), our key resource asset located on the Taimyr Peninsula (Krasnoyarsk Territory) beyond the Arctic Circle. It is linked to other regions by the Yenisey River, the Northern Sea Route and by air.

### Kola MMC

Kola Mining and Metallurgical Company ("Kola MMC") sitting on the Kola Peninsula beyond the Arctic Circle. This is the Company's central nickel refining hub and a leading industrial facility in the Murmansk Region.

### Bystrinsky GOK

Bystrinsky Mining and Processing Plant ("Bystrinsky GOK"), which had entered the precommissioning stage in 2017 and was approved for commissioning in 2019. Bystrinsky GOK is one of the industry's largest greenfield projects in a remote area of the Gazimuro-Zavodsky District, Trans-Baikal Territory, and is linked to other regions by rail.

In Finland, the Group operates Norilsk Nickel Harjavalta processing Nornickel's Russian and third parties' feedstock.

In South Africa, the Company owns 50% of Nkomati, a nickel mine developed jointly with African Rainbow Minerals<sup>1</sup>.

Nornickel runs a global network of representative and sales offices in Russia, China, the USA, and Switzerland.

In addition to geology, energy, logistics, and support businesses, the Group comprises Gipronickel Institute, an R&D facility based in St Petersburg with branches in Norilsk and Monchegorsk. In total, the Group counts over 80 companies. ▶ 102-7

**>80**

companies in Nornickel Group

<sup>1</sup> In February 2021, Nkomati was shut down due to the end of the mine lifecycle following an agreement with African Rainbow Minerals (ARM).

## Core companies and business units

### PRODUCTION

- ▶ Polar Division
- ▶ Kola MMC
- ▶ GRK Bystrinskoye
- ▶ Medvezhy Ruchey

### RESEARCH AND DEVELOPMENT

- ▶ Gipronickel Institute

### EXPLORATION

- ▶ Norilskgeologiya
- ▶ Vostokgeologiya
- ▶ Intergeoproekt

### FUEL AND ENERGY

- ▶ Norilskgazprom
- ▶ Arctic-Energo
- ▶ Norilsk-Taimyr Energy Company
- ▶ Norilsktransgaz
- ▶ Norilskenergo (MMC Norilsk Nickel's branch)

### TRANSPORT AND LOGISTICS

- ▶ Polar Transport Division
- ▶ Arkhangelsk Transport Division
- ▶ Murmansk Transport Division
- ▶ Krasnoyarsk Transport Division
- ▶ Bystrinsky Transport Division
- ▶ NordStar Airlines
- ▶ Yenisey River Shipping Company
- ▶ Norilsk Airport
- ▶ Krasnoyarsk River Port
- ▶ Norilsk Avia
- ▶ Nornickel-YRSC
- ▶ Norilsk-TAVS
- ▶ Lesosibirsk Port

### DISTRIBUTION AND SALES

- ▶ Normetimpex
- ▶ Metal Trade Overseas AG
- ▶ Norilsk Nickel Asia Ltd. (Hong Kong)
- ▶ Norilsk Nickel USA, Inc.
- ▶ Norilsk Nickel Metals Trading Co., Ltd. (Shanghai)

### SUPPORT FUNCTIONS

- ▶ Pechengastroy
- ▶ Kolabyt
- ▶ Norilsk Production Support Complex
- ▶ Norilsknickelremont
- ▶ Polar Construction Company
- ▶ Nornickel – Shared Services Centre
- ▶ Taimyr Fuel Company

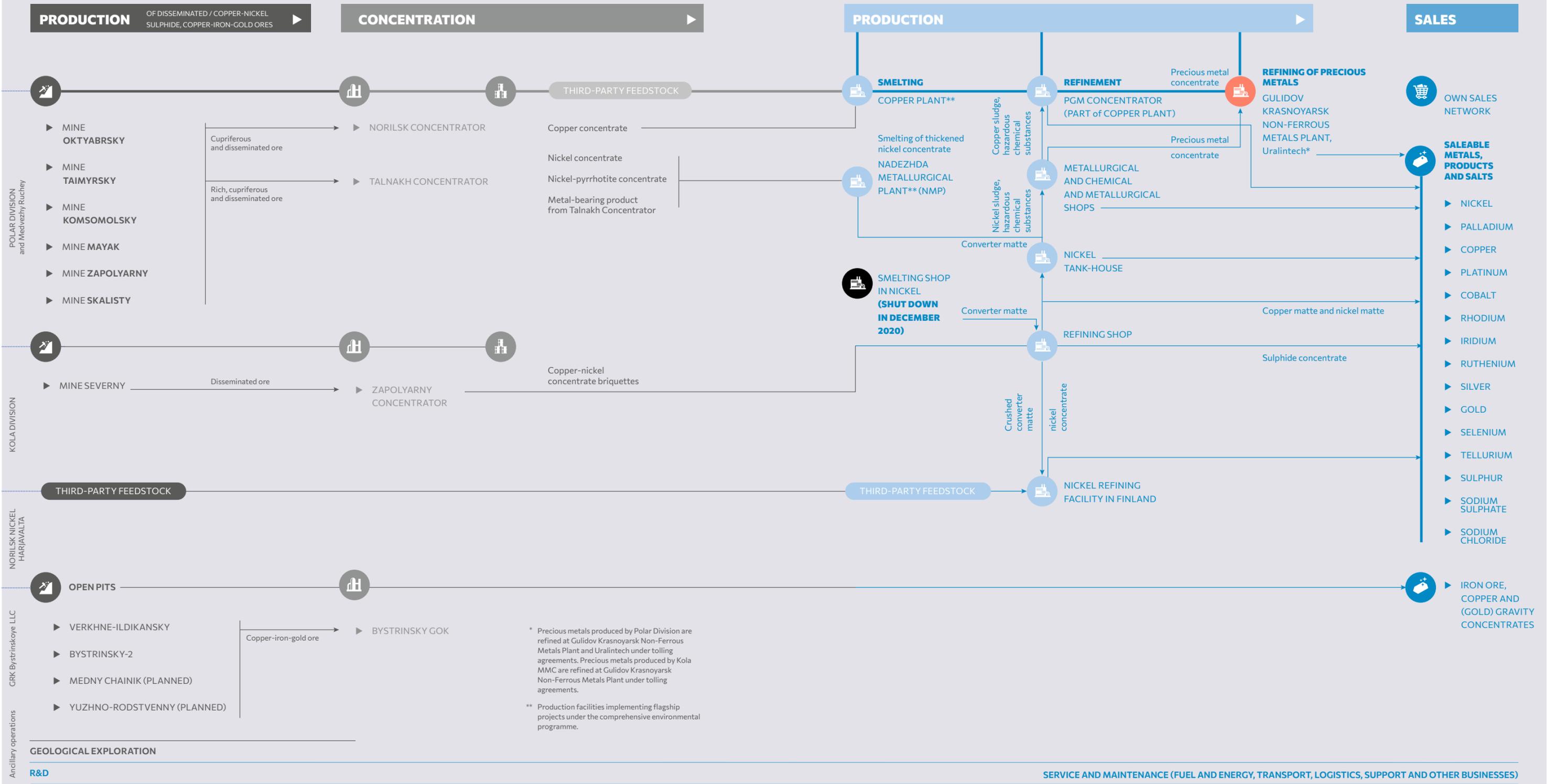
### FOREIGN ASSETS

- ▶ Norilsk Nickel Harjavalta (Finland)
- ▶ Nkomati (South Africa)

### Head Office

- ▶ MMC Norilsk Nickel's Head Office

# Production Chart





**Achievements**

**Key figures**

In 2020, we spent **RUB 183.3 bn** (16.4% of consolidated IFRS revenue) on SDG-linked projects.

**Key events and facts**

In 2020, Nornickel developed a Holistic Environmental Strategy that reviewed approaches to environmental risk management, water resources management, biodiversity restoration, and climate change issues, as well as presented goals and investment volumes in each area.

Strategy and management

# Strategy and management

## Mission and values

The Company seeks to foster a group-wide corporate culture of partnership and mutual respect shared by every employee. This will help us effectively implement our strategy based on sustainable development principles and enhance the Company's business reputation'. ▶ 102-16

## Our mission

Through the efficient use of natural resources and equity, we supply mankind with non-ferrous metals, which make the world a more reliable place to live in and help people realise their aspirations for development and technological progress.

## Nornickel's corporate values

### Reliability

Ability to address any challenges to ensure success for the business

### Growth

Effective production ramp-up and upgrade, leverage of groundbreaking technologies and development of our people

### Collaboration

Commitment and ability of our employees to achieve goals and objectives through teamwork

### Professionalism

Ability to ensure a sustainably strong performance

### Responsibility

Desire to honour our commitments and take on responsibility for our decisions

### Efficiency

Delivering against our targets in due time and at minimum cost

## Strategic vision

The global transition to a green economy and growing ESG expectations of stakeholders offer a unique opportunity for the Company to become a key responsible player in the metals market leading the way in terms of low-carbon growth. This will allow Nornickel to make a significant contribution to the global economic framework by facilitating the electrification of the transport system and the development of renewables and hydrogen energy. The Company's stability at the fundamental level is underpinned by its traditionally reliable and well-oiled supply chain, fast-growing metal production, a high-quality product portfolio and our efforts to further diversify it.

By accomplishing its previous goals, the Company laid the foundation for advancing along its strategy with a focus on delivering market-leading shareholder returns, all while sticking to its broader sustainable development agenda.

## Key sustainability trends

Nornickel is a leader of the Russian metals and mining industry. In this role, we meet Russia's and global economy's growing need for materials to manufacture products that can enhance the quality of life and facilitate the transition to a low-carbon and energy-efficient economy. ▶ 102-15

Supplied to 37 countries, our products are used in mechanical engineering, car manufacturing, electronics, electrical engineering, petrochemical and oil refining, power generation, construction, consumer goods, healthcare, food, chemical and other industries.

Nickel consumption is predominantly driven by the stainless steel industry. These steels are used in multiple sectors – from mechanical engineering and construction to renewable energy and healthcare. The second largest nickel consumer is the battery industry, which has been growing on the back of the electrification of transport, a rise in the number of electric cars and hybrid vehicles, and the cathode material production gravitating towards nickel-rich types.

## Progress of the efficiency improvement programme

### Targets set in 2018<sup>2</sup>

5–8% production growth

12–15% increase in labour productivity

### Progress in 2020<sup>3</sup>

6% NiEq production growth

28.5% increase in NiEq production per employee

- All targets for the first stage of the efficiency improvement programme (2017–2020) have been achieved
- The benefits of highly effective measures that can deliver quick improvements have been successfully made use of.
- The programme moves to the next stage that will focus on transformation of business processes to facilitate the development of lean production methods

<sup>2</sup> 2020 vs 2017.

<sup>3</sup> Excluding the Bystrinsky project.

<sup>1</sup> See also the Business Ethics Code of MMC Norilsk Nickel approved by the Board of Directors of MMC Norilsk Nickel at [www.nornickel.com/Investors/Internal Documents and Policies](http://www.nornickel.com/Investors/Internal Documents and Policies)



The transition to a green economy will drive the need for nickel, copper, palladium, and platinum. That is why we are now investing in sustainable and environmentally friendly production growth. We intend to be absolutely transparent and easy to work with for our customers by offering them new digital solutions. As an industry leader and a responsible miner Nornickel will continue to develop its strategy in a sustainable manner that is aligned with the public interest.”

**Vladimir Potanin,**  
President, Chairman of the Management Board of MMC Norilsk Nickel

The electrical conductor industry, including the manufacture of various cables and wires, consumes up to 60% of the global refined copper output. This makes copper a key material for renewable energy development.

The main application of palladium is in automotive catalysts of gasoline engines. It is used to make catalytic converters to detoxify exhaust fumes. In most countries, such converters are legally required to be installed on all cars, and the laws are constantly growing more stringent. Palladium has unique catalytic properties enabling effective chemical reactions at every stage of a car's lifecycle. Its wide application will therefore be highly conducive to achieving the GHG emission targets and implementing the Paris Agreement in the coming decades. Palladium is also used in electronics, dentistry and jewellery manufacturing.

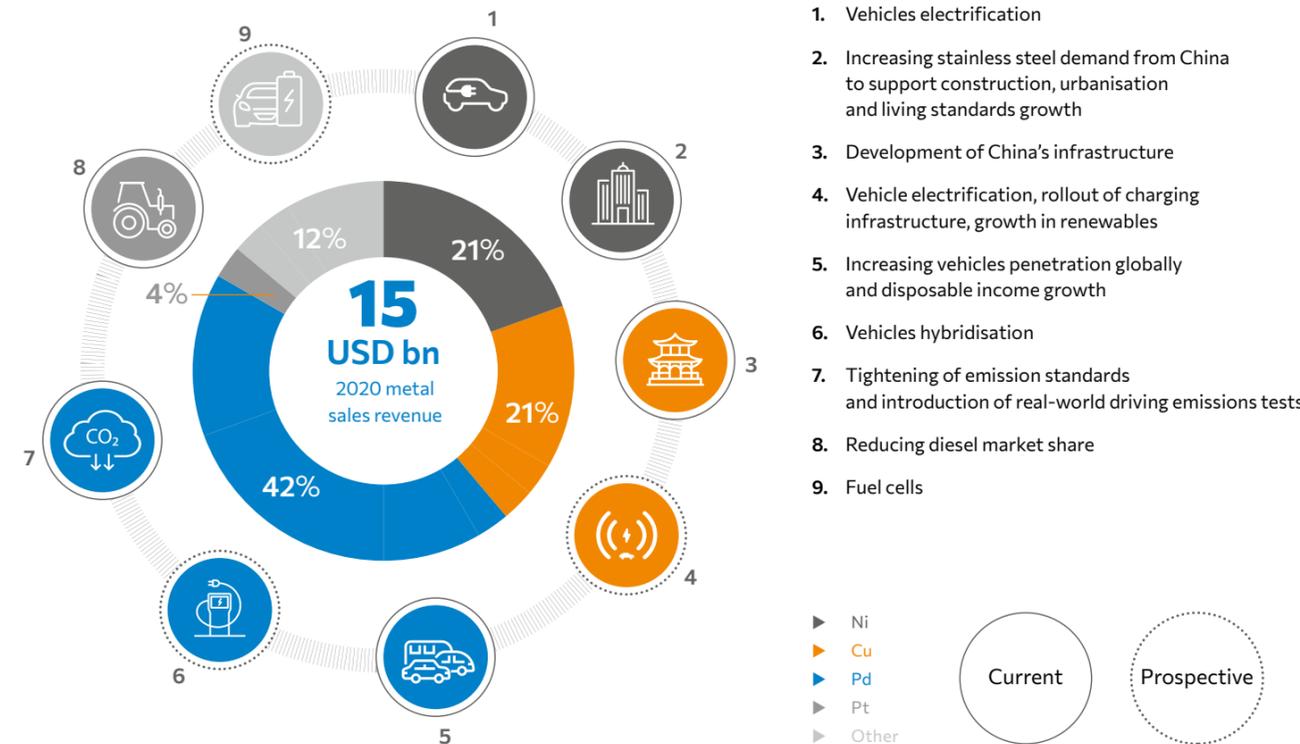
The automotive industry is the main consumer of platinum. Over 30% of platinum in this industry is used to manufacture exhaust gas catalysts for diesel vehicles. The second largest consumer of platinum is the jewellery manufacturing industry representing one-third of total demand for the metal. Platinum is also used in glass manufacturing to produce glass fibre and optical glass and in electronics.

Platinum group metals, including palladium, platinum, rhodium, ruthenium and iridium that are produced by the Company, are also extensively used as catalysts to manufacture key chemicals.

A key trend for the Company is the evolution of automotive industry towards better environmental performance. The International Energy Agency's Sustainable Development Scenario contemplates the following auto mix by 2030: electric vehicles – 14%, internal combustion engine vehicles, including hybrids – 86%. By 2040, this mix will be 31% and 69%, which suggests targets for the reduction of CO2 emissions by light vehicles from 3.6 bt in 2019 to 2.9 bt in 2030 and 1.4 bt in 2040.

According to our estimates, the demand and current and potential supply under the International Energy Agency Sustainable Development Scenario until 2040 will have a positive effect on the metals produced by the Company.

### Long-term trends supporting consumption growth for Nornickel's metal basket



### Light-duty vehicles sales<sup>1</sup>, mln units

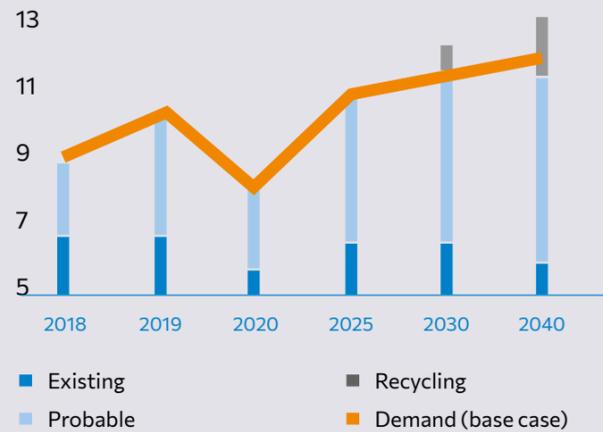


## Global decarbonisation – risk and opportunity assessment for Nornickel’s metals<sup>1</sup>

**Pd**  
Palladium

Pd in catalytic converters

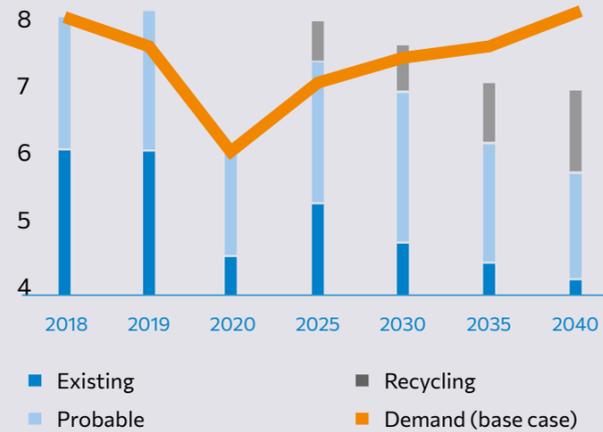
**Palladium: deficits to sustain, balanced market in LT subject to flattening demand growth, Moz**



**Pt**  
Platinum

Pt in catalytic converters  
Fuel cells

**Platinum: Well in Surplus Until (Possibly) 2030+, Moz**



**Ni**  
Nickel

Ni in stainless steel, alloys and parts  
Ni in batteries

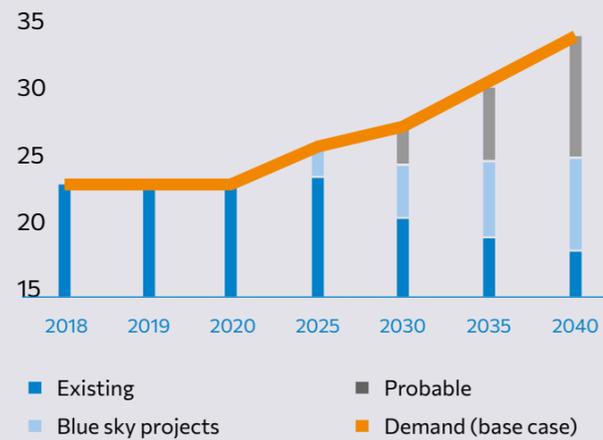
**Nickel: Balanced with Deficits to Rise in Longer-term, Mt**



**Cu**  
Copper

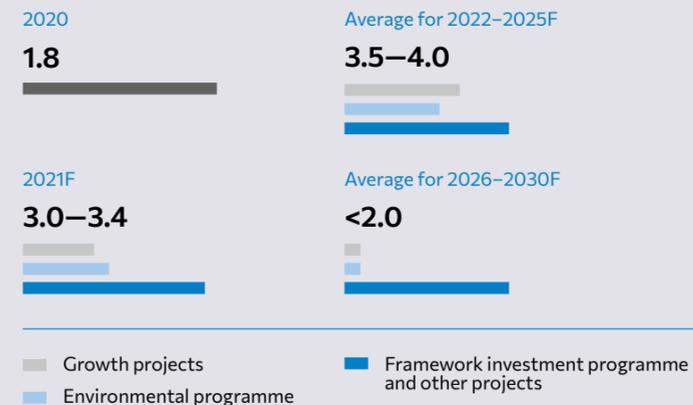
Cu in electric engines and generators  
Cu in wires  
Cu in charging stations

**Copper: balanced, demand-driven market, Mt**



<sup>1</sup> Source: Company estimates

## Long-term investment programme targets, USD bn



## Key goals and objectives of the strategy to 2030

Goal	Projects	Auxiliary projects	Targets
Mining volumes growth	<ul style="list-style-type: none"> <li>Skalisty Mine</li> <li>South Cluster</li> <li>Comprehensive projects for the Talnakhskoye Deposit development:                             <ul style="list-style-type: none"> <li>Komsomolsky Mine</li> <li>Oktyabrsky Mine</li> <li>Taimyrsky Mine</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Second stage of the efficiency improvement programme</li> <li>Technological Breakthrough 2.0 for mining digitalisation</li> <li>Building new shipment facilities for the concentrate at Kola MMC</li> <li>Power infrastructure modernisation:</li> <li>Expanding the pool of contractors and their development</li> </ul>	<p>Mining volumes growth in the Norilsk Industrial District<sup>2</sup></p> <p>By 2025 <b>To 24–26 mt</b></p> <p>2030 r.+ <b>to 30–32 mt</b></p>
Upgrade of processing facilities	<ul style="list-style-type: none"> <li>Third phase of Talnakh Concentrator expansion</li> <li>A full-scale upgrade and potential ramp-up of Norilsk Concentrator (under consideration)</li> <li>Third production line at NMP</li> <li>New copper refining facility at Kola MMC</li> <li>Upgrade and scaling-up of Kola Division assets (Kola Peninsula and Harjavalta)</li> </ul>		<p>Increase in metal output (2030+)<sup>3</sup></p> <p><b>Nickel 20–30%</b></p> <p><b>Copper 20–30%</b></p> <p><b>PGM 40–50%</b></p>

<sup>2</sup> Compared to the base year (2017).

<sup>3</sup> Metals produced from own feedstock (including metals in saleable semi-products), excluding production of Bystrinsky project and Nkomati compared to the base year (2017).

## Strategic goals and initiatives

Our strategic goals until 2030 include mining volume growth, upgrade and expansion of processing facilities, contribution to combating climate change, implementation of Sulphur Programme 2.0 and other aspects of the Company’s Holistic Environmental Strategy. To support the growth strategy and environmental projects, Nornickel updated its long-term CAPEX plan in 2020, with the active phase of its investment cycle starting in 2021.

# Holistic Environmental Strategy

As part of its updated strategic vision, the Group overhauled its approaches to environmental risk management, water resource management, biodiversity recovery, and climate change, with clear

targets set for each of the focus areas. In 2020, the Company developed a Holistic Environmental Strategy, which is going to be fleshed out during 2021.

## Targets and objectives of the Holistic Environmental Strategy

Focus area	Targets <sup>1</sup>	CAPEX
Climate change	<p>Increase the output of metals to satisfy the demand driven by the global transition to a green economy while keeping GHG emissions at the lowest level achievable in the mining industry</p> <p><b>Planned actions:</b></p> <ul style="list-style-type: none"> <li>Continue to maintain absolute GHG emissions from operations (Scope 1 and 2) at around 10 mt of CO<sub>2</sub> equivalent through 2030 while growing production by 30–40% (Ni equivalent vs 2017)</li> <li>Remain in the first quartile of the global nickel industry in terms of GHG emissions per tonne of Ni equivalent</li> <li>Strive to increase low-carbon energy usage</li> <li>Manage climate-related risks by developing relevant strategies and helping communities in the Norilsk Industrial District and the Murmansk Region embrace energy efficient, low carbon technologies</li> <li>Stay on a path of low carbon transition by supporting and scaling up innovative solutions and encouraging inter- and cross-sectoral dialogue on climate change</li> </ul>	To be confirmed in 2021.
Air	<p>Protect the environment and public health from air pollutants while meeting statutory requirements and standards regulating emissions</p> <p><b>Planned actions:</b></p> <ul style="list-style-type: none"> <li>Reduce absolute Kola Division SO<sub>2</sub> emissions by 85% in 2021 and Polar Division SO<sub>2</sub> emissions by 90% by 2025;</li> <li>Keep other air emissions (NO<sub>x</sub>, solids, etc.) at one of the lowest levels in the industry;</li> <li>Introduce an air quality monitoring system to assess and act upon ambient air quality and dust associated with mining;</li> <li>Comply with global best practices and standards in air pollution disclosure</li> </ul>	USD 3.6 bn
Water	<p>Nornickel prioritises sustainable use of water resources, pollution reduction, and ensuring continuous supply of drinking water to local residents</p> <p><b>Planned actions:</b></p> <ul style="list-style-type: none"> <li>Conduct a comprehensive assessment of water use to understand how much water the Company directly uses in production;</li> <li>Upgrade water monitoring and control systems to improve safety of hydraulic structures at the Company's facilities and ensure the purification of drinking water that Nornickel supplies to local communities</li> <li>Look for green solutions and forge partnerships with the scientific community and organisations to achieve these goals</li> <li>Ensure uninterrupted operation of water treatment facilities;</li> <li>Analyse and implement recommendations of the Great Norilsk Expedition on sustainable water management and rehabilitation after recent incidents</li> <li>Improve water use reporting by keeping a separate record of water used for production and municipal needs in the Norilsk area</li> </ul>	USD 1.1 bn

Focus area	Targets <sup>1</sup>	CAPEX
Tailing dams and waste	<p>We are committed to minimising the environmental impact of waste from our operations, ensuring efficient waste management practices, finding alternative uses for the remaining waste, implementing responsible sourcing, and safely operating tailings facilities</p> <p><b>Planned actions:</b></p> <ul style="list-style-type: none"> <li>Introduce the global industry standard on tailings management</li> <li>Apply technically and financially feasible principles and techniques for the efficient use of resources and pollution prevention in order to avoid, or, where impossible, minimise the adverse impact on human health and the environment from waste generated as a result of our operations</li> <li>Work with experts and business partners to ensure that waste management strategies minimise the risks to local communities</li> </ul>	USD 0.6 bn
Land	<p>Nornickel focuses on the rehabilitation of all land affected by construction, mining and emissions caused by its operations, and carries out regular audits of plant and mine closure plans</p> <p><b>Planned actions:</b></p> <ul style="list-style-type: none"> <li>Develop a rehabilitation program for land affected by construction and mining</li> <li>Audit asset closure plans</li> <li>Follow recommendations of the Great Norilsk Expedition on soil recovery</li> <li>Continue waste collection and land reclamation in the Norilsk area</li> <li>Continue land rehabilitation activities, including outside of our operational sites</li> </ul>	USD 0.3 bn
Biodiversity	<p>Nornickel recognises the importance of biodiversity and conservation. The Company's environmental policy seeks to encourage activities aimed at understanding the short- and long-term impacts of our mining operations on biodiversity and develop measures to minimise the Company's environmental footprint</p> <p><b>Planned actions:</b></p> <ul style="list-style-type: none"> <li>Apply a rigorous scientific approach to establish a biodiversity baseline and understand our impact on ecosystems in the areas of our operations</li> <li>Enhance our internal policies and procedures to avoid or minimise any future negative impact on biodiversity and terrestrial ecosystems</li> <li>Develop and implement a clear mitigation hierarchy for current and new operations to strengthen our risk management approach towards biodiversity</li> <li>Enhance the reporting of quantifiable data on our impact on biodiversity and improve the transparency and efficiency of our collaboration with numerous natural reserves across Russia</li> </ul>	To be confirmed in 2021.

### Nornickel's support for sustainable development initiatives and standards

► 102-12, 102-13

We support leading global and national initiatives in sustainable development often pioneering integration of their requirements into our policies and governance practices. Back in 2005, Nornickel was among the first Russian companies to join the Social Charter of the Russian Business adopted by the RSPP. In 2018, the Company was Russia's first business taking part in the project of reporting on contribution towards the implementation of the UN Sustainable Development Goals (UNCTAD). In 2020, the Company launched self-assessment for compliance with the requirements of the Initiative for Responsible Mining Assurance

(IRMA) and of the International Council on Mining and Metals (ICMM). In 2021, we will also continue furthering the practice of reporting in line with the standards of the FSB Task Force on Climate-Related Financial Disclosures (TCFD).

On top of that, the Company contributes substantially to the country's National Projects in healthcare, environmental protection, housing and urban environment, productivity, employment, science, and digital economy.

<sup>1</sup> For more details on projects in each focus area, please see the Environmental responsibility section.

# 183.3

RUB bn

spent in 2020 on SDG-linked projects (16.4% of consolidated IFRS revenue).

## Nornickel and UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) up to 2030 accepted internationally in 2015 are a high-level guidance set to bring the authorities, business and the public together to address the issues of sustainable development, and to protect the planet. Nornickel fully supports these SDGs, and their integration into the Company's strategy was initiated back in 2018. Based on stakeholder engagement, we selected and looked into those SDGs that are relevant to our operations. In 2019, we performed an in-depth analysis of SDGs and matched them, among other things, against our current strategy, material risks, goals and commitments, investments in relevant projects and best peer practices.

As a result, we identified six central SDGs:

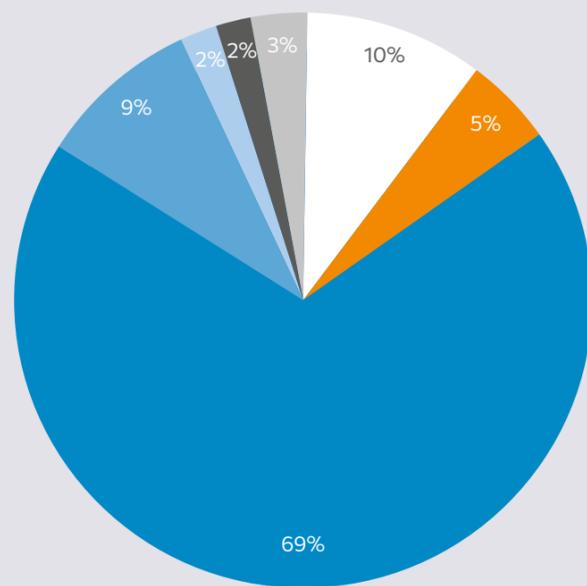
- Goal 3: Good Health and Well-being;
- Goal 8: Decent Work and Economic Growth;
- Goal 9: Industry, Innovation and Infrastructure;
- Goal 11: Sustainable Cities and Communities;
- Goal 12: Responsible Consumption and Production;
- Goal 13: Climate Action.

Starting 2019, the Company includes more data on its contribution towards UN SDGs in its sustainability reports.

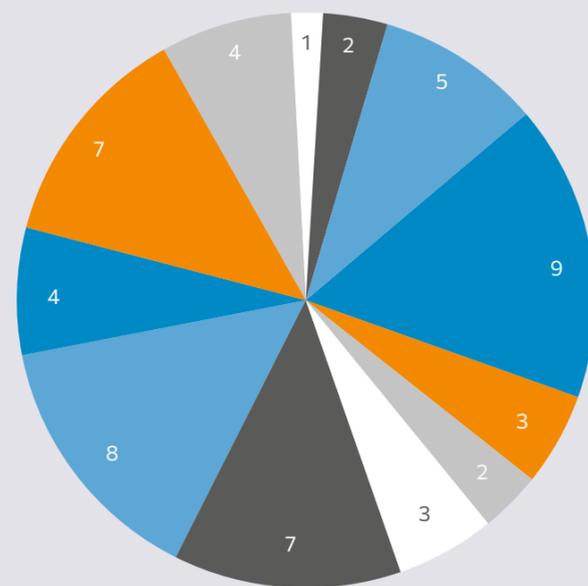
## Nornickel's support for initiatives, standards, and participation in associations focused on sustainable development and corporate social responsibility

<b>UN INITIATIVES</b>	<ul style="list-style-type: none"> <li>• UN conventions</li> <li>• UN Global Compact</li> <li>• National Global Compact Network Association (Russia)</li> <li>• Sustainable Development Goals of the UN 2030 Agenda</li> </ul>
<b>GLOBAL AND NATIONAL MANAGEMENT STANDARDS</b>	<ul style="list-style-type: none"> <li>• ISO 14001:2015</li> <li>• ISO 9001:2015</li> <li>• OHSAS 18001:2007 / ISO 45001:2018</li> <li>• ISO/IEC 27001:2013</li> <li>• ISO 26000:2010</li> <li>• GOST R ISO 26000-2012</li> <li>• AA1000AP, AA1000SES</li> </ul>
<b>INTERNATIONAL ASSOCIATIONS AND CHARTERS</b>	<ul style="list-style-type: none"> <li>• International Labour Organisation conventions</li> <li>• International Platinum Group Metals Association</li> <li>• International Information Security Research Consortium</li> <li>• Nickel Institute</li> <li>• GRI Community</li> </ul>
<b>RATING AGENCIES AND INDICES</b>	<ul style="list-style-type: none"> <li>• FTSE4Good Index</li> <li>• Sustainalytics</li> <li>• MSCI</li> <li>• ISS Corporate Solutions</li> <li>• S&amp;P Global</li> <li>• CDP</li> <li>• RSPP Responsibility and Transparency index and Sustainable Development Vector index</li> </ul>
<b>NATIONAL ASSOCIATIONS AND CHARTERS</b>	<ul style="list-style-type: none"> <li>• National Association of International Information Security</li> <li>• Security Charter for Critical Industrial Facilities</li> <li>• Social Charter of the Russian Business</li> <li>• Anti-Corruption Charter of the Russian Business</li> <li>• RSPP Committee on Corporate Social Responsibility and Demographic Policies</li> <li>• Environmental Charter of the Krasnoyarsk Territory</li> </ul>

Spending on SDG project in 2020



Number of SDG projects



- Goal 3
- Goal 7
- Goal 8
- Goal 9
- Goal 11
- Goal 12
- Goals 4, 6, 10, 15, 16, 17

- Goal 3
- Goal 4
- Goal 6
- Goal 7
- Goal 8
- Goal 9
- Goal 10
- Goal 11
- Goal 12
- Goal 15
- Goal 16
- Goal 17

Nornickel's key SDG-linked projects in 2020 ▶ 102-15

SDGs	Projects and programmes	Contribution towards UN SDGs	2019	2020	Year-on year change
 <p>Central SDG</p> <p>Relevant targets: 3.4, 3.6, 3.9</p> <p>Relevant national projects: *Part of the Healthcare domain (Russia's national projects) **Part of the Environment domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Health improvement and wellness programmes for employees and their families*</li> <li>Voluntary health insurance for employees and their families*</li> <li>Air protection projects**</li> <li>Water conservation and sustainable use projects**</li> <li>Waste management projects**</li> <li>Occupational safety initiatives*</li> <li>Corporate Healthcare project*</li> <li>COVID-2019 response measures</li> </ul>	Participants in health improvement programmes	24,000	13,000	-46%
		VHI policy holders	71,500	72,800	+2%
		LTIFR	0.32	0.21	-34%
		Fatal workplace injuries	9	8	-11%
 <p>Relevant target: 4.4.</p> <p>Relevant national projects: *Part of the Education domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Staff training and development*</li> <li>Corporate scholarships for university students and internships with Nornickel Group companies*</li> <li>The World of New Opportunities charity programme: grants for educational institutions and projects*</li> </ul>	Employees covered by Nornickel's staff training, professional development, retraining, and upskilling initiatives	90,814	70,902	-22%
		University students covered by Nornickel's corporate scholarship programmes	50	90	+80%
		Education projects supported under the World of New Opportunities charitable programme	71	71	—
 <p>Relevant target: 6.3</p> <p>Relevant national projects: *Part of the Environment domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Water use improvement and water supply projects*</li> <li>Water conservation and sustainable use projects*</li> </ul>	Effluents treated to standard quality at treatment facilities	4.56 mcm	4.34 mcm	-5%
		Water withdrawal	0.36 thousand m <sup>3</sup> / RUB mln	0.34 thousand m <sup>3</sup> / RUB mln	-6%
		Effluents	0.16 thousand m <sup>3</sup> / RUB mln	0.18 thousand m <sup>3</sup> / RUB mln	+13%
		Pollutants in effluents	0.24 t / RUB mln	0.22 t / RUB mln	-8%
		Share of total used water recycled and reused	87.2%	86.4%	-1.2 pp

SDGs	Projects and programmes	Contribution towards UN SDGs	2019	2020	Year-on year change
 <p>Relevant targets: 7.1, 7.3</p> <p>Relevant national projects: *Part of the Environment domain (Russia's national projects) **Part of the Housing &amp; Urban Environment domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Rollout of the Automatic System for Commercial Accounting of Power Consumption across Polar Division*</li> <li>Energy efficiency and energy saving projects*</li> <li>Projects to upgrade power and heat generation, electrical grids and heat networks**</li> </ul>	Fuel and energy savings resulting from energy consumption reduction and energy efficiency improvement initiatives	3,184 TJ	4,084 TJ	+28%
		Share of renewables in the Group's power consumption	44.5%	46%	+1.5 pp
 <p>Central SDG</p> <p>Relevant targets: 8.2, 8.4, 8.5, 8.8</p> <p>Relevant national projects: *Part of the Labour Productivity and Employment Support domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Ensuring decent compensation for labour*</li> <li>Securing employees' involvement in social partnerships*</li> <li>Programme to improve the workers' social and living conditions</li> <li>Health and safety initiatives</li> <li>Ensuring employees' involvement in improvement of the health and safety system*</li> <li>The Operating Unit's investment projects (concentration and metal production)</li> </ul>	Average monthly salary	RUB 118,800	RUB 131,800	+11%
		Employees covered by collective agreements	83%	93.7%	+10.7 pp
		Social facilities commissioned after renovation	26	138	+431%
 <p>Central SDG</p> <p>Relevant targets: 9.1, 9.4, 9.5</p> <p>Relevant national projects: *Part of the Housing &amp; Urban Environment domain (Russia's national projects) **Part of Environment, Science, and Digital Economy domains (Russia's national projects) ***Part of the Digital Economy domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Projects to increase production and upgrade processing facilities</li> <li>Projects aiming to develop local communities' infrastructure (including transport accessibility improvement) as part of a public-private partnership and agreements with local administrations*</li> <li>Projects to develop power and heat generation, electrical grids and heat networks*</li> <li>Research and development (R&amp;D) and feasibility studies aimed to update Nornickel Group's Development Strategy, expand production and protect the environment**</li> <li>Transportation and logistics projects</li> <li>Operational and management digitalisation projects***</li> <li>Enhancing the reliability of the fibre optic communication line in Norilsk*</li> </ul>	Digitalisation expenses	RUB 6.7 bn	RUB 7.2 bn	+7%
		Expenses on R&D and feasibility studies <sup>1</sup>	RUB 128.2 mln	RUB 104.0 mln	-19%

<sup>1</sup> Includes Research and development (R&D) and feasibility studies aimed to update the Nornickel Group's Development Strategy, expand production and protect the environment. In 2020, the Group's expenses on R&D and feasibility studies, including other projects, totalled RUB 197.4 mln. The 2020 data is shown net of VAT.

SDGs	Projects and programmes	Contribution towards UN SDGs	2019	2020	Year-on year change
 <p>Relevant target: 10.7</p> <p>Relevant national projects: *Part of the Labour Productivity and Employment Support domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Complementary Corporate Pension Plan</li> <li>Relocation assistance to new employees*</li> <li>Assistance programme for residents of Norilsk and Dudinka relocating to regions with better climate and socioeconomic conditions</li> <li>Our Home and My Home social programmes (purchase of apartments for employees in various Russian regions)</li> </ul>	Complementary corporate pensions paid	RUB 394.8 mln	RUB 411.3 mln	+4%
		Expenses on relocating Norilsk and Dudinka residents to regions with better climate conditions	RUB 830 mln	RUB 830 mln	—
		People covered by the relocation assistance programme	352	829	+136%
 <p>Central SDG</p> <p>Relevant target: 11.6</p> <p>Relevant national projects: *Part of the Environment domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Sulphur Programme 2.0*</li> <li>Air protection projects</li> <li>Waste management projects (including projects to eliminate inherited waste)*</li> <li>Response to environmental incidents</li> <li>Other environmental protection activities*</li> </ul>	Air pollutant emissions	2.22 t / RUB mln	1.76 t / RUB mln	-21%
		Waste generation <sup>1</sup>	36 mt	145 mt	+302%
		Non-hazardous class 5 waste	97%	99%	+2%
 <p>Central SDG</p> <p>Relevant targets: 12.2, 12.4, 12.5, 12.6</p> <p>Relevant national projects: *Part of the Environment domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Waste management projects*</li> <li>Other environmental protection activities*</li> </ul>	Waste generation	0.04 kt / RUB mln	0.13 kt / RUB mln	+225%
		GHG emissions (Scope 1 and 2)	9.95 mt of CO <sub>2</sub> equivalent	9.70 mt of CO <sub>2</sub> equivalent	-3%
		GHG emission intensity (Scope 1 and 2)	11.32 tonnes of CO <sub>2</sub> equivalent per RUB 1 mln of consolidated revenue	8.68 tonnes of CO <sub>2</sub> equivalent per RUB 1 mln of consolidated revenue	-23%
 <p>Central SDG</p>	<ul style="list-style-type: none"> <li>Projects to upgrade power and heat generation, electrical grids and heat networks</li> <li>Energy saving and energy efficiency improvement initiatives</li> </ul>	GHG emissions (Scope 1 and 2)	9.95 mt of CO <sub>2</sub> equivalent	9.70 mt of CO <sub>2</sub> equivalent	-3%
		GHG emission intensity (Scope 1 and 2)	11.32 tonnes of CO <sub>2</sub> equivalent per RUB 1 mln of consolidated revenue	8.68 tonnes of CO <sub>2</sub> equivalent per RUB 1 mln of consolidated revenue	-23%

<sup>1</sup>A significant increase in waste generation is due to including Bystrinsky GOK in the reporting scope following its ramp-up to design capacity in 2020. The facility generates mainly non-hazardous class 5 waste.

SDGs	Projects and programmes	Contribution towards UN SDGs	2019	2020	Year-on year change
 <p>Relevant targets: 15.1, 15.5</p> <p>Relevant national projects: *Part of the Environment domain (Russia's national projects)</p>	<ul style="list-style-type: none"> <li>Cooperation with nature reserves (support for research and educational projects at the Pasvik, Lapland, Relict Oaks and Urumkansky nature reserves, Joint Directorate of Taimyr Nature Reserves, etc.)*</li> <li>Response to environmental incidents</li> <li>Scientific expeditions</li> <li>Fish stocking at water bodies across the regions of operation</li> </ul>	Total area of supported nature reserves and parks	2,334,000 ha	2,334,000 ha	—
		Release of fingerlings of valuable fish species into natural water bodies across the regions of operation	205,000	136,000 <sup>2</sup>	-34%
		Confirmed incidents of corruption	0	0	—
 <p>Relevant target: 16.5</p>	<ul style="list-style-type: none"> <li>Anti-corruption measures</li> <li>Raising awareness of its anti-corruption practices among Nornickel Group's employees</li> </ul>	Operating business units involved in anti-corruption activities	100%	100%	—
		Employees educated on anti-corruption practices	100%	100%	—
		Working bodies (committees, expert and working groups, etc.) established by NGOs and government authorities where Nornickel Group is represented	23	25	+9%
 <p>Relevant targets: 17.16</p>	<ul style="list-style-type: none"> <li>Cooperation with federal legislative and executive authorities, civil society institutions, and the business community</li> <li>Reporting on the Company's contribution to the achievement of UN SDGs in line with the UNCTAD guidance</li> <li>UN Global Compact membership and related reporting</li> <li>Plans to join other major sustainable development initiatives (ICMM, IRMA, TCFD)</li> <li>Support for corporate volunteering</li> </ul>	Operating business units involved in anti-corruption activities	100%	100%	—
		Employees educated on anti-corruption practices	100%	100%	—
		Working bodies (committees, expert and working groups, etc.) established by NGOs and government authorities where Nornickel Group is represented	23	25	+9%

<sup>2</sup>As a result of annual efforts made over the last four years, the population of grayling and sturgeon in the Yenisey (project location) increased by over a million.

# Risk management framework

An efficient risk management framework is instrumental in helping the Company to deliver its strategic and day-to-day goals.

The Company's risk management involves the following key stages:

- identifying external and/or internal risks;
- assessing the risks in terms of their impact on key financial and non-financial metrics;
- developing and implementing risk prevention and/or mitigation measures.

### The Company's key risk management regulations:

- [Corporate Risk Management Policy](#)<sup>1</sup>
- [Corporate Risk Management Framework Regulations](#)
- [Internal Control Policy](#)

<sup>1</sup>Approved by the resolution of MMC Norilsk Nickel's Board of Directors

## Key risk management responsibilities and functions

<p><b>BOARD OF DIRECTORS</b> ▶ 102-26</p> <p><b>AUDIT AND SUSTAINABLE DEVELOPMENT COMMITTEE OF THE BOARD OF DIRECTORS</b></p>	<p><b>KEY FUNCTIONS:</b></p> <ul style="list-style-type: none"> <li>• Approving the Corporate Risk Management Policy</li> <li>• Supervising the process of building the risk management framework</li> <li>• Submitting the Company's Risk Appetite Statement (annually)</li> <li>• Continuous management of strategic risks</li> <li>• Reviewing and approving the risk management roadmap and assessing the progress (annually)</li> <li>• Reviewing reports on strategic and key risks (annually/quarterly)</li> <li>• Assessing risk management efficiency (annually)</li> </ul>
<p><b>MANAGEMENT BOARD</b></p> <p><b>RISK MANAGEMENT COMMITTEE OF THE MANAGEMENT BOARD</b></p>	<p><b>KEY FUNCTIONS:</b></p> <ul style="list-style-type: none"> <li>• Reviewing strategic risks and reports on key risks</li> <li>• Reviewing the materialised risks and key takeaways</li> <li>• Reviewing risk appetite parameters</li> <li>• Risk management decision-making with regard to key risks</li> <li>• Reviewing Business Continuity Plans</li> <li>• Reviewing CRMF and ICS development strategy and plans</li> <li>• Reviewing the performance of Steering Risk Management Committees of Units</li> </ul>
<p><b>RISK MANAGEMENT SERVICE</b></p>	<p><b>KEY FUNCTIONS:</b></p> <ul style="list-style-type: none"> <li>• Drafting and updating the risk management methodology</li> <li>• Reporting on Top 20 risks (quarterly)</li> <li>• Reporting on strategic risks (annually)</li> <li>• Strengthening quantitative risk assessment using simulation modelling</li> <li>• Developing a business continuity management framework</li> <li>• Educating and training employees in hands-on risk management practices</li> </ul>
<p><b>RISK OWNERS / HEADS OF BUSINESS DIVISIONS</b></p>	<p><b>KEY FUNCTIONS:</b></p> <ul style="list-style-type: none"> <li>• Managing risks on a day-to-day basis as part of the integrated risk management model</li> <li>• Risk-oriented decision-making</li> </ul>
<p><b>INTERNAL AUDIT</b></p>	<p><b>KEY FUNCTIONS:</b></p> <ul style="list-style-type: none"> <li>• Conducting an independent evaluation of the effectiveness of risk management, internal control and corporate governance (annually)</li> </ul>

The risk management framework is based on the principles and requirements of the Russian and international laws and professional standards, including the Corporate Governance Code recommended by the Bank of Russia, GOST R ISO 31000:2019 (Risk Management) and COSO ERM (Enterprise Risk Management – Integrating with Strategy and Performance).

To manage production and infrastructure risks, the Company develops, approves and updates business continuity plans that in case of emergency set out:

- procedure to coordinate the activities of functions in order to save the lives of people, minimise damage to property, and ensure the stability of processes;
- operations support or resumption plan;
- rehabilitation or reconstruction plan for affected assets.

- as part of rolling out simulation modelling to investment risk assessment, the Company assessed the combined impact of risks of key investment projects on the Company's financial and operating metrics (the assessment considered potential scenarios under each of the investment projects);
- the Company set up an inspection for monitoring technical, production and environmental risks within the Internal Control and Risk Management Unit. It will focus on streamlining the processes relating to identification, analysis and assessment of technical, production and environmental risks;
- the Company took a scenario-based risk assessment approach for investment projects exposed to the impact of COVID-19;
- a number of tasks were solved as part of our efforts to develop scoring methods for evaluating specific technical and production risk categories.

## Structure of the risk management framework

We have formalised our risk management structure, allocating relevant roles and duties to all employees. The Board of Directors defines the principles and approaches to organising a risk management framework and oversees its performance.

▶ 102-29, 102-30

## Improving the risk management framework

In 2020, the Company made the following efforts to enhance its risk management framework:

- established the Risk Management Committee that supports the Management Board and is led by the Company's President, and a number of dedicated committees to manage risks at separate functions. The Risk Management Committee aims to improve and develop the corporate risk management framework;
- started a project to introduce a GRC-based automated risk management system capable of establishing key risk indicators;
- provided regular training on risks to the Group's employees;
- to update the risk management roadmap, underwent a self-assessment and conducted an external maturity evaluation in respect of the corporate risk management framework and a number of business lines to confirm alignment with best global practices;
- to ensure risk-oriented decision-making, the Company's investment committees regularly reviewed the results of quantitative risk analysis for investment projects;

In accordance with plans to improve the risk management framework, the following work streams have been identified for 2021 and beyond:

- development of a special-purpose quantitative model for evaluating equipment failure risks at Kola MMC, including development of a buildings and structures monitoring system for automated risk recording and prevention at Norilsk Division;
- regular self-diagnostics and assessment of the risk management framework for compliance with global best practices;
- continued improvement of risk management practices in strategic and operational planning;
- further enhancement of simulation modelling as an approach to assess investment project risks;
- methodology enhancement to analyse various categories of technical and production risks;
- methodology enhancement to account for climate risks;
- analysis of risks within the Company's supply and production chain;
- implementation of the project for risk management automation based on SAP GRC RM.

## Insurance

Insurance is one of the key tools for managing risks and protecting the assets of the Company and its shareholders against any unforeseen losses related to our operations, including due to external hazards.

To ensure consistent application of the Group's uniform policies and standards, the insurance function is centralised. Every year, the Company approves a comprehensive programme that defines key parameters by insurance type, key business line and project. Nornickel runs a corporate insurance programme that covers assets, equipment failures and business interruptions across the Group. Our corporate insurance contract is issued by major Russian insurers in cooperation with an international broker. This helps us make sure that our risks are underwritten by highly reputable international re-insurers.

The same principles of centralisation apply to our freight, construction and installation, aircraft and ship insurance arrangements. The Group companies, as well as its directors and officers, carry business and third-party liability insurance. To secure the best insurance and risk management terms, we follow the best mining industry practices and trends in the insurance market.

## Map of key sustainability risks

The risks to the Company's sustainability goals are mainly related to occupational health and safety, power blackouts at production and social facilities in the NID, environmental and conservation legislation, social and labour relationships and shortage of qualified workforce in regions of operation, information security, insufficient water resources and soil thawing.

The most significant risks in terms of their impact on the Company's goals are shown on the map of key sustainability risks.

In 2020, the technical and production risk materialised when above-ground storage tank No. 5 at HPP-3 was destroyed, resulting in a diesel fuel spill accident. Facilities of HPP-3, including tank No. 5, underwent risk assessments on a regular basis. The risk of the tank being destroyed had been identified earlier, with the probability of the risk event occurring assessed as low. The risk was assessed based on a number of expert documents (including the industrial safety assessment report and the industrial safety declaration that was issued by an expert organisation and registered with the Federal Service for Ecological, Technological and Nuclear Supervision – Rostekhnadzor) and the internal NTEC risk management regulations.

Investigations showed that the risk materialised mainly due to some of the piles failing to penetrate the hard rock as required by the design documents. The Company conducted a thorough reassessment of risks related to hazardous production facilities and expanded the power infrastructure upgrade programme. On top of that, it developed a set of initiatives, including a project to set up geotechnical and satellite monitoring of its facilities in permafrost areas.

As part of its efforts to adapt to global challenges caused by the pandemic, Nornickel identified the risk of COVID-19 impacting its production programme and staff. Managing this external risk effectively is essential to securing our stability in the long run and maintaining our competitiveness in metals markets.

## Risk map



## Risk type

- 1 ● Risk of toughened environmental requirements
- 2 ● Workplace injuries
- 3 ● Information security risks
- 4 ● Technical and production risk\*\*\*
- 5 ● Power blackouts at production and social facilities in the Norilsk Industrial District (NID)
- 6 ● Compliance risk
- 7 ● Social risk
- 8 ● Risk of insufficient water resources
- 9 ● Soil thawing
- 10 ▲ Epidemiological risk\*\*\*\*

▲ Risk level higher vs the previous year  
● Risk level unchanged vs the previous year

\* Risk: The effect of uncertainty on objectives (ISO / GOST R 31000).

\*\* Risk source: An element which alone or in combination has the potential to give rise to risk (ISO / GOST R 31000).

\*\*\* The risk materialisation is described in Nornickel's Annual Report and its Sustainability Report.

\*\*\*\* The risk is separately described in Nornickel's Annual Report and its Sustainability Report.

## Key sustainability risks

This section presents the key linked to our sustainability priorities. For more details on other risks, please see our Annual Report for 2020. ▶ 102-15

### 1. Risk of toughened environmental requirements

#### Description

Environmental requirements and procedures for obtaining permits become more stringent as the government tightens controls on compliance in this area.

#### Key risk factors:

- Emphasis placed by domestic and international communities on environmental protection and sustainable development
- Legal framework remaining in constant flux (with changing procedures for obtaining permits)
- Emission quotas to be introduced in twelve Russian cities, including Norilsk and Krasnoyarsk, as part of an experiment in 2020–2024
- More stringent environmental controls

#### Risk assessment

Risk effect	Risk source	Risk level change y-o-y
medium	combined	none

#### Mitigants

##### To manage this risk, the Company:

- reviews the applicable laws and proposed amendments;
- implements an environmental action plan to reduce emissions and discharges, and to ensure timely waste management;
- developed an Environmental Performance Enhancement Programme (EPEP) for category 1 facilities of Polar Division;
- drafted documents for obtaining a comprehensive environmental permit for category 1 facilities of Polar Division;
- takes action to reduce emissions during unfavourable weather conditions as provided by the Plan approved by the Ministry of Environment Protection and Natural Resources of the Krasnoyarsk Territory;
- ensures the collection and submission emissions data of Polar Division and Russian business units for the consolidated calculation of dispersion in Norilsk, as part of an experiment to introduce emission quotas in twelve Russian cities;
- ensures the involvement of its representatives in working groups of steering committees, regional ministries and government agencies;
- takes part in joint projects with nature reserves in the Company's regions of operation.

### 2. Workplace injuries

#### Description

Failure to comply with the Group's health and safety rules may result in threats to employee health and life, temporary suspension of operations and property damage.

#### Key risk factors:

- Unsatisfactory organisation of operations
- Process disruption
- Exposure to hazardous factors

#### Risk assessment

Risk effect	Risk source	Risk level change y-o-y
high	internal	none

#### Mitigants

##### Pursuant to the Occupational Health and Safety Policy approved by the Company's President, the Company:

- continuously monitors compliance with health and safety requirements;
- improves the working conditions for its own and contractors' employees deployed at the Company's production facilities, including by implementing new technologies, labour saving solutions and enhances industrial safety at production facilities;
- provides staff with certified modern personal protective equipment;
- implements preventive healthcare measures and sanitary and hygienic practices to reduce the potential impact of hazardous and dangerous production factors;
- provides its employees with regular training and instructions and assesses their performance in occupational health and safety (OHS), conducts corporate workshops, where, among other things, special simulation equipment is used;
- strengthens the methodological framework in OHS, including by developing and introducing corporate OHS standards;
- reviews the competencies of line managers at the Company's production facilities, develops OHS training programmes and arranges relevant training sessions;
- holds OHS competitions;
- provides all employees with updates on the circumstances and causes of accidents, conducts ad hoc themed instruction sessions;
- introduces frameworks to manage technical, technological, organisational and HR changes.

### 3. Information security risks

#### Description

Potential cyber crimes may result in an unauthorised transfer, modification or destruction of information assets, disruption or lower efficiency of IT services, business, technological and production processes of the Company.

#### Key risk factors:

- Growing external threats
- Unfair competition
- Rapid development of IT infrastructure and automation of production and business processes
- Employee and/or third-party wrongdoings
- Switch to remote working and engagement of remote workforce outside the regions of the Company's operation

#### Risk assessment

Risk effect	Risk source	Risk level change y-o-y
high	combined	none

#### Mitigants

##### To manage this risk, the Company:

- complies with applicable Russian laws and regulations with respect to personal data and trade secret protection, insider information, and critical information infrastructure;
- categorises information assets and assesses information security risks;
- plans and controls the compliance of information and process control systems with the corporate information security standards;
- raises employee awareness in information security;
- protects assets using technical means and manages information access;
- monitors threats to information security and the use of technical protection means, including vulnerability analysis, intervention testing, cryptographic protection of communication channels, controlled access to removable media, protection from confidential data leakages, mobile device management;
- develops information security regulations;
- procures that the corporate information security management system is set up and duly certified;
- takes measures to provide secure remote access.

### 4. Technical and production risk

#### Description

Technical and production risk relates to events that can be caused by technical, production-related, or natural factors that, if occur, can have a negative impact on the progress of the production programme and result in equipment breakdowns or damage to third parties and the environment that will require compensation.

#### Key risk factors:

- Harsh weather and climatic conditions, including low replaces transmission towers; temperatures, storm winds, snow load
- Unscheduled stoppages of key equipment due to excessive wear and tear
- Release of explosive gases and flooding of mines
- Collapse of buildings and structures
- Infrastructure breakdowns

#### Risk assessment

Risk effect	Risk source	Risk level change y-o-y
medium	combined	none

#### Mitigants

##### To manage this risk, the Company:

- properly and safely operates its assets in line with the requirements of the technical documentation, technical rules and regulations as prescribed by the local laws across the Company's footprint;
- rolls out an automated system for managing reliability, efficiency and risks associated with production assets;
- timely replaces its fixed assets to ensure that production safety is at the required level;
- rolls out a geotechnical monitoring system across operations to perform ongoing monitoring of the Company's buildings and structures;
- uses satellite monitoring of the Company's facilities with subsequent analysis of the monitoring data;
- introduces automated systems to control equipment process parameters, uses modern engineering control systems;
- improves the maintenance and repair system;
- trains and educates its employees both locally, on site, and centrally, through its corporate training centres;
- develops the technical and production risk management system, including by engaging independent experts to assess the system efficiency and completeness of data;
- develops and tests business continuity plans outlining the steps that need be taken by the Company's personnel and internal service providers where technical and production risks cause the largest possible damage. The plans aim to ensure that the Company resumes its production as early as possible;
- annually engages independent surveyors to analyse the Company's exposure to disruptions in the production and logistics chain and assess related risks.

In 2020, key technical and production risks were insured as part of the property and business interruption (downtime) insurance programme, with emphasis placed on best risk management practices in the mining and metals industry.

## 5. Power blackouts at production and social facilities in the Norilsk Industrial District (NID)

**Description**

A failure of key equipment at the generating facilities and transmission networks may result in power, heat and water shortage at key production facilities of the Company's Polar Division and social facilities in the NID.

**Key risk factors:**

- Isolation of the NID's power system from the national grid (Unified Energy System of Russia)
- Harsh weather and climatic conditions, including low replaces transmission towers; temperatures, storm winds, snow load
- Length of power, heat and gas transmission lines
- Wear and tear of key production equipment and infrastructure

**Risk assessment**

Risk effect	Risk source	Risk level change y-o-y
medium	combined	none

**Mitigants**

**To manage this risk, the Company:**

- operates and maintains generating and mining assets as required by the technical documentation, industry rules, regulations, and laws;
- monitors the technical condition of linear facilities, including monitoring by independent experts;
- timely constructs and launches transformer facilities, timely replaces transmission towers;
- timely upgrades (replaces) TPP and HPP power units' equipment;
- timely upgrades and renovates trunk gas and condensate pipelines and gas distribution networks.

## 6. Compliance risk

**Description**

This risk relates to legal liability and/or legal sanctions, significant financial losses, suspension of production, revocation or suspension of licences, loss of reputation, or other adverse effects arising from the Company's non-compliance with the applicable regulations, instructions, rules, standards or codes of conduct.

**Key risk factors:**

- Discrepancies in rules and regulations
- Considerable powers and a high degree of discretion exercised by regulatory authorities

**Risk assessment**

Risk effect	Risk source	Risk level change y-o-y
medium	combined	none

**Mitigants**

**To manage this risk, the Company:**

- implements initiatives to ensure the compliance with the applicable laws;
- ensures that its interests are protected during surveillance inspections or in administrative offence cases;
- ensures that its interests are protected during pre-trial and trial stages;
- includes in contracts provisions protecting its interests;
- implements initiatives to combat corruption, money laundering, and financing of terrorism and proliferation of weapon of mass destruction, and to manage conflicts of interests;
- takes actions to prevent unauthorised use of insider information and market manipulation;
- ensures timely and reliable information disclosures as required by the applicable Russian and international laws;
- gives its employees training in dealing with insider information and combating corruption;
- conducts induction briefings on anti-corruption.

## 7. Social risk

**Description**

The risk relates to increased tension among the workforce due to the deterioration of social and economic conditions in the Company's regions of operation.

**Key risk factors:**

- Projects that have an impact on headcount / staffing
- Failure of some employees and/or third parties to share the Company's values
- Limited opportunities for annual wage indexation
- Dissemination of false and inaccurate information about the Company's plans and operations among the Group's employees
- Reallocation of spending on social programmes and charity

**Risk assessment**

Risk effect	Risk source	Risk level change y-o-y
medium	combined	none

**Mitigants**

**To manage this risk, the Company:**

- strictly abides by the collective bargaining agreements made between the Group's companies and employees (23 bargaining agreements in total);
- actively interacts with regional and local authorities, and civil society institutions;
- fulfils its social obligations under public-private partnership agreements;
- implements the World of New Opportunities charity programme aimed at supporting and promoting regional public initiatives, including those geared towards the indigenous peoples of the Taimyr Peninsula;
- puts in place infrastructure to enable accelerated development and improved quality of life across the Company's regions of operation in cooperation with the Norilsk Development Agency, the Second School Centre for community initiatives in the Pechengsky District, and the Monchegorsk Development Agency;
- implements regular social monitoring across the Group's operations;
- conducts opinion polls among Norilsk's communities to learn more about their living standards, employment, migration trends and general social sentiment, and identify major challenges;
- implements social projects and programmes aimed at supporting employees and their families, as well as the Company's former employees;
- engages in dialogues with stakeholders and conduct opinion polls while preparing public sustainability reports of the Group;
- implements a set of social support initiatives for the personnel facing redundancies as part of social programmes of Kola MMC and Pechengastroy and is involved in developing and implementing roadmaps for the social and economic development of the Pechengsky District.

## 8. Risk of insufficient water resources

**Description**

Water shortages in storage reservoirs of the Company's hydropower facilities may result in failure to achieve necessary water pressure at HPP turbines leading to limited power production and drinking water shortages in Norilsk.

**Key risk factors:**

Abnormal natural phenomena (drought) caused by climate change

**Risk assessment**

Risk effect	Risk source	Risk level change y-o-y
medium	external	none

**Mitigants**

**To manage this risk, the Company:**

- builds a closed water circuit to reduce water withdrawal from external sources;
- performs ongoing hydrological monitoring to forecast water level in rivers and water bodies;
- in cooperation with the Federal Service for Hydrometeorology and Environmental Monitoring (Rosgidromet) sets up permanent hydrological and meteorological monitoring stations to ensure more accurate water level forecasting in its regions of operation;
- dredges the Norilskaya River and reduces energy consumption at the production facilities, should the risk materialise;
- replaces equipment at hydropower plants to increase power output through improving the performance of hydroelectric units.

## 9. Soil thawing<sup>1</sup>

### Description

Loss of pile foundation bearing capacity may cause deformation of buildings and structures leading to their destruction.

### Key risk factors:

Climate change, average annual temperature increase (over the last 15–20 years). Increased depth of seasonal thawing

### Risk assessment

Risk effect	Risk source	Risk level change y-o-y
medium	external	none

### Mitigants

#### To manage this risk, the Company:

- regularly monitors the condition of foundation beds for buildings and structures built on permafrost;
- runs geodetic control of changes in buildings' positions;
- uses satellite monitoring of the Company's facilities with subsequent analysis of the monitoring data;
- rolls out a geotechnical monitoring system across operations to perform ongoing monitoring of the Company's buildings and structures;
- monitors soil temperature at buildings' foundations;
- monitors the facilities' compliance with operational requirements for crawl spaces;
- develops recommendations and corrective action plans to ensure safe operating conditions for buildings and structures.

## 10. Epidemiological risk

### Description

The risk is associated with infectious disease outbreaks and related preventive and anti-epidemic measures.

### Key risk factors:

- Viral infection outbreaks
- Epidemiological restrictions imposed by national and local governments

### Risk assessment

Risk effect	Risk source	Risk level change y-o-y
medium	external	increase

### Mitigants

#### The Company has implemented a set of measures to mitigate the consequences of the risk materialisation:

- full pay levels maintained;
- additional compensation paid during the first several months of the pandemic to employees working on permanent workstations;
- remote working arrangements put in place for office staff;
- personal protective equipment, tests, control devices, disinfectants and other required supplies procured for all the Group's assets;
- support provided to increase the capacity of local hospitals;
- support provided to SMEs;
- local volunteers assisted in supporting employees who require regular health monitoring;
- mandatory testing for COVID-19 put in place;
- an emergency task force set up;
- a two-week quarantine put in place for shift workers arriving in the Norilsk Industrial Region;
- extended shifts introduced for shift workers arriving in Chita/Norilsk.

## Respect for human rights



### UN Global Compact Principles

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.

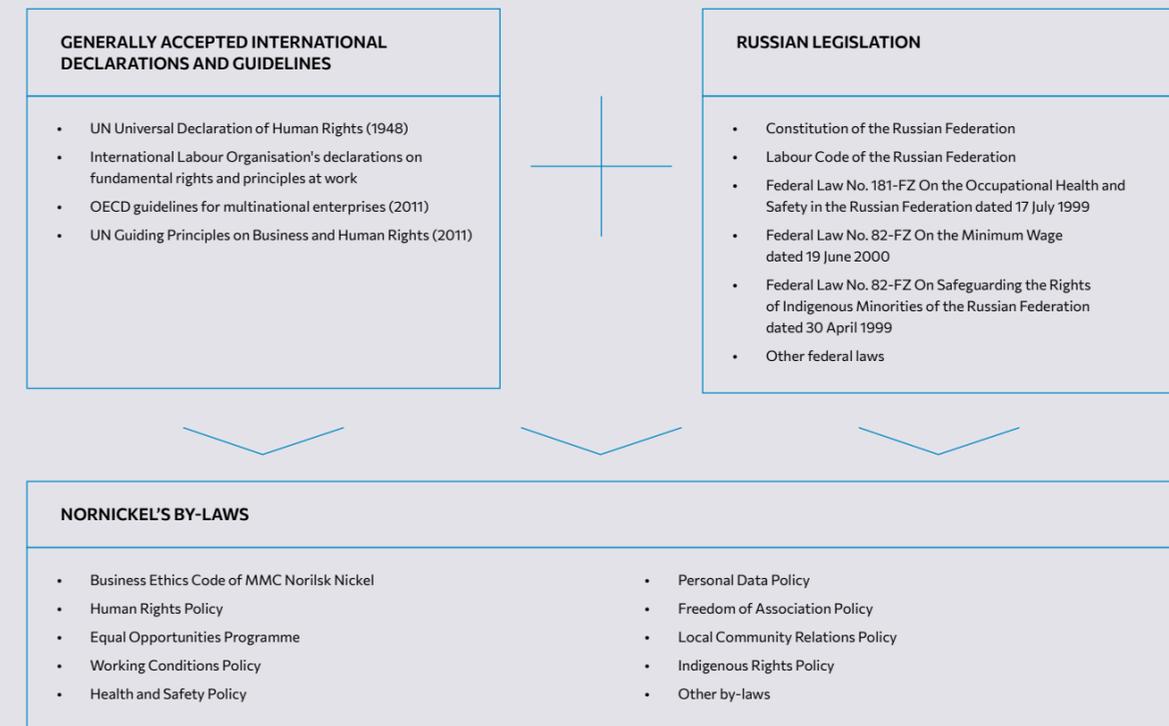
**Principle 2:** Businesses should make sure that they are not complicit in human rights abuses.

Respect for human rights is one of fundamental principles of Nor Nickel's operations.

The Company does not tolerate any forms of discrimination and does not use forced or child labour, giving every employee an equal opportunity to exercise their labour rights regardless of gender, race, nationality, origin, financial, social, and occupational status, age, domicile, religion, political beliefs, and other circumstances not related to professional qualities. The Company is also committed to addressing socially significant issues in all regions of its operations. No operations are run in, and no raw materials are procured from, areas involved in military conflicts.

As a socially responsible business, major employer and a taxpayer, Nor Nickel respects and promotes human rights and freedoms in line with internationally recognised norms and practices. Also, the Company fully complies with the applicable laws of the Russian Federation and other countries of its operations and respects both international standards for human rights protection and labour standards set out in the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights.

## Applicable regulatory framework



<sup>1</sup>Soil thawing is a key risk associated with climate change. For more information on the Company's risks and strategy related to climate change, see the Climate Change section.

We operate in countries with a mature legal framework where the risk of human rights violations is very low. Hence, by observing applicable Russian laws, for instance, we automatically comply with most of the core ILO conventions on human rights ratified by our government.

Importantly, even though some of the above ILO conventions on human rights are not officially ratified by Russia and not directly enshrined in the national law, Nornickel seeks to voluntarily comply with them in its by-laws and operations.

### Core ILO conventions ratified by the Russian government

Human rights area	ILO convention	Ratified by Russia
Decent working conditions	Weekly Rest (Industry) Convention No. 14 (1921)	+
	Protection of Wages Convention No. 95 (1949)	+
	Weekly Rest (Commerce and Offices) Convention No. 106 (1957)	+
	Holidays with Pay Convention No. 132 (1970)	+
Safe working conditions	Occupational Safety and Health Convention No. 155 (1981)	+
No child or forced labour	Forced Labour Convention No. 29 (1930)	+
	Abolition of Forced Labour Convention No. 105 (1957)	+
	Minimum Age Convention No. 138 (1973)	+
Freedom of association and collective bargaining	Freedom of Association and Protection of the Right to Organise Convention No. 87 (1948)	+
	Right to Organise and Collective Bargaining Convention No. 98 (1949)	+
	Workers' Representatives Convention No. 135 (1971)	+
Rights of indigenous peoples	Indigenous and Tribal Peoples Convention No. 169 (1989)	—
Non-discrimination	Equal Remuneration Convention No. 100 (1951)	+
	Discrimination (Employment and Occupation) Convention No. 111 (1958)	+

### Human rights governance

The Company's commitment to respect human rights is reflected in its Human Rights Policy<sup>1</sup> and other by-laws governing HR, environmental, social and other matters.

The Company's President is responsible for ensuring that Nornickel respects human rights. The Company's management and employees are committed to complying with Russian and international laws and the Company's by-laws on human rights. The Company has a clear governance structure with a defined hierarchy for reporting and escalating concerns about human rights issues.

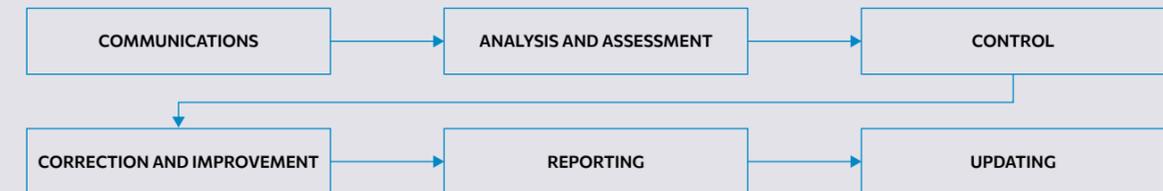
Nornickel regularly assesses the potential impact of its operations on human rights. On top of addressing human rights risks and ensuring full compliance with applicable requirements, the Company also implements best practices (signs employment contracts and collective bargaining agreements, creates favourable work and rest conditions for employees) and expects its suppliers and contractors to respect human rights throughout their operations.

All of the Company's new projects are vetted for compliance with national and international legislation and are subject to a comprehensive human rights review, including an impact assessment. These checks involve over ten of Nornickel's departments and functions.

Information on alleged human rights violations is collected via Nornickel's Corporate Trust Line, employee questionnaires, and sentiment surveys among local population. The Company guarantees confidentiality for whistle-blowers and respondents. Report statistics are regularly reviewed by the Audit and Sustainable Development Committee of the Board of Directors.

<sup>1</sup>Approved by MMC Norilsk Nickel's Board of Directors on 18 September 2017 (Minutes No. GMK/31-pr-sd)

### Nornickel's human rights protection process



For more details, please see the Human Rights Policy<sup>2</sup>.

<sup>2</sup> <https://www.nornickel.com/investors/disclosure/corporate-documents/#corporate-codes-and-policies>

## Respect for human rights across Nornickel's operations

Key human rights <sup>1</sup>	Nornickel's by-laws											Approaches and key achievements in 2020			
	Business Ethics Code	Human Rights Policy	Equal Opportunities Programme	Working Conditions Policy <sup>2</sup>	Occupational Health and Safety Policy	Personal Data Policy	Freedom of Association Policy	Policy Regarding Support for Small and Medium Enterprises	Local Community Relations Policy <sup>2</sup>	Environmental Policy	Environmental Impact Assessment Policy	Biodiversity Policy	Renewable Energy Sources Policy	Indigenous Rights Policy <sup>2</sup>	
Right to life, freedom, and privacy, freedom from arbitrary arrest															<p>In 2020, the Company's health and safety indicators were some of the best in the metals and mining industry, with LTIFR going down to 0.21 against 0.32 in 2019.</p> <p>The Company does not tolerate discrimination on any grounds.</p> <p>In 2020, we had no reported cases of racial, gender, religious, political, social or other discrimination.</p> <p>The Company maintains a social partnership framework, with collective agreements covering 93.7% of the workforce</p> <p>The average salary paid to Nornickel's employees is well above Russia's average. The Company takes steps to secure jobs for vulnerable population groups and people with disabilities.</p> <p>Women have equal rights to men</p> <p>The Company complies with Russian employment laws that are in line with the UN documents ratified by Russia. Forced labour is forbidden.</p>
Right to health and medical assistance															
Right to protection from discrimination ▶ 406-1															
Right to freedom of association and collective bargaining															
Right to work and to fair and adequate remuneration															
Other labour rights (fair and favourable working conditions, social support, reasonable work schedule, ban on forced labour, regular paid vacations)															

<sup>1</sup> According to the International Bill of Human Rights, the Indigenous and Tribal Peoples Convention of the International Labour Organisation, and the Constitution of Russia.

<sup>2</sup> The above by-laws put forward similar requirements for the Company's contractors.

Key human rights <sup>1</sup>	Nornickel's by-laws											Approaches and key achievements in 2020			
	Business Ethics Code	Human Rights Policy	Equal Opportunities Programme	Working Conditions Policy <sup>2</sup>	Occupational Health and Safety Policy	Personal Data Policy	Freedom of Association Policy	Policy Regarding Support for Small and Medium Enterprises	Local Community Relations Policy <sup>2</sup>	Environmental Policy	Environmental Impact Assessment Policy	Biodiversity Policy	Renewable Energy Sources Policy	Indigenous Rights Policy <sup>2</sup>	
Right to education															<p>The Company runs a wide range of training courses for all of its personnel categories, providing career guidance and targeted support to educational institutions across its geographies.</p> <p>Child labour is forbidden.</p> <p>The Company respects and protects the rights of mothers and pregnant women.</p> <p>Its social programmes in the fields of housing, healthcare and culture aim to support and provide leisure opportunities for families.</p> <p>The Company does not restrict the freedom of movement of its employees. It reimburses round trip travel expenses and baggage fees as part of the benefits package. In 2020, we helped a number of our people stranded abroad amid the COVID-19 lockdown to return to Russia.</p> <p>The Company does not implement or plan to implement projects related to taking land from the population and forced relocation. No disputes with the local population over land use were recorded.</p> <p>The Company continuously works to reduce its environmental footprint and implements a comprehensive environmental policy. In 2020, we took all steps to respond to environmental incidents and plan to fully remediate the affected areas in the mid term.</p> <p>The Company supports projects aimed at preserving the traditional lifestyle and culture of Taimyr's indigenous peoples while fostering their social and economic development. It includes organising air transportation, supplying construction materials and diesel fuel, and staging festivals and cultural events.</p> <p>In 2020, we adopted a comprehensive five-year programme to aid indigenous northern minorities worth over RUB 2 bn.</p> <p>We also helped conduct a full-scale ethnological review to evaluate the damage caused to these peoples as a result of the fuel spill at NTEC's HPP-3 in May 2020 and agreed to pay a compensation of RUB 175 mln, which is unprecedented in Russia.</p>
Protection of family, maternity and childhood															
Freedom of movement															
Right to shelter, right to own property															
Right to a healthy environment															
Rights of indigenous peoples															

## Stakeholder engagement



### Stakeholders and interaction mechanisms

Effective stakeholder engagement enables us to properly manage risks and opens up new opportunities for integrating sustainability principles into our strategy. ▶102-42

Stakeholder engagement principles and procedures are set out in MMC Norilsk Nickel's Business Ethics Code<sup>1</sup>, Human Rights Policy, Local Community Relations Policy, Transparency Policy and other by-laws. We maintain dialogue with stakeholders in line with international standards and accountability principles<sup>2</sup>.

Our key stakeholders are employees, shareholders, investors, business partners, national and local government authorities, local communities, and Russian and international non-profit organisations. We keep working to strengthen our relations with stakeholders, with a focus on timely collecting full information on their interests and proposals, designing and improving relevant accounting methods used in management practices, improving cooperation mechanisms and enhancing all aspects of dialogue across our footprint.

Our Corporate Trust Line is a permanent tool to manage complaints and queries created in 2010 for a wide audience. It helps identify and quickly respond to matters of importance for stakeholders.

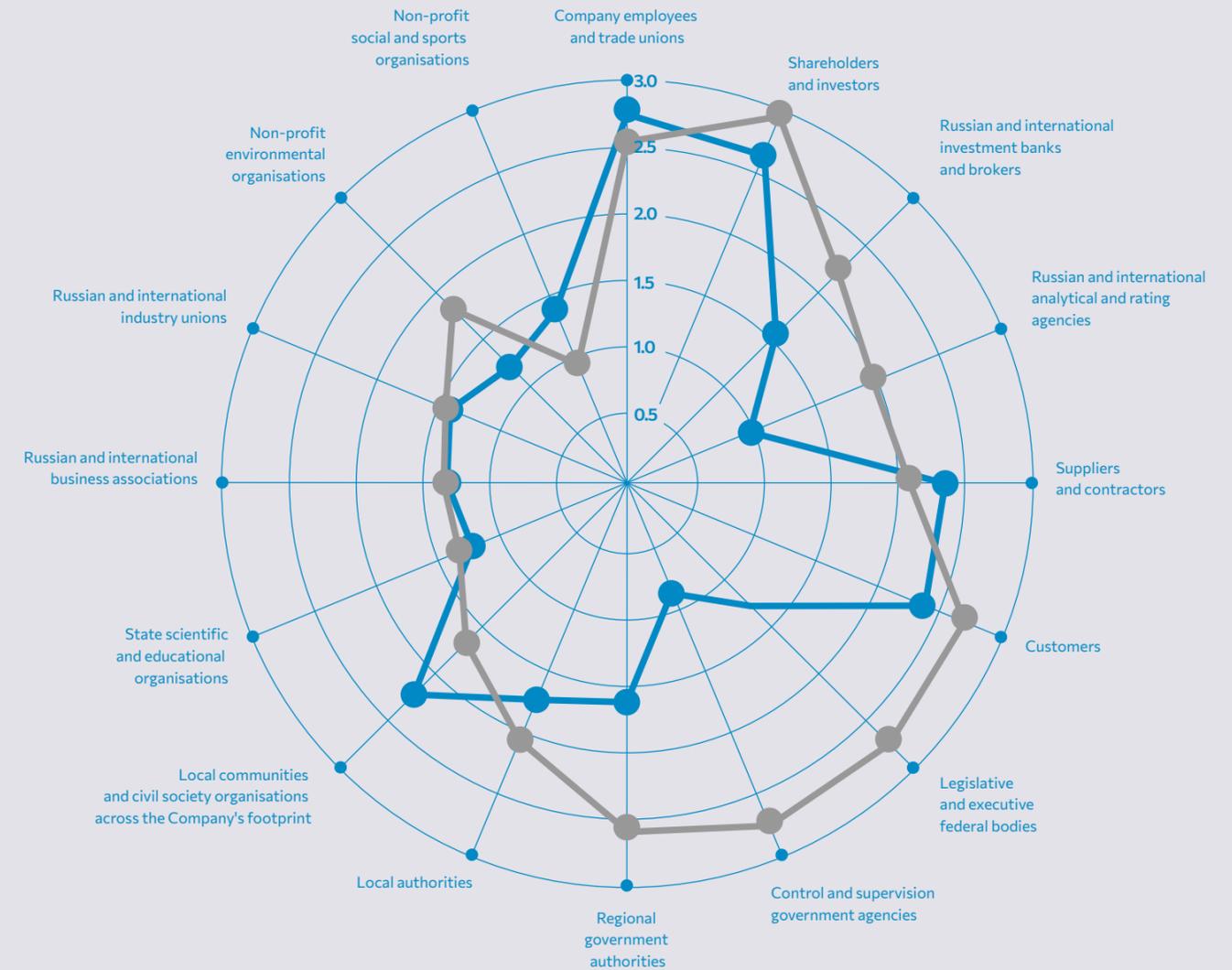
For more information, see the *Preventing and Fighting Corruption* section.

<sup>1</sup> Please see the corporate website at <https://www.nornickel.com/investors/disclosure/corporate-documents/>

<sup>2</sup> AA1000AP (AA1000 Accountability Principles), AA1000SES (AA1000 Stakeholder Engagement Standard).

### Stakeholder map<sup>3</sup> ▶102-40

Effect of Nornickel Group's operations on the stakeholder  
Effect of the stakeholder on Nornickel Group



<sup>3</sup> Put together in 2020, based on surveying the Company's managers and employees.

Stakeholders	Key interests of stakeholders	Interaction mechanisms	Stakeholders	Key interests of stakeholders	Interaction mechanisms
<b>Shareholders, investors and rating agencies</b> <ul style="list-style-type: none"> <li>Shareholders and investors</li> <li>Russian and international investment banks and brokers</li> <li>Russian and international analytical and rating agencies</li> </ul>			<b>Federal authorities</b> <ul style="list-style-type: none"> <li>Legislative and executive federal bodies</li> <li>Control and supervision government agencies</li> </ul>		
<b>Staff and trade unions</b> <ul style="list-style-type: none"> <li>Company employees</li> <li>Trade unions</li> </ul>			<b>Regional government authorities and local communities</b> <ul style="list-style-type: none"> <li>Regional government authorities</li> <li>Local authorities</li> <li>State-run research and educational institutions in the Company's regions of operation</li> <li>Local communities and civil society organisations across the Company's footprint</li> </ul>		
<b>Business partners</b> <ul style="list-style-type: none"> <li>Suppliers and contractors</li> <li>Customers</li> </ul>			<b>Russian and international non-profit organisations</b> <ul style="list-style-type: none"> <li>Russian and international business associations</li> <li>Russian and international industry unions</li> <li>Non-profit environmental organisation</li> <li>Non-profit social and sports organisations</li> </ul>		
	<ul style="list-style-type: none"> <li>Capitalisation growth</li> <li>Maintaining investment grade credit ratings</li> <li>Dividends</li> <li>Transparency of information and timely disclosure of key facts</li> <li>The Company's sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Meetings (including one-on-one meetings) and conference calls</li> <li>Phone calls and emails</li> <li>Disclosures through presentations and press releases on the website</li> </ul>		<ul style="list-style-type: none"> <li>Socially important projects</li> <li>Regulatory improvements in various areas</li> <li>Discussing draft regulations</li> <li>Reducing administrative barriers</li> <li>Improving business climate</li> <li>Environmental protection</li> <li>Support for domestic producers</li> <li>Stability in taxes</li> <li>Strengthening enterprises' economic security</li> </ul>	<ul style="list-style-type: none"> <li>Participation in working and expert groups, commissions, and committees</li> <li>Public events and conferences</li> <li>Obtaining permits</li> <li>Participation in intergovernmental commissions</li> </ul>
	<ul style="list-style-type: none"> <li>Social benefits and guarantees</li> <li>Decent salaries</li> <li>Favourable working conditions</li> <li>The Company's stability as an employer (including matters associated with the shutdown of production facilities)</li> </ul>	<ul style="list-style-type: none"> <li>Joint commissions, committees and working groups</li> <li>Discussions with trade unions and labour councils</li> <li>Offices for operational, social and labour matters</li> <li>Opinion polls</li> <li>Corporate media, booklets, information screens and boards</li> <li>Corporate intranet portals</li> </ul>		<ul style="list-style-type: none"> <li>Stability in taxes</li> <li>Environmental impact regulation</li> <li>Social stability support across the Company's geographies</li> <li>Support for domestic producers</li> <li>Training highly skilled professionals to meet business needs</li> </ul>	<ul style="list-style-type: none"> <li>Working and expert groups, commissions, committees and councils</li> <li>Cooperation agreements</li> <li>Development plans for the Company's regions of operation</li> <li>Corporate and partnership programmes and projects</li> <li>Forums, conferences, fairs, and round table discussions</li> <li>Joint inspections, drills and training exercises</li> </ul>
	<ul style="list-style-type: none"> <li>Accessibility of procurement procedures and awareness</li> <li>Streamlining procurement as regards timelines and engagement procedures</li> <li>Participation in MMC Norilsk Nickel programmes</li> </ul>	<ul style="list-style-type: none"> <li>Meetings, conferences, exhibitions, hosting negotiations</li> <li>Automated procurement platform (SAP-based)</li> </ul>		<ul style="list-style-type: none"> <li>Socially important projects</li> <li>Information exchange</li> <li>Removal of administrative barriers</li> <li>Discussing draft regulations</li> <li>Support for domestic producers</li> <li>Stability in taxes</li> <li>Environmental protection and industrial ecology</li> </ul>	<ul style="list-style-type: none"> <li>Involvement in the work of committees and commissions of Russian and international organisations</li> <li>Joint projects</li> <li>Events (congresses, meetings, round table discussions, conferences and competitions)</li> <li>Membership in governing bodies and committees</li> <li>Opinions, proposals, requests</li> </ul>
	<ul style="list-style-type: none"> <li>Product quality</li> <li>Packaging and labelling</li> <li>Delivery terms</li> <li>Information support of transactions</li> <li>Sustainable growth of sales markets</li> <li>Registration of products in sales markets</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Annual surveys</li> <li>Working with customers on matters of product quality</li> <li>Processing customer complaints and grievances</li> <li>Official meetings, conferences, exhibitions</li> <li>Working with customers in connection with the consumption and market growth prospects analysis</li> <li>Working with regulators and commodity exchanges</li> </ul>			

## Investor dialogue and key ESG ratings

In 2020, despite the COVID-19 pandemic, we maintained an active dialogue with investors and continued to diversify our shareholder base.

From March 2020, after the start of the nation-wide lockdown in Russia, all investor communications migrated online. For the first time in the Company's history, the top management held over 300 virtual meetings with investors and organised an Investor Day remotely along with conference calls on IFRS results and spill clean-up operations at HPP-3.

As part of our dialogue with investors, we note their increasing interest in responsible investing. One of the key initiatives in this domain is the Principles for Responsible Investment (PRI), signed by over 3,000 investors (up 28% in 2020 alone) with north of USD 100 tn of assets under management.

Another important effort is Climate Action 100+ led by more than 500 investors with over USD 50 tn of assets under management to ensure support for action on climate change.

We seek to increase transparency by improving and expanding sustainability disclosures on our corporate website, in various global databases and surveys, investor presentations and dedicated reports. To strengthen dialogue with investors and rating agencies taking ESG-driven investment decisions and using these factors to assess the Company, we created a dedicated section called ESG Highlights on our website. It features all the related corporate information subject to regular updates.

### Key ESG ratings

Name	Current status/score
	After joining the UN Global Compact in 2016, the Company has continuously demonstrated its commitment to sustainability principles
	The agency confirmed the inclusion of Nornickel's shares in the FTSE4Good Emerging Index, with a score of 4.0 out of 5
	ISS gave us environmental and social ratings at 3, and corporate governance – at 4 on a scale from 1 (low risk) to 10 (high risk)
	ESG score of 44 (out of 100), up from 33/100 in 2019
	ESG score of 61 (out of 100), Average Performer rating (in 2019 – 63); ESG risk of 38.9 (out of 100)
	ESG rating "B", score of 3.3 (out of 10)
	In 2020, Nornickel provided its first ever disclosures to CDP Ratings: "D" (Climate Change), "C" (Water Security)
	The Company has invariably ranked among the index leaders since 2014 (first year they were composed)

## Dialogue with employees

The key tools we use to build dialogue with our people are social partnerships regulating labour relations and offices for social and labour relations. We conduct regular surveys to measure employee engagement and assess social programmes, along with targeted polls.

As a way to raise awareness, shape a better understanding of the Company's goals and values, and increase the level of trust between the team and the management, we are running a number of initiatives to establish a dialogue between senior executives and the personnel. The following activities were held as part of the project in 2020:

- 31 corporate dialogues
- Norilsk Live, a Q&A session with the Company's Vice Presidents
- Challenges-2020: Pandemic, Environment and Safety video conference

More than 45,000 Nornickel employees participated in the initiative.

In 2020, we also launched a series of large-scale information campaigns involving over 55,000 employees of Nornickel's divisions and RBUs to discuss salary indexation, supplement payments, bonuses for production and business achievement and improvements following the engagement survey.

To support our people during the COVID-19 pandemic, we set up a response centre, task forces at divisions and RBUs, and a corporate hotline. In 2020, hotline operators handled 3,300 queries.

The reporting year saw a landmark event – the shutdown of the smelting shop in Nikel. When designing support measures for our staff, we leveraged the successful experience gained during the shutdown of Nickel Plant in Norilsk in 2016. As part of the shutdown, we provided a full package of social benefits to the shop personnel, including comfortable relocation to other sites, retraining and pension plans. Between 2020 and 2022, the Company will invest more than RUB 900 mln in a range of social programmes for smelting shop employees. [▶ 102-10](#)

*For more details, please see the Human Capital section.*

## Dialogue with business partners

As a participant in the global supply chain, the Company shares its partners' sustainability values and undergoes regular audits in accordance with sustainable development and responsible supply policies. These audits take place as part of systemic independent ESG reviews requested by our partners.

An important element of our relations with business partners is advancing the responsible consumption of precious metals and metal-bearing products and creating a global mechanism to ensure the reliability of precious metal supplies as part of international non-profit organisations of producers and market players, such as the International Platinum Group Metals Association (IPA), International Information Security Research Consortium (IISRC) and the International Nickel Institute.

Twice a year, we publish nickel and PGM market reviews prepared together with ICBC Standard Bank based on the fundamental analysis of global economic and industry data. They offer the market a deep and high-quality insight into trends and forecasts in this domain.

The Company's expertise and solid track record in creating powerhouse industrial businesses that leverage cutting-edge technologies have laid the groundwork for successful implementation of projects with partners in both traditional and emerging industries.

In particular, we keep working on our innovative project to integrate business in the digital ecosystem to increase efficiency and transparency across the entire metal supply chain and support responsible sourcing. We plan to make part of our supply contracts digital using the Atomyze platform powered by the distributed ledger technology. In 2020, Nornickel's Global Palladium Fund issued the first tokens to digitise contracts with several major customers.

Dedicated to meeting the growing demand for battery materials used in electric vehicles, the strategic partnership between BASF and Nornickel became a landmark event for achieving SDGs and supporting green economy. In 2020, Fortum, BASF, and Nornickel signed a memorandum of intent to create a battery recycling cluster in Finland, serving the electric vehicle market.

In our relations with suppliers and contractors, we focus on building an open and productive dialogue supported primarily through competitive procurement, feedback via a dedicated Suppliers section on our website, conferences and SAP SRM interactions.

*For more details, please see the Supply Chain Responsibility section.*

## Dialogue with authorities, communities and non-profit organisations

Norilsk Nickel Group's guiding principles in cooperating with government bodies, local authorities and non-profit organisations are strict compliance with Russian laws, regional and municipal regulations and the social responsibility principle, collaboration, and mutual respect of interests.

Following the information transparency principle, we have initiated an open dialogue with local authorities to build constructive and effective cooperation. The Company is represented in 25 committees, commissions, expert and working groups established by governmental bodies in association with the business community, thus supporting socially important projects. Currently, we mainly cooperate with the working groups under the Government Commission on the Use of Natural Resources and Environmental Protection. We also actively participate in the work of regional authorities' expert boards across our geography.

The Company takes part in parliamentary sessions and round table discussions organised by the Federation Council and State Duma of the Federal Assembly of the Russian Federation, Government of the Russian Federation, Civic Chamber of the Russian Federation, Russian Union of Industrialists and Entrepreneurs, Chamber of Commerce and Industry of the Russian Federation, Association of Managers (an interregional public organisation), etc.

The Company's experts engage in draft regulation discussions held by the Open Government and by community councils of the federal executive bodies, as well as in anti-corruption due diligence and regulatory impact assessments. All of that helps maintain a constructive dialogue with the government, cut administrative red tape and improve business climate.

Our representatives are also part of various working groups created by federal executive authorities to help implement the regulatory guillotine mechanism. A regulatory guillotine is a Russian regulatory reform launched in 2019 to revise mandatory business requirements in effect.

Over the past year, we backed a number of large international and domestic conferences and forums:

- 9th Moscow International Forum "Corporate Volunteering: Business and Society";
- 5th International Humanitarian Teaching Forum "Living Classics";
- 8th National Conference of Transport Security and Anti-terrorism Technologies;
- R&D Conference "Corporate Security as Part of Russia's National Security";
- R&D Conference "Transport Safety Formula. Law. Knowledge. Practice";
- National Conference "The Language of the North";
- International Research Conference "Svalbard: from Terra Nullius to All Man's Land".

## Cooperation agreements

In 2020, we signed a number of agreements with federal, regional and local authorities as well as major Russian companies.

The agreements covered a wide range of social and economic issues, including infrastructure projects.

## Key agreements:

Partners	Subject of agreement
Saratov Region	The parties will join forces to unlock the regions' human resource potential and build a talent pipeline for Nornickel's enterprises by developing and implementing educational programmes together with industry-specific universities in the Saratov Region. An important part of the cooperation is to support the region in times of epidemics and other force majeure events.
Murmansk Region	Initiatives to develop social infrastructure, including co-financing the renovation of the Murmansk Region's Bayandin Clinical Hospital and the construction of an ice arena in Monchegorsk
Trans-Baikal Territory	Cooperation and support for Nornickel's investment projects and its increased contribution to the local social development.  Key focus areas are education, science, healthcare, sports and physical training, arts and culture, as well as social support and environmental protection. Nornickel committed a total of RUB 2.4 bn for these purposes. One of the major steps is allocating RUB 35 mln a year to support children's and youth hockey in 2021-2023.
Federal Tax Service	Pricing rules and transfer pricing methods to be used in transactions related to the export of Nornickel's semi-products for further processing at the Company's facility in Harjavalta, Finland.  <i>For more details, please see the Tax Strategy section.</i>
Organisations representing the indigenous peoples of the North who live on the Taimyr Peninsula	A comprehensive programme to support the indigenous northern minorities to 2024  <i>For more details, please see the Interaction with Indigenous Northern Minorities section.</i>

## Relocation programme

In 2011, we signed a special agreement with federal and regional authorities to contribute to a long-term targeted federal programme for relocating people living in Norilsk and Dudinka to other Russian regions with favourable climate conditions. During 2011-2020, 8,219 families, including 6,713 families from Norilsk and 1,506 families from Dudinka, received social benefits under the programme for the purchase of

housing on the "mainland". In 2020, 507 certificates granting the right to receive social benefits for housing were issued (387 for Norilsk and 120 for Dudinka), all valid until 1 December 2021. The participants are continuing to purchase housing under the programme.

In 2020, though the agreement ceased to be effective, we decided to keep financing it unilaterally. In September 2020, Nornickel's President resolved to allocate RUB 830 mln for relocation purposes.

## Local communities

We do our best to collect and take into account all the feedback from local residents on regional development and high-potential projects through interactions at forums, targeted surveys, polls, focus groups, foresight sessions, etc. Key parties to the dialogue are regional development centres established in cooperation with Nornickel, such as the Norilsk Development Agency, the Second School Centre for social projects in the Pechengsky District, and the Monchegorsk Development Agency (created in 2020).

In 2020, together with stakeholders we designed the Conceptual Framework for the Social and Economic Development of the Pechengsky District and conducted surveys as part of creating the Pechengsky District brand and master plans of Zapolyarny and Nikel. This coincided with the shutdown of the non-moderniseable smelting shop in Nikel during the year as part of the programme to stabilise the situation and set stage for the sustainable social and economic development of the settlement and the Pechengsky District post shutdown. ▶ 102-10

For more details, please see the Company's Contribution to the Development of Local Communities and Improving the Living Standards for Local Communities sections.

## Environmental protection dialogue

Environmental dialogues are traditionally a priority area in the Company's information, internal and external communication policies.

In 2020, the following items were on the agenda of various forums and platforms:

- clean-up of the diesel fuel spill at NTEC's HPP-3;
- preservation of ecosystems across the footprint of the Group's production sites;
- industrial ecology problems.
- improvement of environmental laws and regulations;
- promotion of best practices in environmental protection;
- environmental programmes and initiatives of Nornickel.

### Coverage of the fuel spill clean-up

We provided real-time updates on the fuel spill clean-up in the dedicated section on our website<sup>1</sup> and in social media. The Company ensured close interaction with stakeholders, quickly responding to their requests for information. The civic chambers of Russia and Norilsk organised dedicated round tables, which served to provide information on the clean-up progress and stage discussions with the Company's top managers.

For more details, see the Environmental Responsibility section.

As part of the annual Investor Day held in December 2020, the management updated the investment community on Nornickel's operating and financial performance, its metals market outlook and strategic vision for the next decade focusing on sustainable and eco-friendly development. For more details, please see the Strategy and Management section.

Ecology was also at the top of the agenda at multiple international and domestic forums backed by Nornickel and attended by government representatives, captains of industry, investors, experts, and analysts:

- International Forum "Arctic and Antarctic Days in Moscow"
- International Forum "Arctic: Today and the Future"

Our representatives are closely involved in developing key draft laws on natural resources management, environmental protection, environmental impact fees, environmental charges, and amendments to laws on preferential conditions for investments in the Arctic.

Over the years, we have successfully used volunteer movements to promote dialogue on environmental protection with our employees and local communities. One of our major projects in this area is the Let's Do It environmental marathon bringing together thousands of our employees and local community members to support nature reserves, clean up certain areas, transplant young trees, and carry out other environmental initiatives.

<sup>1</sup> <https://www.nornickel.com/sustainability/cleanup/>

## Dialogue in public non-financial reporting

Each year starting from 2003, the Company has been engaging in dialogues with stakeholders while drafting sustainability reports. ▶ 102-43, 102-46

Since 2014, we have staged these dialogues as part of the We Are the City! social technologies forum. Our reports undergo public verification including assurance by the Russian Union of Industrialists and Entrepreneurs.

As part of preparing the 2020 Sustainability Report, we held an online foresight dialogue – the first ever for the Russian metals and mining industry. Representing Nornickel were Andrey Bougrov, Senior Vice President

for Sustainable Development, Larisa Zelkova, Senior Vice President – HR, Social Policy and Public Relations, and Svetlana Ivchenko, Head of the Sustainable Development Department.

In the course of the event, we presented the concept of the 2020 report and our strategy, updated to reflect the report's focus on the environment and development of local communities. We also had our matrix of material and additional disclosures verified by the experts.

For more details on the dialogue, please see the Definition of Material Topics and Stakeholder Dialogue Minutes appendices.

### Number of survey participants as part of the 2020 Sustainability Report campaign, ppl<sup>2</sup>



<sup>2</sup> External stakeholders are representatives of regional and local authorities, communities, and non-profit organisations, while internal stakeholders refer to managers of various levels from the Head Office, Polar Division, and Kola MMC.

### 2020 survey participants (external) by territory, %

54%

Norilsk Industrial District

33%

Murmansk Region

8%

Trans-Baikal Territory

5%

Moscow



**Achievements**

**Key figures**

Our CAPEX for the year increased by 33% to **USD 1.8 bn.**

The Company's digital projects financing amounted to **RUB 7.2 bn** (+7.2% year-on-year).

**Key events and facts**

As part of the Company's organisational transformation and in line with its commitment to the best global ESG practices, Nornickel established a new role of Senior Vice President for Sustainable Development.

In December 2020, Nornickel's Global Palladium Fund issued its first tokens to digitise some contracts with two major industrial partners.

Operational excellence and innovation

Statement of the Chairman of the Board of Directors



Dear colleagues,

Nornickel's commitment to sustainable development is strong as ever as we aspire to the highest global standards and excellence in this area.

In recent years, we have been investing heavily in occupational health and safety, green production, hydropower, and social programmes for people across our footprint.

However, 2020 was a tough year that brought with it unprecedented environmental challenges. The global threats posed by climate change prompted Nornickel to evolve dramatically. Nowhere was this more the case than in the Arctic, where we felt the effect of climate change first-hand. We realised that to address these rising risks we must change the way we run our business – in a meaningful way.

A year ago, Nornickel pledged to work diligently to integrate its environmental agenda, with a special focus on climate, into strategic management processes. Since then, we have made significant tangible progress in refining our management, planning, and employee motivation framework.

We created an Environmental Task Team dedicated solely to sustainability and made up entirely of independent directors. In mid-2020, Nornickel overhauled its executive structure to introduce better environmental controls and improve environmental risk management. Additional competence centres were established.

We also developed a Holistic Environmental Strategy with clearly-defined ESG goals and KPIs for executives. In December 2020, this Strategy was presented to the investment community. The Strategy's rollout is scheduled to begin in 2021, along with the detailing of key points.

Another highlight was the launch of an independent programme to assess Nornickel's environmental impact that involved both the Russian scientific community and leading global advisers.

In 2020, for the first time in 30 years, the Siberian Branch of the Russian Academy of Sciences conducted a large-scale comprehensive expedition aiming to study and assess various environmental conditions: water bodies, bottom deposits, soil and vegetation, animal species, etc. It produced results that went on to shape our organisational improvements and some of our major environmental and social initiatives.

Looking forward, we aim to join the Initiative for Responsible Mining Assurance (IRMA) and the International Council on Mining and Metals (ICMM), as well as develop a plan to bring our reporting standards more into line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

As for the fuel spill in Norilsk, I would like to stress that the prompt response helped avoid an environmental disaster in the Arctic. In the coming years, we will continue our all-out effort to eliminate the consequences of this incident and remediate the contaminated land.

Nornickel's goal is to remain a stable, industry-leading business whatever challenges it might face – all the while delivering robust performance and safety for all stakeholders.

**Gareth Penny**

Chairman the Board of Directors of MMC Norilsk Nickel

# Operational excellence and innovation

Corporate governance



Corporate governance principles

Compliance with best practices in corporate governance and business ethics is key to maintaining the Company's strong investment case and achieving its strategic goals.

Nornickel's corporate governance framework is centred around balancing the interests of shareholders, the Board of Directors, management, employees, and other stakeholders.

It is based on the standards and requirements of the Russian laws, including the Corporate Governance Code recommended by the Bank of Russia.

Its key principles are reflected in Nornickel's Articles of Association, Regulations on the Board of Directors, Anti-Corruption Policy and other by-laws, and are as follows:

- Our key corporate governance principles:**
- equitable and fair treatment of every shareholder;
  - support for the shareholders to let them exercise their rights and lawful interests in the most reasonable and convenient manner;

- professionalism and leadership of the Board of Directors, and involvement of independent directors in governance;
- strategic management by the Board of Directors, its efficient control over executive bodies, and oversight of the risk management and internal control framework;
- sound, bona fide and efficient management of the Company's day-to-day operations by executive bodies accountable to the Board of Directors and the General Meeting of Shareholders;
- compliance with the Russian laws and the national laws of the countries of operation;
- corporate social responsibility;
- strong business ethics;
- zero tolerance to corruption, and effective anti-corruption measures;
- full, transparent, reliable and timely disclosure;
- robust internal controls, internal and external audits;
- active collaboration with investors, creditors, and other stakeholders in order to increase the Company's assets and market capitalisation.

<sup>1</sup> The documents are available on the corporate website at <https://www.nornickel.com/investors/disclosure/corporate-documents/>

## Governance bodies

Pursuant to MMC Norilsk Nickel's Articles of Association, its governance bodies are:

▶ [102-18,102-20](#)

- the General Meeting of Shareholders, the Company's supreme governance body;
- the Board of Directors, a collegial governing body in charge of strategic management of the Company and oversight of its executive bodies;
- the Management Board and the President that represent the collegial and sole executive bodies of Nornickel, respectively, and manage day-to-day operations.

### Board of Directors

The Board of Directors meets as and when required, but at least once every six weeks. In 2020, the Board of Directors of MMC Norilsk Nickel held 37 meetings (10 meetings in person and 27 meetings in absentia). As part of these meetings, it considered 106 matters, including 16 deal approvals, 31 corporate governance matters, 19 strategic, operational and financial matters, 6 social and environmental matters, and 34 other matters. The Board of Directors held regular meetings to review the Company's financial results, progress against the strategy, the management's operational performance reports, and OHS reports.

▶ [102-29, 102-31, 102-33, 102-34](#)

In 2020, the Board of Directors focused on management reports, including those related to production, health and safety, progress of Sulphur Programme 2.0, stakeholder engagement in ESG matters, and the performance of internal control and risk management systems that are of key importance for the Company's sustainable development. ▶ [102-33](#)

n overseeing the Company's management, financial and business affairs, the Board of Directors may instruct the management team on individual matters and monitor implementation of resolutions and tasks. Authorised executives are vested with powers and responsibilities to address economic, environmental and social matters and may delegate their powers to other employees based on their competences and functions. ▶ [102-19, 102-20, 102-21](#)

### Environmental oversight at the Board of Directors level

Nornickel has set up an Independent Environmental Task Team of the Board of Directors, consisting of independent directors and chaired by Chairman of the Board of Directors Gareth Penny, to oversee environmental matters concerning the Company. The task team is deployed to assist the Company in solving pressing environmental issues and implementing its long-term environmental programmes.

## Executive bodies

The President and the Management Board are the Company's executive bodies. In the reporting period, the position of the Company's President was held by Vladimir Potanin who concurrently chaired the Company's Management Board. As at 31 December 2020, Vladimir Potanin held the position of the President (CEO before 2015) for 8 years and 13 days.

In 2020, Nornickel focused on strengthening the management team by making a number of organisational changes to its Head Office to ensure greater reliability and efficiency of the Company's business. A new Risk Committee headed by the Company's President was established under the MMC Norilsk Nickel Management Board in addition to existing specialised committees to improve the efficiency of risk management. The purpose of the new committee is to develop a risk management strategy, scrutinise key areas of risk management, including cross-functional risks, conduct a preliminary review of

risk management and internal control matters referred to the Company's Management Board, and prepare recommendations on risk management for the Company's Management Board. In 2020, the new committee held one meeting in person and one meeting in absentia. The meetings addressed the supply chain risks, technical and production risks, and risks related to the sales strategy. Based on the results of the committee meetings, a set of further measures was developed to strengthen the Company's risk management system, with the implementation timeline set and the amount of required investment planned. ▶ [102-20](#)

### Operational sustainability management

Sustainability management is an integral part of Nornickel's corporate governance system. Responsibilities for the achievement of the Company's sustainability goals and targets are allocated among

100

%

attendance rate of the Board meetings in 2020

The Board of Directors has four committees. ▶ [102-18, 102-22](#)

#### Committees of the Board of Directors

Committees of the Board of Directors	Directors	Chairman		Share of directors	
		Independent director	Non-executive director	Independent	Non-executive
Audit and Sustainable Development Committee	5	Yes	Yes	60%	40%
Budget Committee	5	No	Yes	40%	60%
Strategy Committee	5	No	Yes	40%	60%
Corporate Governance, Nomination and Remuneration Committee	5	Yes	Yes	80%	20%

<b>SAFETY</b>	<ul style="list-style-type: none"> <li>• Health and Safety Strategy</li> <li>• Occupational Health and Safety Policy</li> <li>• Corporate health and safety standards</li> <li>• Social and Working Conditions Standard for employees of MMC Norilsk Nickel</li> <li>• MMC Norilsk Nickel's Information Security Policy</li> </ul>
<b>ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>• Environmental Policy</li> <li>• Comprehensive Environmental Strategy</li> <li>• Biodiversity Policy</li> <li>• Environmental Impact Assessment Policy</li> <li>• Renewable Energy Sources Policy</li> </ul>
<b>SOCIETY</b>	<ul style="list-style-type: none"> <li>• Business Ethics Code</li> <li>• Human Rights Policy</li> <li>• Freedom of Association Policy</li> <li>• Indigenous Rights Policy</li> <li>• Local Community Relations Policy</li> <li>• Equal Opportunities Programme</li> <li>• Working Conditions Policy</li> <li>• Anti-Corruption Policy</li> <li>• Quality Assurance Policy</li> <li>• Information Policy Regulations</li> <li>• Charity Regulation</li> <li>• Policy Regarding Support for Small and Medium Enterprises</li> </ul>

the governance bodies and executive divisions of MMC Norilsk Nickel and its subsidiaries in accordance with the applicable laws and internal regulations<sup>1</sup>. The Company's structural units are in charge of sustainability-related KPIs within the scope of their functions.

We have established a set of internal policies and regulations to govern sustainability matters and help integrate the sustainability agenda into our management practices and day-to-day operations of our functional units.

In 2021, the Company began work to update and align the existing set of internal regulations with the requirements of the leading industry associations – ICMM and IRMA.

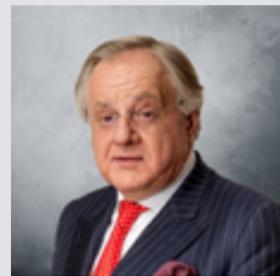
<sup>1</sup> For details, please see our corporate website at <https://www.nornickel.com/investors/disclosure/corporate-documents/>

### Changes to the sustainability governance framework

In 2020, following an environmental incident at HPP-3, the Company introduced large-scale changes to its governance framework with a view to improving the effectiveness of the management system as regards industrial safety and reducing environmental risks.

As part of the Company's organisational transformation and in line with its commitment to the best global ESG practices, Nornickel established a new role of Senior Vice President for Sustainable Development, to which Andrey Bougrov was appointed.

In addition, the Company has established a sustainable development department to ensure that its ESG-related business processes comply with leading international standards and practices, as well as to coordinate ESG activities of the Company's divisions.



**Andrey Bougrov**  
Senior Vice President  
Sustainable Development

- Member of the Bretton Woods Committee's International Council
- Member of the Council on Foreign and Defence Policy
- Member of the Business Council at the Russian Ministry of Foreign Affairs
- Member of the Management Board and Vice President of the Russian Union of Industrialists and Entrepreneurs
- Member of the Russian President's Expert Council on Anti-Corruption

Member of the Management Board of MMC Norilsk Nickel since 2013

Born in: 1952

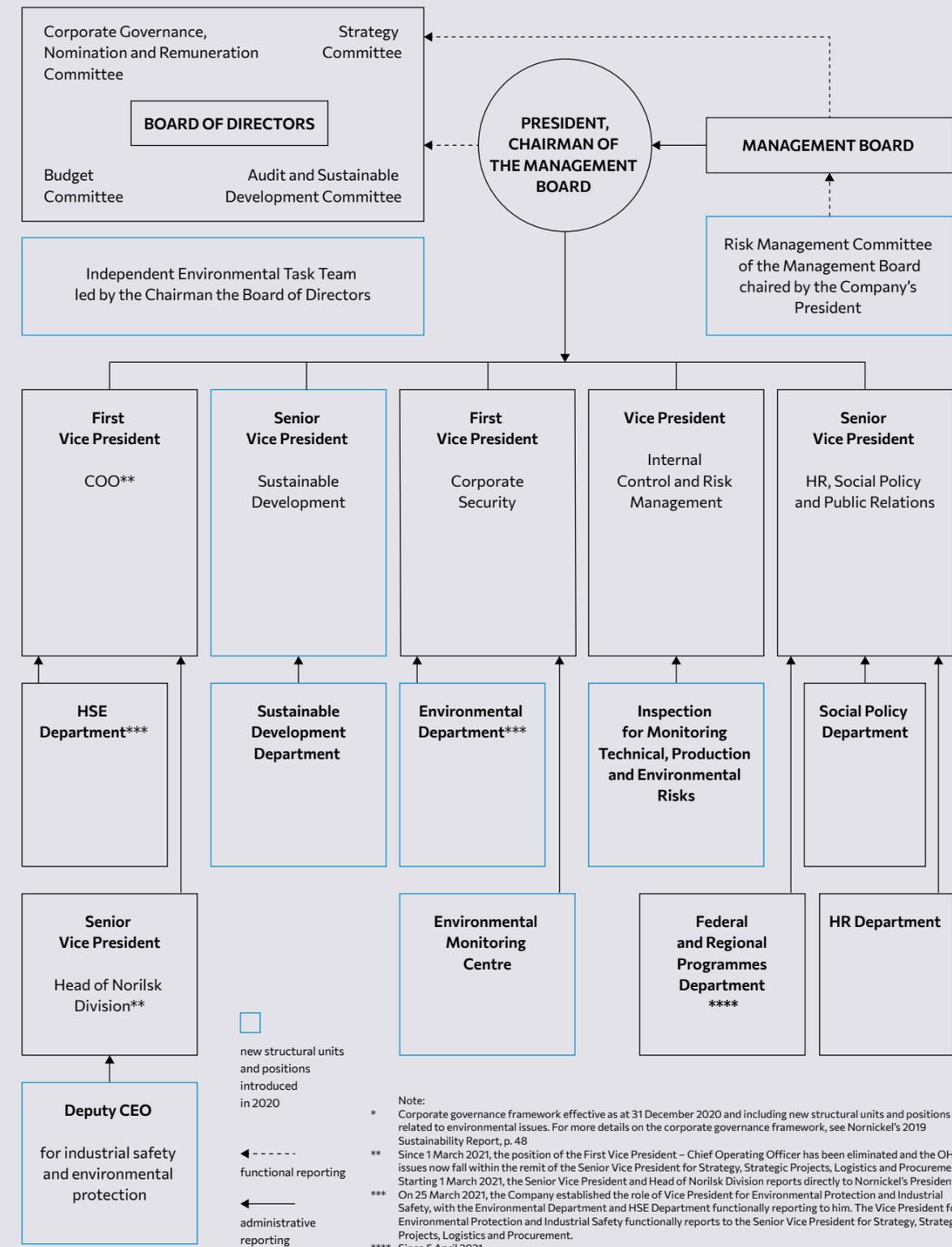
Nationality: Russian Federation

Education: Moscow State Institute of International Relations (MGIMO), PhD in Economics

#### Employment record for the last five years:

- 2002 – 2020 – member of the Board of Directors at MMC Norilsk Nickel PJSC (MMC Norilsk Nickel OJSC until 1 June 2015)
- 2013 – currently – Vice President at Interros Holding Company LLC (Interros Holding Company CJSC until 7 April 2015)
- 2014 – currently – member of the Board of Directors at Inter RAO UES PJSC (Inter RAO UES OJSC until 8 June 2015)
- 2015 – 2016 – member of the Investment Committee at the Federal Hydro-Generating Company RusHydro
- 2015 – currently – member of Non-Profit Partnership National Council on Corporate Governance
- 2016 – 2020 – Senior Vice President at MMC Norilsk Nickel
- 2016 – currently – member of the Expert Council on Corporate Governance at the Bank of Russia
- 2016 – currently – Chairman of the Issuer Committee at the Moscow Exchange
- 2018 – currently – Chairman of the Council on Non-Financial Reporting at the Russian Union of Industrialists and Entrepreneurs
- 2018 – 2020 – member of the Expert Council on Corporate Governance at the Russian Ministry of Economic Development
- 2018 – currently – member of the Advisory Council at the Russo-British Chamber of Commerce
- 2020 – currently – Head of the Expert Group for Corporate Governance, Special Administrative Districts, Bankruptcy Proceedings and Valuation at the Russian Ministry of Economic Development
- 2020 – currently – Senior Vice President for Sustainable Development at MMC Norilsk Nickel
- 2020 – currently – member of the Expert Council on Sustainable Development at the Russian Ministry of Economic Development
- 2020 – currently – member of the Climate Policy and Carbon Regulation Committee at the Russian Union of Industrialists and Entrepreneurs

### Nornickel's updated sustainability governance framework\* > 102-18, 102-19, 102-20



## Environmental performance management

To create a full-fledged environmental monitoring system and ensure independent internal control over environmental protection issues, an Environmental Department was separated from the Company's Operating Unit and a new Inspection for Monitoring Technical, Production and Environmental Risks was set up as part of the Internal Control and Risk Management Unit. The Environmental Department will interact with all units of the Company and will be responsible for developing a policy to minimise the environmental impact and restore ecosystems in the regions of Norinickel's operations.

The Environmental Department has three divisions: the Environmental Policy Division, the Environmental Regulation Division, and the Environmental Expertise Division. Its key functions include effective management of environmental risks, expert review of investment projects, coordination of environmental regulation, control, and management systems, and obtaining authorisations and permits.

On top of that, Norinickel introduced the position of Deputy CEO for Industrial Safety and Environmental Protection at Polar Division, its major production business unit, to strengthen control over its environmental performance.

## Environmental Monitoring Centre

To ensure environmental safety monitoring of its operations, in early October 2020, the Company also set up an Environmental Monitoring Centre reporting to the First Vice President and Head of Corporate Security.

The main tasks of the Environmental Monitoring Centre include:

- conducting environmental safety audits directly at the Company's production facilities and corporate units, including audits of technical and design documentation, audits of compliance with the requirements and instructions of government bodies, and audits of the compliance with the Company's internal requirements and the required environmental safety measures;
- developing and implementing an automated environmental safety monitoring system;
- control over completeness of environmental emergency response plans, the sufficiency of funds and other resources to respond to emergencies and eliminate their consequences.

The Environmental Monitoring Centre may issue instructions requiring heads of Norinickel's production enterprises to remedy any identified deficiencies, with the authority to shut down production facilities until such deficiencies are eliminated in cases where critical risks are identified.

In October–December 2020, the Environmental Monitoring Centre's experts visited all the Company's key production facilities and corporate units, got a view of their operations, and prepared a detailed audit schedule for 2021.

## Transition to division-based governance structure

As part of optimising its governance structure in 2020, Norinickel has adopted a division-based organisational model, with the Group's core operations grouped into three divisions – Norilsk, Kola, and Trans-Baikal. The divisions bring together all of Norinickel's facilities in the respective regions that perform operating (mining, metals) and support (energy supply, maintenance and repairs, etc.) activities. In addition to retaining control over Group-wide business verticals (HR, finances, legal and security), the Head Office continues to oversee logistics, distribution, operational activities and strategic projects. Divisions will bear comprehensive operational responsibility for production, infrastructure, financial performance, and risk management within their remit.

The division-based model was successfully adopted thanks to the high level of business process maturity and automation achieved by the management in the recent years. The new divisional structure has enabled the Company to strengthen oversight over auxiliary operations by vesting respective powers with the heads of regional production units while also providing greater investment flexibility with a three-fold increase of CAPEX limits for subsidiaries and divisions. Also, the transition to the new organisational model came as an essential addition to the Company's plan to improve governance efficiency based on the lessons learnt from the recent environmental incidents, and will help improve the Board of Directors' oversight over Norinickel's ESG performance and ESG strategy implementation.

## Compliance with the key international standards in quality and HSE

Our management systems are aligned with best international practices and standards. The Company's production assets are subject to regular certification and surveillance audits for compliance with international standards related to quality management, environmental management, labour protection, and information security.

Production asset	Standard	Audit frequency	Date of last audit	Auditor
Head Office, Polar Division, Polar Transport Division, Murmansk Transport Division	ISO9001:2015	Surveillance audits – annually Recertification audits – every three years	December 2020: remote recertification audit with certificate of conformity extended until 12 July 2021	BUREAU VERITAS Certification
	ISO14001:2015	Surveillance audits – annually Recertification audits – every three years		BUREAU VERITAS Certification
	ISO 45001:2018	Surveillance audits – annually Recertification audits – every three years	November 2020	BUREAU VERITAS Certification
Murmansk Transport Division, Nadezhda Metallurgical Plant, Copper Plant	ISO/IEC 27001:2013	Surveillance audits – semi-annually Recertification audits – every three years	February and September 2020	British Standards Institution
Kola MMC	ISO 9001:2015	Surveillance audits – annually Recertification audits – every three years	August and September 2020	BUREAU VERITAS Certification
	ISO14001:2015	Surveillance audits – annually Recertification audits – every three years	August and September 2020	BUREAU VERITAS Certification
	OHSAS 18001:2007	Surveillance audits – annually Recertification audits – every three years	August and September 2020	BUREAU VERITAS Certification
Norilsk Nickel Harjavalta	ISO 9001:2015	Annually	September 2020	BUREAU VERITAS Certification
	ISO 14001:2015	Annually	September 2020	BUREAU VERITAS Certification
	ISO 45001:2018	Annually	September 2020	BUREAU VERITAS Certification

## Remuneration

### Remuneration of members of the governing bodies

Key principles and mechanisms of remunerations due to the governing bodies are set out in the by-laws<sup>1</sup> of the Company. Norinickel's remuneration framework is continuously and closely monitored by the Board of Directors. ▶102-35, 102-36, 102-37

<sup>1</sup> For details, please see our corporate website at <https://www.nornickel.com/investors/disclosure/corporate-documents/>

The Board of Directors' annual remuneration is set out in the Remuneration Policy for Members of the Board of Directors approved by the General Meeting of Shareholders.

The annual remuneration for non-executive directors includes:

- base remuneration of USD 120,000 for the Board membership;
- additional remuneration of USD 50,000 for membership in a committee of the Board of Directors;
- additional remuneration of USD 150,000 for chairing a committee of the Board of Directors;
- reimbursement of expenses incurred by directors in discharge of their duties.

In 2020, the Annual General Meeting of Shareholders established remuneration for the Chairman of the Board of Directors, an independent director, in the amount of USD 1 mln per year, paid on a quarterly basis in equal instalments in roubles at the exchange rate of the Bank of Russia on the last business day of the reporting quarter<sup>1</sup>.

KPIs used by the Company to assess the senior executives' performance reflect the achievement of Nornickel's strategic objectives.

The remuneration of senior executives consists of the base salary and bonuses. Bonuses are linked to the Company's performance, including both financial (EBITDA, free cash flow) and non-financial (workplace injury rates, labour productivity) indicators. Specifically, at least 20% of collective corporate KPIs are linked to a reduction in the Group's total number of reported injuries; in case of fatal accidents, the amount of annual bonus paid to the COO and heads of production units is reduced.

In 2021, we plan to add environmental performance to the managers' KPIs to provide a clear link between the implementation of the Company's strategic priorities and the level of remuneration.

According to the Company's Articles of Association, decisions on remuneration and reimbursement payable to the Company's President and members of the Management Board are reserved to the Board of Directors.

<sup>1</sup> This amount is after taxes withheld in accordance with the applicable Russian laws.

## Employee performance management system

### Performance Management

Nornickel has been operating a performance management system for seven years, with assessment relying on key performance indicators (KPIs), including occupational safety, efficiency improvements and capital management. The KPIs factor in cross-functional interests of process participants. In 2020, the KPI-based assessment covered 12,000 employees.

The system helps streamline evaluation criteria, enables the management and employees to align the current year's priorities with performance indicators of the Company/divisions/subsidiaries, and link an employee's performance to their pay level.

The performance assessment runs as an automated subsystem of the existing MIS. In 2020, it was rolled out across all of the Group's Russian facilities.

## Competency management

The Company relies on its corporate and management competencies model to assess candidates at the recruitment stage, evaluate employee performance and potential, and add them to the talent pool. The outcome of evaluating the managerial and leadership potential was used at the HR committee meetings as a key criterion for selecting managers with strong career growth prospects.

In 2020, the MIS module for a 360-degree managerial and corporate competency review was rolled out across 3 branches and 23 Russian business units to secure consistent approaches to personnel assessment and development. In 2020, 2,500 managers from the vice-president to the head of department levels were evaluated using a 360-degree competency assessment process.

As part of professional competence management in 2020, the Company defined knowledge and skill requirements for positions relating to a number of functions and operations, including geology and surveying, HR management and project management (heads of PMOs); mining; repairs (phase 1), concentration, road transportation, gas extraction and supply, and IT infrastructure maintenance. We developed a bank of test questions and evaluated the level of employees' professional competencies.

In 2020, the Company continued organising and holding HR committee meetings and building a high-potential employee pool and a talent pool for top and middle manager roles. To automate the process of organising and holding HR committee meetings, we developed a Talent Management: HiPo module. By deploying this module, we are rolling out the practice of holding HR committee meetings across most of the Group's enterprises while also building Nornickel's single high-potential talent pool.

In 2021, we plan to continue rolling out the automated corporate and management competency assessment system and a system for organising and holding HR committee meetings at the Company's sites. As part of this work, we expect to launch the first stage of the automated system for professional qualifications management, while also making processes related to organising and holding HR committee meetings, and selecting high-potential managers fully automated. We will also proceed with the diagnostics and management of professional skill development across our operations. Our plans include building professional competency models for a number of functions and operations, including sustainable development, repairs (phase 2); power supply; construction materials procurement; and structural steel manufacturing. About 4,000 employees are expected to complete professional competency tests in 2021.

## Competency assessment in 2020

Competencies	Participants	Outcome
Assessment of potential, current performance and development prospects of middle and top managers	Managers from a number of the Group's key operations	Successors for 300 managerial positions determined 52 high-potential managers trained under Nornickel's Leaders corporate programme in 2020. 28 high-potential managers enrolled as part of the next intake
A 360-degree corporate and management competency review using the in-house model	2,500 managers from the Head Office functions and a number of the Group's key assets	Development activities, tools and methods selected for the participants
Assessment of professional competencies for managers and white-collar employees	3,567 managers and white-collars	Areas for personal and professional development identified

## Employees covered by assessment in Russia

Indicator	Blue collar employees	White-collar employees	Managers	Group total
<b>Competency assessment</b>				
Male	278	1,840	2,750	4,868
Female	42	364	1,110	1,516
<b>Total</b>	<b>320</b>	<b>2,204</b>	<b>3,860</b>	<b>6,384</b>
<b>KPI-based assessment</b>				
Male	0	2,419	4,454	6,873
Female	0	3,452	1,720	5,172
<b>Total</b>	<b>0</b>	<b>5,871</b>	<b>6,174</b>	<b>12,045</b>

## Economic efficiency



Economic efficiency is essential for us to meet our strategic goals and deliver on our commitments to shareholders, employees, local communities and other stakeholders.

The key factors driving the improvement of Nornickel's economic performance are investment and profitability management, initiatives on increasing the shareholder value, and best-in-industry shareholder returns.

In 2020, our USD-denominated consolidated revenue increased by 15% y-o-y to USD 15.5 bn mainly due to higher exchange prices for palladium and rhodium and Bystrinsky GOK's scheduled ramp-up.

Our USD-denominated EBITDA went down 3% y-o-y to USD 7.7 bn as a result of recognising over USD 2 bn of environmental expenses associated with the compensation of damages stemming from the HPP-3 fuel spill at Polar Division, as well as COVID-19 expenses and the build-up of finished products.

Our CAPEX for the year increased by 33% to USD 1.8 bn driven by mining projects at the Talnakhskeye Deposit, South Cluster development, more capital repairs of energy infrastructure, investments in industrial safety and the start of the active construction under Sulphur Programme 2.0.

Our net debt shrank by 33% to USD 4.7 bn, with the net debt/EBITDA ratio down to 0.6x as at 31 December 2020.

Our stable financial position is confirmed by investment grade ratings from Moody's, S&P Global, Fitch and Russia's Expert RA:

- Fitch Ratings: BBB- / Stable;
- Standard & Poor's: BBB- / Stable;
- Moody's: Baa2 / Negative;
- Expert RA: ruAAA/Stable.

In 2020, budgets of various levels saw the Group companies pay RUB 45.1 mln in fines under 346 imposed sanctions, including 99 for environmental impact, 7 for breach of labour laws, and 240 imposed on other grounds. ▶ 307-1, 419-1

### Dividend policy

Our Dividend Policy aims to balance the interests of MMC Norilsk Nickel and its shareholders, enhance the Company's investment case and market capitalisation, and ensure respect of shareholder rights.

The Company put in place the Regulations on the Dividend Policy approved by its Board of Directors to ensure transparency on how dividends are calculated and paid out.

When calculating dividends, we account for the cyclical nature of the metals market and for the need to maintain a high level of creditworthiness. As a result, the amount of dividends may change depending on the Company's operating profit and leverage.

### Dividends paid, RUB bn



### Financial highlights<sup>1</sup> ▶ 102-7

Indicator	2016	2017	2018	2019	2020
Revenue, RUB bn	548.6	536.8	728.9	877.8	1,116.9
Gross profit, RUB bn	270.8	270.2	408.2	542.1	751.38
EBITDA, RUB bn	257.3	236.4	389.2	513.7	552.4
EBITDA margin, %	47	44	53	58	49
Net profit, RUB bn	167.4	127.4	187.8	387.6	263.8
Assets, RUB bn	998.3	958.3	1,059.5	1,205.5	1,529.5
Total CAPEX <sup>2</sup> , RUB bn	113.6	116.7	99.2	85.3	128.7

### Direct economic value generated and distributed<sup>3</sup> ▶ 201-1

Indicator, RUB bn	2016	2017	2018	2019	2020
<b>1. Direct economic value generated</b>	554.9	541.0	734.6	884.6	1,123.3
<b>2. Economic value distributed, including:</b>	512.7	519.0	684.6	918.4	990.5
• Operating expenses <sup>4</sup>	194.6	194.1	228.5	239.1	449.0
• Community investments and charity <sup>5</sup>	7.4	17.7	12.9	14.4	36.4
• Payroll and other employee remuneration and benefits, including payroll taxes	114.2	120.4	128.8	136.8	146.6
• Payments to providers of capital (interest, dividends <sup>6</sup> )	133.4	128.6	243.1	383.7	213.8
• Gross tax payments, excluding payroll taxes	63.1	58.3	71.3	144.4	144.8
<b>3. Economic value retained</b>	42.2	22.0	50.0	-33.8	132.8

<sup>1</sup> In accordance with Nornickel Group's 2020 consolidated financial statements in Russian roubles. [https://www.nornickel.ru/upload/iblock/1a1/12m\\_2020\\_konsolidirovannaya\\_finansovaya\\_otchetnost\\_za\\_god\\_zakonchivshijsya\\_31\\_dekabrya\\_2020\\_g\\_v\\_rublyah.pdf](https://www.nornickel.ru/upload/iblock/1a1/12m_2020_konsolidirovannaya_finansovaya_otchetnost_za_god_zakonchivshijsya_31_dekabrya_2020_g_v_rublyah.pdf).

<sup>2</sup> Includes costs paid in Russia for new construction projects, expansion, retrofit or upgrade of existing facilities, acquisition of machinery and equipment, R&D and other expenses, as well as housing and amenity construction.

<sup>3</sup> Calculated on an accrual basis under the IFRS. The Company used an in-house calculation methodology developed in line with the GRI Standards.

<sup>4</sup> From 2020, this line has included environmental and decommissioning provisions.

<sup>5</sup> Excluding CAPEX.

<sup>6</sup> Taking into account dividends accrued.

## Tax strategy

Strict compliance with tax laws as well as timely and full payment of taxes and other levies is vital for achieving the Group's strategic goals in sustainable development. ▶207-1

Nornickel is Russia's major taxpayer in the metals and mining industry.

The Group's Tax Strategy Policy sets general operating principles for the tax functions of MMC Norilsk Nickel and its subsidiaries and improves the efficiency of their financial and economic operations by managing the tax burden and tax risks. The current Policy was approved by the Management Board of MMC Norilsk Nickel in December 2020.

The Head of the Tax Department, who reports to Nornickel's Senior Vice President and CFO, is in charge of the tax strategy development. The tax strategy and any substantial amendments thereto are subject to approval by MMC Norilsk Nickel's Management Board. Updates and significant changes are introduced as needed, but at least once every three years.

### Approach to taxation

The Group is committed to openness and transparency in managing its tax compliance, including by:

- disclosing relevant information for stakeholders on its corporate portal to the maximum practicable extent;
- taking a zero-tolerance approach to non-transparent corporate structures used for tax avoidance.

The Tax Department prepares internal regulations (guidelines, explanations, information letters) based on the current legislation, arbitration practice, regulatory clarifications and other circumstances, and communicates them to the Group's Russian business units. If necessary, the Tax Department requests specific clarifications from competent authorities or a reasoned opinion of the tax authority required for the companies participating in tax monitoring.

The Group's foreign entities interpret applicable tax legislation and resolve controversial tax issues independently.

In terms of transfer pricing, the Group complies with the basic principles set out in the Organisation for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and follows the laws and regulations of Russia and other countries of operation. All intra-group transactions between the Group's companies are made using market prices.

In late 2020, the Federal Tax Service of Russia and MMC Norilsk Nickel entered into Russia's first advance pricing agreement involving a foreign tax authority – the Tax Administration of Finland.

The bilateral agreement sets out the pricing rules and transfer pricing methods to be used in transactions related to the export of Nornickel's semi-products for further processing at the Company's facility in Harjavalta, Finland.

The Group considers unacceptable any use of aggressive tax planning schemes and takes a conservative approach to all controversial tax issues arising in all jurisdictions across the Group's footprint.

### Cooperation with tax authorities

▶207-3

The Group's companies interact with tax authorities as part of tax control, when obtaining clarifications on the current legislation, and when signing pricing agreements. In doing so, they are committed to openness, partnership, timeliness of response handling, and completeness of disclosure.

Tax monitoring is a novel tax control procedure used for interaction between the Federal Tax Service of Russia and the Group's companies. It provides tax authorities with real-time access to the company's tax and accounting data and eliminates the need for inspections. By giving tax authorities direct access to its corporate accounting system, the Group clearly demonstrates its highly professional and ethical approach to tax matters.

On 1 January 2021, PJSC MMC Norilsk Nickel, the Group's parent company, joined the tax monitoring system.

## Tax management at Nornickel Group ▶102-26, 207-2

Participant	Key functions
Board of Directors	<ul style="list-style-type: none"> <li>• Review of the report on the efficiency assessment of Norilsk Nickel Group corporate risk management framework for 2019</li> </ul>
Management Board	<ul style="list-style-type: none"> <li>• Approve the Tax Strategy Policy</li> <li>• Review the reports on tax risk management</li> </ul>
Senior Vice President and CFO at PJSC MMC Norilsk Nickel	<ul style="list-style-type: none"> <li>• Oversee the activities of the Tax Department</li> <li>• Organise and control the implementation of the Risk Management Regulations</li> </ul>
Tax Department	<p>Provide tax support for Russian and foreign Group companies:</p> <ul style="list-style-type: none"> <li>• collect the requests from tax authorities and prepare responses</li> <li>• prepare internal regulations (guidelines, explanations, information letters) for the Group's Russian companies</li> <li>• set up the Legal Information Portal, a database of internal explanations and documents on taxes</li> <li>• oversee tax compliance of Nornickel's Russian and foreign companies</li> <li>• manage tax risks of the Group's Russian companies</li> </ul>
Tax experts of the Shared Services Centre, tax experts in business units, employees of local accounting business units	<ul style="list-style-type: none"> <li>• Prepare tax accounts and reports</li> </ul>
Employees of the financial services of foreign companies	<ul style="list-style-type: none"> <li>• Prepare tax accounts and reports</li> <li>• Interpret tax legislation and resolve controversial tax issues</li> <li>• Manage tax risks</li> </ul>
Corporate Trust Line	<ul style="list-style-type: none"> <li>• Collect reports of unethical or illegal tax practices</li> </ul>
Independent external auditor	<ul style="list-style-type: none"> <li>• Conduct statutory audits of consolidated financial statements, including tax disclosures<sup>1</sup></li> </ul>
	<p><b>Key regulations:</b></p> <ul style="list-style-type: none"> <li>• Tax Strategy Policy</li> <li>• Tax Risk Management Regulations</li> </ul>

## Current income tax by country of operation, USD mln

USD mln	2018	2019	2020	Change in 2020 y-o-y, %
Russia	789	1,883	1,648	-12%
Finland	11	16	11	-31%
Other countries	12	25	26	+4%
<b>Total</b>	<b>812</b>	<b>1,924</b>	<b>1,685</b>	<b>-12%</b>

<sup>1</sup> For more details, please see [https://www.nornickel.com/upload/iblock/9d5/IFRS-Consolidated-FS-Eng-USD\\_12m2020.pdf](https://www.nornickel.com/upload/iblock/9d5/IFRS-Consolidated-FS-Eng-USD_12m2020.pdf)

## Supply chain responsibility



Supply chain is a set of interrelated resources and processes leveraged by Nornickel to create value all the way from obtaining goods, materials and services to delivering end products to the consumers. ▶ 102-9

Supply chain management at Nornickel ensures continuous operation of the Group's companies and reliability of shipments to customers. Integrating ESG principles into our supply chain management helps address respective risks and quickly adapt to the changing customer needs.

This section focuses on several elements of Nornickel supply chain, including procurement, ensuring product quality during production, and reliability of shipments.

### Responsible procurement

We work with partners that are committed to work safety, environmental protection, and respect for human rights.

### Supplier selection

Nornickel pays close attention to fostering ties with reliable suppliers and contractors. In 2020, the Company continued to apply a life cycle costing approach to selecting suppliers (based on the costs of ownership, operation, and disposal). The selected suppliers are required to sign a set of agreements obliging them not only to make a delivery but also ensure compliance of the supplied equipment with the relevant technical availability rate, as well as its uninterrupted operation. The use of modern equipment and technological materials, as well as regular pilot testing and production upgrade secure responsible resource consumption and reduce environmental impact, directly contributing to the eco-friendliness of production operations.

Nornickel experts are also looking into alternative technologies – such as alternative fuel and energy sources – that can reduce the Company's environmental footprint and cut costs. The current tender procedure, in particular, includes an essential criterion of the supplier's readiness to participate in the Company's alternative energy initiatives.

### Key elements of Nornickel's supply chain



### Nornickel's by-laws on responsible procurement ▶ 102-26

- |  |   |
|--|---|
| <p>Key procurement by-laws</p>   | <ul style="list-style-type: none"> <li>Norilsk Nickel Group's efficiency improvement programme</li> <li>MMC Norilsk Nickel's Policy Regarding Support for Small and Medium Enterprises</li> <li>Regulation on the Product Procurement Procedure for MMC Norilsk Nickel's Enterprises</li> <li>Procurement policies by category (group of similar products)</li> <li>A standard master agreement signed with every supplier<sup>1</sup></li> </ul> |
| <p>Policies setting out ESG requirements for the Company's suppliers and contractors<sup>2</sup></p> | <ul style="list-style-type: none"> <li>Business Ethics Code of MMC Norilsk Nickel</li> <li>Local Community Relations Policy</li> <li>Renewable Energy Sources Policy</li> <li>Occupational Health and Safety Policy</li> <li>Working Conditions Policy<sup>3</sup></li> <li>PJSC MMC Norilsk Nickel's Indigenous Rights Policy</li> <li>Human Rights Policy</li> <li>Anti-Corruption Policy</li> </ul>  |

<sup>1</sup> A master agreement template is available at: <https://www.nornickel.com/suppliers/purchasing-policy/>.  
<sup>2</sup> Approved by the Board of Directors.  
<sup>3</sup> Among other things, this policy specifies working hours and rest periods, adopts zero tolerance to child and forced labour, and sets out the approach to remuneration.

### Control of non-financial factors in supplier relations

Procurement stage	By-laws and other control tools	Control of non-financial documents
Procurement initiation	<b>Scope of supply/work:</b> legal and regulatory requirements of the Company, mandatory and recommended specifications of products and services, covering health, safety and environment, etc.	● ● ● ●
	<b>Procurement documents:</b> provisions for no signs of bankruptcy, overdue taxes and charges, and no criminal records in the biographies of top managers	● ● ● ●
	<b>Procurement policies for certain product categories</b> may specify quality assurance procedures for supplies	●
Procurement procedure	<b>Qualification of suppliers:</b> default risk assessment and compliance with the Company's initial requirements (scope of supply/work, specifications, etc.)	● ● ● ●
	<b>Corporate Security's checks</b> into business reputation, reliability and solvency of potential counterparties <i>For more information, see the Preventing and Fighting Corruption section.</i>	●
	<b>Analysis and evaluation of bids submitted</b> , including track record of similar projects and qualifications of key employees	●
Contracting procedure	Inclusion of an anti-corruption clause in <b>the contract</b>	●
	Inclusion of product and service specifications in <b>the scope of supply/work</b>	● ● ● ●
Contract performance by suppliers	<b>Corporate Procedure for Organising and Conducting High-Hazard Operations:</b> control over contractors' compliance with health and safety requirements <i>For more information, see the Occupational Health and Safety section.</i>	●
	<b>Control over compliance with the Company's initial requirements</b> (scope of supply/work, specifications, etc.) and environmental <b>regulations</b> during work and upon acceptance	● ● ●

#### Key non-financial factors

- Quality of products, works and services
- Environmental protection
- Occupational health and safety
- Legal compliance

Nornickel has in place a multi-level supplier assessment system in line with ISO 9001:2015 Quality Management System.

We expect our suppliers to comply with the best global practices in terms of sustainable use of natural resources and materials and obtain all relevant certificates. The Company also makes sure its contracts with suppliers contain mandatory health and safety requirements and an anti-corruption clause.

In addition, we apply ESG factors in supplier selection, which helps preserve jobs and support unique companies that ensure social stability both for their employees and regions of operation.

### Checking counterparties and ensuring occupational health and safety

Nornickel evaluates the business reputation, reliability and solvency of potential counterparties to mitigate risks. To prevent procurement misconduct and secure maximum benefit through unbiased selection of the best proposal, we stick to the following rules:

- procurement relies on the role allocation principle (procurement owner, customer and secretary of a collective procurement body);
- proposals of qualified suppliers are compared based on objective and measurable criteria approved prior to the request of proposals stage;
- the results of the qualification-based selection and suppliers of the costliest items are approved by the collective procurement body comprising representatives from various functions of the Company;
- each year, all suppliers sign a renewed master agreement that contains an anti-corruption clause governing the interaction between the supplier and the Company's respective services in cases where there is a risk of abuse.

Contractors' staff receive health and safety training, including security measures set forth in work execution plans. In the course of the contract performance, the Company runs safety checks jointly with its contractors and imposes penalties in case of violations. *For more information, see the Occupational Health and Safety section.*

### Support for domestic producers

We are committed to working with more local suppliers. To this end, we developed a centralised pilot testing procedure enabling us to promote competition and phase out imported equipment with that manufactured locally. Foreign suppliers are mainly engaged for delivering unique equipment or systems that do not have Russian alternatives.

In 2020, Russian companies accounted for 93% of supplies to Nornickel.

### Relationships with suppliers and procurement transparency

Nornickel strives to create an environment of shared culture, visions and values in its relationships with suppliers.

In early 2021, the Company joined the Responsible Sourcing Blockchain Network (RSBN) for sellers and buyers of minerals and their by-products. Nornickel's supply chains will now be audited annually against key responsible sourcing requirements, with audit results captured on the platform.

Creating effective feedback mechanisms is our other priority in developing supplier relations. We have put in place SAP SRM, an automated solution for supplier relationship management. This gives the suppliers continuous access to information relating to the Company's procurement procedures. Of over 10,000 potential suppliers registered in the system, more than 4,800 have been licensed to work in it.

We also provide our partners with all essential information on the Company's sustainable development practices to demonstrate responsibility of its operations.

In 2021, Nornickel plans to develop an additional method to assess compliance of our suppliers with

### Breakdown of the Group's suppliers and contractors, number of companies



sustainable development principles. We will run a pilot poll on the matter.

### Product quality and supply reliability

We at Nornickel Group have achieved utmost efficiency in our production operations to provide the volumes, quality, and product range that meet the needs of society while also fully complying with all applicable laws and HSE requirements.

Our products fall in the category of those that change their properties almost completely when used as intended: ▶ 102-6

- nickel is generally used in steels and alloys;
- copper is mostly used in construction and manufacturing of electric and electronic devices;
- cobalt is used in electrical engineering and chemical industries as well as in alloys;
- platinum and palladium as chemical compounds are mainly used in autocatalysts;
- selenium is used in metallurgy, chemical, electrical engineering and glass industries;
- tellurium is used in solar batteries and photovoltaics and thermoelectrical materials;
- nickel and cobalt salts are used in a variety of industries.

### Compliance with standards and requirements

Environmental and quality-related goals and objectives are in line with the Company's strategic

goals and are formulated in the management's resolutions based on annual Corporate Integrated Management System performance reviews.

In 2020, the management systems of Kola MMC and Norilsk Nickel Harjavalta successfully passed surveillance audits, while the systems of MMC Norilsk Nickel were subjected to a recertification desk audit (remote audit of documentation).

Polar Division's M00k copper cathodes (GOST 859-2014 and GOST 546-2001) are certified in the GOST R certification system for compliance with the applicable product regulations and are registered on the London Metal Exchange (LME) under the NORILSK brand. ▶ 102-2

Kola MMC's nickel cathode brands of SEVERONICKEL COMBINE H-1Y, SEVERONICKEL COMBINE H-1, NORNICKEL are registered on the LME and Shanghai Futures Exchange, while NORNICKEL electrolytic cobalt (previously NORILSK I) is registered on the LME.

Products offered by Norilsk Nickel Harjavalta Oy, in particular, nickel brands of NORILSK NICKEL HARJAVALTA CATHODES and NORILSK NICKEL HARJAVALTA BRIQUETTES, are also registered on the LME.

With a purity rate in excess of 99.8%, Kola MMC's premium electrolytic cobalt grades are unrivalled in Russia. Globally, only a handful of companies can match this level.

### Factors ensuring reliability and continuity of Nornickel's product shipments

Efficient self-developed product delivery planning and monitoring system	Close coordination between marketing, production and delivery units	Corporate cargo fleet	ISO-certified management system in Nornickel Group	Feedback loop with customers that enables prompt response to their proposals, inquiries, and complaints	Highly qualified staff
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THROUGHOUT THE HISTORY OF THE NORILSK NICKEL GROUP, IT NEVER ONCE FAILED TO MEET ITS OBLIGATION TO DELIVER PRODUCTS TO CONSUMERS

### Description of the Corporate Integrated Management System designed to ensure product quality and responsible production

<b>OBJECTIVES OF CIMS</b>	<ul style="list-style-type: none"> <li>Continuous enhancement of operational excellence</li> <li>Competitive products and services</li> <li>Guaranteed occupational safety, quality and reliability of supplies</li> <li>Alignment with consumer needs and expectations</li> </ul>
<b>KEY REGULATIONS</b>	<ul style="list-style-type: none"> <li>Quality Policy</li> <li>Environmental Policy</li> <li>Occupational Health and Safety Policy (updated in 2020)</li> <li>Nornickel Group's internal standards</li> </ul>
<b>KEY RUSSIAN AND INTERNATIONAL STANDARDS</b>	<ul style="list-style-type: none"> <li>GOST, GOST R</li> <li>ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, OHSAS 18001:2007</li> <li>Rules and regulations of the European Union, World Trade Organisation, London Metal Exchange and Shanghai Futures Exchange</li> </ul>

Consumer properties of each product are defined in the relevant specifications and contractual documentation in full compliance with Russian and international law.

The Company's goods are labelled to keep the customers and carriers informed about key properties of the products (including those meant for exports). The labelling rules are set out in product-specific regulations and take into account the GOST 4192-96 (Labelling) requirements and contractual obligations.

In 2019, the Company faced no major fines for a failure to comply with product supply rules and requirements.

#### Sales policy

In 2020, the consumption in the Company's markets was significantly affected by the COVID-2019 pandemic on the back of steps taken globally to prevent the spread of the virus. For some products, the decline was as much as 20%. Amid the uncertainty, consumers strived to reduce their stocks while increasing the share of options / spot transactions in their procurements. However, our diversified customer base and proactive efforts to relocate volumes across industries and regions helped

the Company avoid a decrease in sales in proportion with the falling demand. For most of our products, we managed to sell 100% of the Company's output. The sales were below production only for palladium and nickel, metals for which the Company has a big market share. Nonetheless, that deviation was much smaller than the actual slump in market demand. Thus, sales results regardless of the unfavourable market environment in 2020 can be seen as successful and demonstrating the effectiveness of the Company's sales strategy, which focuses on building our own sales network based on direct long-term strategic relationships with key clients. ▶102-4, 102-6

The Company's customer base includes 382 companies, mostly industrial consumers. Nornickel sells its products on all key markets, with its footprint spanning 37 countries as at the end of 2020.

When it comes to nickel products, our sales strategy focuses on achieving a balance between supplies to stainless steel manufacturers and to other industry stakeholders in order to maintain our market position.

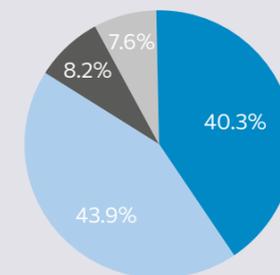
As the world's largest producer of palladium, we continue to implement the strategy of entering into direct long-term contracts with end customers (with a focus on automotive industry) to ensure sustainable and strong demand for platinum group metals.

### Markets and production volumes<sup>1</sup> ▶102-7

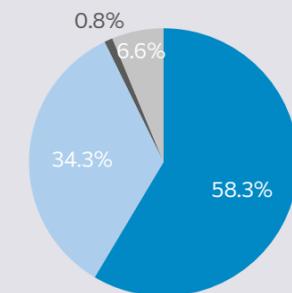
	2020		2020	2021 (outlook)	
	Market environment	Price trend	Company's production volume	Market outlook	
<b>Nickel market</b>	Growth of oversupply	Moderate decline	217.8 kt	Neutral	Continued oversupply
<b>Palladium market</b>	Reduction of shortages	Strong growth	2,826 koz (88 t)	Neutral	Continued marginal shortage
<b>Platinum market</b>	Reduction of oversupply	Growth	725 koz (23 t)	Neutral	Oversupply
<b>Copper market</b>	Growth of oversupply	Strong growth	487 kt	Positive	Reduction of oversupply

### Revenue from key metal sales in 2020 by region, % ▶102-6

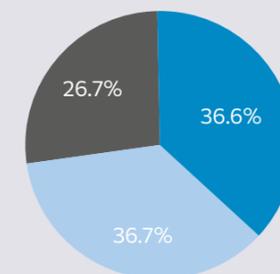
#### Nickel



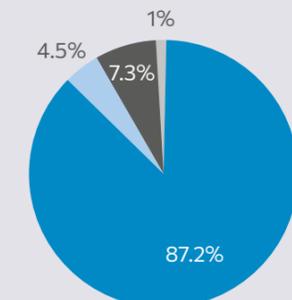
#### Copper



#### Palladium



#### Platinum



<sup>1</sup> For more details on the Company's sales policy and key metal markets, please see the 2020 Annual Report <https://www.nornickel.com/investors/ir-highlights/>.

### Customer satisfaction on a 3-point scale



### Customer satisfaction monitoring

Buyers of the Company's key products are surveyed to assess their satisfaction on an annual basis, while those purchasing sulphuric acid are asked to complete relevant questionnaires once every three years. Compliance with contractual obligations is audited and analysed on an ongoing basis.

The key to positive survey results is maintaining or exceeding target customer satisfaction level at 2.50 points (out of 3 points). Surveys must cover key customers accounting for at least 50% of total product sales. According to the 2020 survey, the customer satisfaction level stood at 2.9 points.

In 2020, the Company received 22 complaints and grievances about its product or service quality and achieved out of court settlement for all of them by meeting the demands of consumers (15 complaints were deemed unfounded). As at 31 December 2020, one grievance was being processed, with remedial action plans developed to address eight complaints (including three that had been rejected).

Nornickel is a strategically important company in most regions where it operates and is a global metals and mining leader. This makes corporate security a priority area for the Group's operations.

### Corporate security management

The development and implementation of group-wide security measures falls under the remit of the Corporate Security Unit acting in line with the Russian laws, applicable international regulations, internal standards and guidelines. The process involves all governance levels, including the Board of Directors and the Management Board especially when it comes to information security. Their responsibilities include but are not limited to creating an information security risk management system along with reviewing and approving budgets for relevant programmes and projects. ▶102-26

The corporate security system relies on a number of programmes to maintain economic, corporate, information, facility and transportation security, as well as transparency in procurement and contractor selection. We pay special attention to supporting socially significant investment and environmental projects.

The Group companies have been taking consistent steps to integrate information security measures in day-to-day production management, supplies of feedstock and process materials and control over production and finished product shipment targets.

The Company's information security system is subject to regular audits for compliance with personal data and critical infrastructure protection requirements and international standards of cybersecurity management, testing and assessment of data protection, vetting inspections to check information security in river and marine navigation, and other control procedures.

The reporting year saw the ISO/IEC 27001:2013-compliant Information Security Management System introduced at Nadezhda Metallurgical Plant and Copper Plant of Polar Division. In 2019, Murmansk Transport Division obtained a similar compliance certificate. In 2020, the Company passed four audits by BSI. The auditor noted Nornickel's high level of competence and conformity of its information security management systems to international standards and best global practices.

### Ensuring information security

The Company has created an Information Security Incident Response Centre that leverages a range of advanced technological solutions and relies on best national and international practices in cyber security management. It developed and documented the processes and procedures for continuous information protection in an emergency or disruptive event. These procedures are tested for relevance at least once a quarter.

#### Information security and COVID-2019

In 2020, as the COVID-19 pandemic unfolded, the Company took additional steps to toughen information security as regards corporate resources and infrastructure facilities. We introduced more stringent requirements and controls for remote computers and devices used in audio and video conferences.

### Information security training

Employees of the Company's Head Office and companies operating in the regions of its presence must take regular training and knowledge tests in information security.

The Company developed and approved the Rules of Raising Awareness in Information Security. On top of that, there are annual staff training plans based on current trends and newly identified risks and cyber threats. The training courses run on our Digital Academy platform. In 2020, 7,000 employees attended 47 training sessions held as video conferences.

To advance the corporate information security system to the next level, the Company arranges recurrent training and workshop sessions dealing, among other things, with simulated fishing attacks and other threats to IT infrastructure. Following these sessions, we update staff guidelines and rules, with relevant information added to the quarterly digest circulated to heads of the Company's units. All by-laws regulating information security include the recommendation that the employee should report any suspicious activity to the Company's Information Security Incident Response Centre using the available communication channels.

### Engagement with stakeholders and best practice sharing

In Russia, Nornickel is actively engaged in public-private partnerships to maintain high security levels and enhance social stability at its facilities and in the regions of operation.

Also, the Company is expanding cooperation with law enforcement and supervisory authorities. Our representatives participate in public and advisory boards of the Ministry of Internal Affairs, Investigative Committee, Transport Prosecutor's Office and the Federal Security Service, take part in interagency working groups and arrange joint training and workshop sessions.

Nornickel's special Corporate Security Department at Moscow State Institute of International Relations (MGIMO) carries on with its work. It offers a variety of unique themed courses and was the first in Russia to publish the Corporate Security Basics textbook.

We help develop proposals to harmonise the security laws and administer a number of draft regulations on transport security, combating terrorism and other security aspects.

On top of that, Nornickel takes part in major national and international forums and conferences in information and transport security.

In 2020, employees from the Company's Information Security and IT Infrastructure Department attended the 8th Kaspersky Industrial Cyber Security Conference, a leading national specialist forum, to share their experiences and practices in cyber security and technology protection. Nornickel's efforts and readiness to provide its developments as models to Russian leading industrial companies were highly commended by the expert community, and the Company received a commemorative badge for leadership, openness and responsible approach to industrial security.

## Preventing and fighting corruption

### UN Global Compact Principles

**Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.**

Our success and ability to deliver on strategic goals are contingent on the trust of shareholders, investors, partners, employees, government and other stakeholders.

We are consistently building our anti-corruption and compliance framework based on zero tolerance to any form of corruption.

Over the last five years, we have recorded no incidents of corruption. ▶ 205-3

Our anti-corruption initiatives are regularly covered in corporate press releases. The Company maintains the Preventing and Combating Corruption page on the corporate website (<https://www.nornickel.com/sustainability/anti-corruption/>) containing information on anti-corruption regulations adopted, measures taken, preventive procedures introduced, legal training sessions organised and law-abidance awareness among staff and counterparties.

Once every two years, we submit a declaration to prove our compliance with anti-corruption requirements as prescribed by the Anti-Corruption Charter of the Russian Business.

According to the maiden assessment of anti-corruption efforts performed by the Russian Union of Industrialists and Entrepreneurs in 2020 as part of the relevant national plan, we received the top rating as a recognition of our management's strong commitment in this area, the transparency of our policy and its compliance with the Anti-Corruption Charter of the Russian Business and international standards.

### Anti-corruption governance

Nornickel's underlying document in this area is the anti-corruption policy that applies to our representatives and contractors, including foreign public officials and officers of international public organisations. The respective anti-corruption responsibilities are stipulated in agreements made with contractors or expressly provided for by the applicable laws.

Nornickel Group's Russian business units adopt and implement their own anti-corruption regulations in line with the Company's anti-corruption policy. We take all the necessary and reasonable steps to ensure our foreign operations comply with the policy's key principles and requirements.

We constantly update our by-laws to take into account best global practices. In 2020, the Board of Directors approved the new versions of the Business Ethics Code and the Code of Conduct and Ethics for Members of the Board of Directors, with the Regulation on Business Gifts and the Regulation on the Prevention and Management of Conflicts of Interest also subject to update. ▶ 102-25

Through the efforts of our representatives, we take an active part in developing and implementing domestic and international policies on combating corruption. Andrey Bugrov, Nornickel's Chief Sustainability Officer, is the Company's top executive in charge of anti-corruption practices. He holds membership in a number of Russian and international organisations that supervise this area, in particular:

- Expert Council of the Presidential Anti-Corruption Directorate;
- B20's anti-corruption task forces;
- Expert Group for Corporate Governance, Special Administrative Districts, Bankruptcy Proceedings and Valuation at the Russian Ministry of Economic Development;
- Expert Council on Sustainable Development at the Russian Ministry of Economic Development;
- representative of the Russian Union of Industrialists and Entrepreneurs engaged in groups and committees of the Business and Industry Advisory Committee to the OECD (BIAC): Anti-Corruption Task Force and the Corporate Governance Committee.

We also perform annual assessment and quarterly monitoring of corruption risks. In 2020, the assessment covered 81% of our business units and identified no materialised risks. ▶ 205-1

### Anti-corruption governance framework ▶ 102-26

<p><b>REGULATIONS</b></p>	<ul style="list-style-type: none"> <li>• Anti-corruption laws of the Russian Federation and other countries where the Company operates</li> <li>• Applicable international laws</li> <li>• Anti-Corruption Charter of the Russian Business</li> <li>• Anti-Corruption Policy of PJSC MMC Norilsk Nickel</li> <li>• Business Ethics Code of MMC Norilsk Nickel</li> <li>• Code of Conduct and Ethics for Members of Board of Directors of MMC Norilsk Nickel</li> <li>• Regulation on the Prevention and Management of Conflicts of Interest at MMC Norilsk Nickel</li> <li>• Regulation on the Conflict of Interest Commission at the Head Office of MMC Norilsk Nickel</li> <li>• Regulation on Business Gifts</li> <li>• Standard anti-corruption agreement (appendix to the employment contract)</li> <li>• Procedure for Anti-Corruption Due Diligence of By-Laws Adopted by the Head Office of MMC Norilsk Nickel and other by-laws</li> </ul>
<p><b>UNITS IN CHARGE</b></p>	<ul style="list-style-type: none"> <li>• <b>Board of Directors</b> – determining key strategic anti-corruption priorities and overseeing their implementation</li> <li>• <b>President</b> – organising measures to ensure that the requirements and principles of the anti-corruption policy are met</li> <li>• <b>Corporate Relations Department</b> – identifying and documenting corruption risks; developing and controlling risk management measures</li> <li>• <b>Corporate Trust Line</b> – providing prompt response to reported violations, abuses and theft</li> <li>• <b>HR Services</b> – organising staff training on combating corruption</li> <li>• <b>Corporate Security Unit</b> – checking counterparties and candidates to vacancies; responding to corruption incidents</li> <li>• <b>Heads of Group divisions and companies</b> – ensuring compliance with the anti-corruption policy</li> </ul>
<p><b>FOCUS AREAS</b></p>	<ul style="list-style-type: none"> <li>• Prevention and management of conflicts of interest</li> <li>• Anti-corruption due diligence of by-laws</li> <li>• Counterparty due diligence to confirm their reliability, solvency and financial stability; anti-corruption clauses in contracts</li> <li>• Procurement procedure</li> <li>• Government cooperation, promotion of justice and the rule of law</li> <li>• Recording and monitoring hospitality expenses, establishing criteria for acceptable business gifts</li> <li>• Staff training in preventing and fighting corruption</li> <li>• Awareness of the Company's corruption management policy among stakeholders</li> <li>• Adopting standards and codes of conduct</li> <li>• Sponsorship and charity</li> <li>• Internal control of business operations and accounting</li> <li>• Monitoring anti-corruption measures</li> <li>• Participation in collective initiatives</li> </ul>

### Corruption risk management in contractor relations

The Company's security service checks new contractors for involvement in corruption incidents, inclusion in the register of fraudulent suppliers and pending administrative proceedings. In case of negative findings, the Corporate Relations Department assesses the risk of relations with the contractor in question and recommends mitigants if applicable. An anti-corruption clause is incorporated into the standard master agreement with suppliers and contractors.

### Anti-corruption training

We train our people in basic anti-corruption measures. When recruited, all employees familiarise themselves with the corporate anti-corruption policy, take dedicated induction training, and sign an addendum to their employment contract that sets out anti-corruption responsibilities.

The Group has the e-learning course on preventing corruption in place for new employees. In 2020, we also created an online course on compliance with anti-corruption laws for our HR function.

As at the end of 2020, 100% of employees were made aware of the Group's existing corruption prevention policies. Over the year, the dedicated training on the requirements and provisions of the corporate anti-corruption regulations covered 5,721 people.

### Creating awareness and training employees on Nornickel's corruption prevention policies and practices in 2020, by category

Indicator	Managers	White-collar employees	Blue collar employees	Total
Number of employees made aware of the Group's corruption prevention policies and practices	10,912	15,662	47,236	73,810
Share of employees made aware of the Group's corruption prevention policies and practices, %	100	100	100	100
Number of employees trained on the Group's corruption prevention policies and practices	469	2,110	3,142	5,721
Share of employees trained on the Group's corruption prevention policies and practices, %	4.3	13.5	6.7	7.8

### Creating awareness and training employees on Nornickel's anti-corruption prevention policies and practices in 2020, by region ▶205-2

Indicator	Norilsk Industrial District	Krasnoyarsk Territory (excluding the Norilsk Industrial District)	Kola Peninsula Industrial District (Murmansk Region)	Moscow and other regions of Russia	Trans-Baikal Territory	Total
Number of employees made aware of the Group's corruption prevention policies and practices	49,039	4,274	12,200	5,637	2,660	73,810
Share of employees made aware of the Group's corruption prevention policies and practices, %	100	100	100	100	100	100
Number of employees trained on corruption prevention policies and practices	2,209	783	819	1,627	283	5,721
Share of employees trained on the Group's corruption prevention policies and practices, %	4.5	18.3	6.7	28.9	10.6	7.8

### Corporate Trust Line

The Company has put in place the Corporate Trust Line to ensure prompt response to reported abuse, theft and other violations. The line operates across all business units of the Company and Group companies. Report statistics are regularly submitted to the Audit and Sustainable Development Committee of the Board of Directors and the Company's business units. ▶ 102-17

The processing time is 21 business days from the report coming in and being registered, to the review of investigation results by the Head of the Line. The exceptions are reports that require immediate action or additional investigation.

If the report is found substantiated, a set of control measures is taken, and if a violation is confirmed, steps are taken to correct the situation, eliminate any negative consequences, and inform stakeholders.

In 2020, the Corporate Trust Line received 1,037 reports, with 451 accepted for review and 118 confirmed. As at 31 December 2020, 59 reports were being processed.

The principles underlying the Corporate Trust Line include guaranteed confidentiality for whistleblowers, independent review of reports, and timely and unbiased investigation of all cases irrespective of the position and employment period of employees against whom allegations are made. We do not tolerate workplace or other retaliation against any employee who reports violations through the Corporate Trust Line or other channels.

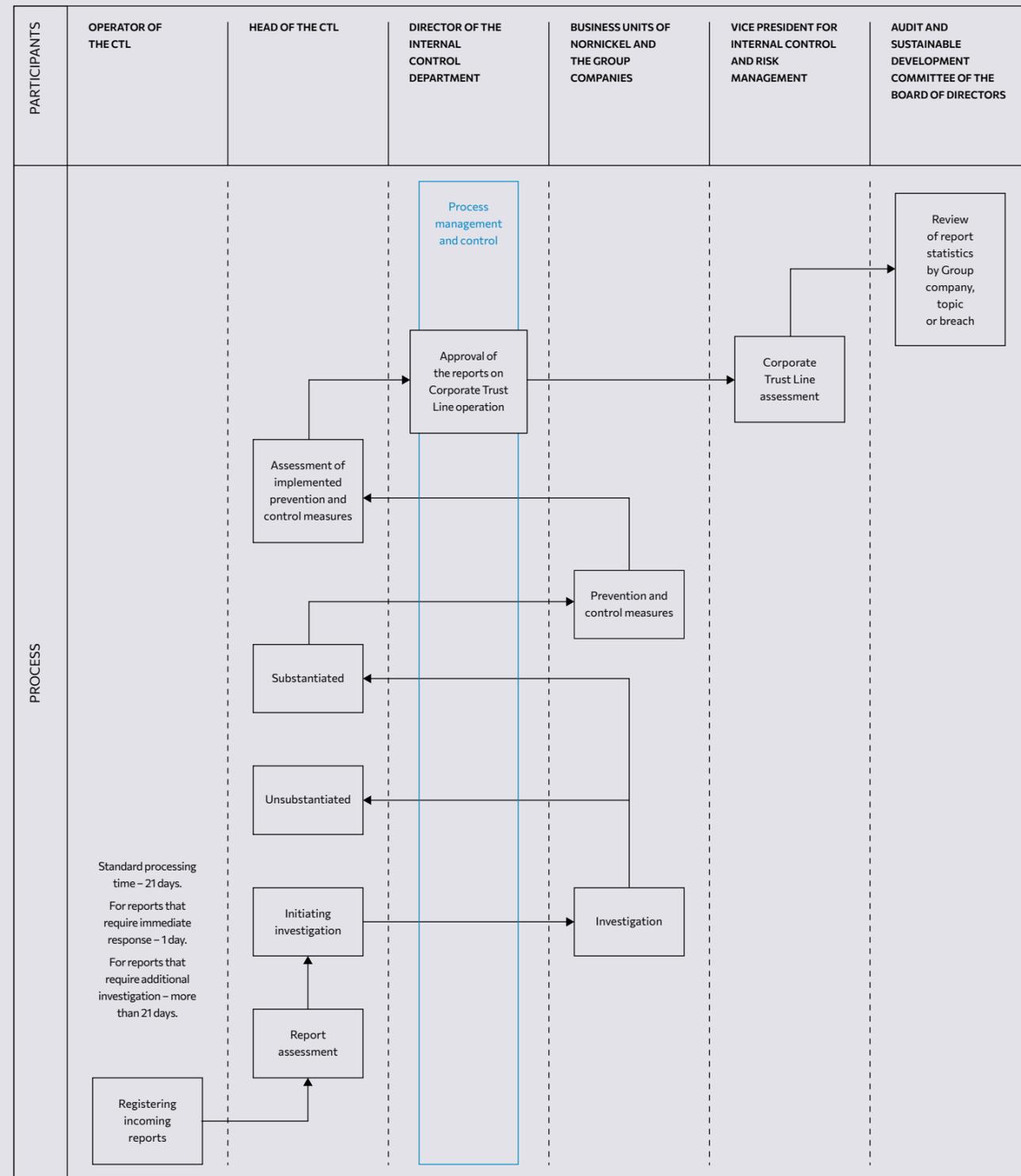
**Nornickel's Corporate Trust Line: 24/7 toll-free hotline: +7 800 700 1941 and +7 800 700 1945, e-mail: skd@nornik.ru.**

Report can be filed via the dedicated form at <https://www.nornickel.com/sustainability/corporate-hotline/>

Information about the Corporate Trust Line is posted on the Company's official website at [www.nornickel.com](http://www.nornickel.com), intranet site, salary slips, calendars, posters with the Line's logo.

Persons in charge of the Corporate Trust Line have individual KPI targets of improving incoming reports processing.

Framework for registering and reviewing reports by the Corporate Trust Line ▶ 102-26



Reports received in 2020 by type of reported abuse (451 in total)

<b>145</b> Production-related abuses	<b>79</b> Labour relations	<b>70</b> Technology, health and safety abuses (excluding environment)	<b>49</b> Payroll abuses
<b>43</b> Commercial and contractual activities	<b>31</b> Conflict of interest (pre-conflict situation)	<b>21</b> Theft	<b>13</b> Social issues

Reports confirmed in 2020 by type of reported abuse (118 in total)

<b>39</b> Production-related abuses	<b>23</b> Labour relations	<b>21</b> Payroll abuses	<b>17</b> Technology, health and safety abuses (excluding environment)
<b>9</b> Commercial and contractual activities	<b>6</b> Conflict of interest (pre-conflict situation)	<b>2</b> Theft	<b>1</b> Social issues

**Anti-money laundering and counter-terrorist financing initiatives**

As required under Federal Law No. 115-FZ On Anti-Money Laundering and Combating the Financing of Terrorism dated 07 August 2001, the Company implements initiatives to combat money laundering and financing of terrorism and proliferation of weapons of mass destruction.

The main document regulating the Company's monitoring procedures in this area is the Internal Control Rules on Combating Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction approved by the Nornickel President's Order No. GMK/83-p dated 26 July 2019.

- The relevant internal controls rely mainly on a risk-oriented approach including:
- assessing the risks of customer transactions related to money laundering, and financing of terrorism and proliferation of weapons of mass destruction;
  - taking measures to mitigate these risks and their potential effects, among other things, by engaging all employees, within their competences, in identifying signs of money laundering and terrorist financing activities in counterparty operations.

The nature of measures depends on the risk level. The Company runs due diligence on all potential counterparties before signing contracts with them in order to check their reliability and identify entities and persons involved in extremist or terrorist activities. The due diligence includes identifying beneficial owners, looking into the business reputation, and other available reasonable steps.

## Transparency

Enhanced transparency and information availability are the key guiding principles of Nornickel in all of its pursuits.

The Company has in place the following key documents governing transparency:

- Information Policy Regulations of MMC Norilsk Nickel
- Procedure for the Interaction between MMC Norilsk Nickel's Officers and Russian and International Mass Media.

The Company provides stakeholders with material information about its activities and confirms its commitment to go beyond the mandatory disclosure requirements of the Russian laws and regularly inform the public about its strategy and mission, policies, key events and performance, while also making clear its standing on certain topics.

In applying the information policy, the Company is guided by the principles of regularity, timeliness, accessibility, reliability, completeness, balance, and impartiality, all the while taking appropriate measures to ensure protection of its information resources. The key annual disclosure events for the target audiences are publication of the sustainability and annual reports and presentation of Nornickel's updated strategy and its implementation progress at the Investor Day which span production activities, financial performance, and social policy, as well as the environmental updates with respect to areas adjacent to the Company's facilities, including mitigation and corrective actions and their effect on the environment.

The key channels used to relay information to the stakeholders and the public are the Company's official website [www.nornickel.com](http://www.nornickel.com), press conferences, briefings, conference calls, and stakeholder meetings and dialogues. We make sure to clarify the Company's position on events (including emergencies) that call for comments as part of press conferences, briefings, or press releases. We have put in place an efficient media communications system.

Over the past year, the number of media publications about Nornickel increased by 58.3% compared to 2019 and exceeded 163,000. The information activity peaked in February, June–July, September–October, and December 2020. Throughout 2020, the media focused on the Company's efforts to combat the spread of the COVID-19, interaction with regions of operation, clean-up activities at HPP-3, production and financial results, environmental programmes, including the shutdown of the smelter shop in Nickel, the ongoing implementation of the Sulphur Programme 2.0, and social and charitable programmes and initiatives.

The Company promptly informed all stakeholders about environmental incidents that occurred in 2020 and the progress of clean-up and reclamation efforts. Nornickel also provided comprehensive information on the lessons learned and steps taken as a result of the incident investigation, including organisational and structural changes. We issued a dedicated report that provides exhaustive information on environmental incidents.

## Research and development



R&D and innovation play a major role in taking forward Nornickel's strategic priorities, from expanding our production to improving efficiency and reducing environmental impact.

The key contributors to our R&D achievements are Gipronickel Institute (part of the Group) and Nornickel Digital Lab. On top of that, we have an R&D Panel in place set up back in 2013 to improve the quality of decision-making in the R&D process. The Company also engages Russian and foreign R&D and engineering companies, and collaborates with numerous national universities to carry out its projects.

Gipronickel Institute is one of Russia's largest research centres for mining, metallurgy, concentration and processing of minerals.

In addition to designing the largest metallurgical facilities, Gipronickel Institute studies samples of ore deposits and rocks, as well as valuable non-ferrous feedstock, such as nickel, cobalt, copper, aluminium, tin, tungsten, molybdenum, mercury, sulphur, etc.

Since inception, the Institute has been an integral part of the Russian non-ferrous metal industry and national economy as a whole. Its key achievements for almost 80 years of operation include over 100 operating non-ferrous metal facilities, over 150 active underground mines and open pits used for extracting ore and metallurgical feedstock.

Gipronickel Institute is the main research and design platform of Norilsk Nickel Group.

In 2020, the bulk of R&D and feasibility studies focused on providing the research input for the Group's updated strategy related to operations, mining, concentration and smelting operations. In 2020, the Group's R&D projects and feasibility studies received USD 104.0 mln in financing<sup>1</sup>.

<sup>1</sup> Including research and development (R&D) and feasibility studies to update the Group's Development Strategy, expand production and protect the environment. The Group's expenses on R&D and feasibility studies including other projects, totalled RUB 197.4 mln net of VAT.

## Key innovative projects

Nornickel has been maintaining a consistent focus on production upgrades and shutting down obsolete production facilities to reduce sulphur dioxide emissions:

- closure of Nickel Plant and implementation of the Sulphur Programme 2.0 on the Norilsk site;
- construction of a new shipment facility for the concentrate, and shutdown of the outdated smelter shop in Nickel on the Kola site at the end of 2020.

### Electrowinning technology project at Kola MMC

As part of the comprehensive upgrade of Kola MMC nickel refinery, the Group completed the transition from electrolytic nickel refining to electrowinning in Q1 2020. The transition to the new nickel production technology was a real breakthrough in the industry and enabled us to abandon the smelting of nickel anodes replaced by nickel powder that is produced in tube furnaces and used as a feedstock to manufacture saleable metal. This helped decrease net operating costs and metal losses in production, improve product quality and reduce air emissions of sulphur dioxide and nickel-containing dust.

MMC Norilsk Nickel's Production and Technical Development Strategy aims to develop its resource base through large-scale reconstruction and upgrade of production facilities, stripping of new deposits within the existing license blocks of operating mines, comprehensive development of deposits for mining all types of ores, and maximum utilisation and expansion of production capacity at existing mines.

The Company regularly upgrades mine hoisting units, introduces monitoring systems for mine ventilation networks and ore quality control, while all its mines have modern seismic monitoring and alarm systems in place, as well as a transport and personnel positioning system at underground facilities.

According to a feasibility study for the construction of the new Norilsk Concentrator completed in 2020, the option of building a new Norilsk Concentrator in 2025–2026 offered better economic benefits than the upgrade of the existing facilities.

In addition, the projects to increase ore production required a feasibility study and selection of the best option for further development of the concentration facilities. In 2023, Stage 3 of the Talnakh Concentrator

## Exploration and field development

upgrade project will be implemented, with its output to be increased to 18.0 mtpa and ramp-up completed in Q1 2024.

Continuous converting facilities are to be launched at the Copper Plant in 2025. The continuous converting technology will solve the main environmental problems of copper production by transferring the sulphur content of the feedstock into a continuous stream of highly concentrated gases ready for disposal. The sources of sulphur-rich emissions will be eliminated almost entirely.

To replace its resource base, Nornickel conducts exploration and geophysical research of fields in the areas of its current operations. The Company sees a significant potential for the development of new reserves and plans to continue geological exploration at its production sites.

The Company avoids exploration at protected natural areas and world heritage sites, and does not impact the traditional industries, cultural heritage, interests and traditional lifestyles of indigenous peoples when implementing such activities.

The Group's exploration activities are subject to various regulations of the Russian Federation covering environmental protection, occupational health,

industrial and fire safety. Nornickel assesses its environmental protection obligations based on the requirements of applicable laws in various jurisdictions, terms of license agreements and internal engineering estimates as interpreted by the Company's management.

In order to assess, monitor and predict the environmental situation during exploration, development and operation of the fields to make competent management decisions aimed at maintaining favourable habitats and ensuring environmental safety of traditional trades, the Company conducts environmental monitoring.

In addition to environmental monitoring, the exploration is accompanied by a set of environmental protection measures to secure the subsoil, topsoil, vegetation and water bodies. Upon completion of reserve exploration, disturbed land is subject to rehabilitation including liquidation of drilling sites, neutralisation of soil contaminated with fuel and lubricants, as well as land levelling. The land plots are brought to a condition suitable for further use according to their intended purpose.

### Exploration areas of Nornickel Group

Field	Location	Types of minerals
Maslovskoye	Norilsk Industrial District	Platinum-copper-nickel sulphide ores
Bystrinsko-Shirinskoye	Zabaykalsky District	Gold
Talnakh Ore Cluster	Norilsk Industrial District	Rich, cupriferous, disseminated ore
Eastern and Western clusters of the Oktyabrskoye Field	Norilsk Industrial District	Rich ores

### Environmental impact of exploration activities

Activity	Source of impact	Type of impact	Object of impact	Environmental activities
<b>1. Preparatory works:</b> <ul style="list-style-type: none"> <li>drilling site layout</li> <li>equipment transportation and storage</li> <li>construction of storage facilities for chemicals, fuel and lubricants</li> </ul>	<ul style="list-style-type: none"> <li>Road transport</li> <li>Exhaust gases of motor vehicles, construction and road machinery</li> <li>Excavated soil</li> <li>Materials for site construction and preparation of drilling mud and cement slurries</li> </ul>	<ul style="list-style-type: none"> <li>Physical disturbance of the fertile soil layer, natural landscapes, thermal abuse, degradation of topsoil layers</li> <li>Biotic disturbance, changes in the flora and fauna habitats</li> </ul>	<ul style="list-style-type: none"> <li>Fertile soil layer on drilling equipment sites, routes of linear facilities</li> <li>Flora and fauna, atmospheric air, soil, ground, surface water, landscape</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with land allotment standards</li> <li>Land rehabilitation</li> <li>Construction of trays and platforms at machinery parking lots</li> <li>Soil protection measures</li> <li>Fire safety measures</li> </ul>
<b>2. Well drilling and surveying</b>	<ul style="list-style-type: none"> <li>Mud mixing unit</li> <li>Wellhead</li> <li>Drilling waste circulating system</li> <li>Chemicals used for drilling and plugging</li> <li>Waste products (mud spills, slime)</li> <li>Domestic wastewater</li> <li>Solid domestic waste</li> <li>Contaminated snow and storm runoffs</li> <li>Machinery-generated noise</li> <li>Crossflows inside the annulus and damaged casing string</li> </ul>	<ul style="list-style-type: none"> <li>Biotic disturbance and changes in habitats of certain plant and animal species</li> </ul>	<ul style="list-style-type: none"> <li>Flora and fauna, soils, subsoil, surface and underground water, air</li> <li>Animal and human habitats</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with the requirements for the completeness of the study and use of subsoil.</li> <li>Planning protective measures based on the results of hydrological, geotechnical and environmental monitoring</li> <li>Well plugging</li> </ul>
<b>3. Well abandonment and mothballing</b>	<ul style="list-style-type: none"> <li>Leaks in casing, casing pipes, wellhead equipment, mineralised water</li> </ul>	<ul style="list-style-type: none"> <li>Biotic disturbance and changes in the habitats of certain plant and animal species</li> </ul>	<ul style="list-style-type: none"> <li>Flora and fauna, soils, surface and underground water, air, animal and human habitats</li> </ul>	<ul style="list-style-type: none"> <li>Plug and abandonment operations</li> <li>Rehabilitation</li> </ul>

## Digital technology



The development of digital technology is a key driver of business competitiveness and resilience poised to streamline its operations and boost labour efficiency.

Nornickel is a leader in digital technology industrial rollout in Russia. The Company takes an active part in setting up the national legislative and regulatory framework for digitalisation. Since 2018, Vladimir Potanin, President of MMC Norilsk Nickel, has chaired the working group of the Russian Union of Industrialists and Entrepreneurs coordinating legislative and regulatory efforts in the realm of digital economy.

The key elements of Nornickel's digital transformation:

- digitalisation of operating processes (Technological Breakthrough)
- business processes automation and development of high-performance IT infrastructure
- development of business solutions based on distributed ledgers (blockchain technology)
- other projects in the internet of things (IoT), big data storage and processing, etc.

In 2020, Norilsk Nickel Group completed most of its basic automation activities and launched IT programme 2.0. The second stage of the information technology development programme aims to enhance the efficiency of business processes by 2025 through focusing on projects with substantial economic benefits, and to pursue further digital transformation of the Company. The core and support functions leverage advanced solutions related to artificial intelligence, robotisation, the internet of things, and unmanned equipment operation. Our approach to document management is changing: we began rolling out the electronic workflow system in 2020, and a large-scale project to introduce a single integrated document control system was launched.

### Operations management digitalisation

Technological Breakthrough, a comprehensive programme to improve Nornickel's operational efficiency, began in 2015. The programme was developed to step up the processes, from mining ore to making metals, and to shift from basic automation to digital production. These efforts will boost the productivity and efficiency of the Group companies.

Since 2015, the programme has already helped the Company roll out 31 new information systems with over 2,400 users. It has also brought other tangible results:

- all underground mines were equipped with positioning and communication systems;
- a robust system was created to enable transmission of large amounts of information from the surface to the underground mine and back;
- all equipment passports were collected and digitised, as well as technological sheets for the core critical equipment;
- 100% of ore bodies and 100% of local mining projects were digitised;
- a simulation model capable of modelling a mine's annual plan in less than 10 minutes was created;
- 80% of all production processes are controlled online from operational control centres located at the Polar Division and Kola MMC;
- real-time commercial accounting of utilities consumption is carried out in real time;
- the Metal Balance system was launched for fully accurate and reliable estimates of material balances of the mining, concentrator and metallurgic operations, and also of consolidated data on the movements and balances of metal-bearing products and their grades across the production chain, which supports prompt and reasoned decision making;
- a single process data storage was launched for processing of over 100,000 parameters across the Company facilities.

As recognition for practical application of new principles of production and technology, which enabled greater productivity and efficiency, the Technological Breakthrough programme received the Technology Leader 2020 award. The competition, held annually during the Technoforum exhibition, is designed to identify the most complex and exciting projects and best technologies while also bringing together and solidifying the community of manufacturers and users of processing machinery and technology.

Digital technology is also a key driver of labour safety. The Company has already started introducing automated safety systems for production processes. One of these projects is based on the Control, Management and Security Automated System (CMS AS), a risk management model that identifies hazards and eliminates their root causes. It is implemented in conjunction with the launch of communication and positioning systems for employees at mines, remote control of stationary equipment and dispatching. In the long term, Nornickel plans to put machines in charge of major hazardous and detrimental to health production operations.

# 6.5 RUB bn

The planned investment in Technological Breakthrough 2.0 through 2024

In 2020, Nornickel launched the second phase of the programme, Technological Breakthrough 2.0, with 10 sub-programmes in it. Each sub-programme already has its business milestones, and there is also a roadmap of 42 IT initiatives and IT projects inspired by ideas of Industry 4.0, a large-scale industrial rollout of cyberphysical systems.

Technological Breakthrough 2.0 projects provide for implementation of remote equipment control systems, big data analysis, AI-assisted decision making and unmanned operation technologies. Thus, in 2020, the first unmanned underground dump truck was used at the Skalisty mine. The Company plans to introduce robotisation systems, digital twins, automated pre-shift medical check-ups and smart personal protective equipment. The digital transformation will result in highly efficient and adaptive digital production technologies and improved business processes.

## Tokenisation

In December 2020, Nornickel's Global Palladium Fund issued its first tokens to digitise some contracts with two major industrial partners. It was the first milestone in transition to digital trading instruments aimed at boosting operational efficiency and transparency throughout the supply chain.

A token is a digitalised supply contract using blockchain technology with an indication of key contract attributes. Blockchain technology used in such contracts serves to prevent any distortion of information as the goods move along the supply chain and ensures transparency for stakeholders. The tokens are secured by metals reserves subject to regular audits. At the first stage, Nornickel offers tokens secured by palladium, cobalt and copper. There are future plans to tokenise other metal-bearing products.

The transactions will take place at Atomyze, a digital platform built in cooperation with IBM and based on a modified Hyperledger Fabric blockchain technology. The pilot Atomyze platform was launched in Zug, Switzerland's major blockchain innovation hub, in February 2020. The platform's geographical footprint is to be expanded to target new markets and spread the best practices of tokenisation.

The Bank of Russia has given the green light to Nornickel's pilot digital rights issue and trading service at the project development stage. The implementation of such a project on the Atomyze platform has become possible in Russia since 2021, when Federal Law No. 259-FZ On Digital Financial Assets and Digital Currency and on Amending Certain Legislative Acts of the Russian Federation dated 31 July 2020 entered into force. The project is currently being detailed. The Company had made a significant contribution to the development of this regulatory framework within RSPP's working group for coordination of legislative and regulatory efforts in the realm of digital economy.

Tokenisation of contracts is part of the Company's ambitious strategy of using advanced digital technology to create a customer-oriented supply chain.

In January 2021, Nornickel joined the Responsible Sourcing Blockchain Network (RSBN)



Our Company is developing and setting new standards switching to digital transactions. The tokens issued at the Atomyze platform will enable the Global Palladium Fund to sell Nornickel's products efficiently and transparently to a broad community of customers seeking digital solutions. We are confident that it will enable the mining industry to guarantee responsible sourcing."

Anton Berlin,  
Vice President for Sales and Distribution,  
MMC Norilsk Nickel

To develop this strategy, in early 2021, the Company joined the Responsible Sourcing Blockchain Network (RSBN), an industry collaboration among members across the minerals supply chain. With Nornickel joining the RSBN, a series of its supply chains will be audited annually against key responsible sourcing requirements by RCS Global. The audits will cover each and every stage of Nornickel's vertically integrated operations. Once audited against responsible sourcing requirements, each supply chain will be brought on to the RSBN and an immutable audit data trail will be captured on the platform, proving responsible and ethical nickel and cobalt production.

## Digital Lab

The Digital Lab is an R&D division of Nornickel which looks into the applicability of new technologies and tests them in production processes.

During the three years since the lab's launch, our production units collected over 200 ideas, while the economic effect of its activities amounted to RUB 650 mln.

One of the key focus areas of the Digital Lab is the digital twin technology used to create:

- a digital advisor at Kola MMC Concentrator that helped increase the valuable component recovery by 0.73% compared to the base period;
- a system to optimise the intrashop logistics of the converter section using digital tools for day-to-day utilisation planning in Copper Plant's smelting shop;
- Digital Core is a software package that uses computer vision components in conjunction with neural network algorithms to identify and analyse ore content in the core based on a photograph and accurately measure the percentage of ore mineralisation.

At Minex Russia 2020, the Digital Lab initiatives won the Mine Digital award for innovative solutions and technologies for the digital transformation of mining enterprises. The winner was the intellectual system of automated process control at Kola MMC Concentrator, while the Digital Core project took the third place.

Also, in 2020 at Severny mine, the Digital Lab tested its in-house development — a prototype of an autonomous unmanned aerial vehicle designed to inspect mine workings. Thanks to a built-in navigation system, the autonomous drone prototype is able to move without connection to GPS/GLONASS, while filming the surrounding area and building a horizontal section of the area. The technology makes it possible to survey workings that are out of bounds for personnel and equipment.

The Digital Lab actively supports environmental initiatives, which account for

**30**  
%

of the portfolio in 2021.

The lab's key projects aimed at mitigating the negative impact include:

- The digital tailing dump: a comprehensive solution to ensure the efficient and safe operation of hydraulic structures. The technology includes InSar mapping, drone filming of the dam, and pond bottom bathymetry as the devices digitalise the bottom surface and transmit the data to the operator's computer via Wi-Fi;
- Monitoring SO<sub>2</sub> emissions in Monchegorsk: a hardware and software system for monitoring air pollution and taking preventive measures;
- Innovative oil filter designed to reduce the use of fuel and lubricants by rail transport.

## Design of industrial exoskeletons

Together with the Southwest State University (SWSU), the Company is developing industrial exoskeletons to reduce the physical load on people involved in metallurgical operations. In 2020, the project saw us complete design and development and deliver 20 test samples. Nornickel Corporate University created an upskilling programme named Operation of Industrial Exoskeletons. We also assessed the applicability potential and developed testing scenarios at our production units. The Digital Lab experts help draft testing standards and regulations for the development, production, and pilot operation of exoskeletons as part of Rosstandart's Technical Committee on Personal Protective Equipment (TC 320).

In 2020, MMC Norilsk Nickel and Gazprom Neft signed an agreement to further cooperate in creating and implementing industrial exoskeletons and related digital products for business.

## Automation of key business processes

Automation covers such areas as corporate reporting, internal audit, B2B document flow, documentation control, health and safety, HR management, cash management and others.

As of today:

- the Company has implemented a unified SAP ERP-powered governance system which ensures the interaction of more than 17,000 users within the Group;
- its corporate document automatic management and control system has 23,000 users who register an average of 4,000 documents and over 6,000 requests daily;
- about 4,500 professional users work in the automated HR management system fully rolled out in 2020, and more than 22,000 Nornickel employees use self-service tools. The project runs at 53 branches and legal entities in 12 cities of operation. At the SAP Quality Awards 2020 competition, the project won gold as the most ambitious business transformation initiative;
- more than 40,000 employees from 36 Group entities are connected to the virtual assistant called Nika<sup>1</sup>.

We place a special emphasis on further integrating SAP ERP into resource management business processes. In 2020, in line with the relevant roadmap, we successfully connected a whole group of support companies to the unified management framework, including Polar Construction Company, Nornickel – Shared Service Centre, Norilsk Avia, Norilsk Airport, Nortrans-Norilsk, Norilsk Combine, and the Company's transport divisions. In 2021-2022, we plan to complete the rollout of the ERP management system across Nornickel's foreign distribution network and a number of the divisions' support units.

<sup>1</sup> Nika is a virtual assistant (chatbot) launched in 2019 to help employees get instant access to Nornickel's corporate information and services 24/7.

“

Norilsk Nickel is an important addition to the Responsible Sourcing Blockchain Network. We look forward to their contributions to help advance the assurance for responsible sourcing and the Group's sustainability goals that have a direct impact on successful and accountable development for entire industries.”

**Manish Chawla,**  
Global Managing Director for Chemicals,  
Petroleum and Industrial Products, IBM

In parallel with expanding its footprint, the Company works to continuously improve and boost efficiency and gain additional business effects from the management framework already in place. As part of the SAP 2.0 development programme, business units implement commercial (self-sustaining) initiatives for advanced automation with digitalisation elements, such as Integrated Planning, Digital Treasury, and Tax Monitoring. Nornickel invests a lot of effort in developing digital assistants, mobile solutions and analytical tools. Following a scrupulous internal selection to determine the scale of potential business effect, we picked 14 out of over 50 ideas, which are now awaiting pilot testing. The Company plans to continue implementing SAP 2.0 advanced business automation projects between 2021 and 2025.

Our holistic approach to the transformation and informatisation of business processes has been recognised internationally. The Company won gold in the international SAP Quality Award 2019 in EMEA (Europe, Middle East and Africa) in the Business Transformation category. Established over 15 years, this award is granted by an independent international jury for the high quality and scale of business transformation powered by the SAP platform.

## Creating a highly efficient IT infrastructure

In 2020, we completed a large-scale upgrade of our IT infrastructure. As part of the exercise, we modernised four data centres at Polar Division and Kola MMC, and built an in-house modular data centre, one of a kind in Russia's metal and mining industry. This helped us create a new core to further expand our capabilities across the entire range of IT services, from production digitalisation to new ERP features, in line with our business needs.

During the pandemic, the existing IT infrastructure enabled us to migrate 14,000 employees to remote work within a very short time and in compliance with all information security requirements.

The next stage in this area of digital transformation is to improve the established infrastructure and upgrade the IT systems deployed in the regions and directly at the production sites to implement advanced automation and communication projects.

## Big Data

In 2020, the data analysis team of Nornickel's Shared Service Centre developed and tested several solutions to streamline concentration processes at Talnakh Concentrator based on the machine learning technology. The algorithms provide real-time recommendations for ore grinding and flotation to increase the metal recovery in concentrate. In the next few years, we plan to roll out the developed approaches at other concentrators.

In 2020, Nornickel commenced work on a corporate data lake based on the big data technology. The technological platform is capable of storing and efficiently processing extra-large arrays (millions of gigabytes and more) of both structured and unstructured data. In its turn, this allows for advanced business analysis powered by artificial intelligence and computer vision. Kola MMC has been approved for the pilot deployment of a prototype data lake platform.

## Smart City

Nornickel is actively involved in social projects. For instance, in 2019, the Company initiated a three-stage Smart City project designated as a new business line and planned to be completed in 2025. This project is set to drive the digital transformation of cities and make the life of their residents more comfortable thanks to innovative technologies.

Under the first phase completed in 2020, Nornickel's subsidiary Edinstvo launched the City Online platform in five cities – Norilsk, Dudinka, Monchegorsk, Murmansk, and Krasnoyarsk. The digital solution is designed to improve the quality of life and management efficiency in the northern cities and create an additional impetus to business growth.

Supported by city administrations, the platform has received positive feedback from users. It is highly rated by focus groups (more than 8 out of 10), with the first NPS at 7<sup>1</sup> and CSI at 78%. As at 15 December, platform attracted 68,000 unique users, with the number expected to reach 75,000 at the end of 2020.

<sup>1</sup> NPS = 34 based on focus group surveys; NPS = 20 for both open audience and focus group surveys; NPS = 7 for open audience surveys only, excluding focus groups.

The platform served as a launchpad for 14 products, which is above the target, but the service mix was adjusted based on the market feedback to prioritise the launch of traffic-generating services and postponing the launch of some commercial services to 2021.

In 2020, to prepare for the future platform scaling, we established close ties with the Ministry for the Development of the Russian Far East and Arctic, created a working group involving the administrations of 12 cities and conducted the diagnostics of municipal needs. The project proved to be appealing for most of them, and the ministry supported the selected approach to scaling and reviewed the potential of co-financing the rollout in small and medium-sized cities.

Today about 70,000 people use the platform, which offers telemedicine and online education services, as well as news and event digests. Going forward, it will support SMEs, citywide online voting, housing and utility payments, monitoring and control of public transport, additional education, and professional development. The platform has both website and mobile application versions.

## Development of employee digital competencies

In parallel with the transformation of production and management functions, Nornickel is creating a new digital corporate culture. It is important for each employee to be able to quickly adapt to the changes, effectively use emerging technologies, and feel comfortable in the digital environment.

In 2020, the Company launched a large-scale Digital Nornickel educational programme to immerse employees in the digitalisation processes and develop relevant skills and competencies. Online learning courses developed by the Company's specialists and external experts ensure immersion in Industry 4.0 and its components (big data, Internet of Things, artificial intelligence, etc.), familiarise all employees with the Company's ongoing digital projects, and teach information security. We plan to expand the range of courses to include various levels from basic to advanced and expert.

In 2020, the Company also launched the Nornickel Academy educational platform, a new distance training tool for the Company's employees. The platform hosts over 60 courses available to more than 60,000 full-time employees and boasts 7,800 active users. The portal is also available in a mobile version.

To improve employees' digital literacy, we also conduct regular themed newsletters and staged workshops at the Moscow's Skolkovo School of Management.

The Master's programme in blockchain technologies and tools supported by Nornickel and IBM continues to run at the Moscow Institute of Physics and Technology. The reporting year saw students enrol in a new big data course.



**Achievements**

**Key figures**

The Group companies are parties to 23 collective bargaining agreements covering **93.7%** of the Group's headcount.

**In 2020**, the Company's health and safety indicators were some of the best in the metals and mining industry, with LTIFR going down to 0.21 against **0.32** in 2019.

**Key events and facts**

During the pandemic, the Company imposed a blanket ban on job cuts and fully provided its employees with the necessary social guarantees and support.

In 2020, the Company used the facilities of Nornickel Corporate Health Centre LLC to launch the corporate healthcare service project.

Human capital

# Human capital

## UN Global Compact Principles

**Principle 3:**  
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:**  
the elimination of all forms of forced and compulsory labour;

**Principle 5:**  
the effective abolition of child labour;

**Principle 6:**  
the elimination of discrimination in respect of employment and occupation.

## Nornickel's efforts to combat COVID-19. Maintaining employee safety and business continuity

The main challenge the world was up against in 2020 was the global COVID-19 pandemic.

Quite suddenly, public and private companies had to contend with the difficult task of ensuring uninterrupted and safe operations amid restrictions, national and global lockdowns, and the resultant economic downturn.

Nornickel's key objectives during the pandemic included:

- protecting the health and safety of its employees (main priority);
- efficiently adapting business processes to new circumstances;
- supporting authorities and communities in the regions of operation.

To meet these objectives, Nornickel established an emergency response team (ERT) led by First Vice President and Head of Corporate Security Sergey Barbashev and comprised of the Company's senior management. The team was charged, among other things, with ensuring continuity of the Company's production, procurement and sales processes while taking all necessary measures to protect the Company's people. Local quick response task forces were also established across our sites. The ERT held regular meetings to discuss incoming epidemiological data and develop an appropriate response. To ensure greater effectiveness of its response action, Nornickel actively interacted with federal and regional government authorities.

Timely and prompt measures cushioned the blow of the pandemic on the Company's operations. Sales went largely undisrupted save for an occasional minor delay in or cancellation of certain shipments; there were no disruptions in logistics as almost 90% of materials and consumables come from local sources; problems with supplies of essential imported components for equipment repair and maintenance were avoided.

Thanks to its extensive vertical integration and own energy and transport capacity, Nornickel did not have much trouble maintaining business continuity and receiving/dispatching goods, meeting its production targets for 2020.

The Company is continuously monitoring the coronavirus situation in Russia and worldwide and is taking every effort to minimise risks and reduce the spread of the infection.

To support and protect its employees, the Company took the following key steps:

### Occupational safety

- transitioning office staff to remote work and providing them with all the necessary equipment to avoid disruptions in functions. During peak months, the number of employees working from home was around 10,000;
- permission for employees to use their personal transport to access production facilities, Company-sponsored safe taxi rides for essential employees;
- supplying all operating assets with individual protective gear, health monitoring devices, sanitisers, etc.
- revising employees' annual leaves, and issuing a recommendation to cancel any travel. The Company undertook to reimburse employees for any penalties charged by air carriers for ticket cancellations. This applied to the cancellation of tickets booked earlier for both the Company's employees and their families;
- equipping all Company units with sanitising stations and thermal imaging systems for remote measurement of body temperature, and running express medical check-ups for the employees. We take particular care to keep all our premises sanitised.

### Employee support

- 100% of salaries maintained at the same level;
- additional compensation paid during the first months of the pandemic to employees working on permanent workstations;
- blanket ban on job cuts;
- providing targeted assistance to employees severely facing hardship during the pandemic, e.g. help with returning to Russia from abroad;
- launching a comprehensive employee support programme through the Company's *I Understand* platform to deliver various kinds of assistance, including psychological and legal;
- We introduced a Company-wide framework to promptly inform employees about our actions and for employees to provide feedback, which includes:
  - a special hotline for information about the coronavirus and our steps to combat the outbreak;
  - a new section of the Company's corporate portal to provide updates about the measures taken by the Company, hotline number, and recommended actions.



Health and well-being of our employees is the Company's core value, their comfort and safety – our absolute priority. We are monitoring current developments and collaborating with federal and regional authorities to maximise the measures we are taking.”

**Sergey Barbashev,**  
First Vice President,  
Head of Corporate Security

## HR management

Our human capital is the basis of our success. With this in mind, Nornickel seeks to create an attractive employee value proposition to help its people fully develop their potential and boost the shared sense of engagement towards achieving the Company's goals.

To assess the quality of HR management and ensure its efficiency, the Company continuously monitors HR metrics and reviews staff costs, productivity levels, impacts of its social and adaptation programmes, and employee engagement survey results.

### Key HR management priorities

- Building a skilled and balanced team
- Staff training and development
- Improving productivity
- Creating a talent pool
- Enhancing our incentive system
- Implementing our social policy

HR management responsibilities are allocated among Nor Nickel's various governance bodies and business units in line with their terms of reference.

Governance body	Responsibilities
Board of Directors ▶ 102-26	<ul style="list-style-type: none"> <li>Approving key HR policies</li> </ul>
Corporate Governance, Nomination and Remuneration Committee of the Board of Directors	<ul style="list-style-type: none"> <li>Considering HR management priorities and key internal regulations</li> <li>Reviewing matters related to human capital development</li> </ul>
Senior Vice President for HR, Social Policy and Public Relations	<ul style="list-style-type: none"> <li>Overseeing and coordinating the development and implementation of the HR strategy</li> </ul>
HR Department	<ul style="list-style-type: none"> <li>Developing and implementing the HR strategy</li> <li>Taking part in the development and implementation of the Company's social policy</li> </ul>
Social Policy Department	<ul style="list-style-type: none"> <li>Developing and implementing the social policy, social and charitable programmes</li> </ul>
HR functions of the Group companies	<ul style="list-style-type: none"> <li>Implementing HR and social policies at Group companies</li> </ul>
Corporate Trust Line, offices for operational, social and labour relations	<ul style="list-style-type: none"> <li>Registering complaints and queries related to employee rights</li> </ul>

- Key HR management regulations<sup>1</sup>:
- Principles and provisions of the international law, standards of the International Labour Organisation, national laws of the countries of operation
  - Constitution and the Labour Code of the Russian Federation
  - Equal Opportunities Programme
  - Freedom of Association Policy
  - Working Conditions Policy
  - Personal Data Policy
  - Talent Pool Regulation
  - Procedure for Assessing Employee Performance

### Staff composition

In 2020, the Group's average headcount was 72,319 employees, of which 99% were employed at its Russian companies.

A 2% y-o-y decrease in the average headcount across the Russian operations was due to the continued implementation of the programme to improve productivity and reduce costs.

The headcount<sup>2</sup> of the Group's Russian companies as at the year-end stood at 73,810 employees, with most of them working full time (>99%) and on permanent contracts (>96%). As at the end of 2020, there were 910 employees working on civil contracts.

▶ 102-7, 102-8

<sup>1</sup> The Board of Directors approved the above MMC Norilsk Nickel's policies and Equal Opportunities Programme.

<sup>2</sup> Including salaried employees and external part-timers.

### Group personnel structure by territory<sup>3</sup>, %

<b>66%</b>	Norilsk Industrial District (NID)
<b>16%</b>	Kola Peninsula Industrial District (Murmansk Region)
<b>6%</b>	Krasnoyarsk Territory (excluding NID)
<b>4%</b>	Trans-Baikal Territory
<b>7%</b>	Moscow and other regions of Russia
<b>1%</b>	Outside Russia

<sup>3</sup> Structure of salaried staff as at 31 December 2020.

### Headcount of the Group's foreign operations

<b>331</b>	Europe
<b>15</b>	Asia
<b>10</b>	North America
<b>5</b>	Australia
<b>519</b>	Africa (SAR)

### Personnel structure by education, %

<b>25.8%</b>	General secondary education
<b>36.5%</b>	Basic vocational education
<b>0.2%</b>	Secondary vocational education
<b>20.2%</b>	Undergraduate higher education
<b>17.3%</b>	Higher education

### Personnel structure by gender and category in 2018–2020<sup>4</sup>

Category	Managers		White-collar employees		Blue collar employees	
	Male	Female	Male	Female	Male	Female
2018	8,017	2,639	6,047	6,911	40,502	10,810
2019	7,979	2,518	6,189	6,940	38,842	10,314
2020	8,117	2,575	6,436	7,043	37,352	9,925

<sup>4</sup> Unless otherwise specified, the indicators included in this report represent the Group's Russian operations.

### Personnel structure by gender and age, %

Age	Up to 30		30–50 years		Over 50	
	Male	Female	Male	Female	Male	Female
% of headcount	11.6	3.8	45.9	19.8	13.1	5.9

Key personnel turnover indicators<sup>1</sup> ▶ 401-1

Indicator	2015	2016	2017	2018	2019	2020
Employments	15,607	15,166	11,262	14,901	13,805	10,481
Employee inflow ratio <sup>2</sup> , %	19.1	18.8	14.6	19.9	18.8	14.2
Separations	14,277	15,413	15,232	16,918	13,832	10,247
Employee turnover <sup>3</sup> , %	10.7	10.5	10.3	10.2	10.5	9.7
Voluntary turnover <sup>4</sup> , %	8.0	6.8	7.7	7.5	8.2	7.8
Employee outflow ratio <sup>5</sup> , %	17.1	19.2	20.0	22.6	18.8	13.9

<sup>1</sup> Russian companies of the Group.

<sup>2</sup> The ratio of new employments to total employment as at the end of the period.

<sup>3</sup> The ratio of resignations, dismissals for breach of labour discipline, and negotiated terminations, to the average headcount for the year.

<sup>4</sup> The ratio of all resignations to the average headcount for the year.

<sup>5</sup> The ratio of all separations to total employment as at the end of the period.

The Company is a major employer in the Norilsk Industrial District and the Kola Peninsula and as such has a significant impact on these regions' labour markets. In hiring personnel, we assess all candidates based on their work experience, qualifications, and education.

In 2020, the Company employed 546 new permanent staff members from other regions of Russia.

The share of top executives from among local communities was 99.7% across the Group's Russian companies in 2020. ▶ 202-2

The share of employees from among local communities<sup>6</sup> was 99.7% across the Group's companies in 2020.

<sup>6</sup> Employees from among local communities refer to the workers who are residents of the country where the relevant Group company is incorporated.

Strong employer brand

In 2020, we retained leadership in key Russian and international rankings of the best employers:

- best employer in the metals and mining industry among students, graduates and international rating experts according to Universum and Randstad Award;
- best employer in the metals and mining industry among students of leading universities, according to Best Company Award;
- a top 3 employers in the metals and mining industry according to Future Today's opinion survey of Russian universities;
- a top 20 position among 100 best employers in Russia according to HeadHunter's 2019 ranking.

Commitment to employee rights

Respect for employees and their rights lies at the heart of Nornickel's business.

The Company employees' working hours are set by internal labour regulations approved by the Company with due regard to the opinion of the trade union. The Company has a standard working week of 40 hours as determined by the applicable Russian laws and regulations. Employees involved in harsh, hazardous and/or dangerous work enjoy a reduced working week of not more than 36 hours. Women employed in the Far North and equivalent areas are accorded 36 hours of work per week unless reduced by Russian laws and regulations. The Company arranges for accurate time and attendance control for each employee.

Nornickel does not tolerate child labour in any form, including the involvement of minors below 18 in hazardous and/or dangerous work. The Company strictly complies with the applicable regulations prohibiting women's exposure to harsh and dangerous work in the mining industry.

Employment of people with disabilities

As part of our efforts to employ people with disabilities in line with Russian statutory requirements, we provide them with necessary working conditions, including work and rest schedule, annual and additional paid leaves, and specialised workspace equipment.

According to the employment quotas that vary depending on the region and company size, the share of such employees starts from 2% of the average headcount, excluding employees involved in harsh, hazardous and/or dangerous work.

At the same time, we provide our employees with equal opportunities to develop their professional potential. Employee performance is evaluated on a fair and impartial basis, and recruitment and promotion decisions are tied exclusively to professional abilities, knowledge, and skills.

The Company implements programmes for the development and social support of its employees, upholding their rights in respect of social security, education, family welfare, shelter, freedom of artistic expression, and participation in cultural life.

Offices for operating, social and labour relations

In addition to the Corporate Trust Line, the Company has offices for operating, social and labour relations in place. They are primarily tasked with response to employee queries, control of their processing, prompt resolution of conflicts and preventing violations of employee rights.

The offices regularly monitor the climate within the teams, enabling the Company to address any arising issues in a timely manner.

In 2020, the Group companies operating in the Norilsk Industrial District ran 24 offices that received over 40,000 queries from employees (81%), former employees (18%) and local communities (1%). They focused on social and working matters (79%), legal matters (20%) and other topics (1%).

Social partnership framework

Nornickel Group companies have a social partnership framework in place, which operates to reconcile the interests of employees and their employing organisations on matters pertaining to social and labour relations. The Company performs its obligations in compliance with the Labour Code of the Russian Federation, collective bargaining agreements, the interregional cross-industry agreement for copper and nickel producers and their supporting industries for 2019–2022, and joint resolutions. We also follow the Freedom of Association Policy approved by the Board of Directors. ▶ 102-41

In labour relations, employee interests are represented by social and labour councils and trade unions.

All the Group's major companies operating in the Norilsk Industrial District and Murmansk Region have in place social and labour councils representing workers. Chairs of the local councils make up the Social and Labour Council of MMC Norilsk Nickel and the Social and Labour Council of Kola MMC.

The Group companies have collective decision-making bodies representing the employer, employees and trade unions, including collective bargaining commissions, labour dispute commissions, social benefits commissions, social insurance commissions, health and safety commissions, social and labour relations commissions, etc.

The Trade Union of MMC Norilsk Nickel Employees, an interregional public organisation that includes territorial trade unions and trade unions of the Group companies, represents the Group's employee interests on the interregional level. The trade unions of transport and logistics divisions are members of the Yenisey Basin Trade Union of Water Transport Workers (Krasnoyarsk, Russia).

The Group companies are parties to 23 collective bargaining agreements covering 93.7% of the Group's headcount. As at the end of 2020, 8.4% of all the Group's employees were members of trade unions, while 78% were represented by social and labour councils. ▶ 102-41

The Company complies with the Labour Code of the Russian Federation setting out the minimum notice period in case of significant organisational changes (at least two months prior to the start of such changes or three months prior to the start of such changes in case the redundancy decision may lead to large-scale dismissals). These standards are formalised in collective bargaining agreements. ▶ 402-1

The absence of strikes and lockouts involving the Company's personnel in the reporting year testifies to the effectiveness of Nornickel's employee interactions and its social policy at large. ▶ MM4

In order to develop interregional social partnerships, Interregional Cross-Industry Association of Employers "Union of Copper and Nickel Producers and Their Supporting Industries" and the Trade Union of MMC Norilsk Nickel Employees signed an interregional cross-industry agreement for copper and nickel producers and their supporting industries for 2019–2022. The agreement regulates social and labour relations between the employers who are members of the association and their employees and sets out common approaches to employee remuneration, compensation and benefits, work and rest schedule, health and safety, dismissals and other matters. In 2020, to align the agreement with new laws, the parties signed amendments thereto.

As at the end of 2020, the agreement applied to 22 Group companies, including MMC Norilsk Nickel, covering 88.5% of the Group employees.

In December 2020, the Company and the Trade Union of Company Employees as well as Kola MMC and the trade unions of Kola MMC signed agreements defining goals, key focus areas and obligations of the parties to foster social partnerships.

## Incentives and rewards

Nornickel has a robust employee incentive programme with both financial and non-financial rewards designed to retain top talent and motivate our employees to enhance their performance and help drive the Company's business growth.

The use of financial rewards is governed by the Company's remuneration policy.

Nornickel's grading system is designed to maximise its return on investment in human capital and to attract, engage and retain top talent. Grading relies on the point factor method of job evaluation that takes into account knowledge and skills, the complexity of tasks, and the level of responsibility.

In 2020, we introduced a new project-based incentive framework for all staff of capital construction PMOs, which replaces a traditional annual bonus with the reward for the success of the project or its stage. Linked to key project indicators, bonuses seek to motivate and retain key talent until the project is completed.

## Corporate culture development

As part of its human resource strategy, Nornickel seeks to develop its corporate culture with a focus on improving efficiency, accountability and employee engagement.

### Updated Business Ethics Code

On 18 December 2020, the Board of Directors approved the new version of MMC Norilsk Nickel's Business Ethics Code<sup>1</sup>.

The Code sets out the core corporate values guiding the Company's activities, highlights the absolute priority of occupational health and safety, describes the responsibility to employees, investors, the society and environment, and defines requirements to be observed by employees with respect to the Company's resources, information disclosures, conflict of interest and workplace interactions.

<sup>1</sup> The updated Business Ethics Code is available at our corporate website at [https://www.nornickel.com/upload/iblock/621/business\\_ethics\\_code.pdf](https://www.nornickel.com/upload/iblock/621/business_ethics_code.pdf).

### Remuneration policy goals

- Attract and engage talent
- Retain talent
- Promote a productivity mindset

### Remuneration policy principles

- Internal equity – remuneration management is based on job description and evaluation in line with the existing grading system. Nornickel uses a uniform grading system covering all positions in the Company.
- External competitiveness – remuneration is set in line with the labour market data adjusted for the company's area of activity and location and depending on the job grade.
- Performance-based incentives – pay level is reviewed subject to the annual performance assessment outcome.
- Simplicity of the remuneration system – pay level calculation and review procedures are transparent, and every employee knows how to improve their remuneration.

### Remuneration package across the Group's Russian operations in 2020, %



To this end, we have set up change management teams across the Group companies to develop and implement action plans to improve their staff engagement. MMC Norilsk Nickel provides expert support to the teams, which includes regular training sessions, feedback, audits, and guidelines.

For the third year running, the Company has been implementing a project focused on building a culture of dialogue between management and staff at all levels. The project seeks to increase awareness, ensure that employees are committed to the Company's goals and values, and improve trust between workers and leadership. In 2020, it featured 32 corporate dialogues, 90 sessions with the management of Group companies, the online conference "Challenges-2020: Pandemic, Environment and Safety" attended by more than 10,500 people, an information campaign on how the metals and mining industry copes with the crisis covering over 14,000 people, and a unique three-hour live stream Nornickel Live with the vice presidents answering employee questions. In total, 5,500 people took part in these events in 2020.

Employee engagement and corporate culture workshops were included in the 2020 agenda of ten conferences in various functional areas as well as the curriculum of the Company's training programmes (Nornickel's Leaders and Pursuing Efficiency) and enrolled over 1,000 employees.

In addition, every year, we implement a set of measures to drive employee engagement. They include a corporate employee engagement survey named "Let Everyone Be Heard" run by an international HR consultancy firm based on questionnaires and focus groups, which is followed by the review of the survey results, and implementation of improvement initiatives.

The 2020 survey covered more than 30 Norilsk Nickel companies and was completed by 42,600 employees of the total headcount. Its completion rate exceeded 61%, which means that the results of the survey are representative of the Group as a whole.

Based on the survey results, employee engagement across the Group grew by 4 p. p., with the highest growth of 4 p. p. y-o-y achieved in the following categories: top management, respect and acceptance, performance management, remuneration and recognition, and success factors.

## Employee awards

To foster engagement and recognise employee achievements, the Company offers non-financial incentives and rewards of various categories and levels. These include government awards, ministry and agency awards, regional and municipal awards, as well as the awards granted by MMC Norilsk Nickel and the Norilsk Nickel Group companies.

The Company rewards employees for their outstanding performance, innovations that drive growth, add economic value or deliver meaningful efficiency gains for the Group or a Group company, and efforts that go beyond formal agreements and contribute to the Company's success.

The Company has a range of corporate awards designed to celebrate employee achievements.

In addition to a corporate award, the employee receives a one-off bonus. MMC Norilsk Nickel's badge of honour, the highest corporate award, entitles its owner to a one-off payment, as well as a lifetime corporate pension.

The best employees may be nominated for agency (industry) and government awards. The Company welcomes the recognition of its employees' accomplishments by the government and its agencies and proudly nominates them for various awards to highlight their prodigious operational and management achievements, and significant contribution to production growth.

In 2020, 22 Nornickel employees received medals of the Order "For Merit to the Fatherland", 2nd Class, for specific achievements beneficial for the industry and the nation at large. Four employees received Honoured Metallurgist of the Russian Federation titles, while another ten were named Honoured Miners of the Russian Federation.

The reporting year saw a total of 3,900 Company employees receive various awards, including: 54 and 254 honoured with government and ministry/agency awards, respectively, 1,249 who received awards from regional and municipal authorities, 580 and 1,767 who were granted corporate and local awards of the Group companies.

## Personnel training and development

We need to make sure that we have highly skilled and competent workforce to support the Company's production upgrades, onboard new technology and leverage innovations. This is why continuous training plays a key role in Nornickel's personnel development.

Our training programmes cover all functional areas and all employee categories. ▶ 404-2

The Group's employees can benefit from free staff training, retraining, skills improvement, and internship programmes funded by the Group companies. The Company engages external education providers (universities, professional development institutions, research institutes, training centres, and consultants), while also training employees at its own corporate training centres. In 2020, 17,000 employees took courses in such centres.

We are going through an active transformation, which means toughening our production standards, improving employee communications and creating unique social projects. Technology and digitalisation are at the heart of our success in these areas.

Amid the COVID-19 pandemic, most of our training programmes migrated online thanks to the launch of the Nornickel Academy education platform. The platform offers more than 60 courses, some of which include recommendations and guidelines on remote work.

### Key compensation indicators in 2020, by region ▶ 202-1

Region	Remuneration package, RUB 'thousand	Average monthly salary, RUB 'thousand	Share of regional payroll in total payroll, %	Minimum monthly compensation to statutory minimum monthly wage <sup>1</sup>	Statutory minimum wage
Group average	141.0	131.8	100.0		
Norilsk Industrial District (NID)	138.2	129.1	64.7	1.0	31,538
Kola Peninsula Industrial District (Murmansk Region)	103.8	96.6	12.5	1.0	27,899
Krasnoyarsk Territory (excluding NID)	86.9	84.6	3.8	1.0	12,130
Trans-Baikal Territory	138.5	132.4	4.0	1.0	18,195
Moscow and other regions <sup>2</sup>	307.5	285.4	15.1	2.48	20,195

<sup>1</sup> Minimum wages paid by the Company are gender neutral.

<sup>2</sup> Data provided for Moscow only.

### Nornickel's Leaders 2.0 programme

In May 2020, Nornickel's Leaders 2.0 training programme for managers came to an end. The training was completed by 52 managers of Nornickel facilities. The programme comprised several modules to develop managerial competencies and projects to improve business processes in the Company. The trainees were divided into five cross-functional teams and worked on the projects to boost efficiency of their units.

The pandemic made it impossible for them to complete the programme offline, and the Company decided to transition it online.

The programme expert panel made up of the Company's vice presidents noted tangible progress in the competencies and motivation of the trainees. Their projects demonstrated the possibility of using lean manufacturing tools to make business processes more efficient, and a high level of the owners' engagement in the projects.

### Pursuing Efficiency programme

In 2020, we continued with our Pursuing Efficiency programme to train middle management skills and develop projects to use lean manufacturing tools in improving business process efficiency. The programme ran in Norilsk, Monchegorsk and Krasnoyarsk, with 130 managers taking part in the training in 2020.

The key focus was made on the projects selected by the participants at their discretion. The cross-functional non-expert teams were very productive, coming up with actionable quick wins. Many of them gained a better insight into the actual business process, strengthening interactions between employees from various functions. As part of the offline stage, the participants could visit another facility and do some real field work.

Our large-scale programmes for managers help lay a strong foundation for the Company's future development and boost efficiency while also reshaping the management perception of other corporate values, namely reliability, growth, collaboration, professionalism, and responsibility, and changing their mindset as well as the stewardship style and toolkit.

In December 2020, our training courses for top and middle managers fully migrated online and were tweaked to match the new learning environment.

### 360-Degree Management programme

In August 2020, the managers who had undergone a 360-degree competency review also completed the 360-Degree Management programme focused on enhancing corporate and managerial competencies. Each participant could select one of six topics: people management, execution management, developing corporate competencies, communications, systemic thinking, and partner relations. This marathon-formatted programme is distinct in its brevity and effectiveness, with homework incorporated into day-to-day management. The 360-Degree Management programme was completed by 124 managers from 18 divisions, Group companies and the Head Office.

### Project Environment development programme

In 2020, we launched a Project Environment programme to create a knowledge base and project management tools for the employees involved in corporate investment projects.

It comprises two subprogrammes:

- **PM (Project Management)** for heads of capital construction PMOs. Its participants were 47 managers of the Group companies. The subprogramme includes six modules covering the entire investment project life cycle with a focus on engineering competencies and soft skills in HR and contractor management. The subprogramme spans 2020–2021 and features guidance from the leading Russian and international experts. Its participants study global trends, practices and advanced tools in project management, such as value engineering, planning and technical support of material and equipment supplies, construction quality control and planning, cost engineering, and risk and contract management.
- **Professional** subprogramme for line managers and experts involved in capital construction projects. The subprogramme comprises eight modules seeking to upskill employees in different functional areas. In 2020, it was completed by 114 employees of capital construction PMOs.

#### Key personnel training indicators ▶ 404-1

Indicator	2016	2017	2018	2019	2020
Total training man-sessions, including training, retraining and skill improvement, thousand	70.0	95.0	87.5	90.8	70.9
incl. blue-collar employees	37	54	43.3	40.5	30.6
incl. managers	22	26	27.4	30.9	23.2
incl. white-collar employees	11	15	16.8	19.4	17.1
Employees trained, thousand	–	46.3	44.0	40.4	36.7
Total training man-hours, thousand	5,666	6,630	4,508.7	4,655.9	3,462.2
Average annual training hours per employee trained	80.8	70	51.6	51.3	48.8
Average annual training hours per employee (based on average headcount)	69.8	85	60.2	64.0	48.5
incl. blue-collar employees	77.9	95	62.2	69.2	48.3
incl. managers	72.4	83	76.7	72.5	64.0
incl. white-collar employees	31.9	44	38.7	37.5	36.8
Training costs, RUB mln	760	896	1,022.2	1,101.9	740.2
Costs per employee trained, RUB	10,841	9,459	11,687	12,133	10,440



Online training has given us a unique experience – we launched the programme in one reality and finished it in another. Online will certainly not replace offline, but we have done very well and now have valuable expertise under our belt. I have every confidence in the graduates' success, and the projects they presented and defended will add value to the Company."

**Darya Kryachkova,**  
Vice President for HR,  
MMC Norilsk Nickel

### Talent pool

To ensure availability of highly qualified managerial personnel for the Group's operations, Nornickel relies on continuous professional development planning for its employees, builds a talent pool for leadership positions, trains and promotes pool members.

In 2020, the Company continued to roll out the talent pool management programme for junior and mid-level managers at its Norilsk site, and updated the talent pool of Norilsk Division's core facilities. Due to pandemic-related restrictions, the Corporate University trained talent pool members online, with a stronger focus on the use of managerial skills at work. We put in place short guides to navigate project milestones for new trainees. In 2020, our Norilsk site

facilities continued the roll-out of Talent Pool, an automated SAP HCM-powered system to boost talent pool management efficiency and enable data consolidation into a single database.

### Career guidance and recruitment of young talent

Nornickel actively connects with young graduates, students and schoolchildren as part of its leadership, internship and career guidance programmes designed to assist the Company in attracting the best talent.

We closely cooperate with higher educational institutions and have cooperation agreements in place with 25 universities across Russia.

Despite the remote work arrangement in 2020, our Head Office carried on with the internship programme. Top Moscow-based students were invited to take part in paid internships at the Company's Moscow office. The programme enjoyed strong demand, with over 2,000 students applying for enrolment and 11 selected as participants.

Nornickel places a strong emphasis on promoting engineering education in Russia, helping to boost interest in engineering careers among young people. In 2020, we supported CUP Technical, Russian and international case competitions among students of technical universities. They challenged students to develop solutions to business cases dealing with Nornickel's operations, giving them valuable insights into the Company's business.

To continue with the Conquerors of the North programme during the pandemic, we decided to transition it online. An effective talent pool building tool, the new programme became our maiden course to help young engineers develop skills necessary to work in production. By dealing with cases using applied problem solving methods, they gained an insight into real engineering challenges, while soft skill training was useful for those aiming for a successful career and outstanding results. After completing the programme, 226 trainees were recommended for internship and further employment at Nornickel.

The reporting year saw the second enrolment to the First Arctic 2.0 leadership programme for graduates and young professionals, with over 3,734 people filing applications and only 25 offered employment at Group companies after the assessment. Following intensive training, participation in corporate projects and internships at various functions, the trainees will be offered managerial positions at Nornickel sites.

Also, we run a number of career guidance initiatives for schoolchildren. They include Arctic.PRO R&D Winter School, Arctic Wave festival of R&D discoveries, IMake engineering marathon, School of Urban Competencies and the School Break educational project – all attended by over 29,500 schoolchildren annually.

### Social policy

The Nornickel Group offers its employees – many of whom work beyond the Arctic Circle – a wide range of benefits and social care support. They are provided on an ongoing and consistent basis, taking into account employee feedback. ▶ 403-6

The social package includes the following benefits and compensations:

- health resort treatment and vacation to employees and their families at subsidised prices;
- payment of return travel to and from a place of vacation for employees in the Far North and equivalent areas, and their families, including associated baggage fees;
- voluntary health insurance;
- one-off financial aid to employees experiencing certain major life events or hardships;
- additional employee pensions and other types of social benefits under the existing collective bargaining agreements and internal regulations.



We will be working to implement an ambitious capital construction programme in 2020–2030. To achieve this goal, we need qualified managers capable of initiating projects and achieving success at every stage of their life cycle in line with corporate objectives, and top-notch engineers able to find their own solutions to challenges arising in the course of capital construction.”

**Sergey Geraschenko,**  
Head of the Investment Project Management Department, MMC Norilsk Nickel

### Social expenses and benefits, RUB mln

Indicator	2020 Plan	2020 Actual	2021 Plan
Health resort treatment and vacations of employees and their families	2,011	791	2,145
Reimbursement of round trip travel expenses and baggage fees to employees and their families	3,474	2,706	3,633
Pension plans	1,174	998	1,200
Housing programmes	3,184	825	3,184
Relocation assistance to new employees	224	113	309
Social projects for employees (development of target categories, sporting events and holiday celebrations)	1,057	649	1,455
Voluntary health insurance <sup>1</sup>	986	939	1,130
Financial aid and additional benefits to retired and former employees and their families	274	199	294
Other payments and social expenses (healthcare services, severance pay, etc.)	2,080	2,084	2,138
<b>Total expenses related to social programmes and benefits for employees</b>	<b>14,464</b>	<b>9,304</b>	<b>15,488</b>

<sup>1</sup> Including personal accident insurance.

## Health improvement programmes

The harsh climate of the Far North and the nature of operations at the Group's facilities require special care for the health of employees, putting health improvement and wellness programmes among the priorities of Nornickel's corporate social policy. For many years, the Company has been implementing programmes of rehabilitation and health resort treatment for its employees and their families.

► 403-6

The unfavourable epidemiological situation had an impact on a summer recreation programme traditionally run for children of the Company's employees to spend some of their holidays at the Vita Health Resort in Anapa. The Company organised local summer activities by launching virtual camps for kids in the Murmansk Region, Norilsk and Dudinka.

In the Murmansk Region, children aged six to 16 were able to join the FUTURE CAMP. Some 100 children took part in online educational and entertainment events over two 2-week sessions. Due to restrictions on mass events and gatherings that were in place during the autumn break at local schools, we held another online session, this time 1-week-long, attended by 75 kids.

Moreover, Nornickel supported a virtual camp organised by the early career guidance foundation Zelenaya Kistochka (Green Brush) for children from

seven to 15 years old in Norilsk and Dudinka. Around 80 kids took part in the programme. The foundation's lecturers, psychologists and subject-matter experts held more than 80 webinars on environmental protection, geology, and health and safety. After the summer session, the children were invited to develop eco-projects and present them in November. Over 40 projects were highly praised by the jury. The winning drawings and paintings were used in a series of printed materials and souvenirs by Zelenaya Kistochka. All winners received diplomas and prizes.

## Co-Funded Pension Plan Programme

Nornickel's employees are offered an opportunity to join the Co-Funded Pension Plan, a corporate private pension programme. As at the end of 2020, it covered 11,519 employees across 21 Group companies, with 5,325 retirees already receiving pensions. ► 201-3

The programme provides for two pension plans: Parity and Corporate. Under the Parity Plan, pension savings are co-funded by the employee and the Company on a par (equal) basis. The Corporate Plan is designed for highly skilled employees and/or employees with highly sought-after occupations; within this plan, Nornickel finances private pension plans for such employees.

In 2020, an average participant contribution amounted to 3.23 % of the employee's salary, or the Company's monthly average of RUB 4,037.

## Housing programmes

In 2020, the Company continued the combined Our Home / My Home programme, with its participants' able to acquire ready-for-living apartments on special terms across Russia. Since the start of the programme, 3,826 apartments have been provided to the Company's employees.

To do so, Nornickel purchases ready-for-living apartments in various Russian regions at its own expense and provides them to eligible employees under co-financing agreements. The Company pays up to a half of the apartment cost (but in any case no more than RUB 3 mln), with the rest paid by the employee within a certain period of employment with Nornickel Group (from five to ten years). The cost of housing remains unchanged for the entire period of the employee's participation in the programme. Property titles are registered at the end of the employee's participation in the programme, but the employee may move in immediately after receiving the apartment.

In 2020, Nornickel also carried on with the Your Home initiative based on similar arrangement as the Our Home / My Home programme, i.e. payment by instalments and up to a half of the apartment cost covered by the Company. The only difference is that the title to Your Home properties is registered right after the purchase but is burdened with a lien to be held by the seller until the employee fully pays up the entire cost of the apartment and their participation in the programme ends. The apartments are purchased by the Company in the Moscow and Tver regions and the city of Yaroslavl and allocated to employees after their commissioning upon completion of construction. Since the start of the programme, the Company has purchased 1,789 apartments.

<sup>1</sup> The programme covers employees of Polar Division, Polar and Murmansk Transport Divisions, Kola MMC and 18 more Group companies operating in Norilsk, the Taimyrsky Dolgano-Nenetsky Municipal District and the Murmansk Region.

### Key health improvement programmes

Participants in 2019    Participants in 2020

Zapolyarye Health Resort (Sochi), including:	14,177	10,779
• joint programme with Rosa Springs Health Resort	3,655	2,241
Kolsky Health and Spa Centre (Monchegorsk)	1,692	1,038
Non-corporate health resorts, including:	1,305	1,240
• Rossiya and Belokurikha health resorts (Altai Territory)	755	696
• Primorie Holiday Centre (Gelendzhik)	496	500
• other non-corporate health resorts	54	44
Vacations for children (including Anapa and Bulgaria)	1,418	0
International vacation programme (Bulgaria, China)	5,502	0
<b>Total participants</b>	<b>24,094</b>	<b>13,057</b>

### Participants of the Co-Funded Pension Plan, by region

Indicator	2020 Plan	2020 Actual	2021 Plan
<b>Total participants</b>	<b>13,895</b>	<b>11,519</b>	<b>12,900</b>
Norilsk Industrial District (NID)	11,103	9,288	10,573
Kola Peninsula Industrial District (Murmansk Region)	2,767	2,215	2,302
Moscow and other regions of Russia	25	16	25

### Co-Funded Pension Plan highlights

Indicator	2020
Total Company costs, RUB thousand	520,154.2
<b>Participant's contribution</b>	
Average contribution per participant, % of wages	3.25
Average monthly contribution per participant, RUB thousand	4.1
<b>Company's contribution under the Parity Plan</b>	
Average contribution per participant, % of wages	3.23
Average monthly contribution per participant, RUB thousand	4.0

## Support to new employees

Nornickel provides support to newly employed staff relocating to Norilsk and the Taimyrsky Dolgano-Nenetsky Municipal District, including young specialists, workers, engineering staff and managers.

It also offers them financial assistance and reimburses relocation expenses, baggage fees, and living costs for the first three years. On top of that, the Company also pays a one-time relocation allowance to support employees at the new place of work.

With 364 employees joining the relocation support programme in 2020, it now has a total of 829 participants.

In 2020, Nornickel launched Onboarding, an automated system to assist new employees and managers during their first months at the Company. It is now being piloted at several Group companies and the Head Office and has 1,348 users. A rollout across the rest of the Group is scheduled for 2021.

## Sporting and mass public events programme

Nornickel promotes sports and a healthy lifestyle to recharge the corporate team spirit and maintain a positive work environment. It organises sporting events and competitions attended by its employees, their families, and the local community. ▶ 403-6

We have teamed up with various federations to support sports in our regions of operation. Our partners provide training support to coaches, give master classes, and promote healthy lifestyles.

Since 2018, Norilsk Division has been hosting the Night Time Hockey League, with the Company's employees taking part in the games. Every year, ten teams compete for the opportunity to take part in the Russian National Ice Hockey Festival for amateur teams.

The events run by the Company also include the annual Polar Division Olympics, Kola MMC Olympics, Norilsk Nickel Ski Track health marathon, "Dad, Mum and I – a Sporty Family" corporate competition, swimming, ice hockey, futsal, volleyball, basketball, alpine skiing, snowboarding competitions, and sport events dedicated to the Metallurgist Day and other high days and holidays. Nornickel's employees can choose from an increasingly wide range of sports.

In 2020, the Company's management decided to cancel the majority of sports events due to the pandemic.

Our sports and fitness events drew a total of 11,100 employees in 2020 – 6,700 took part in spartakiads and mass sports events in Q1 2020 and 4,300 attended sports and fitness events online.

In April 2020, we launched the year's first online project – Immune Charge. It featured online contests and flash mobs, such as NN\_workout, Nornickel's Sporty Family and My Family.

NN\_workout, for example, is a marathon that promotes healthy lifestyles and encourages staff to exercise at home to keep fit and boost immunity. Our employees have also been more and more enthusiastic about health marathons and sports events organised by municipal authorities.

## Programmes supporting former employees and their families

The ongoing support of its former employees is part of the Company's corporate social policy.

The Company's Veterans programme has been designed to support unemployed pensioners who permanently reside in Norilsk. The terms of participation depend on the employee's length of service or permanent disability status. Financial aid is paid from the charitable contributions made by the Company.

The former employee financial aid programme establishes the amount of the benefit paid upon retirement by reference to the employment period.

The Pensioner Financial Aid Fund grants financial aid to former employees who retired prior to 10 July 2001 provided they had been employed by the Company's units for more than 25 years and permanently reside outside of the Norilsk Industrial District. The Fund relies on voluntary monthly contributions from employee salaries and equal charitable contributions from the Company's budget.

The Company also provides targeted assistance to its former employees and their families to pay for health improvement and medications, funeral services, and helping in financial distress.

## Social facilities overhauled in 2003–2020

Sanitary and amenity

117

In 2020

340

Total

Sports and wellness

2

In 2020

20

Total

Catering

15

In 2020

48

Total

Other

4

In 2020

9

Total

## Improvement of social and working conditions

At Nornickel, we place a strong emphasis on improving the living and working conditions of our people and strive to create a comfortable working environment. The Group companies operate more than 3,200 sanitary, amenity, sports and fitness, catering, healthcare, and recreational facilities with a total area of over 350,000 m<sup>2</sup>.

From 2003, the Group has been implementing the programme to improve social and working conditions. Since its launch, we have overhauled 417 social facilities and purchased 432 relocatable buildings, investing a total of RUB 6,562.1 mln<sup>1</sup>.

In 2020, we finished renovating and delivered 138 social facilities and purchased eleven relocatable buildings. The Company improved working conditions for 3,651 people. The programme's costs amounted to RUB 1,023 mln. We have issued a standards handbook featuring a single exterior and interior design concept that will be implemented throughout our production facilities from entrance checkpoints to the individual workplaces.

In 2021, Nornickel plans to spend RUB 2,182 mln to overhaul 157 social facilities and purchase 13 relocatable buildings. The Company also expects to roll out and implement new corporate design solutions for social facilities, hire major contractors for three years' work in the Norilsk Industrial District and take measures to optimise and speed up the programme.

As part of the programme for 2021–2023, we plan to overhaul and equip over 300 different social facilities, including administrative and sports facilities and canteens, with over RUB 5.5 bn in investment.

<sup>1</sup> This and all other financial metrics further in this subsection include VAT.

## Social support to employees facing redundancies due to closure of production facilities

In late 2019, the Group decided to shut down its smelting facilities in the town of Nickel on the Kola Peninsula with a view to ensuring compliance with the environmental regulations and improving environmental conditions in the Pechengsky District of the Murmansk Region.

▶ 102-10

The smelting production closure will affect 660 employees of Kola MMC (Smelting Shop and support services) and Pechengastroy.

In December 2019, Nornickel developed a programme of social support for the smelting operations personnel facing redundancies, making the commitment to support them in relocating to a new place of residence, retraining, and further employment. This commitment was agreed with the Social and Labour Council and trade union organisations of Kola MMC and Pechengastroy.

In 2020, the Company launched its dedicated Nornickel Employment Centre, which is focused on providing comprehensive support to the workers facing redundancy due to the smelting operations closure (including information, consulting, and career guidance support) and cooperating with the divisions of Nornickel Group, regional authorities and employers in the Murmansk Region on employment opportunities for its redundant workers.

All staff-related measures were taken in compliance with the requirements of labour and employment legislation and our social support programme. In 2020, the Company's total spending under this programme amounted to RUB 478.3 mln, with RUB 402.1 mln paid to 241 redundant employees as compensation for unused PTO days or in the form of severance pay or financial aid. Moreover, 265 employees were re-employed within the Group at the same salary for up to one year and with reimbursement of relocation costs. They also received financial aid for their housing purchases and were trained, retrained or evaluated for their new professions or jobs.

In late 2020, the Company's management decided to shut down Severonickel Plant's copper refining facility (part of Kola MMC) in 2021. A total of 701 employees of Kola MMC and Pechengastroy are affected by this decision. We plan to extend our current support programme for smelter workers to those facing redundancy due to the copper refining facility closure.

**Key social support programme benefits ▶ 404-2**

- Employees re-employed by other Nornickel Group's companies shall be entitled to:
  - reimbursement of rental costs associated with relocation to another city;
  - retention of the salary level achieved by the time of being made redundant (for a calendar year);
  - reimbursement of the cost of relocation for the employee and their family;
  - reimbursement of associated baggage fees;
  - priority right to participate in the Group's subsidised loan programmes with a view to purchasing housing at the new place of work;
  - training / retraining / certification of qualifications for a new occupation/role at the cost of the Company.
- Employees made redundant shall be entitled to:
  - severance payment of six months of their average salary (as well as additional payments for retired employees, socially disadvantaged categories of workers and participants in the Succession Programme);
  - early eligibility to a corporate pension for participants of corporate pension programmes subject to their eligibility to a pension based on old age, disability or long service;
  - reimbursement of the cost of relocation for the employee and their family;
  - reimbursement of associated baggage fees;
  - financial assistance in purchasing housing under the Our Home / Your Home programmes;
  - retention of the VHI policy for a calendar year from the date of dismissal.
- The Succession Programme, which provides for the training of the employee facing redundancy by another Company employee who has reached the retirement age, with the payment of severance pay to the mentoring employee upon the training completion.

**Occupational health and safety**

Occupational health and safety is one of Nornickel's strategic priorities. As a company engaged in mining, concentration and smelting operations, running many hazardous production facilities, and using various hazardous substances in its processes, we are aware of our responsibility for life and health of production workers, both our own and those employed by contractors.

Nornickel's Occupational Health and Safety Policy gives precedence to the life and health of employees over operational performance while also demonstrating the Company's commitment to creating a safe and healthy environment and fostering sustainable employee motivation for safe workplace behaviour. In 2020, the revised Occupational Health and Safety Policy of MMC Norilsk Nickel was updated and approved by order of the Company's President.

Zero work-related fatalities and an ongoing reduction in overall workplace injuries are the Company's key strategic priorities in OHS.

**Health and safety management**

Occupational health and safety (OHS) at Nornickel is governed by Russian laws, international regulations and standards, and internal policies and regulations. All of Nornickel's Russian business units have in place the occupational health and safety management system that serves to ensure the safety of both the Company's and contractors' employees.

**OHS regulations: ▶ 403-1**

- Applicable Russian laws aligned with international laws, including conventions of the International Labour Organisation
- Occupational Health and Safety Policy
- Occupational Health and Safety Strategy
- Corporate OHS standards (17 in total)
- Regulation on the Health and Safety Management System
- OHS sections in collective bargaining agreements for the Group's Russian operations
- Regulations and guidelines for all production processes
- Project implementation plans and specifications for repair, construction and installation works
- Health and safety guidelines for specific jobs and types of work at all of the Company's facilities

In 2020, a new Regulation on the Company's Health and Safety Management System that fully complies with the requirements of ISO 45001:2018 was developed and approved, and the Company adopted a new corporate OHS standard – Procedure for Organising and Conducting Hot Works.

Starting 2020, the Company has in place the Corporate Standard on Management Commitment to Occupational Health and Safety. Managers draw up personal OHS commitments for the year, which include personal meetings with employees at production units, participation in audits of the health and safety management system, and holding of the Engineer's Day with line managers. Achievement of the personal targets is reflected in the management's KPIs, and production unit managers are remunerated based on OHS indicators. These indicators make up from 5% to 36% of the KPI sheets, with fatal accidents serving as a blocking factor that reduces the OHS score to zero.

**Contractor safety management**

▶ 403-2, 403-7

MMC Norilsk Nickel procures production and technical supplies on the domestic market under Master Agreements: a separate standard-form agreement is signed with each supplier as part of centralised procurement by MMC Norilsk Nickel and the Group's Russian business units, as well as for local purchases by Polar Division. Under the master agreement, a contractor recognises and commits to generally accepted principles in human rights (which include health and safety) and labour relations, as stipulated by international regulations and in particular the UN Global Compact.

Occupational health and safety responsibilities are allocated among Nornickel's various governing bodies and business units in line with their terms of reference.

Governing body	Responsibility
Board of Directors ▶ 102-26	<ul style="list-style-type: none"> <li>determining the Company's priorities and approving the OHS plans</li> <li>monitoring the Company's OHS performance</li> </ul>
First Vice President and COO <sup>1</sup>	<ul style="list-style-type: none"> <li>organising and coordinating OHS activities</li> <li>reporting to the Board of Directors</li> </ul>
HSE Committee	<ul style="list-style-type: none"> <li>improving the efficiency of OHS organisation and prevention initiatives</li> <li>strengthening managers' and experts' responsibility for creating a healthy and safe working environment</li> <li>assessing the efficiency of OHS initiatives</li> <li>improving the OHS management system</li> </ul>
HSE Department	<ul style="list-style-type: none"> <li>developing OHS initiatives and monitoring compliance with the applicable legislation</li> </ul>

<sup>1</sup> Starting 25 March 2021, this function is assigned to the Vice President for Ecology and Industrial Safety of MMC Norilsk Nickel.

Contractor operations (repair, construction and installation works at the existing facilities) are classified as high-hazard and governed by the respective corporate standard. Work permits, operations certificates and work execution plans (process sheets, guidelines, etc.) must contain safety requirements to be met when organising and performing work. The Company checks compliance with these requirements during each shift.

Prior to commencement of work, contractors' staff receive pre-job and ad hoc health and safety briefing, including security measures set forth in work execution plans.

Nornickel has developed and introduced a dedicated standard to improve control and safety of work performed by contractors at its facilities. The standard sets out relevant requirements applicable to contractors at the selection stage and onwards.

In 2020, we consistently implemented it and monitored compliance with its requirements. In particular, we held joint inspections of compliance with safety requirements at work, and OHS council (committee) meetings involving contractor representatives. In case of failure to comply with OHS requirements, contractors were fined. The total amount exceeded RUB 17 mln in 2020.

In 2020, following an internal pre-certification and external certification audit, the Company was certified to comply with ISO 45001:2018 Occupational Health and Safety Management Systems.

## OHS system development and mitigation of key risks

► 403-1

As part of our strategic goal to reduce the occupational injury rate, the Company seeks to continuously improve the elements of its occupational health and safety framework.

In 2020, Nornickel continued to implement the Control, Management and Security Automated System (CMS AS) as part of the Occupational Health and Safety Process Management System Implementation Programme.

CMS AS is an information system based on the SAP EHSM software that collects, processes, registers and analyses occupational health and safety information.

During the year, CMS AS was put into commercial operation at Norilsk Production Support Complex, NTEC, Norilskpromtransport, Taimyr Fuel Company, and Polar and Murmansk Transport Divisions of MMC Norilsk Nickel.

In 2021, we plan to continue rolling out CMS AS to the rest of the Group subsidiaries.

Nornickel is also implementing the Technological Breakthrough programme to improve production efficiency, automated operational control, and industrial safety.

### Occupational health and safety certification ► 403-1

MMC Norilsk Nickel (Head Office, Polar Division, Polar Transport Division, Murmansk Transport Division)	ISO 45001:2018
Kola MMC	OHSAS 18001:2007
Pechengastroy	ISO 45001:2018
Norilsknickelremont	GOST 12.0.230-2007 (interstate standard identical to ILO-OSH 2001) <sup>1</sup>
Norilsk Nickel Harjavalta	ISO 45001:2018

<sup>1</sup> Until 17 November 2020.

### Health and safety expenses, RUB bn



### Health and safety expenses per employee, RUB '000



The changes cover all Operating Unit businesses and all production stages – from mining ore to making metals.

From 2017, Nornickel has been implementing the Concept for Upgrading the Rock Bolting Systems in Underground Mines to improve the safety of mining by, among other means, minimising human presence in unsupported areas of the mine and thus mitigating the rockfall risk.

Polar Division, Polar Construction Company and Kola MMC installed protective covers on special-purpose machinery used for lifting workers in the process of underground capital construction and mine preparation works.

### Provision of personal protective equipment

As the Group's employees are exposed to hazardous and harmful workplace factors (underground work, operation and maintenance of mining equipment and heavy self-propelled vehicles, extreme climate, etc.), it provides them with personal protective equipment (PPE) in addition to implementing technical and organisational safety measures. ► 403-3

To supply comfortable best-in-class PPE in line with the corporate standard, the Company's production sites run preliminary tests on PPE, including the most advanced equipment from leading manufacturers.

To effectively monitor safe working behaviour, the Company makes employees with a track record of up to three years wear red helmets with the word "Warning" and protective clothing with "Warning" badges.

In 2020, the Group companies spent on PPE procurement some RUB 3 bn or RUB 49,000 per employee.

Employees working in contaminated conditions are supplied with wash-off and decontaminating agents free of charge.

Nornickel has developed and implemented a standard for the identification and management of occupational health and safety risks. Certain risk management frameworks were audited as part of second party audits. The Company worked consistently to comply with the standard requirements and further improve its hazard identification procedures, assess and manage occupational health and safety risks, including verification of risk registers, drawing up and revising risk lists, making and implementing risk mitigation action plans. The standard provides for a procedure where employees can refuse to work if they believe that the workplace conditions may cause injuries or damage to health. This procedure is formalised in collective bargaining agreements. ► 403-2, 403-3

### Special assessment of working conditions

In 2020, the Company carried out a special assessment of working conditions at Polar Division, Polar and Murmansk Transport Divisions, Medvezhy Ruchey, Pechengastroy, GRK Bystrinskoye, Norilsk-Taimyr Energy Company, Norilskgazprom, and at other production facilities, in accordance with the Federal Law On Special Assessment of Working Conditions. It covered more than 14,000 workplaces and over 23,000 employees, which amounted to RUB 15 mln in expenses for the Group's operations.

### Prevention of occupational diseases

To prevent occupational diseases, Nornickel exercises regular health monitoring of personnel. Employees undergo compulsory pre-employment, regular and ad hoc medical examinations and check-ups organised at the Company's expense. Those that have contact with hazardous materials are subject to additional examinations held at least once in five years by occupational pathology centres or other organisations authorised to conduct pre-employment and regular check-ups. These serve to assess occupational health fitness and determine if the disease is job-related. ► 403-3

In 2020, the Group's costs related to medical examinations and maintenance of medical aid posts amounted to RUB 370 mln and RUB 760 mln, respectively.

The Company's facilities have their own medical aid posts to perform pre-shift and pre-trip check-ups and provide medical assistance to employees upon request.

To automate the pre- and post-shift check-up process, the Company implements an electronic health check-up system. It was put into operation at Polar Division, Kola MMC, GRK Bystrinskoye, and Norilskgazprom.

The Company put in place contactless breath alcohol screening devices to prevent intoxicated employees from accessing production facilities. The devices are running at Polar Division (mines, Copper Plant), Medvezhy Ruchey, GRK Bystrinskoye and Norilsk Production Support Complex.

The Company provides employees working in harmful and hazardous conditions with free foods, milk, and other equivalent food products for therapeutic purposes in compliance with the applicable Russian legislation and corporate policies. In 2020, food and milk costs across the Group amounted to RUB 1.2 bn.

In case of hazardous production factors identified as part of a special assessment of working conditions, the Company provides affected employees with free personal protective equipment, including respiratory protection (respirators, gas masks), hearing protection (earmuffs, earplugs), eye protection (glasses/goggles with UV filters, visors), skin protection (gloves, protective and regenerative creams, protective outdoor wear).

### Corporate healthcare

Employee health is key to sustainable and efficient development of the Company. In 2020, the Company used the facilities of Nornickel Corporate Health Centre LLC to launch the corporate healthcare service project. ▶403-3, 403-6

Workshop Healthcare Service<sup>1</sup> is to be established as the primary care setting to improve the availability of diagnostic and preventive services to employees. If doctors are constantly present at production facilities, they can not only render emergency aid but also provide preventive care and monitor employee health. The workshop physician will be responsible for offering professional medical services, preventing lost-time illnesses, professional diseases or disabilities, improving sanitary and hygienic conditions for employees, rendering first aid in the event of acute intoxication or disease.

In 2021, Nornickel Corporate Health Centre will employ several hundred medical professionals arriving from other regions of Russia under long-term contracts. The Company is going to provide them with housing at its own expense.

The central outpatient facility covering an area of more than 700 m<sup>2</sup> in Norilsk will be Corporate Health Centre's key healthcare institution, which is expected to service 20,000 people in the Norilsk Industrial District in twelve basic areas of medicine, including general practice, ultrasonography, cardiology, neurology, endocrinology, and more. The facility is slated to open in 2021. The repair is underway, while state-of-the-art medical equipment is being prepared for delivery. Investments in the project stand at ca. RUB 200 mln.

<sup>1</sup> Currently, Nornickel's production facilities only have first-aid posts.

In 2021, Polar Division's medical facilities are also going to be repaired and provided with modern medical devices. All the facilities will be brought in compliance with corporate standards. Investments in the programme stand at ca. RUB 300 mln. Starting from 2022, similar activities will be rolled out at Nornickel's medical facilities in the Norilsk Industrial District and Kola MMC.

As part of its corporate healthcare development programme, the Company plans to build another three medical centres in Norilsk (namely in Kayerkan, Talnakh, and the Central District) with a total area of 6,000 m<sup>2</sup>. The Group came to an agreement with Monchegorsk municipal authorities to erect a new modern polyclinic building and open Nornickel's corporate healthcare facility, which will admit both employees of the Company and locals.

### Developing a medical information system

The Corporate Healthcare project stipulates the implementation of a dedicated information system to be installed across all medical facilities of the Company, including health resorts in different regions. This will help to set uniform medical care standards and prevent undesired consequences of the lack of information for treatment.

- Key functions of the dedicated medical information system:
- create a shared information environment enabling medical professionals to have joint access to employees' electronic health records (EHR);
  - improve the efficiency of corporate healthcare facilities through business process automation using a shared platform and integration with federal and regional healthcare services;
  - create a predictive data analysis tool to identify risks of disease occurrence or development at any phase of healthcare.

The system will function in accordance with applicable Russian laws, including Federal Law No. 152-FZ On Personal Data dated 27 July 2006 and Federal Law No. 187-FZ On the Security of Critical Information Infrastructure dated 26 July 2017. Smooth operation of the system is underpinned by state-of-the-art and reliable equipment securing protection against any potential leakage of employees' personal and health data.

### OHS control and prevention

To improve safety culture and prevent workplace injuries, Nornickel regularly takes control and prevention measures, including: ▶403-2, 403-3

- second-party OHS management audits (cross-company audits of the Group companies involving the OHS heads and experts from other Group companies);
- internal OHS management audits;
- OHS monitoring at each facility, including multi-phase production site control and ad hoc, targeted and comprehensive OHS inspections;
- safety behaviour audits;
- compliance and certification audits as part of the OHSAS 18001:2007 and ISO 45001:2018 management system;
- independent external audits of the OHS management system and occupational safety culture.

### Health and safety competitions

In 2020, we launched team and individual competitions in occupational health and safety in line with the internal HSE standard. Team competitions were held across seven groups of Nornickel's production facilities. Results of individual competitions were announced with the following awards granted:

- Best Health and Safety Head;
- Best Health and Safety Line Manager;
- Best Health and Safety Specialist;
- Best Health and Safety Compliant Worker.

### Health and safety performance indicators for accident prevention

Indicators	2016	2017	2018	2019	2020
Audits conducted:					
by health and safety committees (thousand)	>31.5	>30.8	>30.9	>29.8	>48.5
Target audits conducted by managers, senior specialists and committees of the Group's facilities and business units (thousand)	6.8	8.7	9.7	9.6	10.6
Ad hoc audits (thousand)	8.8	15.3	15.7	15.5	27
Comprehensive audits of health and safety and relevant management systems	167	221	149	126	164
Coupons removed from the books of employees violating health and safety requirements <sup>1</sup> (thousand)	3.4	2.9	2.2	1.8	1.1
Employees subject to disciplinary action for the violation of health and safety requirements (thousand)	8.8	7.9	6.8	6.3	5
Employees with reduced bonus payments (thousand)	>15	>13.6	>13	>11.9	>10
Total (RUB mln)	>55	>74	>70	>69	>59
Employees incentivised for health and safety involvement and lower workplace injury rate as per the audit results (thousand)	>5	>5.6	>6.4	>6.5	>5
Total (RUB mln)	>51	>41	>52	>57	>59

<sup>1</sup> Removal of coupons is a preventive measure that enables the Company to register the number of gross health and safety violations which did not cause accidents, and subject the culprits to disciplinary actions and financial penalty.

The Company also runs an ongoing Safe Work communications programme. In 2020, it focused on:

- media support of key OHS initiatives;
- demonstration of the management's commitment to occupational safety (media publications, management meetings with employees);
- updating OHS information on the corporate portal;
- covering OHS competitions and announcing the best OHS manager, expert, and workplace;
- making employees aware of the existing OHS situation in the Company, accidents, investigations, and actions taken.

### Engagement of employees in safety management

▶ 403-2, 403-4

Most of the Group companies have in place joint health and safety committees (councils) made up of the management, employee and trade union representatives. The Group companies operating such joint committees employ over 70,300 people (around 97.2% of the Group's total headcount). The Head Office does not have a joint committee (as there is no trade union in place, but representatives of the Norilsk trade union take part in the HSE Committee meetings). On top of that, Norilsk Nickel Corporate University (an educational institution not involved in production) and NordStar Airlines (no proposals from trade unions have been received, setting up a joint committee in 2021 is currently under consideration) do not have committees.

Authorised representatives of trade unions and staff in occupational health and safety (996 employees) were elected to participate in preventive activities across the Group's production units. In 2020, they took part in over 20,000 audits and submitted more than 6,000 health and safety improvement proposals.

### Health and safety topics covered in formal agreements with trade unions ▶ 403-4

The Group and most of its production companies entered into collective bargaining agreements with employee representatives (including trade union organisations). The collective bargaining agreements contain relevant occupational health and safety provisions and cover some 69,900 Group's employees (approximately 96.6% of the Group's total headcount).

### OHS training ▶ 403-5

One of the key strategies to increasing occupational safety is improving OHS qualifications of staff. To this end, Nornickel organises regular briefings on and training courses in occupational health for its employees.

In 2020, OHS pre-certification briefing, basic training and certification covered 34,000 employees of the Group. The Group's health and safety training expenses exceeded RUB 76 mln.

We introduced dedicated software modules for mining jobs (LHD operator, hole driller, production face mining worker, electric locomotive driver, blaster, tippie operator, conveyor operator, slinger, electric and gas welder, dock operator, furnace operator) in order to provide health and safety briefings.

Polar Division, Polar Construction Company, Kola MMC, Norilsk-Taimyr Energy Company, Norilsknickelremont, Medvezhy Ruchey, Norilsk Production Support Complex, and Pechengastroy use comprehensive Pre-Shift Examiner systems designed to test and consolidate the knowledge of applicable safety requirements for different disciplines. Employees are required to pass a test before starting their work shift.

### Safety culture maturity (Bradley Curve)



In 2020, as part of the project to develop and implement a professional competency model for managers and specialists of OHS functions, we conducted pilot testing (knowledge and skills tests) of managers and specialists of HSE Departments at the Head Office, Polar Division, and Kola MMC. Results are used to assess the adequacy of the competency model. Testing is also planned for other Group companies.

All new hires take an induction training course under a dedicated OHS programme regardless of the length of service in their profession.

### Workplace injuries

The Group's Health and Safety Strategy, which was reviewed and approved by the Audit Committee of the Board of Directors in 2014, lays out plans to reduce production-related accidents in absolute terms every year, pursuant to Russian labour laws.

Bringing fatal production-related accidents down to zero is one of the strategic objectives to be reached in the course of implementing the Health and Safety Strategy.

All workplace accidents are investigated in accordance with applicable Russian laws. Investigation results serve as a basis for developing measures to be taken promptly to eliminate the root causes. ▶ 403-2

In order to define priority paths for further improvement of the corporate health and safety management system and mitigate injury and accident risks across Nornickel's key assets, an independent company has been assessing the level of the Company's industrial safety culture every year since 2014. In the recent seven years, our safety culture level (a Bradley Curve indicator) has improved from 1.4 to 3. Improvements in the safety culture metrics were driven by greater personnel involvement in occupational health and safety, OHS leadership exemplified by the management, and stronger risk assessment and management expertise.

### Emergency preparedness

The Group operates over 300 hazardous production facilities and uses various hazardous substances in its processes. These facilities comply with Federal Law No. 116-FZ On Industrial Safety of Hazardous Production Facilities dated 21 July 1997 ("Federal Law No. 116-FZ"), and ensure preparedness for emergencies, including emergency containment and response.

### Fatalities by accident type in 2020 ▶ 403-9

- 1 Impact of moving or rotating parts of machinery and equipment
- 2 Falling objects

### Fatalities by work type in 2020

- 3 Energy-related injuries (energy source insulation)
- 2 Mining
- 2 Rockfall
- 5 Repair and maintenance
- 1 Other

The underlying document for emergency containment and response plans is the Regulation on Containment and Elimination of Accident Consequences at Hazardous Production Facilities approved by Resolution No. 730 of the Russian Government dated 26 August 2013. They are approved by heads (deputy heads) of production units that operate such facilities, and heads of regional emergency rescue services and units.

In order to ensure readiness for containment and response at hazardous production facilities, Polar Division signed contracts with a professional mine rescue unit for mine rescue services and the maintenance of auxiliary rescue teams' equipment. Auxiliary mine rescue teams were set up at Polar Division's and Kola MMC's hazardous production facilities (hazard classes 1 and 2) engaged in underground mining operations, as required by Federal Law No. 116-FZ and the Procedure for Establishing Auxiliary Mine Rescue Teams approved by the EMERCOM's order No. 765 dated 29 November 2013.

The plans are reviewed and approved in a timely manner, their effective periods being:

for underground mining facilities	6 months
for open-pit mining and concentration facilities	1 year
for hazard class 1 facilities <sup>1</sup>	2 years
for hazard class 2 facilities	3 years
for hazard class 3 facilities	5 years

<sup>1</sup> Excluding facilities specified in the first two lines of this table.

At the Group's hazardous production facilities, training sessions are held regularly and personnel are trained to deal with accidents, incidents, and emergencies.

Group companies have provisions for emergency containment and response at hazardous production facilities (MMC Norilsk Nickel allocated RUB 100 mln, Polar Division – RUB 50 mln, Kola MMC – RUB 50 mln, Norilskgazprom – RUB 18.578 mln, Lesosibirsk Port – RUB 10 mln, Norilsk Production Support Complex – RUB 5 mln, Medvezhy Ruchey – RUB 5 mln, Yenisey River Shipping Company – RUB 4.4 mln, GRK Bystrinskoe – RUB 3 mln, TFC – RUB 3 mln, Krasnoyarsk River Port – RUB 1 mln, Norilsk Airport – RUB 500,000, Vostokgeologiya – RUB 200,000, Gipronickel Institute – RUB 200,000, and Murmansk Transport Division – RUB 117,000).

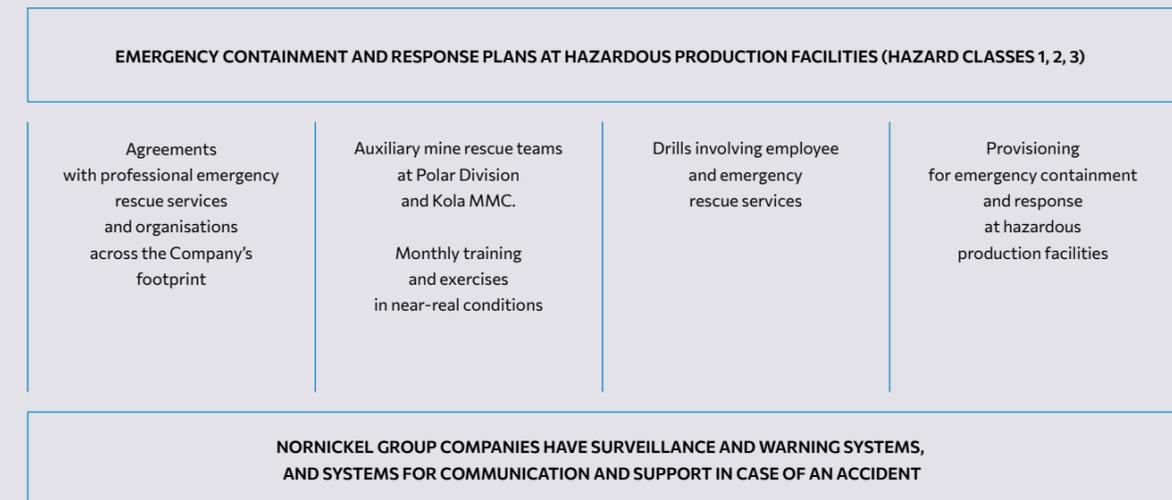
Polar Division, Medvezhy Ruchey, Norilsk Production Support Complex, GRK Bystrinskoe, and Kola MMC hazardous facilities put in place surveillance, warning, communication, and support systems to be fully prepared for emergency containment and response. Mines are equipped with radio and positioning systems for employees, and telemetry system for underground machinery to track their locations. Hazard class 1 and 2 facilities operate local warning systems.

In 2020, following the incident at HPP-3, Group companies revised their emergency containment and response plans at hazardous production facilities, as well as oil and petroleum products spill response plans in 2020–2021.

Key workplace injury indicators ▶ 403-9, 403-10

Indicator	UoM	2016	2017	2018	2019	2020	Change in 2020 y-o-y, %
FIFR		0.11	0.08	0.05	0.08	0.08	–
LTIFR		0.35	0.44	0.23	0.32	0.21	-34.4
Total workplace injuries as per Russian labour laws	No.	56	61	32	44	30	-31.8
Fatal workplace injuries	No.	13	9	6	9	8	-11.1
Minor injuries	No.	719	719	1,043	1,000	788	-21.2
Potentially dangerous incidents	No.	1,845	1,711	2,270	2,220	1,751	-21.1
Occupational diseases	No.	339	361	318	290	235	-19.0

Emergency preparedness system at hazardous production facilities



## Improving the emergency response system in 2020–2021

### Norilsk Nickel Group's companies

#### Activities

Polar Division of MMC  
Norilsk Nickel

- Key activities in 2020:
- increasing the headcount of the Gas Safety Service by 49 people;
  - providing the Gas Safety Service with machinery, supplies, and equipment for petroleum product spill containment and response;
  - establishing a prevention unit of the Gas Safety Service, comprising seven employees who are responsible for timely identification and prevention of emergencies at Polar Division's hazardous production facilities;
  - establishing a gas safety station in Dudinka;
  - replacing Gas Safety Service's obsolete machinery, equipment, and outfits with those appropriate for operation in harsh climatic conditions of the North and Arctic;
  - survey planning for the construction of a storage bay for the Gas Safety Service's equipment.

NTEC

- Plans for 2021:
- implement remote monitoring with the assessment and forecast of risks of manmade and natural disasters;
  - develop and implement the automated monitoring of the technical condition of buildings, hazardous production facilities, and their foundations (except for hydraulic structures);
  - jointly with academic partners and specialist contractors carry out R&D of the pile foundation bearing capacity at hazardous production facilities in the Norilsk Industrial District and assess the potential adverse effect of air temperature rising and foundation ground thawing;
  - send employees specified in the report on technical investigation to the local examination board at the Yenisey Department of Rostekhnadzor for unscheduled certification;
  - conduct engineering survey (geological and geophysical research) on the sites of hazardous production facilities operated by NTEC for identifying any potential geohazards.

Medvezhy Ruchey LLC

- Key activities in 2020:
- completing the project of equipping underground rooms for automatic traction substations and hydraulic power unit in Zapolyarnaya mine (a hazardous production facility) with automatic fire alarm and fire extinguishing system and public warning and evacuation management system used in case of fire;
  - procuring ten Dräger breathing apparatuses, which can be used in Zapolyarny open pit at a temperature below the freezing point. 15 additional apparatuses of the kind are to be procured in 2021.

### Norilsk Nickel Group's companies

#### Activities

Norilskgazprom

- Key activities in 2020:
- unscheduled technical inspection and technical diagnosis of bunding around tank farms, foundations (grillages), and tank foundations at hazardous production facilities;
  - starting the drilling of thermometric wells to survey the soil's bearing capacity in Norilskgazprom's tank farms.

Norilsktransgaz

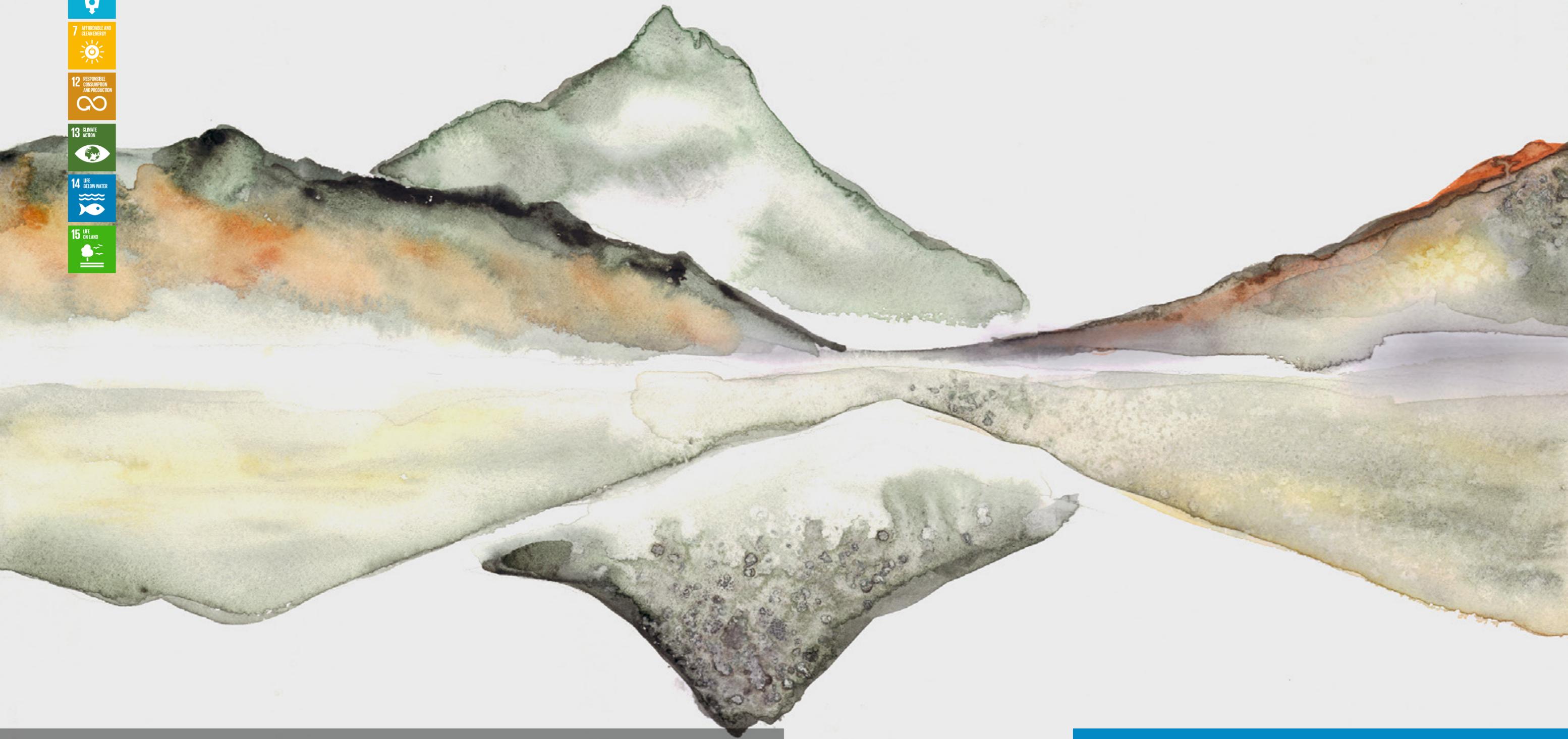
- Key activities in 2020:
- retrofitting end product pipelines (the river bank to warehouse section) in Tukhard for RUB 123 mln;
  - establishing a field storage unit for fuel and lubricants (20 tanks of 250 m<sup>3</sup> each, total capacity: 5,000 m<sup>3</sup>) at the methanol warehouse for RUB 100 mln.
- Plans for 2021:
- retrofit the tank farm of the condensate processing shop, replace one 5,000 m<sup>3</sup> tank for RUB 188 mln;
  - retrofit the fuel and lubricants warehouse – tank farm, replace two 1,000 m<sup>3</sup> tanks for RUB 104 mln;
  - retrofit foam fire suppression systems at the facilities of Norilsktransgaz for RUB 79 mln;
  - retrofit end product pipelines (the river bank to warehouse section) in Tukhard, fuel and lubricants warehouse for RUB 26 mln, etc.

Krasnoyarsk River Port

- Plans for 2021:
- audit the technical condition of transshipment equipment and moorage walls, inspect two bridge cranes, conduct comprehensive study and assessment of crane tracks in cargo districts, inspect the underwater parts of moorage walls in cargo districts, identify defects and repair railway tracks at the port;
  - continue with the programme of bridge crane capital repairs;
  - carry out the following repairs: replacement of two mooring posts in the Yenisey cargo district, repair of the mooring wall in the Peschanka cargo handling area.

Norilsk Airport

- Key activities in 2020:
- In 2020, maintenance repair of 1000 m<sup>3</sup> vertical steel tanks was carried out for RUB 2.1 mln.
- Plans for 2021:
- launch the project of upgrading the fuel and lubricants warehouse at the Norilsk Airport.



**Achievements**

**Key figures**

Greenhouse gas emissions (Scope 1+2) **decreased by 2.5%** by 2019 and amounted to 9.7 mln t of CO<sub>2</sub>-eq.

In 2020, the closure of the smelting shop in Nikel resulted in a 71% reduction in sulphur dioxide emissions in Nickel town and the city of Zapolyarny. By 2021, Kola MMC emissions are **expected to drop by 85%** vs 2015.

**Key events and facts**

Currently in the 1st quartile of the GHG emissions intensity curve among global metals and mining companies, Nornickel intends to sustain these positions going forward.

Environmental responsibility

# Environmental responsibility

## UN Global Compact Principles

**Principle 7: Businesses should support a precautionary approach to environmental challenges.**

**Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.**

**Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.**

## Key areas of the Holistic Environmental Strategy<sup>1</sup>



Climate change



Air



Water



Tailing dumps and waste



Land



Biodiversity

## Environmental management

Nornickel considers environmental protection an integral part of all production processes. We comply with the applicable laws and international agreements and are committed to reducing emissions, on a phased basis, and the sustainable use of natural resources.

In 2020, Nornickel developed a new Holistic Environmental Strategy. It pinpoints six key areas of environmental protection and sets the targets Company intends to deliver by 2030.

The detailed elaboration and approval of the Holistic Environmental Strategy by the Board of Directors is expected in 2021.

### Nornickel's strategic goals in environmental management:

- maintain absolute GHG emissions (Scope 1 and 2) from operations at no more than 10 mt of CO<sub>2</sub>-eq.;
- keep the volume of GHG emissions (Scope 1 and 2) per t of Ni-eq. in the bottom quartile of global metals and mining industry GHG intensity curve;
- improve air quality (reduce SO<sub>2</sub> emissions) in the areas of operation (Norilsk Industrial District and Kola Peninsula);
- maintain recycled water ratio and reduce pollution;
- continue providing clean water to local communities;
- maintain the safe operation of tailing dumps and minimise the environmental impact of mineral and non-mineral waste;
- clean-up unused facilities;
- oversee preparation of initiatives and compliance with environmental laws;
- restore the ecosystem and update plant and mine closure plans;
- implement the biodiversity improvement programme.

## Key metrics of the Holistic Environmental Strategy. Peer benchmarking

Focus area	Peer benchmarking <sup>2</sup>	
Climate change	Absolute emissions, (Scope 1 and 2), mt of CO <sub>2</sub> -eq.	-38%
	Share of power from renewable sources, %	1,0x
Air	NO <sub>x</sub> emissions, kt	-80%
	Solid / dust emissions, t	-65%
Water	Total water withdrawal, mcm	-51%
	Total wastewater discharge, mcm	-14%
	Percentage of the water reused and recycled, %	1,5x
Tailing dumps and waste	Share of recycled and reused non-mineral waste, %	1,4x
Land	Total disturbed area, thousand ha	-90%
Biodiversity	Experience:	
	<ul style="list-style-type: none"> <li>• Support for several nature reserves (Taimyrsky Putoransky, Pasvik Nature Reserves, Lapland Biosphere Reserve, etc.)</li> <li>• Preservation of rare and endangered species, support for the reproduction of aquatic bioresources</li> </ul>	

## Environment protection management

Environmental management responsibilities are distributed among different governance bodies in line with their competencies. To improve efficiency of sustainable development and environmental protection management, in the reporting year the responsible bodies were reorganised and their functions clarified, particularly in terms of environmental risk monitoring and internal environmental controls<sup>4</sup>.

Key environmental policies are subject to approval by the Board of Directors. Trainings on policies and regulations are held in line with annual (quarterly) training plans of respective units. In addition, environmental reports are issued on a quarterly and annual basis. ▶ 102-26

### Key environmental management regulations:

- Russian environmental laws;
- Nornickel's Environmental Policy;
- Environmental Impact Assessment Policy;
- Biodiversity Policy;
- Renewable Energy Sources Policy;
- Established maximum permissible environmental impact and its limits;
- Plans for reducing pollutant emissions;
- Plans for reducing pollutant discharges;
- Comprehensive environmental programme.

<sup>1</sup> For more details on the target areas of the Holistic Environmental Strategy, please see the Strategy and Management section.

<sup>2</sup> Peers include Anglo American, BHP Billiton, Vale, Rio Tinto, Freeport, for which open data for 2019 is available.

<sup>3</sup> Of the total electricity consumption.

<sup>4</sup> For more details, please see the Corporate Governance section.

Body	Responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>• approves environmental policies.</li> </ul>
Independent Environmental Task Team of the Board of Directors	<ul style="list-style-type: none"> <li>• approves environmental policies.</li> </ul>
First Vice President, Head of Corporate Security	<ul style="list-style-type: none"> <li>• oversees preparation of initiatives and compliance with environmental laws;</li> <li>• assesses the environmental management system;</li> <li>• submits reports to the Board of Directors.</li> </ul>
Environmental Department	<ul style="list-style-type: none"> <li>• develops a policy to minimise the environmental impact and restore ecosystems in the regions of Norinickel's operations;</li> <li>• manages environmental risks effectively;</li> <li>• ensures compliance of the Company's operations with the applicable environmental laws, environmental policy and ISO 14001:2015;</li> <li>• reviews the Company's development projects from the environmental perspective.</li> </ul>
Environmental Monitoring Centre	<ul style="list-style-type: none"> <li>• conducts environmental safety audits directly at the Company's production facilities and corporate units, including audits of technical and design documentation, audits of compliance with the requirements and instructions of government bodies, and audits of compliance with the Company's internal requirements and the required environmental safety measures;</li> <li>• develops and implements an automated environmental safety monitoring system;</li> <li>• controls completeness of environmental emergency response plans, the sufficiency of funds and other resources to respond to emergencies and eliminate their consequences.</li> </ul>
Inspection for Monitoring Technical, Production and Environmental Risks	<ul style="list-style-type: none"> <li>• inspects the accuracy of ecological and technical production risks assessment to the extent dealing with the probability and impact levels pursuant to the applicable corporate procedures.</li> </ul>
Production units	<ul style="list-style-type: none"> <li>• implement environmental initiatives and prepare federal statistical and corporate reports.</li> </ul>

The system delivers a number of positive effects for the Company:

- securing priority funding for environmental initiatives;
- raising environmental awareness among employees;
- improving the Company's public image;
- making the Company more competitive in the domestic and international markets;
- demonstrating compliance with global environmental standards to customers and other stakeholders, and winning the trust of customers who require their suppliers to have such a system in place;
- unlocking additional opportunities for recognition in the international context and in global markets.

The Group's core companies are certificated under ISO 14001:2015 Environmental Management Systems, a widely recognised international standard:

- MMC Norilsk Nickel
- Kola MMC
- Norilsk Nickel Harjavalta

Annual internal and external audits confirm compliance of the Company's environmental management system with the requirements of the international standard.

In December 2020, due to the COVID-19 lockdown restrictions, the auditors of Bureau Veritas Certification (BVC), an international certification body, remotely conducted a desk audit of MMC Norilsk Nickel (as part of the re-certification exercise), which confirmed the Company's compliance with ISO 14001:2015 and ISO 9001:2015 global standards. The on-site stage of the re-certification audit at the Company's Head Office, Polar Division, Polar Transport Division, and Murmansk Transport Division is scheduled for 2021.

In accordance with the international standards and the Company's by-laws, internal audits were conducted by professionals with specialised training. There were 105 audits in 2020:

- 19 internal audits at the Head Office;
- 20 internal audits at Polar Division's subsidiaries;
- 3 internal audits at Murmansk Transport Division;
- 38 internal audits and one corporate audit at Polar Transport Division;
- 25 internal audits at Kola MMC;

## Environmental protection expenditures

In 2020, the Group's environmental protection expenditures stood at RUB 34.6 bn, down 12.3% year-on-year. The largest spending items are current environmental protection expenditures (RUB 21.8 bn) and capital investments to ensure environmental protection and sustainable use of natural resources (RUB 10.4 bn).

In 2020, the Company paid a total of RUB 9.3 mln in environmental fines. ▶ 307-1

There was an important event after the reporting period: on 10 March 2021, the Company fully paid the fine of RUB 146.2 bn imposed by the court following a diesel fuel spill at NTEC's HPP-3 in May 2020.

## Precautionary approach

In accordance with its Investment Project Risk Management Regulations, Norinickel analyses risks and assesses impacts and potential consequences using qualified expert review during both project initiation and implementation. In the event material risks are identified, mitigation initiatives are developed, and a decision may be taken to abandon the project. During a state expert review, FEED documents for all the ongoing projects undergo mandatory assessment for compliance with the applicable law.

When planning our operations, we ensure compliance with the applicable Russian environmental laws and regulations. ▶ 102-11

## Environmental Management System

Since 2005, the Company has been successfully running an environmental management system in the areas of production, project management, storage, supplies, and sales. The system operates as part of the Corporate Integrated Quality and Environmental Management System (CIMS), which enables the Group to harmonise environmental and quality management with other efforts thus improving environmental safety and the Company's overall performance. The Company issues a report on the environmental management system every year.

## Environmental costs and expenditures, RUB mln

Expenditure item	2017	2018	2019	2020
Current environmental protection expenditures	20,907.06	19,161.00	21,579.19	21,812.90
Capital investments to ensure environmental protection and sustainable use of natural resources	4,981.95	12,607.28	17,006.12	10,380.65
Charges for permissible and surplus emissions (effluents) and disposal of production and consumption waste	626.79	695.18	886.90	2,420.83
Charges paid by the Company to remedy damages arising from non-compliance with environmental laws (excluding environmental fines)	244.31	1.53	0	8.49
<b>Environmental expenditures and costs</b>	<b>26,760.11</b>	<b>32,464.99</b>	<b>39,472.21</b>	<b>34,622.91</b>

<sup>1</sup> Starting 25 arch 2021, this function will be assigned to the Vice President for Ecology and Industrial Safety of MMC Norilsk Nickel.

<sup>2</sup> Starting 25 March 2021, the Ecology Department will report to the Vice President for Ecology and Industrial Safety of MMC Norilsk Nickel.

## Environmental impact indicators

Item	UoM	2016	2017	2018	2019	2020
Air emissions	t / RUB mln <sup>1</sup>	3.53	3.44	2.64	2.22	1.75
Water withdrawal	thousand m <sup>3</sup> / RUB mln	0.60	0.63	0.49	0.36	0.34
Water consumption	thousand m <sup>3</sup> / RUB mln	2.67	2.50	1.94	1.53	1.31
Effluents	thousand m <sup>3</sup> / RUB mln	0.26	0.28	0.23	0.16	0.18
Pollutants in effluents	t / RUB mln	0.35	0.40	0.32	0.24	0.22
Waste generation	kt / RUB mln	0.06	0.06	0.04	0.04	0.13

## Elimination of damage caused by environmental industrial incidents in 2020: results<sup>2</sup>

- In 2020, three environmental incidents occurred at the Company's industrial facilities:
- 29 May – 21 kt of diesel fuel spilled from the back-up fuel storage tank of HPP-3 in the Kayerkan District of Norilsk;
  - 28 June – recycled industrial water pumped out into the tundra from the tailing dump's process pond at Talnakh Concentrator;
  - 12 July – 38.5 t of aviation fuel leaked from a pipeline during fuel transfer from a river barge to a fuel storage facility near the settlement of Tukhard.
- 306-3

The Company immediately took all the measures to eliminate the damage caused by each incident.

### Overview of the HPP-3 incident

HPP-3 belongs to Norilsk-Taimyr Energy Company (NTEC), a subsidiary of Norinickel. It mainly services the municipal properties located in the Norilsk Industrial District and partially the Company's facilities. The power plant operates on natural gas, with diesel fuel used as a backup fuel and stored in fuel storage tanks. The failed tank No. 5 was commissioned in 1985. Following overhauls carried out in 2017–2018, the tank went through hydraulic tests in 2018, which resulted in an Industrial Safety Assessment (ISA) report permitting its operation. All recommendations regarding the first post-overhaul filling of fuel were implemented along with appropriate controls. The incident occurred on 29 May 2020, when sudden subsidence of piles led to depressurisation of the back-up fuel storage facility at HPP-3, causing diesel fuel to spill. In a short span of time, 21.2 kt of diesel fuel

went beyond the bunding, flowing into a designated pit, onto adjacent grounds, and into the Bezymyanny Stream. Through the Bezymyanny Stream via the Daldykan River, the fuel then reached the Ambarnaya River, where containment protective booms were quickly constructed. This helped prevent the fuel spill into Lake Pyasino. Occurring far away from the city, the incident did not affect day-to-day activities in Norilsk. Rostekhnadzor conducted a technical investigation of the incident and published the findings on its website on 16 November 2020. ERM, a world-class environmental advisory company, was engaged to carry out an independent assessment of the causes of the HPP-3 accident. Following the investigation, ERM experts concluded that the incident was caused by a combination of factors that led to the sinking of several piles in the base of fuel storage tank No. 5:

- violations during construction (completed in 1985): several piles were found to be shorter than the design length and were not installed into the bedrock under the fuel storage tank;
- permafrost thawing as a result of climate change.

### Clean-up results

Nornickel immediately responded to the fuel spill with a series of clean-up actions. An emergency response task force was set up in Norilsk and included representatives of local and regional authorities, Nornickel's senior management, law enforcement and other government agencies. The clean-up was conducted in and around HPP-3, in the adjacent areas and waterways.

29 May

Causes of incident

- Design/construction defects
- Permafrost thawing as a result of climate change

28 June

- Incompetence of concentrator management

12 July

- Line management negligence

Clean-up efforts

**Main clean-up stages are now completed and rehabilitation is in progress**

- Clean-up operations were launched immediately
- Over 90% of spilled fuel was collected, with contaminated soil removed
- The spill was fully localised. Contamination of Lake Pyasino was prevented
- Technical investigations were carried out by government authorities and ERM

**The damage caused by the incident was fully eliminated**

- Water tests detected no excess of permissible concentration limits for pollutants

**Response actions and rehabilitation plan were implemented in full**

- The environment was rehabilitated
- Water and soil tests detected no excess of permissible concentration limits for pollutants

## Main stages of the clean-up and environmental reclamation programme

2020

### Stage 1 and 2: Clean-up (29 May – June)

- Over 90% of spilled fuel was collected, with contaminated soil removed (in July)
- The contaminated soil was placed into sealed-off hangars to avoid further risk to the environment
- The water and fuel mixture collected from the Ambarnaya River and near HPP-3 was placed into temporary tanks
- More than 700 professionals and 300 units of equipment were involved in the fuel spill clean-up operation

### Stage 3: Residues collection, transportation, and disposal (June–October)

- As at the end of September, 35,000 m<sup>3</sup> of water and fuel mixture was collected
- Fuel remaining in the soil and in the water was collected
- River shores were treated with sorbents and washed
- The collected water and fuel mixture was delivered to an industrial site near Nadezhda Metallurgical Plant for further separation
- Fuel and water separation was completed

2020–2023

### Stage 4: Rehabilitation/disposal (ongoing)

- 2020–2021**
  - Development of a monitoring programme (to monitor water bodies and soils) and rehabilitation plan for the contaminated land and river banks
- 2021–2022**
  - Reproduction of aquatic bioresources
- 2020–2023**
  - Disposal of separated water, contaminated sorbents, and collected contaminated soil

The Company estimates the total clean-up costs at about RUB 12 bn.<sup>4</sup>

On 10 March 2021, the Company fully paid the fine imposed by court over the diesel fuel spill at NTEC's HPP-3 in the amount of RUB 146.2 bn. Of this amount, RUB 145.5 mln was paid to Russia's federal budget and RUB 685 mln went into the budget of Norilsk.

<sup>1</sup> All figures in the table are given per RUB mln of consolidated revenue.

<sup>2</sup> For more information on how the Company worked to eliminate the damage caused by environmental industrial incidents at its facilities in 2020, please refer to the White Paper on NTEC's HPP-3 incident here <https://www.nornickel.com/investors/reports-and-results/>

<sup>3</sup> <https://www.gosnadzor.ru/news/64/3337/>

<sup>4</sup> Excluding fines.

## Improving environmental safety of Polar Division's facilities

Following investigation of the accident root causes, we launched a series of initiatives intended to improve industrial safety.

In June 2020, we commenced a comprehensive reassessment of risks related to the Company's hazardous production facilities:

- dismantling of fuel storage tanks No. 4 and 5 at HPP-3 and similar tanks at HPP-2;
- upgrades of fuel storage tanks No. 2 and 3 at HPP-3: anticorrosion treatment, upgrade of the bunding perimeter, installation of new gas detectors;
- detailed action plan to improve industrial safety developed and presented to Rostekhnadzor;
- ad-hoc audit of all (600+) buildings and facilities launched.

In addition, we announced additional RUB 100 bn investments over 2020–2024 to upgrade and improve industrial safety at energy infrastructure on the Taimyr Peninsula. The investments will target a broad range of projects to replace equipment at thermal and hydro power plants, upgrade power grid and gas pipeline systems, and modernise fuel storage tanks.

In 2020, the Company's total costs associated with unscheduled inspections and repairs of production facilities in connection with the HPP-3 incident stood at RUB 351 mln.

To enable early detection of any possible deformations of industrial buildings and structures as a result of

permafrost thawing, the Company decided to roll out a space monitoring system under an agreement signed with Sovzond, Russia's leading company in the area. Our plans also include confirmative geological drilling to evaluate the supporting pile deformation and soil temperature, and to confirm the thermometric data obtained while monitoring the foundations in real time. The Company plans to install strain gauges and temperature sensors to monitor the condition of the bases of buildings and structures in real time, and to upgrade Polar Division's Diagnostics Centre and permafrost laboratory.

We are currently inspecting our industrial facilities, which encompasses the following:

- updating the register of industrial facilities and scheduling their ad-hoc audits;
- comprehensive audit/diagnostics of facilities using our own resources and the assistance of our contractors;
- development of facility upgrade and repair programmes;
- building a scoring model to assess production process risks given climate change, technical condition of facilities and their environmental impact.

In 2020–2022, we will also be working to improve our emergency response mechanisms while at the same time retrofitting the Rescue Service of Polar Division.

*For more information on the causes of environmental incidents, clean-up progress, and outcome of ongoing work, please refer to the White Paper on NTEC's HPP-3 incident here <https://www.nornickel.com/investors/reports-and-results/>*

### COMPREHENSIVE PHYSICAL RISK MITIGATION PROGRAMME

Reassessment of risks inherent in hazardous facilities	Large-scale upgrades of energy infrastructure	Rollout of a system to monitor permafrost thawing
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The goals of the Great Norilsk Expedition were not just to investigate the causes and consequences of the incident at HPP-3 in Norilsk but to commence a large-scale comprehensive study of Taimyr's ecosystems and climate change that took place over the recent decades. The Company will carefully study the report presented by the Russian Academy of Sciences and will continue collaboration with the academia to introduce new approaches to doing business in the Arctic amid tougher environmental requirements and stronger public demand for cleaner industries. It is perfectly possible that one of the results of the expedition will be the development of new regulations, including nation-wide statutory documents, which will define the framework for operating in the Arctic.”

**Andrey Bougrov,**  
Senior Vice President for Sustainable Development at MMC Norilsk Nickel

## Great Norilsk Expedition

In July 2020, the Siberian Branch of the Russian Academy of Sciences launched the Great Norilsk Expedition, a project initiated by Nornickel. The aim of the expedition was to conduct a comprehensive study of the environment in the Norilsk Industrial District and develop recommendations that will form the basis for new approaches of doing business in the Arctic in order to minimise the environmental impact and eliminate the damage caused by the HPP-3 incident. The expedition was comprised of scientists representing 14 research institutes. They did fieldwork in July to September 2020, followed by two-month laboratory studies of samples and data analysis.

During the field stage of the expedition, the researchers collected around 2,000 samples of water, soils, bottom sediments and living organisms in the Norilsk Industrial District and on the Taimyr Peninsula, and carried out measurement of permafrost soils. The research then moved to the laboratories of academic institutes in Novosibirsk, Tomsk, Barnaul, Yakutsk, Krasnoyarsk, and Norilsk.

The researchers were expected to:

- obtain an accurate contour of the oil spill following the incident;
- identify or disprove the occurrence of petroleum products in living organisms and non-living objects;
- trace back the history of anthropogenic pollutions on the Taimyr Peninsula;
- track changes in biocoenosis and in permafrost conditions.

Field and laboratory research formed the basis of a report describing the current state of the area in question.

### Key conclusions of the expedition

Following the results of the expedition, the scientists ruled out the possibility that the petroleum products spilled as a result of the incident at HPP-3 might have reached the Arctic Ocean and even the central and northern parts of Lake Pyasino. The investigations also proved that the spill had no negative impact on the ecosystems of Lake Pyasino and the Pyasina River.

The current state of land ecosystems near Norilsk up until the Ambarneya River delta was deemed unsatisfactory in terms of pollution levels and their transformation. At the same time, as the researchers moved away from the fuel spill site, the ecosystem demonstrated a consistently better state: from satisfactory (from the Ambarneya River to the sources of the Pyasina River) to excellent (from the mouth of the Tareya River to the Kara Sea).

An analysis of soils at the site of the back-up diesel fuel storage at HPP-3 and beyond shows that confirmed permafrost thawing in the base of fuel storage tank No. 5 and the subsidence of the pile foundation might have been caused by an underground talik originating in a lake located in the vicinity of the destroyed facility.

The report also describes deterioration in the state of plants present in the area, with considerable damage caused to the floodplains of Daldykan and Ambarneya rivers. However, mammals covered by the studies demonstrated no changes caused by the fuel spill.

Given the above, data collected and obtained during and as a result of the Great Norilsk Expedition calls into question the assumption that the HPP-3 incident is an environmental disaster. It is certain that the diesel fuel spill had a negative impact on the environment. However, the researchers believe that the incident is not an environmental disaster for a number of reasons:

- the spill was promptly localised in the Norilsk Industrial District (the Bezymyany Stream, Daldykan and Ambarneya rivers, and the southern border of Lake Pyasino);
- over summer and autumn, the water and fuel mixture and the topsoil filled with diesel fuel were collected and removed;
- ecosystems demonstrate a strong regenerative capacity whenever there is no stressful man-made impact;
- some of the organisms present in the ecosystem use diesel fuel as a feed source and will therefore help speed up the restoration of the natural environment;
- the incident did not cause a cascade effect whereby the extinction of one species in an ecosystem leads to the extinction of others;
- further actions to remediate the disrupted area will ramp up the recovery of the ecosystem.

## The Company's approach to climate change

Nornickel recognises the need for an urgent global response to the threat of climate change across all areas of society and the economy, and the need to support the goals of the Paris Agreement to limit the increase in the global average temperature to 2°C and pursue efforts to limit the increase to 1.5°C.

The Company contributes to the global climate agenda by implementing its own long-term strategy that involves the modernisation of its production assets through the deployment of best available technologies and clean tech solutions, maintaining a low-carbon footprint among global diversified metals and mining players, improving energy efficiency and resilience to climate risks.

### The Company's key climate change commitments

- implement management processes to ensure climate change risks and opportunities are considered in business decision-making;
- advance operational level adaptation and mitigation solutions, taking into consideration opportunities and challenges of the Taimyr Peninsula and the Murmansk Region;
- engage with the administration of Norilsk on our shared climate change risks and opportunities and help municipalities in the Norilsk Industrial District to understand how they can mitigate the physical impact of climate change;
- increase transparency and disclosure regarding Scope 1 and 2 GHG emissions on an annual basis;
- support the transition to a low carbon economy by contributing to the sustainable production of commodities essential to the energy and mobility transition;
- set emissions reduction targets at a corporate level;
- engage with external parties to determine a preferred approach to reporting Scope 3 emissions.

## Climate change risks and opportunities ▶ 102-15, 201-2

### Climate risks

Our risk management practices include measures to track climate changes and make efforts to limit their impact on the Company's targets indicators.

Soil thawing is the key climate change risk faced by the Company as it causes loss of bearing capacity, which may subsequently lead to the destruction of buildings and structures. Insufficient water resources also remain one of the urgent environmental issues.

### Risk of soil thawing

Around 80% of the Company's production units are hazardous and belong to different hazard categories with 25% of such units located in the Norilsk Industrial District posing a potential threat to the environment. To manage the risks arising from the loss of bearing capacity of the soil, the Company:

- regularly monitors the condition of foundations underneath buildings and structures built on permafrost;
- performs geodetic monitoring of the movement of buildings;
- monitors soil temperature in buildings' foundations;
- monitors the compliance of its facilities with operational requirements for crawl spaces;
- develops recommendations and corrective action plans to ensure safe operating conditions for buildings and structures.

In order to monitor and assess permafrost soils and related physical risks in line with high standards, Nornickel works to introduce a systematic monitoring of permafrost areas to see how they are affected by climatic fluctuations in the Norilsk Industrial District. To enable early detection of any possible deformations of industrial buildings and structures as a result of permafrost thaw, it was resolved to roll-out a space monitoring system under an agreement signed with Sovzond, Russia's leading company in this field. The Company will perform regular interferometric analysis of satellite images to identify both vertical and horizontal changes in foundation structures.

Our plans also include confirmative geological drilling to evaluate the deformation of supporting structures, measure soil temperature, and verify the thermometric data obtained during the real-time foundation monitoring. The collected data will enable comparison of historical permafrost/soil temperature data with up-to-date data sets for the earliest possible detection of any changes. The Company will also use seismoacoustic methods of pile condition analysis to detect potential structural deformations and rusting, and geodesic surveying of buildings structural parts. In the coming years, Nornickel will have strain gauges and temperature sensors installed onto the foundations of all buildings and structures and will modernise the Polar Division's Diagnostics Centre and permafrost laboratory.

### Risk of insufficient water resources

Limited water resources may cause water shortages in storage reservoirs of the Company's hydropower facilities and subsequent failure to achieve necessary water pressure at HPP turbines leading to limited power production and drinking water shortages in Norilsk. To manage these risks, the Company:

- builds a closed water circuit to reduce water withdrawal from external sources;
- carries out regular hydrological examinations to forecast water levels in rivers and water bodies;
- in cooperation with the Federal Service for Hydrometeorology and Environmental Monitoring (Rosgidromet) sets up permanent hydrological and meteorological monitoring stations to ensure more accurate water level forecasting in its regions of operation;
- dredges the Norilskaya River and reduces energy consumption at the production facilities, should the risk materialise;
- replaces equipment at HPP plants to increase power output through improving the performance of hydroelectric units.

*For more details on the assessment and management of these risks, please see the Risk Management section.*

## Climate change opportunities

The main driver behind our strategy is a growing demand for platinum group metals that are necessary for the transition to a low-carbon economy, including development of renewable energy and clean mobility.

On top of that, Nornickel could become one of the most efficient suppliers in the climate change context. High consumption of electricity from renewable sources, large percentage of reused and recycled water and one of the industry's lowest CO<sub>2</sub> emission rates strengthen the Company's position in this area.

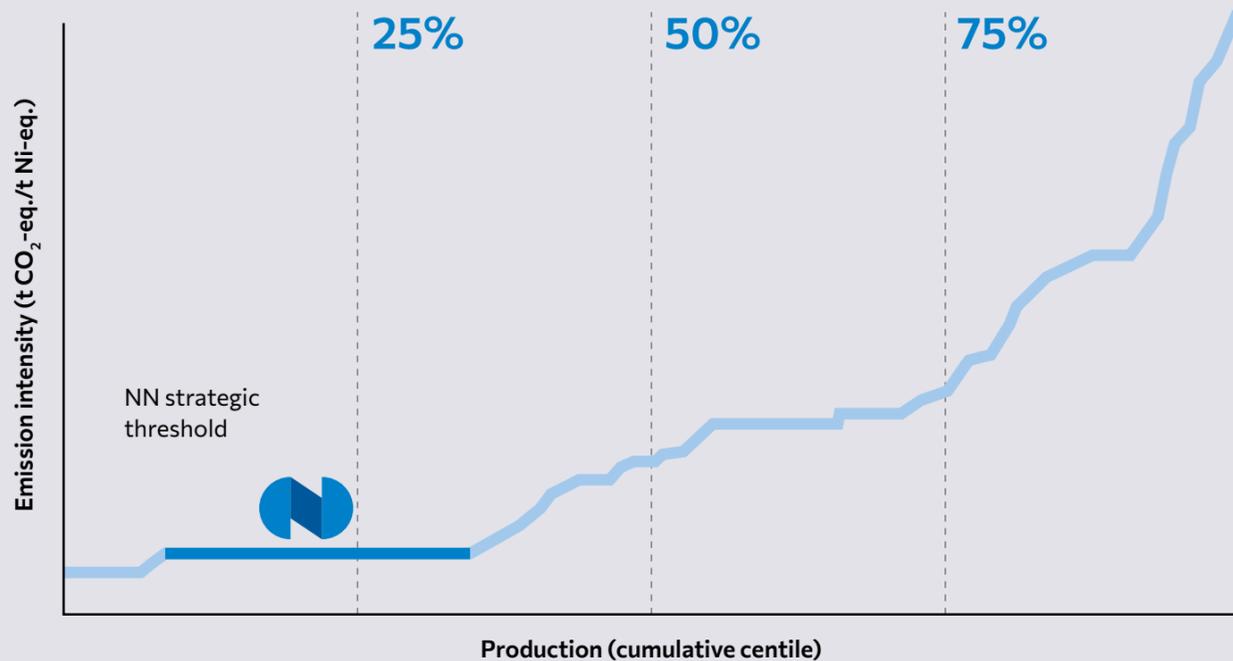
Currently in the 1st quartile of the GHG emissions intensity curve among global metals and mining companies, Nornickel intends to sustain these positions going forward.

### The crucial climate change factors affecting the demand for the Company's key products

	2040:	Ni	PGM	Cu
Growth of market share of BEVs		↗	↘	↗
Growing hybrid vehicle market		↗	↗	↗
Fuel cells		→	↗	→
Growth of renewables/low carbon fuel in power generation		↗	↗	↗
Storage and grid expansion to support growth of xEVs		↗	→	↗
<b>Net effect</b>		↗	→	↗

For more details on the strategy and demand drivers, please see the Strategy and Management section.

### Emission intensity curve (t CO<sub>2</sub>-eq./t Ni-eq.) for nickel<sup>1</sup>



<sup>1</sup> Sources: Wood Mackenzie, Company's estimates. Norilsk figure includes reserve for CO<sub>2</sub> emissions from Sulphur Programme 2.0 execution.

### Climate change management

Nornickel's Holistic Environmental Strategy is the key document defining the Company's primary climate change objectives and targets. In addition, certain important requirements applicable to the Company's energy efficiency and renewable energy development activities are provided in a number of Nornickel's internal policies, including the Environmental Policy and the Renewable Energy Sources Policy.

Responsibility as to climate change matters is allocated between governance bodies of various levels, based on their respective competencies.

#### Nornickel's climate change targets up to 2030

- Maintain absolute GHG emissions (Scope 1 and 2) from operations at no more than 10 mt of CO<sub>2</sub> equivalent;
- Maintain Scope 1&2 GHG emissions per t of Ni-equivalent in the bottom quartile of global metals and mining industry GHG intensity curve;
- Contribute to increasing the share of low-carbon energy;
- Manage climate-related risks by developing relevant strategies and helping communities in the Norilsk Industrial District and the Murmansk Region embrace energy efficient, low carbon technologies;
- Stay on a path of low carbon transition by supporting and scaling up innovative solutions and encouraging inter- and cross-sectoral dialogue on climate change.

<sup>2</sup> Excluding GHG emissions associated with power generated by the Company's facilities for residential consumption in the regions of operation (i.e. those not related to production activities).

### Climate change: allocation of responsibility<sup>3</sup>

Board of Directors ▶ 102-26	<ul style="list-style-type: none"> <li>• Approves and follows up on Nornickel's Development Strategy and Holistic Environmental Strategy</li> <li>• Reviews comprehensive risk reports</li> </ul>
Environmental Department	<ul style="list-style-type: none"> <li>• Develops measures to be taken under the Holistic Environmental Strategy (including its climate change section)</li> <li>• Calculates greenhouse gas emissions</li> </ul>
Sustainable Development Department	<ul style="list-style-type: none"> <li>• Ensures the Company's compliance with the international climate change standards and guidelines</li> <li>• Prepares public reports on climate change, in particular, in accordance with TCFD requirements</li> </ul>
Inspection for Monitoring Technical, Production and Environmental Risks	<ul style="list-style-type: none"> <li>• Assures the accuracy of environmental, technical and production risks assessment in terms of their probability and impact under the applicable corporate procedures</li> </ul>
Risk Management Service	<ul style="list-style-type: none"> <li>• Ensures methodological support of climate risk analysis, submits comprehensive risk reports to the Management Board and the Board of Directors</li> </ul>
Production facilities	<ul style="list-style-type: none"> <li>• Implement measures in pursuance of the Holistic Environmental Strategy (including climate change-related)</li> </ul>

<sup>3</sup> The presented structure will be updated in 2021 when the process of distributing responsibility among functional units is completed.

## Key results

### Greenhouse gas emissions

In 2019, we assessed greenhouse gas (GHG) emissions of the Group's facilities in line with the GHG Protocol Corporate Accounting and Reporting Standard. Emissions in this report included GHG emissions from the Company's key and auxiliary operations involved in the production and transportation of marketable products, as well as GHG emissions associated with supplying power and heat to residential consumers in the regions of operation (emissions not related to the Company's production activities). These non-production emissions accounted for ca. 8% of the total GHG emissions.

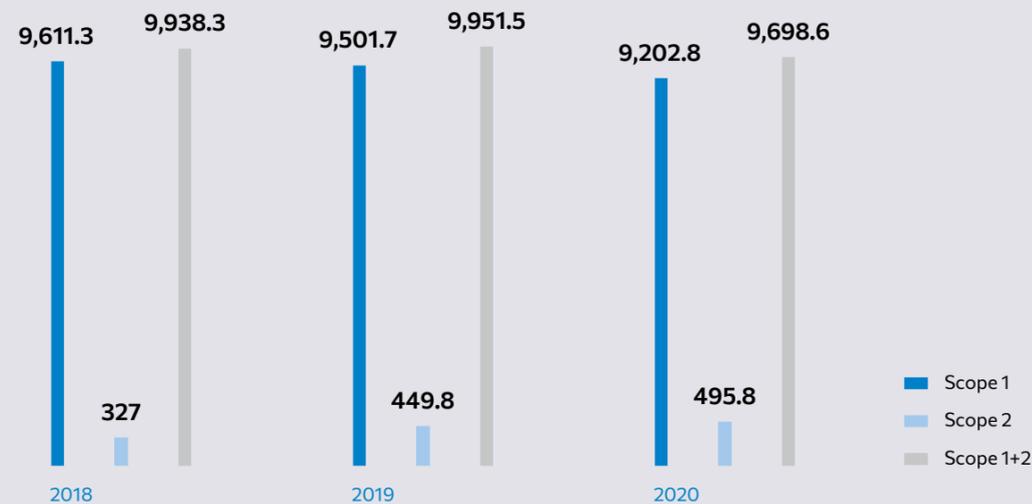
When calculating the GHG emissions for the Group, the following GHGs were taken into account: carbon dioxide (CO<sub>2</sub>), nitrogen oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>). However, the share of direct methane emissions (mainly generated by gas transportation units) in the total volume of emissions is small totalling around 150 thousand tonnes of CO<sub>2</sub> equivalent per annum. Quantitative assessment of GHG emissions also includes estimated GHG emissions associated with the implementation of Sulphur Programme 2.0 (using natural gas to convert sulphur dioxide to sulphuric acid with its subsequent neutralisation with natural limestone).

In 2020, direct GHG emissions (Scope 1) reduced by 298.9 kt (4.09%) of CO<sub>2</sub> equivalent on a year-on-year basis. The reduction was mainly driven by the energy (140.6 kt) and cement production (57.8 kt) facilities, metallurgical production (108.7 kt following smelter shutdown at Kola MMC) and air transportation (83.6 kt) operations.

Indirect energy-related GHG emissions (Scope 2) increased by 46.0 kt (10.22%) of CO<sub>2</sub> equivalent in 2020 as compared to 2019. This was caused by the increase in power purchase volumes in the Trans-Baikal Territory after the Bystrinsky Mining and Processing Plant has reached its design capacity.

In 2020, we carried out a quantitative assessment of indirect GHG emissions (Scope 3) as per the GHG Protocol. These include emissions associated with product transportation from the Company's production facilities to the customer and the first stage of product processing (first use). In 2020, such emissions amounted to 2.6 mt of CO<sub>2</sub> equivalent. ▶ 305-3

GHG emissions, kt of CO<sub>2</sub> equivalent<sup>1</sup> ▶ 305-1, 305-2



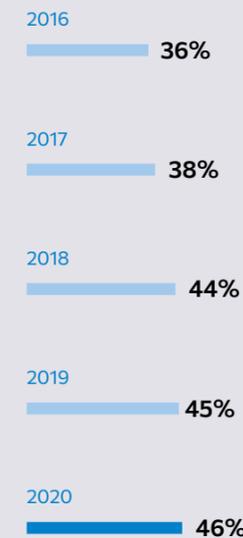
<sup>1</sup> In 2021, the emissions data for 2018–2020 was updated and supplemented, including in terms of inventory boundaries.

### GHG emission intensity (Scope 1 and 2), t of CO<sub>2</sub> eq / RUB mln of consolidated revenue

▶ 305-4



### Share of renewable energy in total electricity consumption by Nornickel Group, %



### Energy efficiency improvement and use of renewable energy sources

Most of our production facilities and workforce operate or live in the harsh Arctic climate that is why the Company's fuel and energy services are tasked with an important mission of ensuring a reliable and continuous power supply to the households and production facilities across the footprint.

We use an integrated approach to the energy infrastructure development, combining goals of reliability improvement with those of low-carbon economy. We make continuous efforts to reduce consumption of such fuels as diesel fuel, coal and natural gas, to develop hydropower, as well as to provide our subsidiaries with reliable and efficient energy sources in the long term.

Electrical power from renewable sources is generated at the Ust-Khantayskaya and Kureyskaya HPPs (part of NTEC). The use of other renewables such as solar, geothermal and wind energy, is constrained by geographic factors, such as long polar night and severe climatic conditions that cause wind power generation facilities to go out of service.

In 2020, the share of power from renewable sources amounted to 46% for the Group and 55% for the Norilsk Industrial District.

Nornickel's investment programme provides for implementation of several large top-priority projects intended to ramp up hydropower generation, as well as to save fuel and energy resources and to improve the reliability of power and gas supply.

The most essential projects that we are implementing to improve equipment reliability and energy efficiency, as well as to ensure increase in production output, include:

- replacement of seven hydroelectric units at the Ust-Khantayskaya HPP: six commissioned by 2020;
- replacement of power-generating units at Norilsk TPP-2 and TPP-3 with 130 MW of newly-commissioned capacity;
- modernisation of the power grid, gas transmission and gas distribution networks in the Norilsk Industrial District.

Furthermore, the Polar Division continued implementation of the Energy Saving and Energy Efficiency Improvement Programme for 2019-2022 to upgrade local heating and ventilation systems in buildings and structures and replace outmoded transformers with more sustainable modern equipment.

Additionally, in 2020 Nornickel's Investment Committee approved the project focused on building an LNG plant in the Norilsk Industrial District and shifting to dual-fuel mining vehicles. The project will help cut expenditures associated with the development of infrastructure for oil product storage, transshipment and transportation in Norilsk, reduce respective opex and capex and cut down fuel expenses of the Group, while minimising the environmental impact of motor vehicles in the region. Development of technical regulations for construction began in the reporting year, and in 2021 we plan to launch a pilot project related to gas-engine equipment.

Each year, the Medvezhy Ruchey facilities develop and put in place organisational and technical measures focused on fuel, thermal and electrical energy, and water saving. Furthermore, this subsidiary implements a project designed to introduce an automated energy accounting system and develops a technical record-keeping programme for energy.

In addition, Kola MMC is currently streamlining the operations of its energy supply centre.

## Total energy consumption by Nornickel Group, TJ ▶ 302-1, 302-3

Indicator	2016	2017	2018	2019	2020
1. Fuel consumption	172,425	156,568	148,910	144,772	141,237
2. Energy from renewable sources (HPPs)	11,856	12,414	14,877	15,058	15,310
3. Electric power and heat procured from third parties	8,968	10,483	10,931	11,331	11,200
4. Electricity and heat sales to third parties	19,882	19,503	18,926	18,766	17,254
<b>5. Group's total energy consumption (1 + 2 + 3 - 4)</b>	<b>173,367</b>	<b>159,962</b>	<b>155,792</b>	<b>152,395</b>	<b>150,493</b>
6. Energy intensity, GJ / RUB mln <sup>1</sup>	316	298	214	174	135

## Fuel consumption by Group companies by type of fuel, TJ ▶ 302-4

Indicator	2016	2017	2018	2019	2020
Fuel consumption	172,425	156,568	148,910	144,772	141,237
Natural gas	151,081	134,709	129,335	125,329	122,216
Coal	2,132	1,460	1,660	2,087	2,180
Diesel fuel and fuel oil	15,423	15,221	13,788	13,535	13,939 <sup>2</sup>
Gasoline and aviation fuel	3,789	5,178	4,127	3,820	2,902

## Fuel and energy savings resulting from energy consumption reduction and energy efficiency improvement initiatives

Indicator	Polar Division	NTEC	Kola MMC	Including
				Medvezhy Ruchey
Total savings, TJ	2,781	150	1,078	76
including				
Electricity	302	3	56	12
Heat in water and steam	617	85	0	64
Fuel	1,862	62	1,022	0
including				
Coal	0	0	0	0
Natural gas	1,862	62	0	0
Diesel fuel and fuel oil	0	0	1,022	0

<sup>1</sup> RUB mln of consolidated revenue.

<sup>2</sup> Taking into account the diesel fuel lost as a result of the NTEC's HPP-3 accident on 29 May 2020.

## Air protection

Reduction of air emissions is the key objective pursued by the Company's operational units as part of environmental management and environmental performance enhancement. ▶ 413-2

Polar Division's various operations impact the environment in the Norilsk Industrial District. Over 60 pollutants are emitted into the air in this area. While annual emissions of over 30 pollutants are below 1 tonne per each of them, the key pollutant – sulphur dioxide – accounts for around 98% of all emissions.

To communicate its environmental efforts to the people of Norilsk, Polar Division has been running an automatic toll-free enquiry service offering short-term environmental forecasts for the city area.

Kola MMC's operations have environmental implications mostly for Monchegorsk and Zapolyarny towns and Nickel settlement in the Murmansk Region. The key pollutants resulting from copper and nickel feedstock processing are sulphur compounds and dust containing heavy non-ferrous metals such as nickel and copper.

In 2020, total emissions of the Company's Russian assets amounted to 1,968.1 kt, up 0.7% year-on-year due to a temporary increase in sulphur dioxide emissions at Polar Division as a result of more intensive production and processing of sulphur-containing feedstock. Despite the increase, the emissions remained within the limits established for the Company.

Polar Division's emissions in 2020 totalled 1,857.5 kt<sup>1</sup>, up 2.1% year-on-year mostly due to increased sulphur dioxide emissions. The growth of sulphur dioxide emissions was largely driven by a higher sulphur input in the metal-containing feedstock processed at Nadezhda Metallurgical Plant's pyrometallurgical facilities.

We also carried on with our efforts to improve control over emissions during unfavourable weather conditions. During the reporting period, over 260 emission control interventions were performed at Nornickel's metallurgical operations.

In 2021, the Company plans to introduce light unmanned aerial vehicles for monitoring environmental conditions on the Kola Peninsula and in the Norilsk Industrial District.

## Use of ozone-depleting substances

The Group neither produces nor uses ozone-depleting substances (ODS), except for extremely limited amounts used as a chemical agent for laboratory-based chemical analysis as well as for filling and topping compressors in air conditioning units and carbonated water machines that produce water used as a cooling agent for medium- and low- temperature refrigerating equipment. The Company reports on the use of such substances to the Russian Ministry of Natural Resources and Environment as required.

▶ 305-6

There were no ODS emissions in 2020.

## Sulphur Programme 2.0

In 2019, the Company expanded its corporate strategy so that its next development stage centres around an unprecedented environmental initiative seeking a staged adoption of the best SO<sub>2</sub> capturing practices and transition to green production. To deliver on the above strategic objectives, the Company launched Sulphur Programme 2.0 providing for a gradual reduction in sulphur dioxide emissions in the Norilsk Industrial District and on the Kola Peninsula as our key geographies.

### Polar Division

Delivering the Sulphur Programme at Polar Division requires cutting sulphur dioxide emissions in the Norilsk Industrial District by 45% in 2023 and 90% in 2025.

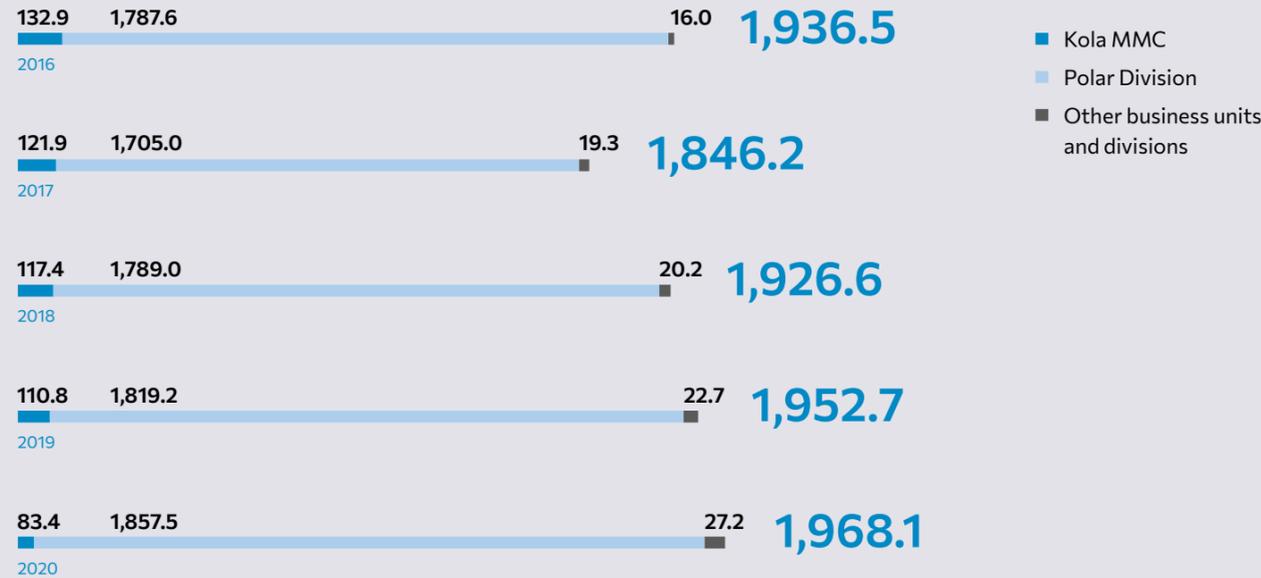
Nadezhda Metallurgical Plant is implementing a project to capture furnace gases and build facilities, including related infrastructure, to neutralise sulphuric acid with limestone and produce gypsum. By 2020, the project design documents had been approved by the state environmental expert review board, preparations on the construction site had been completed, and around 85% of all equipment supply contracts had been signed. Currently, the installation of piles and steel structures is underway, and so is construction of a gypsum storage facility.

The total CAPEX for Sulphur Programme 2.0 is estimated at

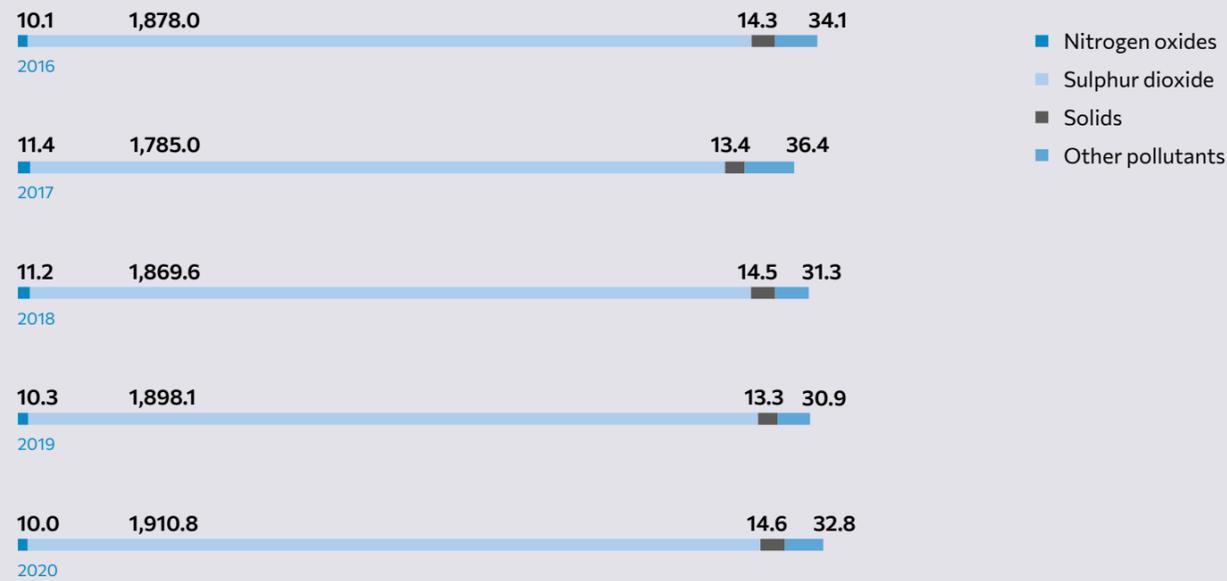
around  
**3.6**  
USD bn

<sup>3</sup> Taking into account conversion of NO into NO<sub>2</sub>

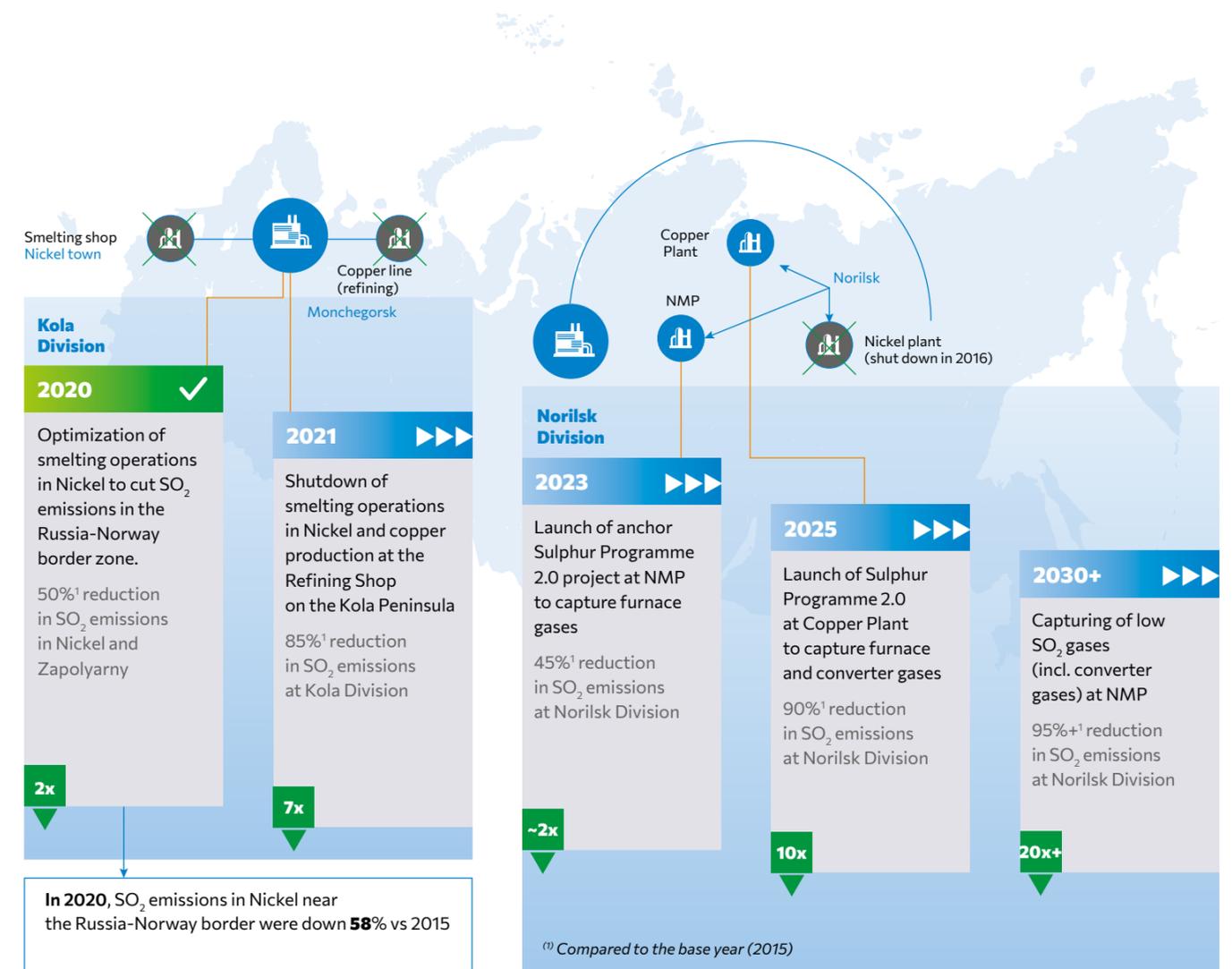
### Air pollutant emissions, kt ▶305-7



### Air emissions by pollutant, kt



### Sulphur Programme 2.0 roadmap



## Protection of water bodies

The Copper Plant is awaiting a large-scale production upgrade expected to ensure the capturing of sulphur dioxide from rich off-gases and discontinuation of converter operations with low-sulphur gases, which have a significant impact on the quality of Norilsk air in unfavourable weather conditions.

As part of the Sulphur Programme 2.0, preparations started in the reporting year to construct the Mokulaevsky and Severo-Mokulaevsky open-pit mines with an expected output of 6.5 mmtpa of limestone, and related infrastructure. The initiative is designed to provide limestone for the integrated projects to capture sulphur dioxide from off-gases at metallurgical facilities. Limestone production is scheduled to commence in 2022 and reach its design capacity by 2026.

### Kola MMC

The Sulphur Programme 2.0 at Kola MMC focuses on the closure of the obsolete smelting shop in Nikel town (closed in December 2020) and also the closure of the refining stage copper chain in the town of Monchegorsk in 2021. The proposed initiatives will help eliminate 100% of sulphur dioxide emissions in the Russia-Norway border area and significantly reduce adverse environmental impact in Monchegorsk. In 2020, the closure of the smelting shop in Nikel resulted in a 71% reduction in sulphur dioxide emissions in Nickel town and the city of Zapolyarny. By 2021, Kola MMC emissions are expected to drop by 85% vs 2015.

Nornickel's major production assets are located in regions with sufficient water resources. The Company uses fresh water sparingly and is committed to sustainable use of water resources and prevention of water pollution. [▶ 303-3, 303-4, 303-5](#)

The Group companies use water from surface and underground sources for their drinking, production and process supply needs as well as for community and shipping needs. Water is withdrawn in compliance with the pre-approved limits, without any major impacts on water bodies. No water is withdrawn either from the Ramsar Wetlands or from other protected natural areas. Moreover, all of the Company's facilities using water implement surveillance programmes for water bodies and water protection zones.

To improve water use efficiency at its key production facilities, Nornickel has built a closed water circuit that helps reduce water withdrawal.

The Company's effluents generally do not exceed the pre-approved limits, including admissible impact limits, or have any major impact on biodiversity of water bodies and related habitats. [▶ 303-2](#)

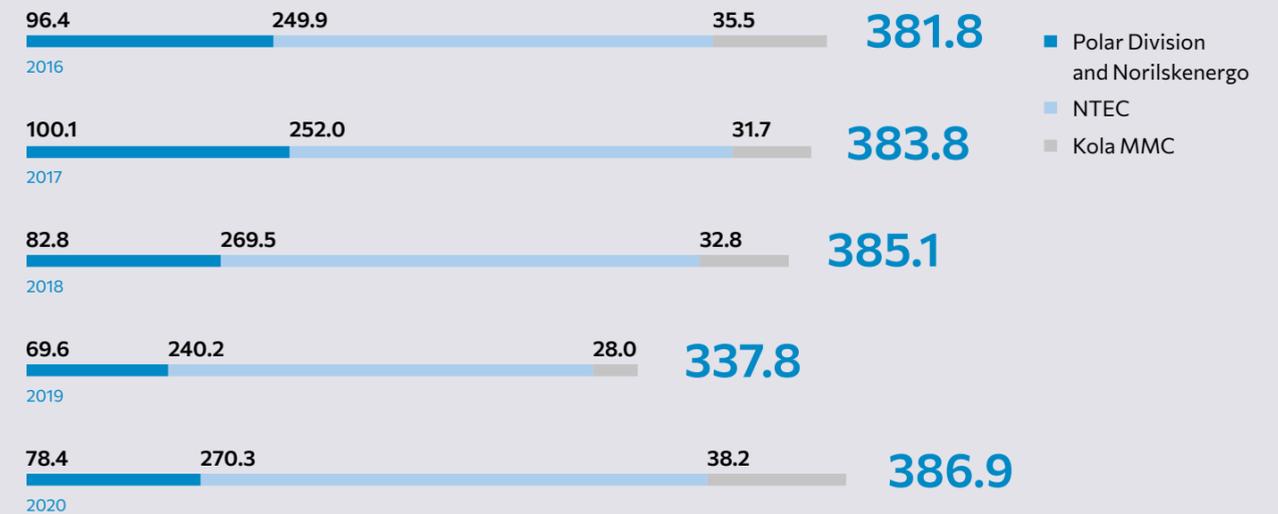
### The Company's main principles of water use:

- set targets for Group companies on rational use of water and water treatment in accordance with the principles of sustainable and environmentally friendly production and consumption;
- study and implement new technologies to support the achievement of those targets;
- improve awareness about responsible use of water resources as part of building the Company's corporate culture;
- take into account responsible use of water resources while making investment and operational decisions;
- keep enhancing risk analysis and management in relation to water resources;
- ensure continuous supply of drinking water to local residents;
- work with government authorities and their representatives to support the development of necessary water facilities, including water supply and sewage systems;
- work with national, regional and municipal authorities to address issues and develop a policy for sustainable use of water resources. [▶ 303-1](#)

In 2020, the Group's water withdrawal grew 17.4% year-on-year and totalled 374.9 mcm. This was mainly due to an increase in water withdrawal by NTEC and a higher natural water inflow at the Company's mines. [▶ 303-3](#)

In 2020, reused and recycled water accounted for 86.4% of total water consumed by the Group. We mostly drew water from local surface water bodies, underground sources, effluents from third parties and natural water inflow. Natural inflow and meltwater made 12% of 2020 water withdrawal. Group-wide use of recycled water increased by 87 mcm (up 7.7%) due to enhanced water recycling at NTEC's HPP-2.

## Total water withdrawal<sup>1</sup>, mcm



## Total water consumption, mcm [▶ 303-5](#)



<sup>1</sup> The total for Polar Division, Norilskenergo branch and other operations of the Group includes water withdrawal from NTEC. Until 2019 (incl.) the water withdrawal of Polar Division also accounted for the water withdrawal of Norilskenergo (MMC Norilsk Nickel's branch); since 2020, the latter has been accounted for as part of NTEC's water withdrawal.

**Effluents by destination in 2020, mcm**

▶ 303-4

**172.3**

Surface water bodies

■ **15.2**

NTEC network

■ **15.0**

municipal and other water networks (excluding NTEC)

Starting from 2020, the total amount of effluents has included discharges into municipal and other water networks, hence the increase in the reported figures. In 2020, effluents of the Group companies amounted to 202.5 mcm, with 172.3 mcm discharged into water bodies (up 21% year-on-year). This was mainly due to an increase in discharges of standard-quality treated water used to cool turbine generating units at NTEC's HPP-2.

In the reporting year, we continued upgrading the mine water treatment plant at Kola MMC's Severny Mine. To achieve strategic goals of preventing excessive wastewater discharge into surface water bodies and reducing fresh process water consumption for production needs at Zapolyarny Mine, the Company has developed a comprehensive set of technical regulations and adjusted relevant design documents. ▶ 303-2

We are also developing operating procedures to build drained water treatment facilities at Mayak Mine.

To implement its comprehensive environmental programme and improve efficiency of water management, the Company plans to carry out the following mid-term initiatives:

- conduct a comprehensive assessment of water use to measure the amount of water used directly in production;
- upgrade water monitoring and control systems to improve safety of hydraulic structures at the Company's facilities and provide for purification of drinking water supplied to local residents;
- join efforts with the scientific community and research institutions to develop new green solutions;
- ensure uninterrupted operation of water treatment facilities;
- implement recommendations of the Great Norilsk Expedition on sustainable water management and rehabilitation after recent environmental incidents;
- improve water use reporting by keeping a separate record of water used for production and municipal needs in the Norilsk area.

**Sustainable waste and tailing dump management**

Around 99% of the Group's production waste is classified as hazard class 5 (non-hazardous) waste. This includes rock and overburden, tailings, and metallurgical slags. To minimise the environmental impact, mining waste and tailings are stored at special waste disposal sites and are used (utilised) at the Group's facilities or as part of third-party operations. Mining waste and tailings are used to make filling compounds or smelting fluxes, backfill pits, construct and reinforce tailing dumps or railroad groundwork, as road filling, etc. ▶ MM3

All of the Group's waste disposal sites are listed on the national disposal site register. The sites are regularly monitored in line with designated environmental programmes. Tailings dumps are monitored additionally as required by safety standards for hydraulic structures.

Production and consumption waste is treated in accordance with waste generation standards and waste disposal limits.

In 2020, the Group generated more than 145 mt of waste. A significant increase is attributable to including Bystrinsky GOK in the reporting scope following its ramp-up to design capacity in the reporting year, and more feedstock processed. In 2020, Bystrinsky GOK generated 87.5 mt of waste, including ca. 80 mt of overburden and 7.46 mt of tailings, driven by the first stage of the deposit development, which involves large volumes of waste generation, mainly overburden, to support further operations.

**Tailing dumps**

Nornickel acts responsibly to ensure tailing dump safety, regularly monitors the condition of hydraulic structures and assesses the condition of the dump sites and nearby areas.

The Company currently operates six tailing dumps.

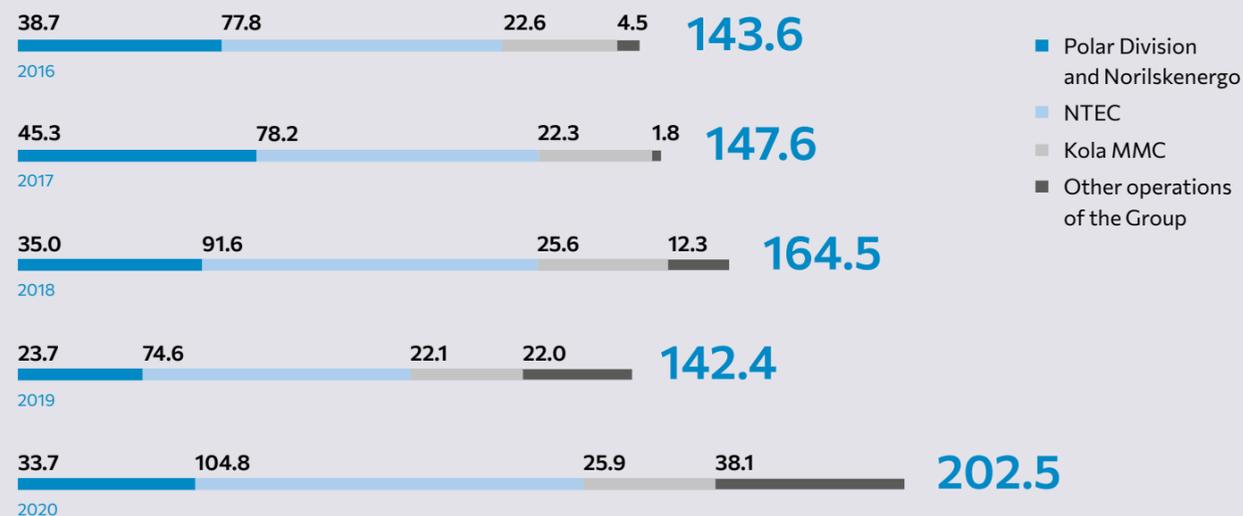
Our tailing dumps comply with Russian laws and have all permits and expert documentation in place required for the commencement of construction. Additionally, we developed mandatory safety criteria to operate each tailing dump and had them approved by regulators.

Nornickel also put in place organisational units and officers to support the management of tailing dump-related risks and accountability. The qualified and experienced staff are responsible for identifying and analysing such risks, developing relevant controls and reviewing them for effectiveness.

Internal and external review and assurance processes are in place so that controls for tailings risks can be comprehensively assessed and continually improved. The Federal Service for Ecological, Technological and Nuclear Supervision (Rostekhnadzor) provides an external oversight, with hydraulic structures subject to comprehensive audits every five years. Prior to such audits, the Company must submit a relevant industrial safety declaration issued by an independent Rostekhnadzor-certified agency following a detailed inspection.

Over the last five years, there have been no environmental incidents at our hydraulic structures and no instructions from supervisory bodies to fix either critical or pre-critical condition.

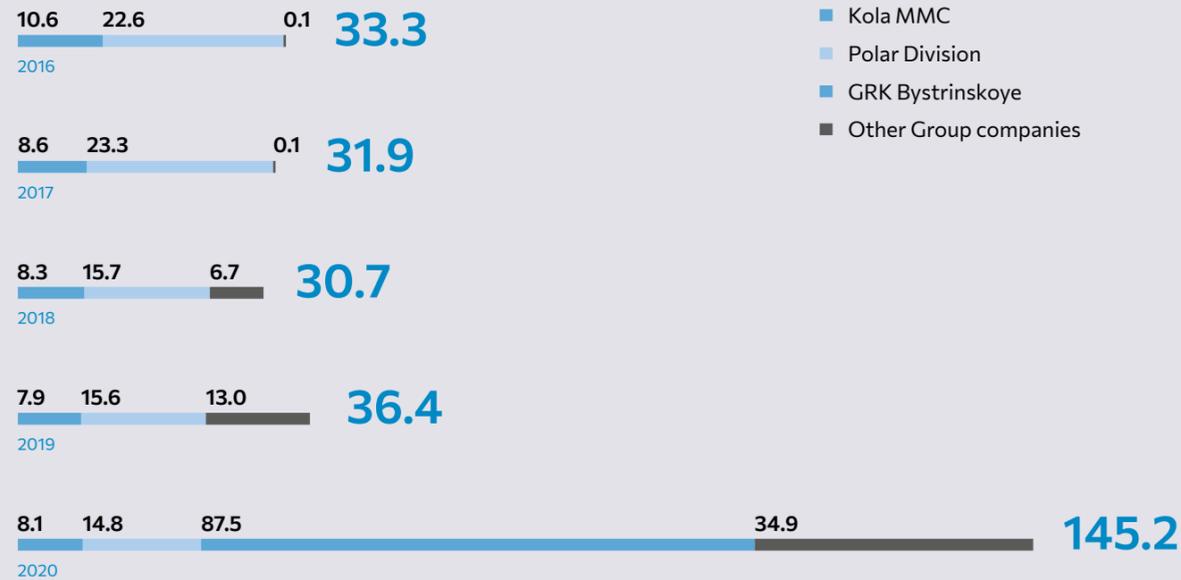
**Total effluents<sup>1</sup>, mcm** ▶ 303-4, 306-1



<sup>1</sup> Fresh water accounts for 0.3% of the Company's effluents, the rest being other wastewater. Until 2019 (incl.) the effluents of Polar Division also accounted for the effluents of Norilskenergo (MMC Norilsk Nickel's branch); since 2020, the latter has been accounted for as part of NTEC's effluents..

Division/subsidiary	Number of tailing dumps	User
Polar Division	2	Talnakh Concentrator, Nadezhda Metallurgical Plant
Medvezhy Ruchey LLC	2	Norilsk Concentrator
Kola MMC	1	Zapolyarny Concentrator
GRK Bystrinskoye LLC	1	Bystrinsky Concentrator

## Waste generation, mt ▶306-2



## In-house waste disposal, mt



## Land protection

The structures are constantly monitored by the operating personnel and a dedicated environmental team. Employees operating the tailing dumps undergo regular dedicated training and knowledge tests mandated by Rostekhnadzor. In addition, the Company and Rostekhnadzor carry out annual inspections of hydraulic structures prior to freshets.

All Nornickel's tailing dumps are located away from production facilities and residential areas. Potential damage estimates show minimum risks for local communities, ecosystems and critical infrastructure in case of an emergency.

Emergency preparedness and response plans take into account a potential impact, and determine roles, responsibilities and communication procedures. These plans are subject to regular testing.

As required by the Russian laws, contingency (emergency) plans (ERP) have been developed for all operating tailings storage facilities and a public warning system is in place. Nornickel has all necessary material and financial resources required to respond to an emergency at its tailing dumps and promptly repair any damage, including a sufficient fleet of excavators, dump trucks and other vehicles (as outlined in the ERPs).

Following an inquiry from a group of investors led by the Church of England Pensions Board and the Council on Ethics of the Swedish National Pension Funds (AP Funds), Norilsk Nickel published a special report on the safety of all its hydraulic structures. The report is available at: [https://www.nornickel.ru/files/ru/investors/esg/Norilsk\\_Nickel\\_tailings\\_report\\_RUS\\_final.pdf](https://www.nornickel.ru/files/ru/investors/esg/Norilsk_Nickel_tailings_report_RUS_final.pdf)

The Company is developing Oktyabrskoye, Talnakhskoye and Norilsk-1 Deposits on the Taimyr Peninsula, Zhdanovskoye, Zapolyarnoye, Kotselvaara and Semiletka Deposits on the Kola Peninsula, and the Bystrinskoye Deposit in the Trans-Baikal Territory.

Nornickel focuses on the rehabilitation of all land affected by construction, mining and emissions caused by its operations, and carries out regular audits of plant and mine closure plans.

Pursuant to the Russian laws, design documents for capital construction projects, including field development, must have a section describing environmental protection and monitoring initiatives to track changes across the ecosystem resulting from ongoing development, construction or accidents.

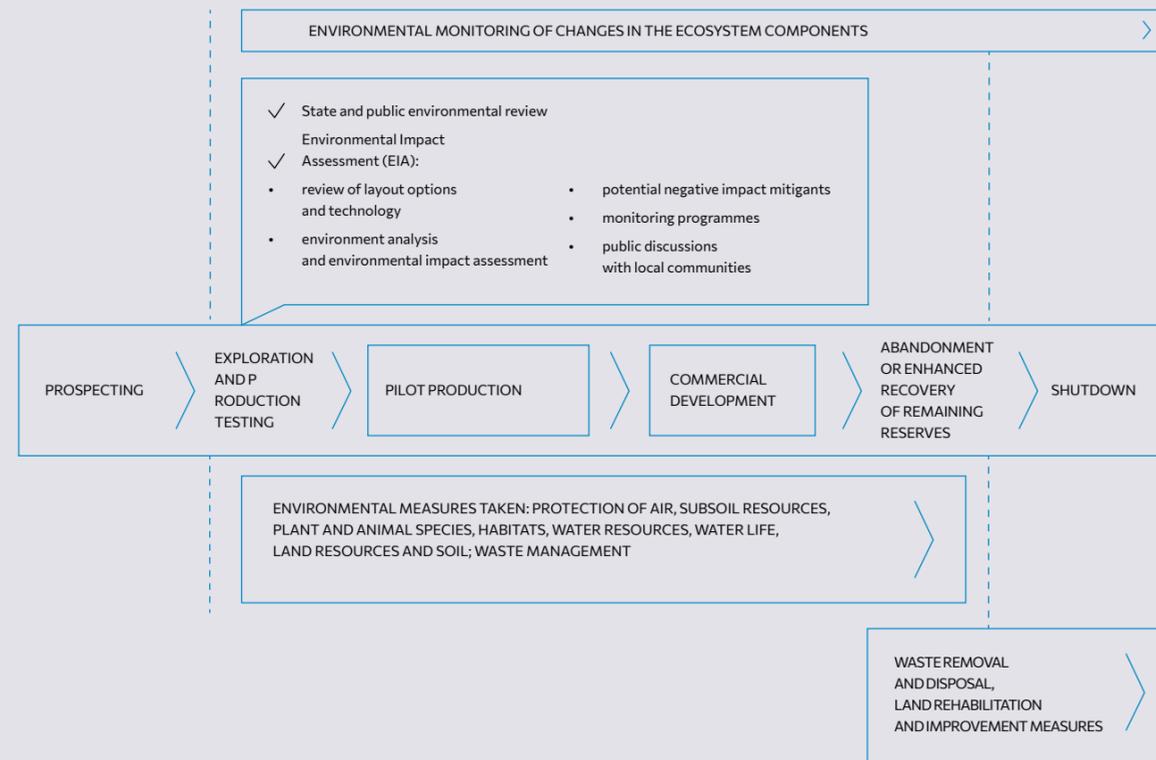
We have field development, mine liquidation and land rehabilitation project documents in place for all of our deposits, with special provisions set aside for rehabilitation activities. The project design documents provide for layouts, slopes, hydraulic and irrigation structures, and other technical measures. Importantly, our deposits are in commercial development, exploration or production test stages with liquidation or abandonment not expected until 2050.

In 2020, together with ECOTERRA we developed a comprehensive programme to rehabilitate the land impacted by the fuel spill at HPP-3 using best available technologies. As a result of the land rehabilitation exercise, lands will be restored to the condition required by the Russian laws.

We take all steps necessary to remediate disturbed lands, including rehabilitation and reclamation. The rehabilitation plan comprises technological and biological stages. The first stage includes site improvement and landscaping (pit filling, earthfill flattening, building road profiles and terraces and adding clay rock to help young stands adapt). At the biological stage, conifers (pines, larches or cedars), trees and shrubs start to grow.

In the coming decade, we expect to finish waste collection and land reclamation in the Norilsk area, with a view to cleaning up the land from unused and demolished objects, including 467 abandoned buildings and structures, over 1.3 mt of straits and traces of production activity, more than 2 mt of waste and over 600,000 t of scrap metal. To achieve these goals, we will establish a dedicated unit for cleaning and subsequent land rehabilitation and purchase specialised equipment that will make the clean-up more efficient.

## Environmental protection and monitoring measures taken during the deposit life cycle



## Disturbed and rehabilitated land area in 2020, ha ▶ 304-3, MM1

Indicator	Total	Including:			
		during mining	during construction	during disposal of solid domestic and industrial waste	during other activities
Total disturbed area, beginning of period	16,538.9	14,289.3	430.8	693.3	1,125.5
Total rehabilitated area	0	0	0	0	0
Total disturbed area in the reporting period	704.4	40.0	616.0	48.4	0
Total disturbed area, end of period	17,243.3	14,329.0	1,046.9	741.8	1,125.5

## Biodiversity conservation

Nornickel recognises the importance of environmental protection and biodiversity and seeks to minimise any potential negative impact of its operations on biological resources. The Company's activities in this area are mainly governed by the applicable Russian laws and the Biodiversity Policy approved by MMC Norilsk Nickel's Board of Directors.

The Company's policy focuses on cooperation with nature reserves and reproduction of aquatic bioresources.

- Nornickel's activities and operational culture are guided by the following commitments, as far as biodiversity conservation is concerned:
- protection and promotion of the sustainable use of terrestrial ecosystems
  - sustainable management of forests
  - reduction of land degradation
  - halting biodiversity loss, protection and prevention of the extinction of threatened species
  - responsible management and protection of freshwater ecosystems
  - prohibition of exploration and mining activities at World Heritage sites and in all legally protected areas

## Red List species found in the Pasvik, Lapland and Putoransky, pcs. ▶ 304-4

Indicator	Pasvik	Lapland	Putoransky
<b>On the IUCN Red List, of which</b>	<b>79</b>	<b>23</b>	<b>6</b>
Critically Endangered (CR)	1	0	-
Endangered (EN)	1	1	-
Vulnerable (VU)	7	0	3
Near Threatened (NT)	10	0	3
Least Concern (LC)	60	22	-
<b>On Russia's Red Data Book, of which</b>	<b>21</b>	<b>25</b>	<b>13</b>
1 – Endangered	0	0	1
2 – Decreasing Number	1	11	4
3 – Rare	8	13	6
4 – Uncertain Status	11	1	1
5 – Rehabilitated and Rehabilitating	1	0	1
<b>On the Murmansk Region's and Krasnoyarsk Territory's Red Data Books</b>	<b>119</b>	<b>165</b>	<b>13</b>

## Cooperation with nature reserves

Kola MMC is located 15 km from the Pasvik Nature Reserve and 10 km from the Lapland Biosphere Reserve, while Polar Division's sites are some 80–100 km away from the buffer zone of the Putoransky Nature Reserve. Bystrinsky GOK lies 160 km away from the Relict Oaks State Reserve (Trans-Baikal Territory). In 2020, our operations did not produce any significant impact on areas that are in the relative vicinity to the nature reserves and areas of high biodiversity value outside protected areas.

► [304-1](#), [304-2](#)

For over a decade now, Nornickel has provided support to nature reserves for the purpose of preserving the unique Arctic environment. These efforts are well aligned with Nornickel's overall strategy to ensure responsible mining, sustainable development and incremental growth during the Company's new investment cycle. Our cooperation with nature reserves primarily focuses on developing research and technology and supporting their social, volunteering and environmental awareness programmes.

### Pasvik Nature Reserve

The Pasvik State Nature Reserve is featured as one of the Wetlands for the Shadow List of Ramsar Sites under the name of Fjarvann – Schaanning's Field Base. It covers a total area of over 14,000 ha. Pasvik is the only Russian nature reserve holding the EUROPARC Federation's certificate, which is awarded to the best protected areas worldwide. Such certification is an important prerequisite for international cooperation with foreign nature reserves.

Since 2006, under a contract with Nornickel, the Reserve has been carrying out an assessment of the natural environment in the area of Kola MMC (including Zapolyarny, Nickel and their suburbs, as well as the Pasvik State Nature Reserve) and developing long-term environmental monitoring programme.

The Reserve is also working on several projects that have received grants under the World of New Opportunities charitable programme. The projects seek to reach out to Russian and Norwegian audiences and cover a variety of topics, including traditional use of natural resources, raising environmental awareness among schoolchildren and promoting research.

Nornickel supports scientific research carried out by the nature reserve, its efforts to protect natural and cultural heritage, promote tourism and environmental education. The Company also helps run an international natural historical open-air museum on the Varlam island. Nornickel sponsored the book called The Varlam Island – the Pearl of Pasvik.

Pasvik's Visitor Centre built with our support is an international platform for academic forums and educational activities focused on environmental protection issues.

### Lapland State Nature Reserve

With an area of 278,000 ha, the Lapland Biosphere Reserve is one of the largest protected areas in Europe. Established with the aim of saving the wild reindeer from extinction, it now boasts over 1,000 reindeer, the largest reindeer herd in Northern Europe. The European beaver population has also been successfully restored thanks to the reserve. In 1985, the reserve was included in the UNESCO Network of Biosphere Reserves.

Since 2002, Nornickel has been carrying out activities as part of contracts entered into with the Lapland Biosphere Reserve to reclaim disturbed natural environment in the areas affected by multi-year emissions from Kola MMC, and monitoring areas adjacent to the Monchegorsk site and the Lapland Biosphere Reserve area. Research results provided a basis for further rehabilitation of disturbed lands and for sanitary and fire protection improvements in forest areas.

We supported the creation of several eco-trails, including the first eco-trail for children called "A Curious Child out in the Woods", and publication of books on the reserve founders.

We also provided aid to a socially important project called "In the Land of the Flying Stone". This is an educational exposition dedicated to the northern nature and the traditions of Sami, an ethnic minority residing on the Kola Peninsula.

### Rybachy and Sredny Peninsulas Natural Park

In the Rybachy and Sredny Peninsulas Natural Parks, environmental routes and information facilities are developed on the territory covering over 83,000 ha under an agreement between the Company and the Murmansk Region Government.

## Putoransky State Nature Reserve (Taimyr Peninsula)

The Putoransky Reserve has been on the UNESCO World Heritage List since 2010. This is one of the biggest nature reserves in Russia with a total area of nearly 1.9 million ha. The reserve is part of the Joint Directorate for Taimyr Nature Reserves, which also includes the Taimyrsky and Big Arctic reserves, as well as the Purinsky and Severozemelsky natural protected areas.

The Directorate implements environmental projects selected under Nornickel's World of New Opportunities charitable programme to support socially important initiatives. The projects focus on raising environmental awareness, environmental protection, engagement of local communities, land improvement and landscaping.

In 2020, the Directorate excelled in another contest of socially responsible initiatives held under the World of New Opportunities programme, which started in September 2019. As a winner it received from the Company funding of RUB 4,999,000 to implement a project called "Lama Lake Visitor Centre – Resources and Opportunities". The project is aimed at creating a visitor centre on Lake Lama for the information, environmental and educational purposes, organisation of educational tourism in the conservation zone of the reserve.

In July 2020, a team of volunteers was engaged in the construction of the Dobrosfera domed building on Lake Lama. Future routes for the eco-trail were developed, sights were explored. Based on the information collected, materials will be created for future visitors to the Visitor Centre, including information boards for the trail, information booklets, brochures, digital information about the flora and fauna, the geological terrain of the site and much more to educate residents and guests of the city. At the next stage of the project, internal decoration and further filling of the Visitor Centre is planned.

The Company also supported the filming of a 20-minute video tour around the Putorana Plateau. This material is to be included in the Reserve Week programme and to be shown to students. The Norilsk Development Agency has also demonstrated interest in the working materials for the film as part of the upcoming launch of a Taimyr tourism platform.

## Oak Grove (Trans-Baikal Territory)

The oak grove in the Gazimuro-Zavodsky District is Siberia's only grove of natural origin that has survived to the present day. The grove stretches 30,000 ha along the Argun River. As part of the agreement with the region's government, Nornickel provides financial aid in effectively protecting and exploring the ecosystems within the Relict Oaks State Reserve. We financed the acquisition of video monitoring devices for the reserve. We also plan to help put in place research facilities and run educational programmes for children and adults.

The Company is supporting programmes run by Russia's largest nature reserves to study and protect rare and endangered species listed on Russia's Red Data Book, including Siberian bighorn sheep, polar bears and lesser white-fronted geese.

## Reproduction of aquatic bioresources

Nornickel provides annual financing for efforts aimed at breeding valuable fish species and releasing them into natural water bodies. To breed valuable fish species, including those listed on Russia's Red Data Book, production facilities of specialised companies are used. In 2020, 136,000 two-month-old grayling whitebaits were released into the Yenisey waters. The replenishment of biological resources was carried out by ecologists of the Norilsk Production Support Complex, a member of the Norilsk Nickel Group. As a result of annual efforts made over the last four years, the local population of grayling and strurgeon has increased by over a million. The Company plans to go ahead with this initiative in 2021.

Another "green" project to restore and preserve the fish population will be implemented in the Trans-Baikal Territory.

Murmansk Salmon, a fund for biodiversity conservation on the Kola Peninsula, with the financial aid of the Company, is implementing a socially important project "Salmon House" to create the Centre for Public Protection and Monitoring of Natural Resources and the Environment in Monchegorsk. The key objective of the project is to preserve, restore and monitor the state of the population of the wild salmon (brown trout,

<sup>1</sup> <https://www.youtube.com/watch?v=PHoPpYqfSz4>

whitefish, char) and the Red Data Book freshwater pearl mussel in water bodies of the Monchegorsk area and adjacent water bodies of the Murmansk Region.

In the reporting year, as part of the project, two scientific expeditions took place: to determine the state of aquatic biological resources, and to the Simbozersky state reserve of regional significance. During the project, inspections were organised to protect and monitor the regime of specially protected areas of regional significance in the Monchegorsk area and adjacent territories. To implement the project, the Company works closely with the Institute of Biology of the Karelian Centre of the Russian Academy of Sciences in Petrozavodsk.

### Landscaping and territory clean-ups

The Company's employees, jointly with the administration of Norilsk city, conduct regular clean-ups of the territory and tree planting campaigns on the Kola Peninsula and in the Zabaikalsky region in the summertime.

In 2020, volunteers of Bystrinsky GOK initiated a massive clean-up of the lake and adjacent territory in the Gazimuro-Zavodsky District, turning it to an attractive tourist site in just a few months.

In June 2020, the fifth anniversary Let's Do It environmental marathon was launched. 44 teams including 304 employees from 47 divisions of the Company and 38 non-profit and municipal partner organisations took part in the event. In compliance with all sanitary and epidemiological

recommendations, 40 clean-up campaigns, 35 workshops were held, 2,200 volunteer hours were worked, and about 4 tonnes of waste were collected.

June 2020 saw volunteers from Nornickel take part in a regional event "Victory Forest", as part of the All-Russian campaign "Garden of Memory", by planting about 500 bushes and trees in the vicinity of monuments and sites of memory in Monchegorsk, Zapolyarny and Nickel.

### Impacts from foreign operations

Norilsk Nickel Harjavalta has all the necessary environmental permits and operates a certified integrated management system that meets the requirements of ISO 9001, ISO 14001 and ISO 45001. Norilsk Nickel Harjavalta's main environmental impact consists in the emissions of ammonia (NH<sub>3</sub>) and nickel (Ni), and discharges of nickel, sulphates (SO<sub>4</sub><sup>2-</sup>) and ammonia ions (NH<sub>4</sub><sup>+</sup>).

In 2020, Norilsk Nickel Harjavalta met all permit requirements for emissions, discharges and waste disposal volumes. Lower waste volumes resulted from switching to the Company's own feedstock, which is less contaminated with impurities as compared to third-party materials. The increase in effluents was driven by the growing output.

### Environmental impact metrics of Norilsk Nickel Harjavalta

Indicator	2018	2019	2020
Industrial wastewater ('000 m <sup>3</sup> )	988	961	1,000
Pollutants in industrial wastewater (t)			
• Ni	0.6	0.5	0.4
• SO <sub>4</sub> <sup>2-</sup>	30,189	30,497	30,900
• NH <sub>4</sub> <sup>+</sup> (rebased to nitrogen)	70	62	60
Total water consumption (mcm) <sup>1</sup>	11.8	11.5	11.4
Total air pollutant emissions (t)	85.2	39.6	34.7
• Ni	1.2	1.6	1.3
• NH <sub>3</sub>	84	38	33.4
Waste generation (kt)	2.8	5.7	5.1
Waste disposal (kt)	1.1	1.3	1.2
Power consumption (GWh)	209	195	203
Power consumption for heating/cooling (GWh)	150	142	141
Steam consumption (GWh)	327	230	221
Environmental expenses, USD mln	0.7	2.7	3.5

<sup>1</sup> Over 95% is water withdrawn from surface sources (Kokemäenjoki River).



**Achievements**

**Key figures**

Spending on social programs, charity and social infrastructure increased to **RUB 46.8 bn** (+33% y-o-y)

The company has developed and approved a Comprehensive Support Programme for Indigenous Peoples of the North until 2024 for a total cost over **RUB 2 bn**

**Key events and facts**

Nornickel became Russia's No. 1 industrial company by COVID-19 spending. The Company's management approved the allocation of RUB 20 bn for this purpose, of which almost RUB 12 bn were allocated in 2020.

Contribution to the regional development

# Contribution to the regional development

## Key regions

### Krasnoyarsk Territory

Area – 2,366,800 sq km

Population – 2,857,567 people

#### Mineral resources

- Oil, gas, coal, platinum and PGMs, copper, nickel, cobalt, lead, zinc, bauxite, gold, silver, iron

#### Industry

- Non-ferrous metallurgy
- Mining
- Solid fuel-based power and hydropower generation

#### Nornickel's performance in the Krasnoyarsk Territory:

- Taxes and other payments: – **RUB 85.1 bn**
- Headcount: – **51,500<sup>1</sup>**
- Average monthly salary – **RUB 125,400**
- Employee-related social expenses – **RUB 2,147.6 mln**

### Key areas of cooperation with the Krasnoyarsk Territory

#### Economic

- Cooperation on major investment projects in the Krasnoyarsk Territory
- Heat and power supply to the communities and companies of the Norilsk Industrial District
- Implementation of the Northern Supply Haul programme in the Arctic
- Development of the tourism cluster as one of the drivers of the economy
- Promotion of commercial activity of indigenous communities of the North – launching new processing enterprises that support the traditional use of natural resources, reviving the lost trades (reindeer herding in the Avam tundra)
- Assistance in containing the spread of COVID-19
- Improvement of the existing sports infrastructure and construction of new state-of-the-art facilities in the Krasnoyarsk Territory
- Development of transport and the telecommunication infrastructure

#### Social

- Assistance in containing the spread of COVID-19
- Improvement of the existing sports infrastructure and construction of new state-of-the-art facilities in the Krasnoyarsk Territory
- Support for vocational and supplementary education
- Implementation of the World of New Opportunities programme, supporting and promoting regional public initiatives
- Construction of modern housing and utilities, city and village improvement initiatives

#### Environmental

- Introduction of advanced green technologies
- Restoration and landscaping of urban territories
- Rehabilitation of areas affected by environmental incidents
- Development of Taimyr's specially protected natural areas
- Organisation and backing of environmental campaigns

<sup>1</sup> The Krasnoyarsk Territory and the Norilsk Industrial District.

### Murmansk Region

Area – 144,900 sq km

Population – 733,158 people

#### Mineral resources

- Apatite, nickel, iron, copper, cobalt, palladium, platinum and PGMs, peat

#### Economic

- Mining
- Metallurgy
- Fishing

#### Nornickel's performance in the Murmansk Region

- Taxes and other payments – **RUB 18.2 bn**
- Headcount – **12,200**
- Average monthly salary – **RUB 96,600**
- Employee-related social expenses – **RUB 335.1 mln**

### Key areas of cooperation with the Murmansk Region

#### Economic

- Implementation of investment projects in the region
- Development of production capacities
- Social and economic development of municipalities that are home to Kola MMC's operational activities
- Development of the transport infrastructure in the Arctic
- Development of a new tourism-driven economy along with the catering and hotel sector

#### Social

- Assistance in containing the spread of COVID-19
- Implementation of the World of New Opportunities programme, supporting and promoting regional public initiatives
- Development of social entrepreneurship

#### Environmental

- Cooperation on environmental protection, preservation of the Kola Peninsula's natural ecology and landscapes
- Organisation and backing of environmental campaigns

### Trans-Baikal Territory

Area – 431,900 sq km

Population – 1,059,700 people

#### Mineral resources

- Copper, uranium, molybdenum, titanium, gold, tungsten, iron, zinc, silver, lead, coal

#### Industry

- Mining
- Production and distribution of electricity, gas and water
- Non-ferrous metallurgy
- Machinery and equipment manufacturing
- Food production

#### Nornickel's performance in the Trans-Baikal Territory

- Taxes and other payments – **RUB 2.6 bn**
- Headcount – **2,800**
- Average monthly salary – **RUB 132,400**
- Employee-related social expenses – **RUB 29.5 mln**

### Key areas of cooperation with the Trans-Baikal Territory

#### Economic

- Bystrinskoye Deposit development
- Social infrastructure development

#### Social

- Assistance in containing the spread of COVID-19
- Training of mining industry employees
- Improvement of urban areas
- World of New Opportunities charitable programme

#### Environmental

- Cooperation on environmental protection, preservation of natural ecology and landscapes
- Organisation and backing of environmental campaigns

## Key social and environmental projects

- Social and economic partnership
- Transport
- Quality of life
- Culture
- Sports
- Education
- Environment
- Social and economic partnership agreement with regional authorities
- Agreement on cooperation aimed at providing support to the indigenous peoples of the North (an agreement with the Association of Indigenous Peoples of the North, Siberia and Far East of the Russian Federation)
- Agreement to support and develop the volunteer movement
- Agreement on SME support
- Memorandum on cooperation in promoting promising sports projects
- World of New Opportunities charitable programme
- Cooperation with Nature Reserves
- Corporate volunteering programme
- # Let's Do It! environmental marathon
- ECO Eco-rally
- 🎁 City Volunteers charity fair
- 🐟 Annual release of the juveniles of valuable fish species into water bodies

- We Are the City! social technologies forum (organiser)
- Convention of Social Entrepreneurs from the North

### 🎁 ECO # ZAPOLYARNY

- Pasvik Nature Reserve
- Lapland Biosphere Reserve
- Zero Negative Environmental Impact campaign

### ● MURMANSK REGION # ECO 🎁

### ● MONCHEGORSK # ECO 🎁

- Murmansk Region
- Convention of Social Entrepreneurs from the North
- Annual release of the juveniles of valuable fish species into water bodies

### Tver Region

### ● MOSCOW # ECO 🎁

- Russian Ice Hockey Federation (partner)
- Multimedia Art Museum (patronage assistance)
- Russian Futsal Association (general partner)
- Russian Olympic Committee (partner)
- CSKA professional basketball club (general sponsor)
- All Russian Federation of DanceSport and Acrobatic Rock'n'Roll (partner)
- Night Hockey League (general partner)
- World Legends Hockey League (partner)
- Russian Curling Federation
- Golden Mask theatre festival (partner)
- 8th Ecological Forum Corporate Responsibility to the Future. Technology for Society and Nature organised by Nornickel, Environmental Foundation of the Siberian Federal University, and Research Institute of Environmental Issues.

### Tula Region

### Saratov Region

### ● SOCHI # ECO 🎁

- Rosa Khutor Ski Resort (sponsorship)
- Corporate sports competitions
- Zapolyarye Health Resort
- Rosgonki and Sochi Autodrom

- Relocation to regions with favourable climatic conditions

### ● DUDINKA # ECO 🎁

### ● NORILSK # ECO 🎁

- Reconstruction of Norilsk Airport
- Relocation to regions with favourable climatic conditions
- Rally of Social Entrepreneurs from the North
- Increase of the Taimyr HPP Cascade capacities
- Zero Negative Environmental Impact campaign
- Annual release of the juveniles of valuable fish species into water bodies
- Norilsk Development Agency
- Reconstruction of bridges in the Norilsk Industrial District
- Our Home and My Home employee housing programmes
- We Are the City! social technologies forum (organiser)
- Sulphur Programme 2.0 (sulphur dioxide capture at the Company's existing and planned facilities)
- Programme to build local treatment facilities
- Land rehabilitation programme

### Taimyrsky Dolgano-NeNETsky Municipal District

- Putoransky Nature Reserve

### Krasnoyarsk Territory

### ● KRASNOYARSK TERRITORY # ECO 🎁

- Federation of Northern Multisport Races

### Trans-Baikal Territory

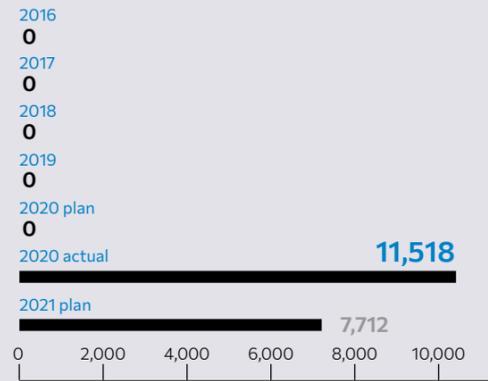
- Relict Oaks State Reserve

### ● CHITA # ECO 🎁

- First technological cluster for kids in the Trans-Baikal Territory

Spending on social, charitable and social infrastructure programmes<sup>1</sup>, RUB mln ▶203-1

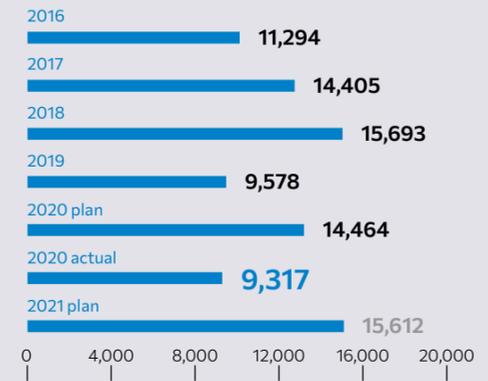
COVID-19 response



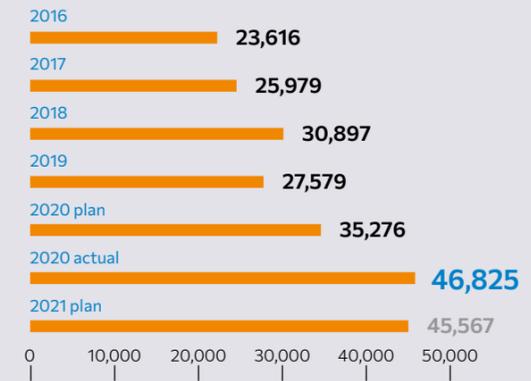
Breakthrough infrastructure projects



Social programmes and benefits for employees



Total



Investments in social projects and social infrastructure development (GRI 203-1) ▶203-1



Repair and maintenance of social infrastructure (GRI 203-1) ▶203-1



Sponsorship (sport and social projects)



Charity (GRI 203-1) ▶203-1



<sup>1</sup> The information presented in this section refers to the Group's Russian operations.

The Company's contribution to the development of local communities

Nornickel is one of the major employers and taxpayers in Russia. On top of that, the Company makes a significant contribution to the social and economic development of local communities by implementing a range of social programmes and initiatives aimed at facilitating sustainable improvements.

The Group's key areas of operation in Russia include the cities of Norilsk and Monchegorsk, the Taimyrsky Dolgano-Nenetsky Municipal District of the Krasnoyarsk Territory, the Pechengsky District of the Murmansk Region, the Tazovsky District of the Yamal-Nenets Autonomous Area, and the Gazimuro-

Zavodsky District of the Trans-Baikal Territory. Saratov hosts Nornickel's Shared Services Centre. In the Tver Region, the Company is engaged in the construction of housing for its employees under My Home and Our Home programmes.

<sup>2</sup> The 2020 plan was updated in the reporting period and therefore may vary from the data presented in the 2019 Sustainability Report.

▶ 203-2

THE GROUP'S OPERATIONS AS A BACKBONE OF LOCAL ECONOMIES		
<p><b>CONTRIBUTION TO ECONOMIC DEVELOPMENT:</b></p> <ul style="list-style-type: none"> <li>Budget payments</li> <li>Employment of local population</li> <li>Cooperation development</li> <li>Development of social infrastructure as part of the Group operations (power, transport, food retail)</li> </ul>	<p><b>INFRASTRUCTURE DEVELOPMENT:</b></p> <ul style="list-style-type: none"> <li>Bridge and road reconstruction</li> <li>Land improvement</li> <li>Housing construction</li> <li>Construction and reconstruction of sports, cultural, entertainment and research facilities</li> <li>Provision of access to high-speed internet connection in Norilsk</li> <li>Improvement of efficiency of utility services (Smart City initiative)</li> </ul>	<p><b>IMPROVING THE LIVING STANDARDS FOR LOCAL COMMUNITIES:</b></p> <ul style="list-style-type: none"> <li>Regular charitable programmes</li> <li>Promotion of sports and culture</li> <li>Corporate volunteering</li> <li>Vocational training sponsorship</li> <li>Activities of territorial development agencies</li> </ul>

Nornickel's efforts to combat COVID-19. Support for local communities

The Company took prompt action to maximise the lockdown of residents across its footprint by allocating considerable resources to support medical institutions, small and medium-sized enterprises, educational institutions, and non-profit organisations.

In 2020, Forbes ranked Nornickel as Russia's No.1 industrial company by COVID-19 total spending.

Since the introduction of the lockdown measures and high alert status in March, Nornickel provided substantial sponsorship support to healthcare institutions in the Krasnoyarsk Territory, Murmansk, Saratov, Tver, and some other regions of Russia. The money was used to purchase coronavirus tests kits, ambulance cars, medical equipment, including lung ventilators, disinfectants, and personal protective equipment.

Over RUB 20 bn has been allocated by Nornickel to fight COVID-19 and maintain social stability across its footprint<sup>1</sup>:

- over 372,000 COVID-19 test kits
- 150,000 express antibody test kits
- 15 mobile labs
- 12 stationary labs
- 7 ambulance cars
- about 400 thermal imaging systems
- 412 ventilators
- personal protective equipment, including more than 10 mln masks

The Company is also implementing a number of initiatives to support small- and medium-sized businesses across its geographies:

- social entrepreneurs have been given a payment holiday – they have received Nornickel's interest-free loans;
- SMEs were offered RUB 61 mln in freight delivery discounts, while 27 non-profit organisations received utility payment subsidies;
- a further RUB 100 mln was spent to provide local businesses with personal protective equipment, all in addition to food packages.

The total amount allocated by the Company to support small and medium-sized businesses across its geographies was RUB 325.7 mln.

The Company also supplied UV germicidal irradiation devices and sanitiser dispensers to pre-school and supplementary education institutions and purchased 12,000 PCR test kits for everyone arriving at Norilsk's Alykel Airport. Additionally, the Norilsk State Industrial Institute received 100,000 medical masks, together with infrared thermometers, and UV germicidal irradiation devices for protection and disinfection.

With many public sector employees, Nornickel personnel, and small and medium-sized businesses working remotely, and given that the schooling process has now gone online, Edinstvo (a subsidiary of Nornickel operating fibre optic communication line in the Norilsk Industrial District) has expanded the bandwidth of digital channels by 44–45% free of charge. This provided all users of mobile networks in the Norilsk Industrial District with stable and reliable communication channels, guaranteed connection and higher data transfer speed.

<sup>1</sup> In 2020, about RUB 12 bn from this amount was allocated for these purposes, and another RUB 8 bn is reserved in the Group's budget for 2021. Inclusive of VAT.

Initiatives as part of the World of New Opportunities charitable programme have been updated and revised given the circumstances. The schedule of activities implemented as part of our grantees' social projects has been adjusted, with some of them going online and large-scale events moved to a later date until social and epidemiological conditions improve.

Food delivery

During the lockdown, the Podsolnukh store chain in Norilsk established a free home delivery service for local residents. Participants of the Plant of Goodness corporate programme were quick to join the initiative to help assemble orders on time and in full.

Volunteers had to collect the food basket against the customer's shopping list. Collected orders went through the checkout counter and were delivered by courier to the homes of Norilsk residents together with the till slips.

All volunteers complied with all safety requirements: they were equipped with gloves, medical masks and disinfectants.

Budget payments

Tax and non-tax payments include all taxes paid, net of VAT, as well as insurance payments and customs duties. Changes in the tax and non-tax payments for 2020 were caused by reduced income taxes resulting from a lower taxable base.

Employment of local population

The Company provides ample career guidance and job opportunities for local communities across its key regions of operation.

To boost employment in Norilsk, MMC Norilsk Nickel and Norilsk Employment Centre signed an agreement aimed at retraining those out of work for the most needed blue-collar jobs.

The main target audience of career guidance events are children and young people under 35 years old. The Company builds partnerships with educational organisations and engages young workers, while also providing robust support for talented teachers, engineering training and whipping up interest in engineering and blue-collar jobs.

Nornickel also provides financial support to Norilsk's institutions of secondary and higher vocational education by buying books and specialised equipment for students, contributing to the maintenance works, and thus improving the quality of training. The Company primarily focuses on the training of specialists for the most in-demand jobs.

“Most entrepreneurs were forced to suspend activities during the pandemic and faced financial losses,» «As the Company feels responsible for the situation in the regions of operations, we decided to support entrepreneurs with personal protective equipment. It will facilitate safe trade and ensure that essential services are provided to local people.”

Svetlana Ivchenko, Head of the Sustainable Development Department

Tax and non-tax payments to local, regional and federal budgets, RUB bn. <sup>2</sup>

Budget	2016	2017	2018	2019	2020
Total tax and non-tax payments	92.1	102.0	120.3	198.3	176.0
including to:					
• Federal budget	14.9	15.8	23.0	37.7	34.2
• Krasnoyarsk Territory consolidated budget	41.6	47.8	55.9	104.2	85.1
• Norilsk budget	4.7	5.0	5.2	8.0	9.8
• Murmansk Region budget	7.8	8.2	10.6	19.9	18.2
• Trans-Baikal Territory budget <sup>3</sup>	–	0.9	1.2	3.2	2.6

<sup>2</sup> Tax and non-tax payments for 2016–2019 have been adjusted, as dividend income was included in the corporate income tax calculations.

<sup>3</sup> Payments to the Trans-Baikal Territory budget have been presented separately since 2017.

## Cooperation development

As part of its social and economic partnership agreements, Nornickel has been cultivating cooperation with the companies across the regions of its operations. Integration of local businesses into the Group's production chain (mainly through long-term contracts) contributes to the economic development of the regions, particularly by supporting small and medium-sized businesses.

## Infrastructure development

Nornickel is actively involved in the development and renovation of social infrastructure, looking to create accessible and comfortable urban environments for working and living in the regions.

A key focus in the reporting year was the continued landscaping of the Dolgoye Lake embankment in Norilsk in cooperation with the municipal authorities.

**2.8**  
**RUB bn**

**In 2020, the Company spent on social infrastructure development projects.**

The project is implemented in stages and is scheduled to complete in 2021. Its concept includes installation of sports- and playgrounds, setting up ski, roller blades, bicycles and other rentals, construction of a boat station, a café, a skate park, and a roller rink, outfitting the area with street lights and furniture, paving and landscaping. The Company has invested a total of RUB 200 mln in the project since its launch.

On top of that, the Company provides funding to maintain and expand the existing regular passenger and luggage bus service under Cooperation Agreement No. 88-751/16 dated 24 March 2016 (subsidising passenger bus services provided by the Norilsk Production Association for Passenger Transport). Nornickel's expenses on these initiatives totalled RUB 210 mln in 2020.

## Unemployment in key communities<sup>1</sup>

Unemployment rates	2019	2020	2020/2019, Δ
Norilsk	0.6%	1.4%	0.8 p.p.
Taymyrsky Dolgano-Nenetsky Municipal District	0.8%	1.2%	0.4 p.p.
Krasnoyarsk Territory	0.8%	3.5%	2.7 p.p.
Monchegorsk	2.2%	2.2%	0.0 p.p.
Zapolyarny	2.0%	1.9%	-0.1 p.p.
Nickel	3.3%	3.0%	-0.3 p.p.
Murmansk Region	1.7%	2.7%	1.0 p.p.

<sup>1</sup> As at the end of the reporting year.

## Cooperation development in figures

Indicator	2018		2019		2020	
	Krasnoyarsk Territory	Murmansk Region	Krasnoyarsk Territory	Murmansk Region	Krasnoyarsk Territory	Murmansk Region
Procurement tenders for goods and services held by the Company	1,516	673	1,863	501	1,905	460
Locally awarded procurements as a share of tenders held by the Company, %	57.7	49.5	59.8	41.7	50	39
The Group's spending on local procurements, RUB mln	12.5	1.8	15.6	1.7	22.3	1.6
including						
• services	9.4	1.6	13.1	0.3	18.6	0.2
• materials	2.2	0.2	1.6	1.4	3.0	1.4
• food supplies	0.9	–	0.9	–	0.7	–

## Key social infrastructure development projects in 2020

Focus area	Projects
<b>Krasnoyarsk Territory</b>	
Land improvements	<ul style="list-style-type: none"> <li>Landscaping of the Dolgoye Lake embankment in Norilsk</li> <li>Routine repairs and equipment purchases for public institutions</li> <li>Local landscaping projects, modern public spaces in Norilsk</li> </ul>
Sports	<ul style="list-style-type: none"> <li>Building a multi-purpose sports and recreation centre for team sports in Norilsk</li> <li>Supporting Norilsk-based sports organisations and institutions, implementing sports development projects</li> </ul>
Culture and education	<ul style="list-style-type: none"> <li>Supporting Norilsk-based culture and art organisations and institutions</li> </ul>
Transport	<ul style="list-style-type: none"> <li>Subsidising passenger bus services in Norilsk</li> </ul>
Tourism	<ul style="list-style-type: none"> <li>Creating an Arctic tourism cluster</li> </ul>
Housing	<ul style="list-style-type: none"> <li>In 2020, a residential housing construction programme in the Taimyr villages of Ust-Avam and Volochanka has been approved for 2021–2024.</li> </ul>
Society	<ul style="list-style-type: none"> <li>Supporting local organisations that help disabled or rehabilitated people</li> <li>Provision of free hot meals for the low-income population of Norilsk</li> <li>Helping organise and run professional festivals for tundra inhabitants, the Reindeer Herder's Day and the Fisherman's Day</li> <li>Financing summer recreation for kids from special extra-familial child care institutions</li> <li>Supporting Norilsk NPOs by hosting anniversary commemorations and festivals, forums and conferences, organising city-wide events and campaigns</li> <li>Supporting a local religious organisation, the Orthodox parish of the Joy of All Who Sorrow Cathedral in Norilsk</li> </ul>

## Key social infrastructure development projects in 2020

Focus area	Projects
<b>Trans-Baikal Territory</b>	
Land improvements	<ul style="list-style-type: none"> <li>Renovating Dekabristov Square in Chita</li> <li>Running the Green Trans-Baikal project to create comfortable living conditions factoring in the environmental and climate aspects of the area</li> <li>Implementing projects for social and economic development of the Gazimuro-Zavodsky District</li> <li>Running My Yard social initiative</li> </ul>
Sports	<ul style="list-style-type: none"> <li>Supporting youth hockey</li> <li>Implementing the Future of the Trans-Baikal Territory project to promote healthy lifestyle, physical education and mass sports</li> </ul>
Education	<ul style="list-style-type: none"> <li>Launching Quantorium, a children's high-tech park</li> <li>Renovating the 2nd floor lobby of the children's art centre</li> <li>IMake educational project</li> <li>Young geologist school</li> </ul>
Society	<ul style="list-style-type: none"> <li>"I remember, I am proud!" programme (hosting thematic exhibitions and festive events including those to celebrate the World War II Victory Day on 9 May)</li> <li>The Trans-Baikal Legacy project to promote the residents' achievements and provide a positive influence on young people and the community in general, which will help engage more people in socially impactful activities, including public organisations and NPOs</li> <li>Developing the Growth Trajectory youth movement and the volunteer movement and supporting creative youth projects</li> </ul>

## Murmansk Region

Land improvements	<ul style="list-style-type: none"> <li>Reconstructing the Leningradskaya embankment in Monchegorsk</li> <li>Co-funding the city road network reconstruction</li> <li>Office refurbishment for the Monchegorsk Society for the Disabled</li> <li>Implementing a project to improve urban environment in Zapolyarny (Health Trail)</li> </ul>
Society	<ul style="list-style-type: none"> <li>Nickel and Zapolyarny master plans</li> </ul>
Education	<ul style="list-style-type: none"> <li>Repairing and holding energy-saving events at educational institutions in Monchegorsk and in the Pechengsky District</li> </ul>
Sports	<ul style="list-style-type: none"> <li>Promoting children's hockey based on the Murman Bandy Club</li> </ul>
Culture	<ul style="list-style-type: none"> <li>Developing design documents to renovate Voskhod community centre in Nickel</li> </ul>

## Improving the well-being of local communities

In 2020, approximately **27** thousand people from across the Company's regions of operation took part in the World of New Opportunities events.

One of Nornickel's objectives is to maintain favourable social climate and a comfortable living environment across its footprint providing the Company's employees and their family members with broader opportunities for their creative pursuits and self-fulfilment.

To achieve this objective, the Company adopted a Local Community Relations Policy defining the main approaches to community relations and regional development efforts.

In 2020, Nornickel's key programmes and initiatives aimed at improving the well-being of local communities included:

- the World of New Opportunities charitable programme;
- the Plant of Goodness corporate volunteering programme;
- the Our Home and My Home housing programmes;
- mass sporting events;
- the long-term target programme to relocate people living in Norilsk and Dudinka (Krasnoyarsk Territory) to the Russian regions with favourable climate conditions in 2011–2020;
- the long-term target programme to upgrade and develop social and engineering infrastructure and housing in Norilsk and the Taimyrsky Dolgano-Nenetsky Municipal District in 2011–2020.

## World of New Opportunities charitable programme

We run World of New Opportunities, a charitable programme to encourage and promote sustainable development of local communities. The programme is designed to develop soft skills in local communities, demonstrate and introduce new social technologies, support and promote public initiatives, and encourage cross-sector partnerships.

Due to global challenges and the pandemic, up to 90% of the charity events and projects in 2020 were held online or "phygitally".

The Company and its stakeholders leveraged special online tools, including the World of New Opportunities mobile app and an online platform for placing Socially Responsible Initiatives Competition bids. These tools allow users to navigate through the programme, receive timely notifications about future events and register for them, meet other participants, download speaker and expert presentations, and take part in interactive surveys and quizzes.

Thanks to flexible decision-making and regular monitoring of progress and feedback from the stakeholders, we were able to stay focused on the values and priorities of the World of New Opportunities programme and achieve our performance targets.

<sup>1</sup>Physical + digital format.

## Key dimensions of the World of New Opportunities programme in 2020:

Dimension	Programmes and projects
DEVELOP!	<ul style="list-style-type: none"> <li>We Are the City! social technologies forum</li> <li>Socially Responsible Initiatives Competition</li> <li>World of Taimyr project competition</li> <li>Workshop of Urban Activities</li> <li>School Break educational project</li> <li>School of Urban Competencies</li> </ul>
INVENT!	<ul style="list-style-type: none"> <li>IMAKE engineering marathon</li> </ul>
ACT!	<ul style="list-style-type: none"> <li>Course in social entrepreneurship</li> <li>Social Business Projects Accelerator</li> <li>Rally of Social Entrepreneurs from the North</li> </ul>
CREATE!	<ul style="list-style-type: none"> <li>Projects of regional development institutions:                             <ul style="list-style-type: none"> <li>Norilsk Development Agency</li> <li>Second School Centre for community initiatives of the Pechengsky District</li> <li>Monchegorsk Development Agency</li> </ul> </li> </ul>

## DEVELOP!

### We Are the City! social technologies forum

In February 2020, Norilsk and Zapolyarny hosted the We Are the City! social technologies forum, which brought together locals, officials, businesses and journalists and attracted more than 2,000 residents. Its main theme was "People. Ideas. Places". The participants, together with international and Russian experts, assessed the urban environment and technologies for reinventing and rethinking public spaces. The forum's closing ceremony featured the screening of Caring, a documentary about Nornickel's volunteers, followed by a discussion with the audience. The film had won Silver Dolphin at the international Cannes Corporate Media & TV Awards and an Honourable Mention at the Los Angeles Film Awards.

### Socially Responsible Initiatives Competition

To support public initiatives seeking to lay fertile ground for sustainable development of local communities, the Company stages annual Socially Responsible Initiatives Competition for non-profit organisations. In 2019–2020, 114 winner projects of the previous years were implemented.

In December 2020, the Company contributed RUB 154 mln to support 109 out of 422 social projects proposed for 2020–2021. The winning initiatives cover vital areas of public life:

- adaptive training for kids with disabilities;
- digital literacy training for seniors;
- activities in Norilsk celebrating the anniversary of the city's first building;
- performances in museums;
- scientific collaboration between schoolchildren and university professors;
- shoe making workshops for traditional hunting footwear made from processed elk skin;
- robotics tournaments;
- a digital tutorial and dictionary for learning the Nenets language, and more. In 2020, the Company's Socially Responsible Initiatives Competition won the 1st prize at the Leaders of Corporate Charity awards in the Best Programme Fostering Sustainability with Grant Competitions (Best Grant Competition) category.

<sup>1</sup> Local traditional hunting footwear.

### World of Taimyr project competition

In December 2020, Nornickel announced the launch of its new World of Taimyr project competition aimed at supporting local initiatives and promoting sustainable development of northern territories historically inhabited by indigenous minorities. The competition welcomes non-profit organisations run by local indigenous minorities, tribal communities, and government and municipal agencies registered and operating on the Taimyr Peninsula. According to the competition regulations, grants for the winning projects can amount up to RUB 6.5 mln.

The competition covers different areas of life of Taimyr's indigenous peoples:

- preserving traditional activities;
- creating opportunities for online education;
- preserving and reviving cultural heritage;
- identifying and supporting gifted children;
- improving and refurbishing public spaces;
- introducing alternative energy sources and fuels;
- exchanging positive experience and promoting the best cultural practices to empower the communities of indigenous peoples living in the Arctic.

### Workshop of Urban Activities

In 2020, the Workshop of Urban Activities continued to teach committed and social-minded individuals how to organise large city-wide events. The project included online and offline training courses held in Monchegorsk, Nickel and Norilsk.

In Norilsk, the project was implemented jointly with the Norilsk Development Agency under the Academy of Creative Industries brand. The data accumulated online laid the foundation for a solid educational product, with videos posted on the Agency's YouTube channel.

Leveraging the unique geographic and cultural profile of their home region, project participants from Nickel developed a concept for INDUSTRY Art Festival, the first Arctic industrial festival, which is scheduled to take place in the summer of 2021.

### School Break educational project

In 2020, the Company continued to implement the School Break educational project aimed at facilitating communication between children, their parents, and teachers in a joint effort to improve the education process.

Over the year, 70 teachers received online and in-person training, 8 schools adopted new education technologies and set up change management teams, and more than 700 schoolchildren took part in the programme and joined the Master of Change online marathon.

The project won the 1st prize at the nation-wide Graduate Awards 2020 for Best Schoolchildren Engagement Programme and the 3rd prize at the Leaders of Corporate Charity awards for Best Educational Programme.

### School of Urban Competencies

School of Urban Competencies is a comprehensive programme aimed at selecting and motivating schoolchildren and engaging them in project-based learning and activities to foster a better future for single-industry towns. The programme consists of a wide range of events, including orientation seminars, training courses, a field school for team leaders, as well as assistance in preparing bids for the Socially Responsible Initiatives Competition.

In 2020, the programme expanded its reliance on online training capabilities, including the Key Social Competencies of 2030 and the School as a Competence Development Centre online courses. The traditional field academy of project management was transformed into the online Sails 2020 regatta featuring six nominations and four modular blocks, and welcoming 150 young people from 15 project teams and three regions, as well as 10 online volunteers. In 2021, the Company plans to engage parents and younger schoolchildren in the programme.

## INVENT!

### IMAKE engineering marathon

In 2020, IMAKE marathon, aimed at motivating school students to get into project work and pursue inventions, was held online. The marathon is conducted in stages, whose purpose is to grow the IMAKE Inventors League – a community of inquisitive school students ready to generate ideas and turn them into prototypes. In 2020, it drew more than 1,300 young inventors, with the finalists' defence taking place in April online. In the summer of 2020, two 2-week sessions of an online science IMAKE Camp were held.

In September 2020, a new season of the engineering marathon was launched, with 150 school students ultimately selected to become the new IMAKE legionnaires. The project's ligaimake.ru platform was completely updated for the new 2020 season, with an idea and invention marketplace added. Young inventors were given an opportunity to present their ideas at the Rally of Social Entrepreneurs from the North.

## ACT!

### Training in Social Entrepreneurship

Nornickel continues to run a Social Entrepreneurship training course that takes the participants all the way from the development of a unique business plan to its presentation at an investment session. In 2020, the project's classes and home assignments were moved online, with the students receiving assistance from mentors and entrepreneur experts.

### Social Business Projects Accelerator

In 2020, Nornickel launched its Social Business Projects Accelerator aimed at boosting social project development and enhancing social entrepreneurs' project management skills. As part of its training and acceleration programme, Nornickel granted RUB 17.5 mln in two-year interest-free loans to support five social business projects seeking to improve the quality of life in Norilsk, Zapolyarny and Nickel:

- Aurora family centre for mothers with toddlers;
- Folga media school – digital training courses for small businesses, non-profit organisations, schoolchildren and students;
- Robo Art robotic and software development school;
- Vascular department at the Perfection aesthetic medicine centre;
- New children's futsal court and a dance studio at the OLYMP martial arts and fitness centre.

### Rally of Social Entrepreneurs from the North

December 2020 saw another rally of social entrepreneurs, with more than 200 registered participants from 33 Russian cities. The rally's theme was centred around business opportunities emerging in times of crisis. Experts got together with social entrepreneurs to exchange relevant experience and best practices. The event featured the premiere of Against the Odds of Lockdowns, the first three-part film about the entrepreneurs from the north, as well as a video tour of Norilsk.

## CREATE!

Nornickel contributes to creating infrastructure that would enable accelerated development of regions across its footprint through cooperation with regional development institutions, including Norilsk Development Agency, Second School Centre for community initiatives in the Pechengsky District, and Monchegorsk Development Agency established in September 2020.

Their mission is to lay the foundation for accelerated development of the local service-based economy as a way of improving living standards and promoting local products and services on external markets.

### Norilsk Development Agency

In 2020, IT-Cube was launched in Norilsk to become the region's first digital education centre for children. Norilsk Development Agency proposed submitting the project's bid in the competition run by the Russian Ministry of Education to provide subsidies for the launch of digital education centres for children. The idea was supported by the city administration and the government of the Krasnoyarsk Territory, with the bidding documents prepared and submitted to the federal ministry.

As a result of a bidding process, the Krasnoyarsk Territory received subsidies from the federal budget to create an innovative educational platform in Norilsk in 2020. The project financing available for 2020–2022 totals RUB 131 bn. The centre provides advanced IT training to more than 400 school students and plans to see over 1,000 children involved in its events and activities.

In the summer of 2020, the agency continued the improvement of the Dolgoye Lake recreation park by installing two wooden pergolas, two illuminated fountains and a sports ground and performing further landscaping and lighting works.

Together with the city administration, the agency launched a project to upgrade the city's yards to modern standards with the direct input of Norilsk residents.

The project included restoration of curbs, building an outdoor sports ground with a workout area, and adding new benches, art objects, eco-friendly parking, and electric heating stations for car engines.

In March 2020, the agency launched the Business Adaptation project aimed at supporting SMEs amid the spread of COVID-19. As part of the project:

- a hotline for entrepreneurs was set up, which registered and processed more than 2,000 queries;
- the Company provided free-of-charge PPE to local entrepreneurs, with more than 8,500 SME employees receiving masks, gloves and sanitisers;
- an initiative to compensate 50% of freight delivery costs was implemented and used by over 120 entrepreneurs, saving them more than RUB 41 mln;
- free accounting and legal support to SMEs was provided.

The agency also represents the interests of Norilsk's businesses in the Ministry for Development of the Russian Far East and Arctic. In 2020, a joint webinar was held with the ministry, with 15 local entrepreneurs applying to become residents of the Arctic zone. The Ministry supported the Agency's initiatives to develop general aviation in Taimyr and a programme for subsidizing cargo transportation as part of the investment projects in the Arctic zone.

### Arctic tourist cluster

In 2020, the first stage of developing the master plan for the Arctic tourist cluster was finalised. The document aims to foster sustainable local tourism while preserving fragile Arctic nature and making tourism a bigger part of the Krasnoyarsk Territory's economy.

In August 2020, a research expedition to Maria Pronchishcheva Bay with the representatives of WWF, the Joint Directorate of Taimyr Nature Reserves and federal experts took place. The expedition's results are used to develop attractive tourist routes and consider turning abandoned polar stations into guard lodges and visit centres. Apart from that, the expedition established contacts with residents of the remote villages of Syndassko and Popigai as potential tourist destinations and collected information for the further development of the master plan for the Arctic tourist cluster.

The Arctic tourist cluster – key results and facts of 2020

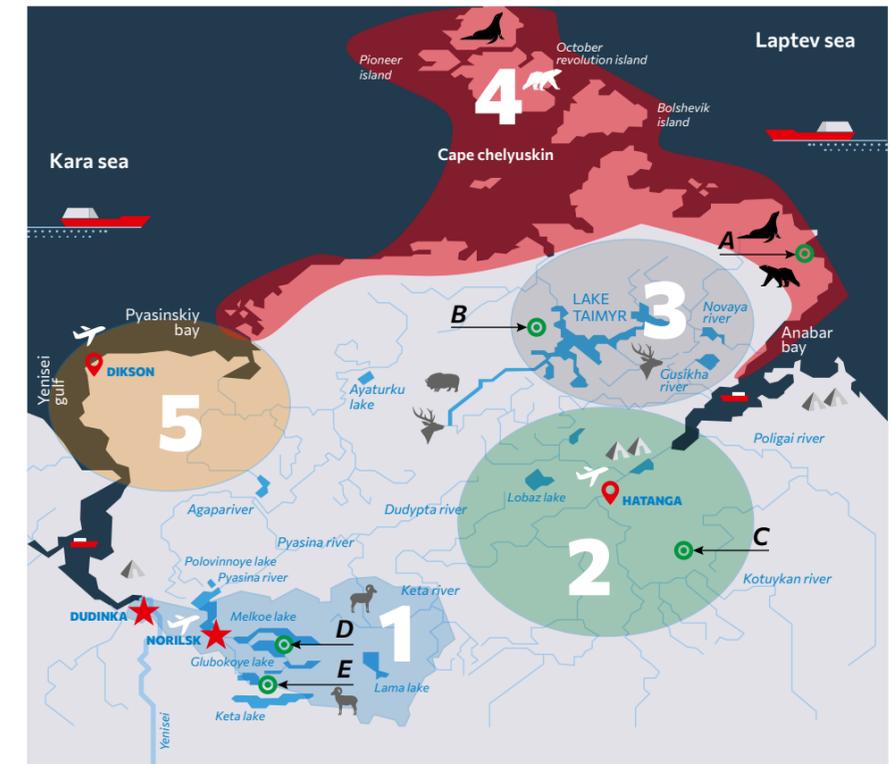
- The Arctic Putorana Plateau tourist and recreation cluster ranked among Top 30 most promising territories for environmental tourism at the national eco-cluster competition
- Local Anabar Tour LLC and regional tour companies signed a first-ever agreement to sell tours to Hatanga
- 51 investors signed an agreement to develop the cluster
- Third-party investment to develop the project totalled RUB 4.3 bn
- In 2020, the number of tourists visiting the cluster exceeded 5,000 people (up 4% year-on-year)
- Seven companies from among the cluster members received grants from the Federal Agency for Tourism worth over RUB 17 mln
- Seven new routes were developed
- Eight new hospitality properties were classified
- 38 new guides were registered

### Norilsk Development Agency's projects in 2020

Focus area	Projects
Investment	<ul style="list-style-type: none"> <li>• Supporting 16 investment projects in Norilsk</li> <li>• IT-Cube Digital Education Centre for Children in Norilsk</li> </ul>
Developing the business environment	<ul style="list-style-type: none"> <li>• Business Adaptation project</li> <li>• Business Online project</li> <li>• Business in the Arctic project</li> </ul>
Fostering tourism	<ul style="list-style-type: none"> <li>• Creating an Arctic tourist cluster</li> </ul>
Developing the urban environment	<ul style="list-style-type: none"> <li>• Norilsk's yard master plan</li> <li>• Norilsk's colour standards handbook</li> <li>• Dolgoye Lake recreation park</li> <li>• 1 Leninsky Avenue</li> <li>• City lights</li> <li>• Mosaic panels</li> <li>• Attraction of Taimyr festival</li> </ul>
Social, cultural, and educational projects	<ul style="list-style-type: none"> <li>• Academy of Creative Industries</li> <li>• Cultural Management Strategy and Practice educational programme</li> <li>• North online gastronomic festival</li> <li>• Big Argish festival</li> <li>• ARCTic street art gallery in Norilsk</li> <li>• Nationwide competition for New Names charitable scholarship</li> </ul>

- 1. Putorana Plateau subcluster:**  
Putorana Plateau (a UNESCO World Heritage Site), two natural heritage sites
- 2. Hatanga subcluster:**  
Anabar Plateau and Popigai Astrobleme
- 3. Lake Taimyr subcluster:**  
Lake Taimyr and Byrranga Mountains
- 4. Arctic Coast subcluster:**  
New Arctic cruise routes
- 5. Dikson subcluster:**  
International seaport, the focus of the government's interests in the Arctic zone

- A PRONCHISHCHEVA BAY
- B BYRRANGA MOUNTAINS
- C ANABAR PLATEAU
- D PUTORANA PLATEAU
- E WATERFALLS



## Social and cultural events

North gastronomic festival. The pandemic transformed the 2020 festival's format, with people cooking in their kitchens together with the chefs of Norilsk restaurants. The festival's cooking master classes, posted on Norilsk Development Agency's YouTube channel, racked up almost 1,500 views. About 500 dishes from the festival's menu were delivered by local restaurants to the city's residents, while another 1,500 meals were prepared in five factory canteens of Nornickel.

As part of the Big Argish festival, 14 city restaurants and 7 retail networks treated visitors with dishes from the festival's menu for ten days. An exciting eight-hour cartoon story about a boy called Argish was screened on the facade of the city's theatre. A snow labyrinth (576 sq m of snow passages) and a small ethnic settlement with ice figures symbolising local ethnic groups, ice chum (a traditional local dwelling) and light projections of deer were built in the Dolgoye Lake recreation park. Local residents took to online platforms to revisit their best moments of the festival, watch videos about the most exciting venues of the previous festivals, play and win prizes.

The ARcTic street art gallery in Norilsk received three murals called Balloons, Airship, and Mars Rover. These 3D images were projected at different venues around the city.

In 2020, the nationwide competition for the New Names charitable scholarship was held in Norilsk for the first time, with 15 musicians and 17 artists participating and 4 Norilsk residents ultimately joining the New Names league.

## Developing the town of Nickel: Second School Centre

In November 2019, to ensure environmental compliance and address ecological issues in the Pechengsky District of the Murmansk Region, the Company decided to shut down its smelting facilities in the town of Nickel, which was done in December 2020. ▶ 102-10

Together with the authorities, members of the local community, and Russia's Monotowns Development Fund, Nornickel identified the key priorities of a strategy to support continued social and economic development in the Pechengsky District. The new development strategy includes the establishment of new enterprises based on traditional business models, the launch of a diverse industrial park, the development of a service economy and tourism, and the transformation of the social and cultural environment.

The Second School Centre, created in 2019, became the main operator of social and economic development projects in the Pechengsky District.

In 2020, the centre signed 13 cooperation agreements with partner organisations, including the Murmansk Region authorities, as well as educational, environmental and other public organisations.

## Promoting SME development in the Pechengsky District

In 2020, to support business projects in the Pechengsky District, Nornickel carried out:

- a contest for special-purpose interest-free loans (aimed at boosting local SME development, encouraging investment and creating new jobs);
- a competition of long-term business projects (aimed at unlocking the region's investment potential and attracting new businesses players to spur local economic growth by launching green production capacities and creating new jobs).

11 projects became finalists of the contest for interest-free loans (out of 200 bids submitted), with the total of RUB 212 mln loans granted and 145 new local jobs created. All winning projects are planned to be implemented in 2021.

[A project to build a mini plant for the production of grinding balls and long steel \(Sirius LLC\) won the competition of long-term business projects to be implemented at the soon-to-be-vacant site of the smelting shop in the settlement of Nickel.](#)

## Monchegorsk development agency

In September 2020, the successful experience of implementing integrated social and economic development projects in Norilsk, Nickel and Zapolyarny was rolled out to Monchegorsk, where Nornickel and the city's administration partnered to launch Monchegorsk Development Agency. Its main goal is to create favourable conditions and opportunities for sustainable social and economic development of Monchegorsk. The agency's activities are focused on:

- business and investment;
- social and cultural projects;
- tourism.

The agency hired employees, held meetings with key stakeholders, representatives of the public and the media, and approved an action plan for 2021. In 2021, it intends to focus on developing a master plan and creating branding for Monchegorsk.

## Second School Centre's projects in 2020

Focus area	Projects
Tourism	<ul style="list-style-type: none"> <li>• 10th Russia-Norway Cross-Border Cooperation Days</li> <li>• Trilateral Municipalities Meeting (Russia, Finland, Norway)</li> <li>• From Murmansk to Vadsø international library teleconference</li> <li>• Four online sessions of Kolarctic Cooperation Programme's working groups and their heads</li> <li>• Online meeting with the Barents Secretariat</li> </ul>
Business	<ul style="list-style-type: none"> <li>• Two stages of a business residence project with six international-level guests</li> <li>• Competition for interest-free loans</li> <li>• Competition of long-term business projects</li> <li>• Business Environment, an event to support entrepreneurs competing for interest-free loans</li> <li>• Business Lessons for School Students, a project to give schoolchildren entrepreneurial skills, with 40 participants, 10 business projects admitted to defence, and four invited expert guests</li> </ul>
Society	<ul style="list-style-type: none"> <li>• Together We Can Do More flash-competition</li> <li>• •Art residence, Nickel's logo, video/audio performance, VR installation</li> <li>• Social Cinema (38 online screenings of short films during five days of the festival, 2 screenings of the Nordic Character film)</li> <li>• iNICKEL online lab (44 bids, 20 participants representing 10 teams, 20 hours of live training, 5 expert speakers)</li> <li>• Northern People video project</li> </ul>
Urban environment	<ul style="list-style-type: none"> <li>• Nickel and Zapolyarny master plan development (more than 20 hours of audio recordings of interviews with focus groups and in-depth interviews, 7 videos on research findings, 2 in-person seminars on public spaces, 2 working visits of the main working group, 6 expert visits, more than 300 residents of Nickel and more than 400 residents of Zapolyarny participating in surveys, three rounds of discussions with local residents)</li> </ul>

Project name	Jobs to be created in 2021
VIANICKEL hotel	10
Polaria hotel	21
Eco campsite in the Pechengsky District	14
Trout farm in Ala-Akkajärvi Lake	13
Cossacks in the North dairy farm in the Pechengsky District of the Murmansk Region	10
BROD bakery and confectionery	21
Food trucks for Nickel, Zapolyarny and Pechenga	10
Food trucks for military settlements	10
Construction of Murmansk Abrasive Plant for producing abrasive materials	10
Plastics recycling facility (under SMART ENVIRONMENT franchise)	10
Petsamo multifunctional complex	10
<b>Total:</b>	<b>145</b>

## Targeted charitable support

The Company continued providing targeted charitable donations to organisations. In 2014, Polar Division and Kola MMC set up dedicated charity committees to review such requests. Certain donations are also approved by the Company's management.

Nornickel has traditionally supported:

- entities dealing with vulnerable groups of population (veterans of World War II, disabled people, multichild families, children with special needs, financially disadvantaged citizens);
- participation of local non-profit organisations and institutions in various sports competitions, creativity contests, etc.;
- organising and holding professional festivals for tundra inhabitants to preserve the national traditions and culture of indigenous northern minorities.

[In addition to financially supporting combat survivors, World War II veterans and former law enforcement members, we send our representatives to sit on the boards of trustees of associations and foundations running a variety of military and patriotic projects \(including as part of the Hero of the Fatherland programme\).](#)

## Corporate volunteering programme

Nornickel's corporate volunteering programme aims to:

- shape a culture of charitable giving and volunteering across the Company's footprint;
- support employee volunteering initiatives contributing to the social development of local communities and improving the well-being of local residents;
- enhance employee engagement in achieving the Company's strategic objectives and promote employee participation in the corporate and social activities of our facilities;
- boost commitment to corporate values, proactivity and responsibility among employees, foster communication and emotional skills, and offer each and every employee opportunities to fulfill their personal potential;
- enhance the efficiency of business processes through creating horizontal links between employees and between business units;
- introduce non-financial incentives for corporate volunteers.

Our volunteers focus on promoting campaigns to support kids with special needs and their families, as well as children without parental care. They also do environmental work.

The shining example of fruitful cooperation between the business and local communities, Nornickel and its employees has been the Plant of Goodness project, which helps harness and streamline the Company's expertise and its vast track record of social and environmental initiatives in a structured and efficient manner. Today, this programme is implemented across most of our footprint, including Norilsk, Monchegorsk, Zapolyarny, Chita and Moscow. Each year, around 2,500 employees, 40,000 local residents and members of non-profit organisations volunteer as part of the Company's Plant of Goodness project. After being volunteers for some time, our employees often come up with their own initiatives. The skills and expertise they obtain doing this kind of work help them not just in everyday life, but also in their career pursuits.

Employees can launch initiatives of their own by proposing a project idea, developing an action plan, drafting a budget, defending their project, and receiving funding from the Company.

Employees are also welcome to take part in a corporate programme of personal donations to support those in need (as a result of a grave disease or a natural, environmental, industrial or other disaster) as well as organisations involved in socially important activities.

In 2017–2020, the Plant of Goodness volunteers:

- implemented 237 initiatives of their own
- took part in the personal donations programme (about 7,000 employees)

One of the largest and most important projects of the programme is the Let's Do It! environmental marathon. Having started out as just a series of clean-up days, the marathon has come to include environmental awareness initiatives in addition to urban improvement activities. Over its history, the number of participants grew exponentially – from 100 to approximately 17,000.

## Volunteering during the pandemic

The COVID-19 pandemic has become a major challenge which required Nornickel to quickly adapt its corporate volunteering programme to respond to new needs.

Ten volunteers of Bystrinsky GOK, together with the Trans-Baikal regional branch of the Russian Volunteer Union, organised the delivery of essential goods to high-risk population groups, people with limited mobility, and elderly people living alone in Chita and Gazimursky Zavod. The products were purchased with funds allocated by Nornickel. The Company also provided the volunteers with masks, antiseptics, and gloves. Each of the volunteers was trained and certified in helping elderly people in emergencies by completing a training course at the online university for Russian volunteers. Another ten employees working remotely sewed masks for seniors and volunteers from other movements.

In Monchegorsk, the Plant of Goodness participants set up a small reusable masks production. The Company helped procure gauze, and enough volunteers signed up in the Plant of Goodness group chat.

## Volunteering support to veterans

On Victory Day, the Plant of Goodness volunteers, taking all precaution to ensure that COVID-19 was not spread, congratulated the veterans of World War II. For two weeks, volunteers performed targeted delivery of gift sets, flowers and badges to the veterans of World War II, including combat veterans, residents of besieged Leningrad, children of war, home front workers, spouses of deceased and disabled veterans. The Company's volunteers congratulated a total of 371 veterans. Corporate volunteers in Norilsk, Monchegorsk and the Pechengsky District also initiated All Neighbours Sing and Songs from the Window campaigns for Victory Day.

## Those Who Care change management programme

The programme was created to bring together proactive employees in various roles and from different divisions interested in developing and implementing corporate change initiatives outside their functions and KPIs.

In 2020, the kick-off and orientation sessions were held, with 16 project teams set up at Kola MMC, business profiling games organised (participant profile, competency profile), and the initiative's website and Change Practitioners Club launched. Those Who Care has 347 members from among Nornickel employees.

## Support for sports organisations and clubs



### Russian Olympic Committee

As a partner of the Russian Olympic Committee and the Russian Olympic team, Nornickel supports youth and high performance sports, among other things, by facilitating the implementation of Olympic educational programmes developed by the Russian International Olympic University.

In 2020, Nornickel sponsored a number of events, including Winter Sports Day 2020, Online Contest #Indoors2020, Olympic Day Run 2020 (#MODNO), the 31st All-Russian Olympic Day, and National Walking Day 2020. In attendance were renowned sports commentators, athletes, and Olympic champions.

As part of the Nornickel-supported Olympic Patrol project, Olympic champions of different years visited Murmansk in 2020 to meet with young athletes and talk about Olympic values, the history of the Olympic movement, their training systems, the most exciting moments in their sporting careers, and the secrets of their success.



### CSKA professional basketball club

Nornickel continues to provide support to Russia's most successful and well-known basketball club. CSKA was among the top four teams before the 2019/20 EuroLeague season was interrupted due to COVID-19, having secured a place in EuroLeague playoff quarterfinals. In the VTB United League, CSKA was second in the standings before the games were stopped, which guaranteed the team a place in the playoffs where Russia's Champion is determined. Given that the 2020 season was cut short as a result of the pandemic, CSKA remains the reigning EuroLeague and VTB United League champion based on the results of the 2018/19 season.



### Norilsk Nickel Futsal Club

Since 2016, the team and administrative personnel of Norilsk Nickel Futsal Club have been based in Norilsk. The Company is the club's general sponsor. The team takes part in the Russian Super League Championship and Russian Futsal Cup. 2020 saw the opening of the Aika sports and recreation centre in Norilsk built with funding from Nornickel. The centre will be the new home for the futsal club.



### All Russian Federation of Dance Sport and Acrobatic Rock'n'Roll

In 2020, we continued supporting the All Russian Federation of Dance Sport and Acrobatic Rock'n'Roll, as we have done for years, and acted as the federation's partner in developing and promoting these sports. The Company sponsored the Russian Dance Sport Championship and the Cup, the Breakdancing Cup, and other events. Nornickel also supports the corporate acrobatic rock'n'roll club in Norilsk.



### Ice Hockey Federation of Russia

Since 2018, Nornickel has been sponsoring the Russian Ice Hockey Federation. We have helped the federation to carry out a number of major projects, including the Red Machine national programme for hockey training, the children's Red Machine training camp in Zapolyarny, training workshops for hockey coaches and referees in Norilsk (in person and online), and the unique Bridge between Generations project – a traditional match between hockey legends and the Russian national team. Russian national hockey teams performed strongly at various major international tournaments in 2020. The main national team won two stages of Euro Hockey Tour's 2020/21 season – the Karjala Cup and the Channel One Cup, the U20 national team took silver at the 2020 World Youth Championship, and the U16 team won the 2020 Winter Youth Olympics in Lausanne.



### International University Sports Federation

Nornickel supports the International University Sports Federation (FISU) that manages university games. In September 2020, we helped organise the now traditional FISU Volunteer Leaders Academy international forum, which was held online. The event brought together over 200 people from 120 countries. Upon completion, each forum participant was awarded a FISU Student Ambassadors title. They will promote FISU and its agenda across the student community in their countries helping to develop university sports. As the general partner of the FISU Volunteer Leaders Academy, Nornickel will seek to advance youth culture, foster friendly relations between nations, and educate leaders of tomorrow.



### Rosgonki and Sochi Autodrom

Since 2018, we have partnered with Rosgonki and Sochi Autodrom to support and promote motor racing in Russia. Under a sponsorship agreement with Rosgonki, Nornickel provides assistance in organising and holding various sporting events at the Formula One circuit in Sochi.



### Assessment of social programmes

The key criterion used to select social projects and programmes for implementation is their social impact, i.e. effects they have on various aspects of life and society. With a comprehensive assessment system in place, the social impact is assessed throughout the life cycle of the programme or project and upon their completion.

Some of the principal assessment tools are target audience surveys and polls that provide information on stakeholder opinions, for example:

- assessment of social climate in teams through designated meetings on social and labour issues;
- annual employee engagement surveys;
- annual polls among social programme participants (health resort treatment, children’s vacation, corporate gifts programmes, cultural, entertainment and sports events).

In addition, we assess actual performance indicators vs targets set out in the programme specifications or social and economic cooperation agreements. This applies to the regular efficiency and performance assessment of:

- my Home/Our Home and Corporate Subsidised Loan housing programmes;
- world of New Opportunities charitable programme;
- social projects entitled to the Company’s grants and business development projects of social entrepreneurs receiving interest-free loans from Nor Nickel (both at the financing decision stage and during the implementation).

We also produce a monthly report on the social climate in the regions of operation and participate in various competitions to have our projects and programmes independently assessed and publicly recognised.

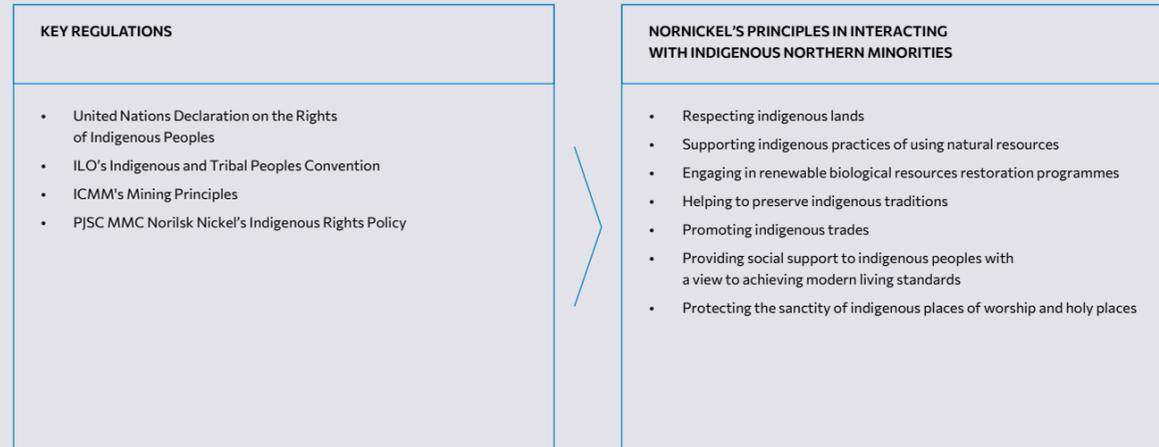
The table below shows the key project assessment criteria depending on the stage.

### Interaction with indigenous northern minorities

Nornickel respects the rights, lands, traditional lifestyles, economic activities, historical heritage and interests of indigenous peoples inhabiting the Company’s regions of operation, and fulfils its commitments to further strengthen and develop the neighbourly relations that benefit the both parties.

There are currently over 10,000 representatives of indigenous northern minorities living on the Taimyr Peninsula, including Nenets, Dolgans, Nganasans, Evenks, and Enets.

Over the past decades, the Company has been implementing charitable and social projects to improve living conditions of the Taimyr indigenous peoples in recognition of their rights to traditional lifestyles and the need to secure decent living standards and quality modern services in these communities.



### Key objectives and targets for interacting with indigenous northern minorities and progress in 2020

#### Key objectives and targets

**No violations** of the rights of indigenous northern minorities or land disputes with indigenous communities  
▶ 411-1

**No complaints** related to violations of the rights of indigenous peoples of the North

**Independent assessment of damage** to indigenous northern minorities as a result of industrial accidents in 2020

Compensations for natural resources to indigenous northern minorities in the amount of **RUB 175 mln**

**Over RUB 2 bn** in investments to support indigenous northern minorities in 2020–2024

#### Progress in 2020

The Company and the Association of Indigenous Peoples of the North, Siberia and Far East of the Russian Federation supported an ethnological expert review to assess environmental damage. Based on the methodology of the Russian Ministry of Economic Development, the Company determined the amount to be paid to the indigenous northern minorities as compensation for the damage to natural resources in their communities located in the Pyasina River basin. There were no other violations of the rights of indigenous northern minorities

★

★

**RUB 94 mln** has been paid, with the remaining amount due in 2021

With the agreement signed, RUB 18 mln was allocated in 2020 towards the implementation of the Comprehensive Support Programme

### Assessment of public-private partnership projects

	Project/agreement life cycle stages			
	Strategy	Plan	Implementation	Follow-up
Social impact	★	★	★	★
Efficiency for the Company	★	★	★	★
Top management involvement in impact assessment	Review by Board of Directors and Management Board	Review by Management Board's Budget Committee	Annual reporting	Report to Management Board on implementation and impact
Assessment of regional-level impact	★	★	★	★
Assessment of project-level impact	★	★	★	★
Integration in KPIs	★		★	

## Respecting the interests of indigenous northern minorities in production and investment activities

PJSC MMC Norilsk Nickel's metals and mining businesses are located on the industrial land within the Norilsk Municipality; they share an administrative boundary with the Taimyrsky Dolgano-Nenetsky Municipal District (without being part thereof), which includes the territories historically populated and managed by indigenous northern minorities. New projects in the Norilsk Industrial District do not provide for any activity on the lands inhabited by indigenous northern minorities. A total of ten business units are located on the land that is adjacent to the territories historically populated and managed by indigenous northern minorities. Those business units are Polar Division, Polar Transport Division, MMC Norilsk Nickel' branch Norilskenergo, Yenisey River Shipping Company, Norilskgeologiya, NTEC, Norilskgazprom, Norilsktransgaz, Taimyr Fuel Company, and Norilsk Avia. **► MMS**

The interests of indigenous northern minorities are accounted for at every stage of the production cycle and investment projects through public discussions and partner interaction procedures.

The Company maintains partner relations with indigenous northern minorities through cooperation with federal authorities and non-profit organisations

representing indigenous northern minorities' interests, indigenous northern minority commissions organised by local authorities, personal meetings and work with community heads, regular contacts during the development and implementation of social projects competing for the Company's grants.

In addition, Polar Division has established a unit based in Dudinka and responsible for interaction with indigenous northern minorities.

The approach to interaction with indigenous northern minorities enables timely identification of, and response to, their needs, particularly by implementing projects that are in line with the current international, Russian and local agendas in this field.

Public discussions with stakeholders, including indigenous northern minorities whose interests can be potentially affected, are obligatory by virtue of the Russian law and make part of environmental impact assessments (EIA) for each new investment project. The purpose of the EIA is to prevent or mitigate the impact of project activities on the environment and resulting social, economic and other repercussions.

EIA materials, including incoming comments and proposals, are included in the documents submitted for a state environmental review, which is a mandatory procedure in Russia to receive an official approval before a project is launched.

“

It is really a historic moment for me personally and for representatives of the communities. We have been working towards it. Much effort has been made by every party, including the Company, social activists and the local administration.”

Aksinya Porotova,  
Mukustur indigenous community

## Comprehensive ethnological expedition

In 2020, Nornickel provided extensive assistance for a large-scale ethnological expedition organised by a group of independent scientists. The main objective was to assess the impact of a diesel fuel spill at HPP-3 on the indigenous population of the Taimyr Peninsula. The expedition was initiated by the Association of Indigenous Peoples of the North, Siberia and Far East of the Russian Federation and launched by the Arctic Development Project Office. The group of scientists developed a unique assessment mechanism that included a field stage (collecting samples, conducting sociological surveys on the potentially affected territories) and an ethnological stage that involved ethnographers and anthropologists. The assessment was the first one of its kind in the modern history of Russia.

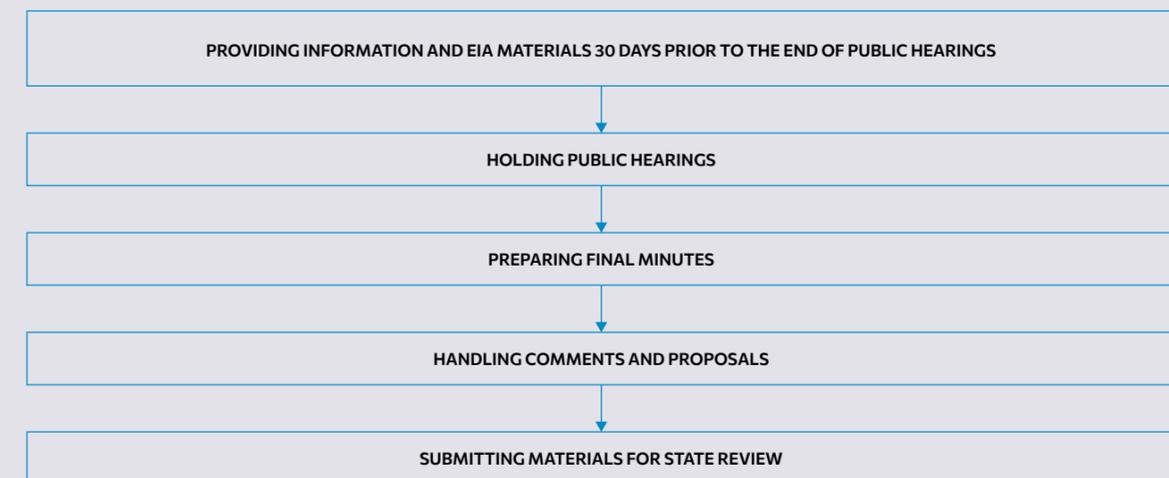
The assessment spanned 670 people from five main ethnic groups inhabiting the region (Dolgans, Nenets, Evenks, Enets, and Nganasans), with 100 interviews taken and opinions of the community leaders studied.

<sup>1</sup> For the full report, visit the expedition website at <http://etnoexpert.ru/>

## Responsibilities in interacting with indigenous northern minorities

Board of Directors <b>► 102-26</b>	Approving and reviewing internal policies on interacting with indigenous northern minorities
Board of Directors' Audit and Sustainable Development Committee	
Federal and Regional Programmes Department	Implementing key projects and programmes related to indigenous northern minorities, including the Comprehensive Support Programme until 2024
Sustainable Development Department	Methodological support, training, and development of cross-functional programmes
Internal Control Department	Handling complaints and queries received via the Corporate Trust Line
Executives and employees	Complying with the requirements of Russian and international laws on the rights of indigenous peoples, adhering to internal policies, and implementing projects and programmes within their respective purview

## Procedure for public discussions



In the interviews, the representatives of indigenous minorities had an opportunity to propose preferred compensatory measures in response to the fuel spill, as well as general initiatives to improve their traditional way of life.

Based on the expedition's results and direct consultations with the representatives of indigenous northern communities, a number of compensatory measures have been defined to form the basis for a Comprehensive Support Programme for Indigenous Peoples of the North until 2024.

Another important outcome of the expert review was the amount of compensation agreed with indigenous northern minorities for the fuel spill (RUB 175 mln to be paid to almost 700 members of indigenous northern communities). In 2020, NTEC paid RUB 94 mln out of the agreed amount. The calculation methodology is based on the provisions of the law that establishes a procedure for assessing the impact of economic activities on traditional lifestyles.

It was the first time in Russia the law had been used to determine the compensation for actual damage. The methodology relies on a mathematical model that assesses the maximum possible contamination areas and its fish stocks in money terms and distributes the resulting value proportionally between the indigenous people subsisting on the resources in the affected areas. According to the law, indigenous northern minorities bear no burden of proof in this case. The compensation received by a community may be distributed both among its individual members or used to meet community needs.

<sup>1</sup> The model was developed by the Skolkovo Institute of Science and Technology and accounts for the least favourable conditions, such as no booms on the river, current speed and water level the river in June–July 2020 and tailwinds.



### Interviewees

#### Nationality

<b>50%</b> Dolgans	<b>34%</b> Nganasans
<b>7%</b> Evenks	<b>7%</b> Nenets
<b>2%</b> Enets	

#### Age

<b>29%</b> 40–49 years	<b>27%</b> 30–39 years
<b>22%</b> 25–29 years	<b>11%</b> 18–24 years
<b>8%</b> 50–59 years	<b>3%</b> 60+ years

#### Gender

<b>54%</b> Male
<b>46%</b> Female

### Measures expected from Nornickel by indigenous northern minorities<sup>2</sup>

<b>74%</b> Seasonal jobs related to traditional lifestyles	<b>72%</b> Expert-approved measures to restock fish in the Pyasina River	<b>29%</b> Establishment of seasonal training shops for craftswomen. Making traditional outfits for tundra work and selling them at cost to...
<b>27%</b> Expert-approved measures to restore the wild reindeer population	<b>18%</b> Seasonal jobs at the plant for the years needed to restore fish resources	

<sup>2</sup> The figures show the percentage of respondents supporting the measure.



We have jointly determined new systemic measures to support indigenous peoples living on the Taimyr Peninsula and consolidated them in the form of an agreement. This is a RUB 2 bn programme comprising over 40 initiatives for the next five years. Firstly, it is aimed at stimulating the economic activity of indigenous minorities and facilitating the recovery of renewable resources, which form the basis of their traditional lifestyle and trades. Nornickel has a long history of close cooperation with organisations representing the interests of indigenous communities in the regions of our operation, ensuring transparency in decision-making and maximum efficiency in the implementation of joint projects.”

Andrey Grachev,  
Vice-President,  
Federal and Regional Programmes

### Comprehensive Support Programme for Indigenous Peoples of the North

In September 2020, the Company signed a cooperation agreement with three organisations representing the indigenous northern minorities inhabiting the Taimyr Peninsula: the Regional Association of Indigenous Peoples of the Krasnoyarsk Territory, the Association of Indigenous Minorities of Taimyr, and the Association of Indigenous Peoples of the North, Siberia, and the Far East of the Russian Federation. The agreement established a comprehensive support programme to aid the development of indigenous northern minorities on the Taimyr Peninsula for a period until 2024.

Based on the proposals received during the ethnological expert review, a set of priority measures was defined, including seasonal jobs in tourism, reindeer herding, fishing and hunting. The Company has made plans to construct fish and reindeer meat processing facilities, purchase refrigeration chambers, build ethnic shops to manufacture fur apparel, subsidise helicopter flights, organise training in professions required by Norilsk Nickel, publish learning aids in native languages, and take many other specific and integrated measures.

Over **90%** of indigenous northern minorities are covered by the Comprehensive Support Programme

Over **2 RUB bn** is the total cost of the Programme's initiatives



## Key initiatives of the Comprehensive Support Programme until 2024

- Projects in support of traditional activities**
  - Building a shop to process wild reindeer carcasses
  - Purchasing two 20 cu m refrigeration chambers (Volochnanka)
  - Building ethnic shops to manufacture fur and leather apparel, horn and ivory products
  - Subsidising additional helicopter flights to deliver products from local settlements to Dudinka
  - Supporting indigenous kinship communities in reviving reindeer herding in the Avam tundra in the Norilsk-Pyasina water basin
  - Assessing the carrying capacity of reindeer pastures in the Ust-Avam tundra
  - Assessing the fishing capacity of Lake Pyasino and restocking fish in Lake Pyasino and tributaries of the Pyasina River
  - Accounting fish resources in the Pyasina River tributaries to determine quotas and purchase them at auctions in favour of indigenous communities
- Housing projects**
  - Building 18 dwelling houses over a three-year period (in Volochnanka and Ust-Avam)
  - Purchasing flats in Dudinka for orphaned indigenous children
  - Providing financial assistance to rent land plots from settlement administrations and providing these free of charge to those wishing to improve their housing conditions
- Health projects**
  - Building a new first-aid and obstetric post in Volochnanka
  - Purchasing specialised (crawler) vehicles to hold medical checkups and screening
- Educational and cultural projects**
  - Training indigenous children in professions required by Norilsk Nickel with a view to eventual employment
  - Supporting advanced training of teachers at remote settlement schools (in Volochnanka and Ust-Avam)
  - Employing teachers to general education schools in remote settlements, including employment under Norilsk Nickel's grant programmes (Volochnanka and Ust-Avam)
  - Publishing learning aids in native languages
  - Introducing online education opportunities and, in the long run, providing broadband internet access
  - Building a community centre by 2024 (Volochnanka)
  - Building community centres in Kheta and Nosok
  - Publishing a book dedicated to the 90th anniversary of the Taimyr Dolgano-Nenets Municipal District
  - Shooting a presentation film dedicated to the 90th anniversary of the Taimyr Dolgano-Nenets Municipal District
  - Installing an outdoor LED screen and related equipment to hold large-scale public events on the river embankment in Dudinka

### Sporting and infrastructural projects

- Purchasing bathhouse modules (Volochnanka and Ust-Avam)
- Purchasing two buses branded 'From Norilsk Nickel to the District' for the needs of Dudinka
- Purchasing children's playgrounds (Volochnanka and Ust-Avam)
- Purchasing children's jungle gyms for the villages of Hatanga rural settlement (Kresty, Zhdanikha, Novaya, Kheta, Katyryk, Syndassko, Popigay, and Novorybnoye)
- Purchasing children's jungle gyms for Potapovo Secondary School No. 12, Nosok Secondary Boarding School, and Khantayskoye Ozero Base School
- Purchasing sports gear and weightlifting equipment (Ust-Avam)
- Building northern multisport grounds
- Purchasing a sound system for the fitness centre of Dudinka Sports Complex
- Organising the Arctic Curling Cup 2020 events in Dudinka
- Creating a single news channel in WhatsApp to broadcast news both in Russian and in indigenous languages

### Tourist projects

- Including Volochnanka, Ust-Avam and Khantayskoye Ozero settlements in an ecotourism development project
- Establishing a visit centre in one of the settlements; teaching a hospitality course to several communities, and co-funding helicopter flights

### Development and support projects

- Cooperating with a charity foundation to support indigenous minorities of the North, Siberia, and the Far East
- Cooperating with businesses working in the Pyasina River basin and individuals engaged in traditional fishing in the Pyasina River basin

**84.9**  
RUB mln

The Company spent on the projects to support the indigenous northern minorities in 2020.



### Key projects in support of indigenous northern minorities in 2020

In October 2020, the Company sent experts to remote indigenous settlements in the North to help the locals prepare applications to the World of New Opportunities competition aimed at supporting socially important initiatives. Thanks to the training and rehearsals that were organised for these applications, indigenous community organisations were able to win the 2020 competition. Following the expedition organised as part of the Comprehensive Support Programme, Nornickel announced the start of the World of Taimyr competition of projects tailored to the specifics and needs of indigenous northern communities.

The aim of the World of Taimyr competition is to support local initiatives and ensure sustainable development of the northern territories historically inhabited by indigenous minorities. The competition has four categories covering different areas of life of Taimyr's indigenous peoples, including traditional economic activities, cultural and linguistic heritage,

search for, and development of, gifted children, environment protection, alternative energy sources, etc. Grants for the relevant projects amount up to RUB 6.5 mln.

The Company has historically provided the indigenous northern minorities with medical, transport and communication services, materials and equipment (such as snowmobiles, motor boats, outboard motors, chainsaws, building materials, etc.), fuels, lubricants, and fishing supplies. Educational facilities are being modernised and refurbished. Hospitals and clinics are getting high-tech medical equipment. In case of an emergency, affected indigenous families get free-of-charge aid.

Due to the unfavourable epidemiological situation in 2020, the Company financed schoolchildren work teams in Dudinka and Hatanga. It donated RUB 7.43 mln to purchase workwear, gear, and personal protective equipment for the children and their coaches and pay for their work.

## Transport accessibility

With our reliable state-of-the-art transport infrastructure, we are capable of meeting any freight logistics challenges and ensures continuity and sustainability of operations and well-being of local communities.

Our dry cargo fleet provides year-round freight shipping services between Dudinka, Murmansk, Arkhangelsk, Rotterdam, and Hamburg sea ports. For seven months a year, we transport the bulk of socially important cargoes for the Norilsk Industrial District. In 2020, dry cargo transported by our fleet amounted to 1.4 mt, down 4% year-on-year.

The Yenisey tanker is used to carry gas condensate, a by-product of gas extraction at the Pelyatkinskoye Field developed by Norinickel, to European ports and other destinations. This way we help reduce pollution from these by-products and improve local environment.

The Company and other companies of the Group handle cargo in the ports of Dudinka, Murmansk, Lesosibirsk and Krasnoyarsk.

Dudinka Port (Polar Transport Division) is the world's only port flooded every year during spring high water and accessible by both sea and river vessels. In 2020, its cargo turnover totalled 3.6 mt.

Bystrinsky Transport Division is responsible for the operation and maintenance of the 227 km Naryn (Borzya) – Gazimursky Zavod railway line (Trans-Baikal Territory).

Yenisey River Shipping Company transports socially important cargoes to destinations across the Krasnoyarsk Territory. During the short period of spring floods, it delivers fuels and lubricants, food and other goods to locations with limited transport accessibility on the Podkamennaya and Nizhnyaya Tunguska rivers and in other areas, including Dikson, Russia's northernmost settlement. The shipping company operates its own search and rescue fleet and takes part in emergency response missions on internal water routes of the Yenisey Basin.

Murmansk Transport Division is responsible for local shipments in the lower reaches of Yenisey, to the north of Dudinka Port. Dudinka Port receives foods and delivers socially important cargoes for local residents, including indigenous peoples of the North, ships cargoes for the EMERCOM and transports residents of remote coastal areas.

In 2020, we completed on schedule the project to reconstruct Norilsk (Alykel) Airport as part of the public-private partnership formalised in the Memorandum of Intent between MMC Norilsk Nickel and the Federal Air Transport Agency. The final phase saw the construction of a patrol road equipped with a video surveillance system, a new reinforced and asphalt concrete pavement for the apron and shoulders, trench drains, and a lighting system. In addition, two new treatment facilities were built to help reduce the airport's environmental impact. Following the reconstruction, the airport meets the applicable international standards, with all flight restrictions currently lifted.

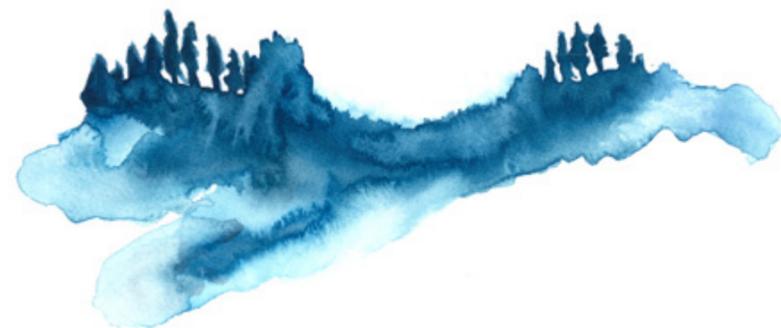
Destinations covered by NordStar Airlines include more than 30 Russian and CIS cities. With passenger traffic in excess of 1 million people per year, NordStar operates year-round direct flights from Norilsk to over 10 destinations in Russia and annually reaffirms its status of a major domestic air carrier.

Norilsk Avia is the only air operator capable of responding to both industrial and social emergencies in the region (Norilsk Industrial District and Taimyrsky Dolgano-Nenetsky Municipal District). The Company meets regional demand for passenger and commercial traffic, including emergency ambulance flights as part of search and rescue operations within a range of up to 280 km from Norilsk Airport. Relevant regulations require this as a condition for all air transportation in the region, including long-haul flights.



- 1 Murmansk Terminal
- 2 Arkhangelsk Transport Division
- 3 Arctic fleet
- 4 Dudinka Port
- 5 Norilsk Airport  
Norilsk Avia  
NordStar Airlines

- Krasnoyarsk transport hub**
- 6 Yenisey River Shipping Company (YRSC)
- 7 Lesosibirsk Port
- 8 Norinickel-YRSC  
Norinickel-YRSC
- 9 Bystrinsky Transport Division



### Our transportation and logistics assets:

- Arc7 Arctic fleet (five dry cargo vessels and one tanker), two port ice-breakers (Dudinka and Avraami Zavenyagin)
- River fleet (627 vessels, including 198 self-propelled vessels and 429 towed vessels)
- Traction and rolling stock: 118 container flatcars, 1 switch locomotive, 1 Yermak electric locomotive (sold in 2020), 12M62 diesel locomotive
- Port infrastructure for transshipment of cargo of all types (including dry bulk and heavy lift) from any means of transport, including a site for processing explosives (one of a kind for the Yenisey river)





## Appendices

# GRI content index

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
<b>GRI 101: Foundation (2016)<sup>1</sup></b>							
GRI 102: General Disclosures (2016)	<b>Organisational profile</b>						
	102-1	Name of the organisation	14	–	–	–	–
	102-2	Activities, brands, products, and services	14, 79	–	–	–	–
	102-3	Location of headquarters	250	–	–	–	–
	102-4	Location of operations	15, 80	–	–	–	–
	102-5	Ownership and legal form	–	Privately owned public joint-stock company	–	–	–
	102-6	Markets served	79, 80-81	–	–	–	–
	102-7	Scale of the organisation	13-15, 73, 81, 104	For more details on the Company's shareholding structure, please see our Annual Report for 2020: <a href="https://www.nornickel.com/investors/reports-and-results/">https://www.nornickel.com/investors/reports-and-results/</a>	–	–	–
	102-8	Information on employees and other workers	104, 226	–	8	3.1.1.	Labour practices
	102-9	Supply chain	76	–	–	–	Fair operating practices
	102-10	Significant changes to the organisation and its supply chain	55, 58, 119, 182	There were no significant changes to the supply chain and the shareholding structure in 2020. Information is also disclosed on page 45 of 2020 Consolidated Financial Statements: <a href="https://www.nornickel.com/upload/iblock/9d5/IFRS-Consolidated-FS-Eng-USD_12m2020.pdf">https://www.nornickel.com/upload/iblock/9d5/IFRS-Consolidated-FS-Eng-USD_12m2020.pdf</a>	–	–	–
	102-11	Precautionary principle or approach	136	–	–	–	Environment
	102-12	External initiatives	29	–	–	1.1	Organisational governance
102-13	Memberships of associations	29	–	–	–	–	

<sup>1</sup>See the About the Report section.

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
<b>Strategy</b>							
102-14		Statement from senior decision-maker	10-11	–	–	–	–
102-15		Key impacts, risks, and opportunities	23, 32-35, 40-44, 142	–	–	–	–
<b>Ethics and integrity</b>							
102-16		Values, principles, standards, and norms of behaviour	22	–	16	–	–
102-17		Mechanisms for advice and concerns about ethics	87	Information is disclosed in the Business Ethics Code of MMC Norilsk Nickel (pages 10–11): <a href="https://www.nornickel.com/investors/disclosure/corporate-documents/">https://www.nornickel.com/investors/disclosure/corporate-documents/</a>  Currently, ethics-related inquiries are handled by the Corporate Trust Line. A number of additional ethics training activities for the Company's employees is scheduled for 2021.	–	–	–
<b>Corporate governance</b>							
102-18		Governance structure	64, 67	–	–	–	–
102-19		Delegating authority	64, 67	–	–	–	–
102-20		Executive-level responsibility for economic, environmental, and social topics	64, 67	Information is also disclosed on page 48 of 2019 Sustainability Report: <a href="https://www.nornickel.com/investors/reports-and-results/">https://www.nornickel.com/investors/reports-and-results/</a>	–	–	–
102-21		Consulting stakeholders on economic, environmental, and social topics	64	Information is disclosed in 2020 Annual Report: <a href="https://www.nornickel.com/investors/reports-and-results/">https://www.nornickel.com/investors/reports-and-results/</a>	16	–	–
102-22		Composition of the highest governance body and its committees	64	Information is disclosed in 2020 Annual Report: <a href="https://www.nornickel.com/investors/reports-and-results/">https://www.nornickel.com/investors/reports-and-results/</a>	5, 16	3.1.12.	–
102-23		Chair of the highest governance body	–	Information is disclosed in 2020 Annual Report: <a href="https://www.nornickel.com/investors/reports-and-results/">https://www.nornickel.com/investors/reports-and-results/</a>	16	–	–
102-24		Nominating and selecting the highest governance body	–	Information is disclosed in 2020 Annual Report: <a href="https://www.nornickel.com/investors/reports-and-results/">https://www.nornickel.com/investors/reports-and-results/</a>  and on pages 3–5 of the Policy on Development and Approval of vote recommendations on candidates nominated to Board of Directors of MMC Norilsk Nickel: <a href="https://www.nornickel.com/investors/disclosure/corporate-documents/">https://www.nornickel.com/investors/disclosure/corporate-documents/</a>	5, 16	–	–

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
102-25	Conflicts of interest	84	Information is disclosed in 2020 Annual Report: <a href="https://www.nornickel.com/investors/reports-and-results/">https://www.nornickel.com/investors/reports-and-results/</a>	16	—	—	
102-26	Role of highest governance body in setting purpose, values, and strategy	36, 75, 76, 82, 85, 88, 104, 121, 135, 145, 190	—	—	—	—	
102-27	Collective knowledge of highest governance body	—	Information is disclosed in 2020 Annual Report: <a href="https://www.nornickel.com/investors/reports-and-results/">https://www.nornickel.com/investors/reports-and-results/</a>  See also the Professional Development Policy for Members of Board of Directors of MMC Norilsk Nickel: <a href="https://www.nornickel.com/upload/iblock/c61/2014.11.10_Induction_and_Continuing_Education_Policy_ENG_Final_Draft.pdf">https://www.nornickel.com/upload/iblock/c61/2014.11.10_Induction_and_Continuing_Education_Policy_ENG_Final_Draft.pdf</a>	4	—	—	
102-28	Evaluating the highest governance body's performance	—	Information is disclosed in 2020 Annual Report: <a href="https://www.nornickel.com/investors/reports-and-results/">https://www.nornickel.com/investors/reports-and-results/</a>  See also the Performance Evaluation Policy for Board of Directors of MMC Norilsk Nickel: <a href="https://www.nornickel.com/upload/iblock/030/Board_Performance_Evaluation_Policy.pdf">https://www.nornickel.com/upload/iblock/030/Board_Performance_Evaluation_Policy.pdf</a>	—	—	—	
102-29	Identifying and managing economic, environmental, and social impacts	37, 64	16	—	—	—	
102-30	Effectiveness of risk management processes	37	—	—	—	—	
102-31	Review of economic, environmental, and social topics	64	—	—	—	—	
102-32	Highest governance body's role in sustainability reporting	2	—	—	—	—	
102-33	Communicating critical concerns	64	—	—	—	—	
102-34	Nature and total number of critical concerns	64	—	—	—	—	
102-35	Remuneration policies	69	See also the Remuneration Policy for Members of Board of Directors at MMC Norilsk Nickel: <a href="https://www.nornickel.com/upload/iblock/195/REMUNERATION_POLICY_for_MEMBERS_OF_BOARD_OF_DIRECTORS_.pdf">https://www.nornickel.com/upload/iblock/195/REMUNERATION_POLICY_for_MEMBERS_OF_BOARD_OF_DIRECTORS_.pdf</a>	—	—	—	
102-36	Process for determining remuneration	69	—	—	—	—	

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
102-37	Stakeholders' involvement in remuneration	69	16	—	—	—	
102-38	Annual total compensation ratio	—	Not disclosed for personal data protection reasons	—	—	—	
102-39	Percentage increase in annual total compensation ratio	—	—	—	—	—	
<b>Stakeholder engagement</b>							
102-40	List of stakeholder groups	51	—	—	—	—	
102-41	Collective bargaining agreements	107-108	8	3.1.4.	Labour practices	—	
102-42	Identifying and selecting stakeholders	50	—	—	—	—	
102-43	Approach to stakeholder engagement	52-52, 59	—	—	—	—	
102-44	Key topics and concerns raised	52-53, 218, 238-239, 240-241	—	—	—	—	
<b>Reporting practice</b>							
102-45	Entities included in the consolidated financial statements	—	Information is disclosed on page 63 of 2020 Consolidated Financial Statements: <a href="http://www.nornickel.com/Investors/Reports_and_Results">www.nornickel.com/Investors/Reports_and_Results</a>	—	—	—	
102-46	Defining report content and topic boundaries	2, 59, 216-217, 218	—	—	—	—	
102-47	List of material topics	219	—	—	—	—	
102-48	Restatements of information	2	—	—	—	—	
102-49	Changes in reporting	2	—	—	—	—	
102-50	Reporting period	2	—	—	—	—	
102-51	Date of most recent report	—	April 2020	—	—	—	
102-52	Reporting cycle	—	Annual	—	—	—	
102-53	Contact point for questions regarding the report	250	—	—	—	—	
102-54	Claims of reporting in accordance with the GRI Standards	2	—	—	—	—	
102-55	GRI content index	200-215	—	—	—	—	
102-56	External assurance	2, 242-245, 246-248	—	—	—	—	

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
<b>Economic performance</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	72	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	72		1, 5, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	72, 73		–	–	–
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	73		7, 8, 9	1.2 1.3 1.4 1.6 1.7	–
	201-2	Financial implications and other risks and opportunities due to climate change	142	Excluded information. The Company does not currently conduct a financial assessment of the risks associated with climate change.  In the mid-term, the Company plans to develop a system for managing these risks. Plans to this effect are disclosed on pages 18 and 41–42 of the 2019 Sustainability Report	13	–	Environment
	201-3	Defined benefit plan obligations and other retirement plans	116		–	1.8.	–
	201-4	Financial assistance received from government	–	The Group did not receive significant government grants for the 12 months ended 31 December 2020. As at 31 December 2020, the government was not listed in the shareholder register of MMC Norilsk Nickel	–	–	Fair operating practices
<b>Market presence</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	110, 111	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	106, 110		1, 5, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	106, 110		–	–	–
GRI 202: Market Presence (2016)	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	110		1, 5, 8	–	–
	202-2	Proportion of senior management hired from the local community	106		8	–	–

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
<b>Indirect economic impacts</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	170-177	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	170-177		1, 5, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	170-177		–	–	–
GRI 203: Indirect Economic Impacts (2016)	203-1	Infrastructure investments and services supported	170-171		2, 5, 7, 9, 11	–	–
	203-2	Significant indirect economic impacts	171		1, 2, 3, 8, 10, 17	–	–
<b>Anti-corruption practices</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	84-85	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	84-87		16	–	Fair operating practices
	103-3	Evaluation of the management approach	84-87		–	–	–
GRI 205: Anti-corruption (2016)	205-1	Operations assessed for risks related to corruption	84		16	–	–
	205-2	Communication and training about anti-corruption policies and procedures	86	In 2020, the Company did not train Board members in anti-corruption practices. The relevant training is scheduled for 2021	16	–	–
	205-3	Confirmed incidents of corruption and actions taken	84		16	–	–
<b>Tax</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	74-75	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	74-75		8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	74-75		–	–	–

Engagement in the life of communities and their development

Fair operating practices

Fair operating practices

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
GRI 207: Tax (2019)	207-1	Approach to tax	74		17		
	207-2	Tax governance, control and risk management	75		17		
	207-3	Stakeholder engagement and management concerns related to tax	74		17		
	207-4	Country-by-country reporting	–	The indicator is not disclosed due to the confidential nature of information (this information is a trade secret of the Company)	17	1.3	
<b>Energy</b>							Environment
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	147	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	147	–	16	2.12	Fair operating practices
	103-3	Evaluation of the management approach	147		–	–	–
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	148, 224		7, 8, 12, 13	2.2.	–
	302-2	Energy consumption outside of the organisation	–	Information is not currently available due to the lack of centralised accounting  In the mid-term, the Company will consider the possibility of developing an automated accounting system	7, 8, 12, 13	–	–
	302-3	Energy intensity	148	–	7, 8, 12, 13	2.2.1.	–
	302-4	Reduction of energy consumption	148		7, 8, 12, 13	–	–
	302-5	Reductions in energy requirements of products and services	–	Not applicable to the Company's products due to the fact that the Company's key products are metals, which are not energy consumers per se	7, 8, 12, 13	–	–
<b>Water and effluents</b>							Environment
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	152-154	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	152-154		16	2.12	Fair operating practices
	103-3	Evaluation of the management approach	152-154		–	–	–
GRI 303: Water and Effluents (2018)	303-1	Interactions with water as a shared resource	152, 221		6, 12		–

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
	303-2	Management of water discharge-related impacts	152, 154, 221		6, 12	–	–
	303-3	Water withdrawal	152, 220, 221		6, 12	2.3	–
	303-4	Water discharge	152, 154, 222	The Company did not exceed discharge limits in 2020	6, 12		
	303-5	Water consumption	152, 153		6, 12	2.4	
<b>Biodiversity</b>							Environment
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	157-162	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	157-162		16	2.12	Fair operating practices
	103-3	Evaluation of the management approach	157-162		–	–	–
GRI 304: Biodiversity (2016)	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	160		6, 14, 15	–	–
	304-2	Significant impacts of activities, products, and services on biodiversity	160		6, 14, 15	–	–
	304-3	Habitats protected or restored	158		6, 14, 15	–	–
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	159		6, 14, 15	–	–
–	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	158		3, 12, 14, 15		
–	MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	–	There are no such sites	6, 14, 15		

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
<b>Emissions</b>							Environment
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	146, 149-152	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	146, 149-152		16	2.12	Fair operating practices
	103-3	Evaluation of the management approach	146, 149-152		–	–	–
GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	146	Methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O) are estimated to have a global warming potential of 25 and 298, respectively, according to decision 24/CP.19 of the UNFCCC Conference of the Parties. Indirect emissions (Scope 2) are calculated using the location-based method	3, 12, 13, 14, 15	–	–
	305-2	Energy indirect (Scope 2) GHG emissions	146		3, 12, 13, 14, 15		
	305-3	Other indirect (Scope 3) GHG emissions	146		3, 12, 13, 14, 15		–
	305-4	GHG emissions intensity	147		13, 14, 15	–	–
	305-5	Reduction of GHG emissions	–	Company has started working on a comprehensive programme tracking climate changes, including measures to reduce emissions. The possibility of disclosing indicators will be considered as the necessary data is accumulated over the next three years	13, 14, 15	–	–
	305-6	Emissions of ozone-depleting substances (ODS)	149		3, 12, 13	–	–
	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	150, 222	Persistent organic pollutants (POPs) are not emitted. Hazardous air pollutant (HAP) emissions are not disclosed as there is no such a category according to the Russian laws  Emissions of volatile organic compounds (VOCs) in 2020 amounted to 2,549.5 t	3, 12, 13, 14, 15	2.6.	–
<b>Effluents and waste</b>							Environment
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	154-157	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	154-157		16	2.12	Fair operating practices
	103-3	Evaluation of the management approach	154-157		–	–	–
GRI 306: Effluents and Waste (2016)	306-1	Water discharge by quality and destination	154, 222		3, 6, 12, 14	2.7. 2.7.2.	–
	306-2	Waste by type and disposal method	156, 223		3, 6, 12	2.8.	–

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
	306-3	Significant spills	138	In November 2020, there was also a 200 cu m fuel spill from a tank truck of JSC TFC in the Norilsk Industrial District (equipment failure: the elbow of the bottom valve disconnected from the hose). The consequences of the spill were completely eliminated, the territory was treated with sorbent	3, 6, 12, 14, 15	2.9.	–
	306-4	Transport of hazardous waste	–	There are no such waste or waste transportation	3, 12	–	–
	306-5	Water bodies affected by water discharges and/or runoff	221		6, 15	–	–
<b>Environmental compliance</b>							Environment
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	–	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	–		16	2.12	Fair operating practices
	103-3	Evaluation of the management approach	–		–	–	–
GRI 307: Environmental Compliance (2016)	307-1	Non-compliance with environmental laws and regulations	–		16	2.10.	–
<b>Employment</b>							Labour practices
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	103-104	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	103-104		5, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	103-104		–	–	–
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	106, 226-227		5, 8	3.1.2. 3.1.3.	–
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	225		8	–	–
	401-3	Parental leave	227	The indicator is partially disclosed due to the lack of the accounting system; information is provided about employees on maternity leave and/or childcare leave. The Company will consider developing an appropriate accounting system within the next three years	5, 8	–	–

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
<b>Labour/management relations</b>							
Labour practices							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	107-108	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	107-108		16	–	Fair operating practices
	103-3	Evaluation of the management approach	107-108		–	–	–
GRI 402: Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	108		8	–	–
–	MM4	Number of strikes and lockouts exceeding one week, by country	108				
<b>Occupational health and safety</b>							
Labour practices							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	120-123	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	120-123		3, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	120-123		–	–	–
GRI 403: Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	120, 122		8	3.1.9	–
	403-2	Hazard identification, risk assessment, and incident investigation	121, 123, 125, 126, 127		8	3.1.5. 3.1.6. 3.1.7. 3.1.8.	
	403-3	Occupational health services	123, 124, 125	–	8	–	–
	403-4	Worker participation, consultation, and communication on occupational health and safety	126	–	8, 16	–	–
	403-5	Worker training on occupational health and safety	126		8	–	–
	403-6	Promotion of worker health	115, 116, 118, 124		3	–	–
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	121		8	–	–

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
	403-8	Workers covered by an occupational health and safety management system	229		8	–	–
	403-9	Work-related injuries	127-128, 228	Contractor injury rates are not disclosed due to the lack of accounting for the number of hours worked. The Company will consider introducing an appropriate accounting system within the next three years	3, 8, 16	3.1.5 3.1.6 3.1.7 3.1.8	
	403-10	Work-related ill health	128, 228	The number of fatalities caused by work-related ill health are not disclosed due to the confidential nature of this information and the lack of permission for its use by the government agencies responsible for maintaining and recording such information	3, 8, 16	–	–
<b>Training and education</b>							
Labour practices							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	111-113	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	111-113		16	–	Fair operating practices
	103-3	Evaluation of the management approach	111-113		–	–	–
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	112	There is no breakdown of injury rates by gender due to the lack of centralised records. The Company will consider developing an appropriate accounting system within the next three years	4, 5, 8	3.1.10.	–
	404-2	Programmes for upgrading employee skills and transition assistance programmes	111, 120		8	–	–
	404-3	Percentage of employees receiving regular performance and career development reviews	227		5, 8	–	–
<b>Non-discrimination</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	47-49, 107	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	47-49, 107		5, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	47-49, 107		–	–	–
GRI 406: Non-Discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	48		5, 8	3.2.2	–

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
<b>Freedom of association and collective bargaining</b>							Labour practices
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	47-49, 107	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	47-49, 107	–	5, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	47-49, 107	–	–	–	–
GRI 407: Freedom of Association and Collective Bargaining (2016)	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–	None	8	3.2.1.	–
<b>Rights of indigenous peoples</b>							Human rights
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	188-195	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	188-195	–	1, 5, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	188-195	–	–	–	–
GRI 411: Rights of Indigenous Peoples (2016)	411-1	Incidents of violations involving rights of indigenous peoples	189	–	–	3.2.3.	–
	MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	190	The Head Office of MMC Norilsk Nickel has formal agreements with the indigenous northern minorities	1, 2	–	–
<b>Local communities</b>							Engagement in the life of communities and their development
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	175-188	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	175-188	–	1, 5, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	175-188	–	–	–	–
GRI 413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programmes	–	Such programmes are implemented in 1 out of 74 (1.35%) Group divisions and entities operating in Russia (the Company's Head Office) within the reporting perimeter	–	3.3.3.	–
	413-2	Operations with significant actual and potential negative impacts on local communities	149	–	1, 2	3.3.3.	–

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
–	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	–	None	1, 2	–	–
–	MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	–	No disputes	1, 2	–	–
<b>Public policy</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	56-57	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	56-57	–	5, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	56-57	–	–	–	–
GRI 415: Public Policy (2016)	415-1	Political contributions	–	The Company avoids donations and sponsorships that may be perceived as political contributions	16	–	–
<b>Socioeconomic compliance</b>							Fair operating practices
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	74-75, 120-121	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	74-75, 120-121	–	5, 8, 16	–	Fair operating practices
	103-3	Evaluation of the management approach	74-75, 120-121	–	–	–	–
GRI 419: Socioeconomic Compliance (2016)	419-1	Non-compliance with laws and regulations in the social and economic area	72, 229	–	16	3.4.2.	–
<b>Emergency preparedness</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	127-129	See also the Scope of Data Collection appendix in the interactive version of the Report	–	–	–
	103-2	The management approach and its components	127-129	–	16	–	Fair operating practices
	103-3	Evaluation of the management approach	127-129	–	–	–	–
–	MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	155	–	3, 6, 12	–	–

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
<b>Shutdown of production facilities</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	58, 119, 182	See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103-2	The management approach and its components	58, 119, 182	—	1, 5, 8, 16	—	Fair operating practices
	103-3	Evaluation of the management approach	58, 119, 182	—	—	—	—
—	MM10	Number and percentage of operations with closure plans	—	The IFRS financial statements reflect a decommissioning provision for 11% of the operations within the reporting perimeter. As at 31 December 2020, this provision stood at RUB 45.5 bn	—	—	—

**Company-specific topics**

**Geological exploration and mining**

GRI 103: Management Approach 2016	103-1	Material topics and boundaries	92-93	See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103-2	The management approach and its components	92-93	—	1, 5, 8, 16	—	Fair operating practices
	103-3	Evaluation of the management approach	92-93	—	—	—	—

**Production asset upgrade**

GRI 103: Management Approach 2016	103-1	Material topics and boundaries	140, 149-152	See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103-2	The management approach and its components	140, 149-152	—	1, 5, 8, 16	—	Fair operating practices
	103-3	Evaluation of the management approach	140, 149-152	—	—	—	—

**Science, technology and innovation**

GRI 103: Management Approach 2016	103-1	Material topics and boundaries	91-92	See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103-2	The management approach and its components	91-92	—	1, 5, 8, 16	—	Fair operating practices
	103-3	Evaluation of the management approach	91-92	—	—	—	—

GRI standard	Indicator number	Indicator	Page/link	Excluded information/ Comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
<b>Digitalisation of production and management</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	94-99	See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103-2	The management approach and its components	94-99	—	1, 5, 8, 16	—	Fair operating practices
	103-3	Evaluation of the management approach	94-99	—	—	—	—
<b>Corporate security</b>							
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	82-83	See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103-2	The management approach and its components	82-83	—	1, 5, 8, 16	—	Fair operating practices
	103-3	Evaluation of the management approach	82-83	—	—	—	—

**Response to the COVID-19 pandemic**

GRI 103: Management Approach 2016	103-1	Material topics and boundaries	102-103, 172-173	See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103-2	The management approach and its components	102-103, 172-173	—	1, 5, 8, 16	—	Fair operating practices
	103-3	Evaluation of the management approach	102-103, 172-173	—	—	—	—

**Emergency forecasting and technogenic safety**

GRI 103: Management Approach 2016	103-1	Material topics and boundaries	130-131, 140	See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103-2	The management approach and its components	130-131, 140	—	1, 5, 8, 16	—	Fair operating practices
	103-3	Evaluation of the management approach	130-131, 140	—	—	—	—

**R&D activities**

GRI 103: Management Approach 2016	103-1	Material topics and boundaries	141-142	See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103-2	The management approach and its components	141-142	—	1, 5, 8, 16	—	Fair operating practices
	103-3	Evaluation of the management approach	141-142	—	—	—	—



## Definition of material topics

The Company maps out material topics in line with GRI Standards and inputs from external and internal stakeholders. The materiality matrix relies on the following:

- opinion polls on material topics;
- dialogues with stakeholders;
- mass media coverage of the Company;
- benchmarking against major Russian and international mining peers;
- interviews with the Company's management. ▶102-46

In 2020, material sustainability topics were defined in four stages.

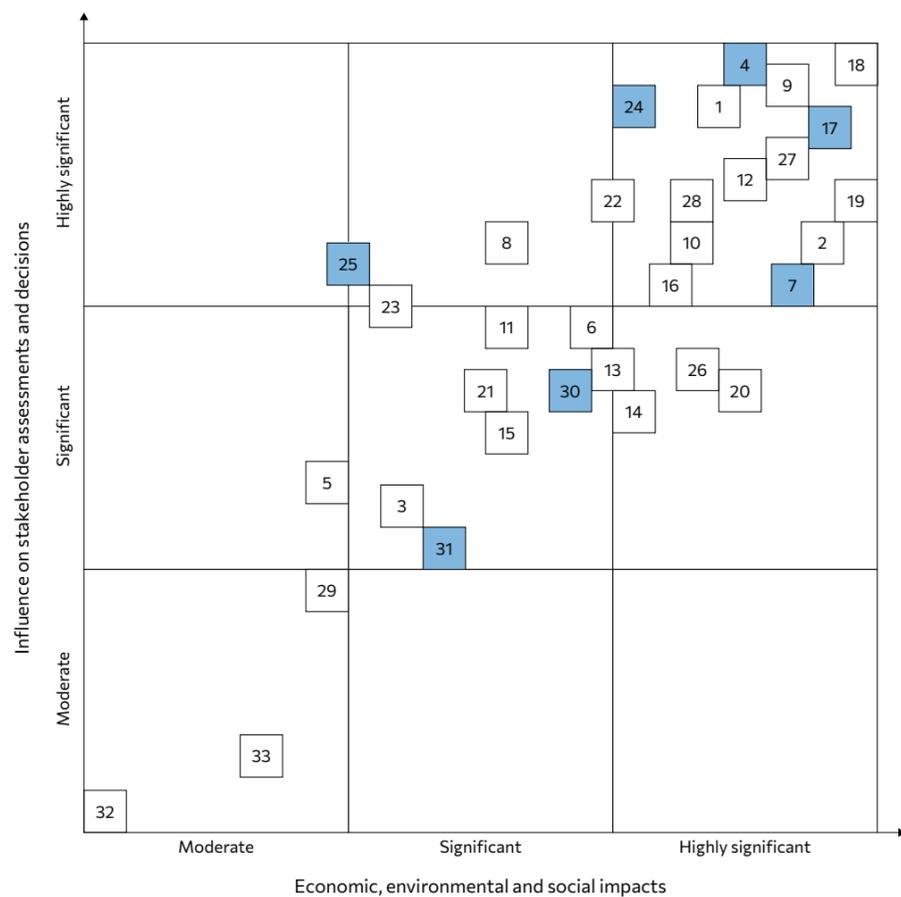
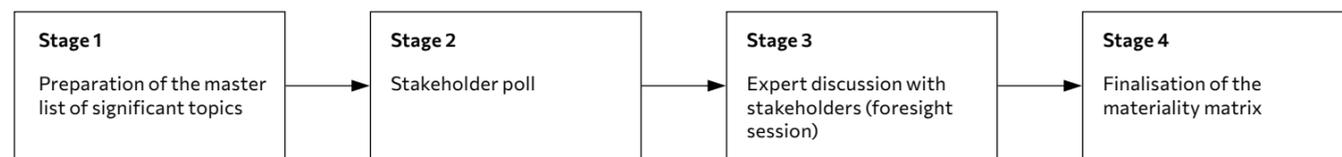
▶102-44

At the first stage, the Report's working group shortlisted topics subject to review based on the best practices and industry analysis.

At the second stage, the Company arranged for the topics to be reviewed by external and internal stakeholders, with 90 taking part in the poll, including around 50 from the regions where the Company operates (Norilsk Industrial District, Kola Peninsula, Trans-Baikal Territory), representing local authorities, environmental organisations, social NGOs, Company employees, the business community and other groups.

At the third stage, the Company held a foresight session<sup>1</sup> with experts and key stakeholders to verify the materiality matrix created at the second stage through expert voting and adjust the significance of individual topics. The stakeholders also assessed five additional topics from the list proposed by the poll participants at the second stage.

At the fourth stage, the working group summed up the process results and finalised the map of material topics.



The topics were assessed on a scale from 0 to 3, with 0 assigned to insignificant/irrelevant topics, 1 – to moderately (borderline) significant topics, 2 – to significant topics, and 3 – to critical topics.

The sector borders were set according to average rankings from the respondents, with a score above 1.3 to 1.99 corresponding to moderate significance, 2 to 2.49 assigned to significant topics, and 2.5 to 3 meaning high significance. Material topics are those that have a significant impact on both dimensions or rank as highly significant on at least one dimension. Significant topics are those that have a meaningful impact on at least one dimension, for instance, topic No. 5. Other topics, including No. 29, 32 and 33, were deemed insignificant and are either not disclosed in the Report or disclosed in a summary format.

The topics marked blue either had their significance reassessed or were added back to the matrix following the expert voting as part of the stakeholder dialogue<sup>2</sup>.

▶102-47

No. on the map	Disclosures (aspects)	Link to GRI topics
1	Financial results of operations	GRI 201: Economic performance
2	Responsible payment of taxes to budgets of various levels	GRI 207: Tax
3	Indirect economic impacts	GRI 203: Indirect economic impacts
4	Relationships with local communities and indigenous peoples, social and economic impact on the regions of operation	GRI 203: Indirect economic impacts GRI 411: Rights of indigenous peoples GRI 413: Local communities
5	Supply chain responsibility	GRI 102-9: Supply chain GRI 102-10: Significant changes to the organisation and its supply chain
6	Anti-corruption and transparency of operations	GRI 205: Anti-corruption practices
7	Responsible business conduct and business ethics	GRI 102-16 – 102-39
8	Stakeholder engagement	GRI 102-40 – 102-44
9	Compliance	GRI 307: Environmental compliance GRI 419: Socioeconomic compliance
10	Decent working conditions, relations between employees and management	GRI 202: Market presence GRI 401: Employment GRI 402: Labour/management relations GRI 407: Freedom of association and collective bargaining
11	Training and developing our staff	GRI 404: Training and education
12	Occupational health and safety	GRI 403: Occupational health and safety
13	Respect for human rights	GRI 406: Non-discrimination GRI 411: Rights of indigenous peoples
14	Public policy	GRI 415: Public policy
15	Energy consumption and efficiency	GRI 302: Energy
16	Water consumption and wastewater discharge	GRI 303: Water and effluents
17	Biodiversity and land use	GRI 304: Biodiversity
18	Pollutant emissions	GRI 305: Emissions
19	Waste management	GRI 306: Effluents and waste
20	Greenhouse gas emissions and climate change	GRI 305: Emissions
21	Geological exploration and mining	–
22	Production asset upgrade	–
23	Science, technology and innovation	–
24	Digitalisation of production and management	–
25	Corporate security	–
26	Shutdown of production facilities	GRI MM Closure planning
27	Emergency preparedness	GRI MM Emergency preparedness
28	Response to the COVID-19 pandemic	–
29	Participation in Russian national projects	–
30	Emergency forecasting and technogenic safety	–
31	R&D activities	–
32	Organisational changes: division-based structure and its impact on employees	–
33	Promotion of the healthy lifestyle, fitness and sports among local communities and employees	–

<sup>1</sup>For more details on the session, please see the press release on the Company's corporate website at <https://www.nornickel.ru/news-and-media/press-releases-and-news/v-nornikle-rasskazali-o-prioritetakh-dlya-ustoychivogo-razvitiya/?type=news>. For the dialogue minutes and the table of stakeholder proposals, see the corresponding Appendices to the Report.

<sup>2</sup>Following the expert voting as part of the stakeholder dialogue, all stakeholder proposals that received 50% of votes and more were taken into account, except proposals on topic No. 5 due to the nature of disclosure on this topic under the GRI guidelines. However, the Company recognises the importance of this topic and aims to improve its disclosure going forward.

## GRI indicators

### Environmental performance

#### Total water withdrawal ▶ 303-3

Indicator, mcm	Total water withdrawal:	Including						
		from surface water bodies	from under-ground sources	effluents from third parties	natural water inflow	from municipal and other water utilities (excluding Norilsk-Taimyr Energy Company)	from Norilsk-Taimyr Energy Company*	
Group's total	2020	374.86	259.75	30.91	29.16	46.75	8.29	109.24
	2019	319.34	227.31	26.29	20.57	36.50	8.67	95.20
	2018	356.79	254.28	28.275	21.28	44.15	8.84	96.70
	2017	335.64	233.46	31.88	20.67	40.59	9.04	93.58
	2016	328.44	230.45	33.24	15.42	40.82	8.51	98.99
Including: Polar Division and Norilskenergo**	2020	78.39	0.00	0.00	5.48	20.1	0.00	52.8
	2019	69.63	0.00	0.00	13.66	12.85	0.001	43.12
	2018	82.82	0.02	0.00	15.68	22.41	0.00	44.71
	2017	100.14	0.02	0.00	15.07	29.44	0.00	55.61
	2016	96.41	0.02	0.00	9.78	26.15	0.001	60.46
Norilsk-Taimyr Energy Company	2020	286.0	234.62	30.63	18.0	2.7	0.00	0.00
	2019	240.23	212.78	26.14	1.32	0.00	0.00	0.00
	2018	269.47	241.23	28.24	0.00	0.00	0.00	0.00
	2017	251.98	220.42	31.57	0.00	0.00	0.00	0.00
	2016	249.93	216.68	33.24	0.00	0.00	0.00	0.00
Kola MMC	2020	38.2	21.3	0.00	0.00	8.7	8.3	0.00
	2019	27.95	13.25	0.00	0.00	6.07	8.63	0.00
	2018	32.82	11.75	0.00	0.03	12.39	8.65	0.00
	2017	31.73	11.60	0.30	0.04	11.11	8.68	0.00
	2016	35.53	12.39	0	0.11	14.63	8.40	0.00

\* Included in water withdrawal from Norilsk-Taimyr Energy Company

\*\* Starting 2020, this line includes volumes of Polar Division only, with water withdrawal of Norilskenergo, a subsidiary of MMC Norilsk Nickel, transferred to NTEC.

#### Water withdrawal by water type in 2020, mcm ▶ 303-3

Indicator, mcm	Total water withdrawal:	Including					
		from surface water bodies	from under-ground sources	effluents from third parties	natural water inflow	from municipal and other water utilities (excluding Norilsk-Taimyr Energy Company)	from Norilsk-Taimyr Energy Company*
Group's total	374.86	259.76	30.91	29.16	46.75	8.29	109.24
including fresh water**	423.92	259.76	30.91	13.00	2.74	8.29	109.22
including other water	60.15	0.00	0.00	16.15	44.00	0.00	0.02
including sea and ocean water	0.00	0.00	0.00	0.00	0.00	0.00	0.00
including water obtained as a by-product in operating processes	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Included in water withdrawal from Norilsk-Taimyr Energy Company

\*\* Including water reused by the Group companies from the networks of NTEC

#### Water sources ▶ 303-1, 303-2, 303-3, 306-5

Branches and subsidiaries	Scale of impact associated with the Group companies' water withdrawals	Scale of impact associated with the Group companies' effluents
Polar Division of MMC Norilsk Nickel	Water withdrawals from the Yenisey River, water bodies of the Norilo-Pyasininskaya water system and the Kara Sea do not affect the environment and cannot change the ability of the ecosystem to perform its functions	Water bodies of the Yenisey River and Norilo-Pyasininskaya water system are used to discharge wastewater
Polar Transport Division of MMC Norilsk Nickel		
Krasnoyarsk Transport Division of MMC Norilsk Nickel		
Norilsknickelremont		
Polar Construction Company		
Norilsk Production Support Complex		
Norilskgeologiya		
Taimyr Fuel Company		
Yenisey River Shipping Company		
Norilsk Airport		
Norilsk-Taimyr Energy Company	Withdrawals do not affect the water sources (water bodies of the Barents Sea basin)	Effluents are discharged into the water bodies of the Barents Sea basin
Norilskpromtransport		
Norilsk Trading and Production Association		
Lesosibirsk Port		
Murmansk Transport Division of MMC Norilsk Nickel		
Kola MMC		

#### Water recycled and reused ▶ 303-3

Indicator, mcm	Total water used	Including				Water recycled and reused as percentage of total water used, %	
		utility water	production	Including water reused	water recycled		
Group's total	2020	1,458.13	23.01	1,435.12	31.17	1,229.04	86.4
	2019	1,343.53	18.76	1,324.77	30.70	1,141.32	87.2
	2018	1,412.13	20.08	1,392.04	31.46	1,178.47	85.7
	2017	1,342.07	18.53	1,323.54	32.64	1,105.40	84.8
	2016	1,463.81	20.72	1,443.09	36.73	1,219.70	85.8
	2015	1,463.81	20.72	1,443.09	36.73	1,219.70	85.8
Including: Polar Division and Norilskenergo**	2020	471.2	13.6	457.6	28.9	389.6	88.8
	2019	461.22	10.51	450.71	29.40	388.69	90.7
	2018	463.50	12.13	451.37	29.25	389.50	90.4
	2017	512.32	11.81	500.51	30.49	426.18	89.1
	2016	533.67	12.09	521.58	34.43	442.82	89.4
Norilsk-Taimyr Energy Company	2020	764.52	0.92	763.60	0.97	641.13	84
	2019	656.49	0.91	655.57	0.89	551.06	84.1
	2018	709.11	1.00	708.12	1.11	578.17	81.7
	2017	620.74	1.00	619.74	1.05	503.43	81.3
	2016	719.02	1.79	717.24	1.03	607.85	84.7
Kola MMC	2020	141.4	1.6	139.8	0.2	139.7	98.9
	2019	156.49	1.67	154.82	0.14	149.98	95.9
	2018	171.58	1.75	169.82	0.00	158.59	92.4
	2017	169.64	1.79	167.85	0.00	157.47	92.8
	2016	170.52	1.9	168.62	0.17	150.72	88.5

\*\* Starting 2020, this line includes volumes of Polar Division only, with water use volumes of Norilskenergo, a subsidiary of MMC Norilsk Nickel, shown in the NTEC line.

**Total effluents<sup>1</sup> and pollutants discharged<sup>2</sup>** ▶ 303-4, 306-1

Indicator, mcm or kt		Total effluents, mcm	Including				Pollutants in effluents, kt
			insufficiently treated	contaminated untreated	treated to standard quality at treatment facilities	standard clean (without treatment)	
Group's total	2020	202.42	33.07	54.80	4.34	110.21	244.34
	2019	142.35	26.22	35.98	4.56	75.60	210.62
	2018	164.45	30.96	34.26	6.59	92.60	232.37
	2017	147.55	28.63	33.52	6.13	79.26	216.63
	2016	143.55	29.81	26.94	5.26	81.54	192.99
Including: Polar Division and Norilskenergo <sup>3</sup>	2020	33.74	1.71	31.66	0.38	0.0	66.76
	2019	23.70	1.44	20.95	0.83	0.47	58.30
	2018	34.98	3.69	28.69	1.86	0.72	72.66
	2017	45.29	6.28	33.40	4.96	0.66	73
	2016	38.67	6.42	26.83	4.71	0.73	71.83
Norilsk-Taimyr Energy Company	2020	104.85	0.00	8.79	0.1	96.05	3.0
	2019	74.56	0.00	2.10	0.004	72.46	1.13
	2018	91.56	0.00	0.00	0.00	91.55	1.36
	2017	78.16	0.00	0.00	0.01	78.15	0.392
	2016	77.76	0.00	0.00	0.003	77.76	1
Kola MMC	2020	25.82	25.15	0.67	0.00	0.00	126.7
	2019	22.07	21.81	0.26	0.00	0.00	124.43
	2018	25.59	25.47	0.13	0.00	0.00	148
	2017	22.27	22.25	0.02	0.00	0.00	142.93
			22.59	22.59	0.00	0.00	0.00

<sup>1</sup> Effluents are measured instrumentally with certified gauges and also based on the Calculation of Water Consumption and Water Discharge Guidelines and other indirect indicators as approved by the territorial office of the Federal Water Resources Agency.

<sup>2</sup> Key pollutants include suspended solids, oil products, metal salts, and nitrogen compounds.

<sup>3</sup> Starting 2020, this line includes effluents of Polar Division only, with effluent volumes of Norilskenergo, a subsidiary of MMC Norilsk Nickel, shown in the NTEC line.

**NO<sub>x</sub>, SO<sub>x</sub> and other significant air emissions, including their type and weight<sup>4</sup>** ▶ 305-7

Indicator, kt		Group's total	Polar Division	Norilsk- Taimyr Energy Company	Kola MMC
Total amount	2020	1,968.12	1,857.51	10.06	83.37
	2019	1,952.66	1,819.18	10.65	110.79
	2018	1,926.63	1,789.01	11.69	117.45
	2017	1,845.55	1,705.00	11.51	121.88
	2016	1,936.44	1,787.57	8.2	132.9
Including: NO <sub>2</sub>	2020	9.96	0.6	6.9	1.63
	2019	10.31	0.55	7.19	1.75
	2018	11.22	0.61	8.02	1.76
	2017	11.40	1.56	7.88	1.23
	2016	10.12	1.52	6.89	1.12
SO <sub>2</sub>	2020	1,910.77	1,836.88	0.01	73.23
	2019	1,898.14	1,798.64	0.001	99.36
	2018	1,869.62	1,764.65	0.002	104.82
	2017	1,784.97	1,675.85	0.003	109.07
	2016	1,877.97	1,758.18	0.003	119.72
Solids	2020	14.55	4.07	0.002	6.13
	2019	13.31	4.21	0.002	6.98
	2018	14.51	5.55	0.003	7.57
	2017	13.42	6.06	0.004	6.87
			14.3	6.18	0.006

<sup>4</sup> Air pollutant emissions are determined on the basis of the Environmental Monitoring and Industrial Control data: emissions are calculated as per the applicable methodologies using data on feedstock and equipment running time, through sampling and analysing flue gases, direct measurements with gas analysers, etc.

**Total weight of waste by type and disposal method, mt** ▶ 306-2, MM3

Indicator		Total, mt	Including			
			Polar Division	Kola MMC	GRK Bystrinskoye <sup>5</sup>	
Waste-related activity	Generation	2020	145.23	14.76	8.07	87.53
		2019	36.42	15.62	7.85	—
		2018	30.72	15.71	8.31	—
		2017	31.93	23.26	8.61	—
		2016	33.27	22.57	10.61	—
Waste input from third parties		2020	0.97	0.10	0	0
		2019	0.63	0.57	0	—
		2018	3.07	3.04	0	—
		2017	0.03	0.03	0	—
		2016	0.04	0.03	0	—
In-house waste recycling		2020	34.25	10.55	6.07	12.13
		2019	22.77	14.34	4.25	—
		2018	21.63	15.79	2.46	—
		2017	20.76	17.75	3.01	—
		2016	20.15	15.18	4.97	—
In-house waste treatment		2020	0.004	0	0.002	0
		2019	0.003	0	0.001	—
		2018	0.006	0	0.006	—
		2017	0.001	0	0	—
		2016	0	0	0	—
Waste transfer to third parties (for recycling or treatment)		2020	3.48	3.23	0.04	0.003
		2019	0.50	0.24	0.014	—
		2018	1.52	0.03	0.01	—
		2017	0.07	0.04	0.02	—
		2016	0.09	0.03	0.01	—
Waste transfer to third parties (for disposal)		2020	0.25	0.14	0	0.001
		2019	0.64	0.07	0	—
		2018	1.64	0.08	0	—
		2017	0.11	0.07	0	—
		2016	0.11	0.07	0	—
Waste disposal at in-house waste disposal sites		2020	111.24	2.26	2.73	76.33
		2019	6.03	3.22	2.81	—
		2018	10.97	3.72	5.83	—
		2017	12.67	7.08	5.59	—
				13.54	7.88	5.66

<sup>5</sup> In 2020, Bystrinsky GOK was included in the reporting perimeter after it reached its desing capacity in the reporting period.

## Waste management in 2020 by hazard class and waste type, kt ▶ MM3

Indicator, t	Hazard class 1	Hazard class 2	Hazard class 3	Hazard class 4	Incl. mining waste and tailings	Hazard class 5	Incl. mining waste and tailings	Total	Incl. hazard classes 1–4 waste (% of total)
Generation	0.04	0.05	7.05	1,175.17	983.16	144,051.99	139,546.26	145,234.30	0.81%
Waste input from third parties	0.00	0.01	0.45	35.33	0.00	935.59	335.36	971.39	3.69%
In-house waste recycling	0.00	0.00	1.31	14.72	0.00	34,234.90	31,532.24	34,250.93	0.05%
In-house waste treatment	0.00	0.02	2.76	1.12	0.00	0.03	0.00	3.93	99.19%
Waste transfer to third parties (for recycling or treatment)	0.04	0.04	3.28	3.60	0.00	3,469.56	194.02	3,476.52	0.2%
Waste transfer to third parties (for disposal)	0.00	0.00	0.01	81.72	0.00	173.11	22.44	254.85	32.07%
Waste disposal at in-house waste disposal sites	0.00	0.00	0.21	1,106.64	983.16	110,129.76	109,914.17	111,236.61	1.00%

## Total energy consumption by Norilsk Nickel Group, TJ ▶ 302-1

№	Indicator	2018	2019	2020	Including in 2020	
					electric power	heat (hot water and steam)
1	<b>Fuel used to generate heat and electric power<sup>1</sup> and for other purposes<sup>2</sup>, TJ</b>	148,910	144,772	141,237	x	x
	(1) including				x	x
	Polar Division	24,429	21,720	22,704	x	x
	Norilsk-Taimyr Energy Company	103,203	98,554	95,053	x	x
	Kola MMC	8,932	8,604	7,095	x	x
	Other operations of the Group	12,346	15,894	16,384		
	(2) including				x	x
	coal	1,660	2,087	2,180	x	x
	natural gas	129,335	125,329	122,216	x	x
	diesel fuel and fuel oil	13,788	13,535	13,939	x	x
	gasoline and aviation fuel	4,127	3,820	2,902	x	x
2	<b>Energy from renewable sources (Group's HPPs)</b>	14,877	15,058	15,310	15,111	199
3	<b>Electric power and heat procured from third parties</b>	10,931	11,331	11,200	10,664	536
4	<b>Electric power and heat sold to third parties</b>	18,926	18,766	17,254	3,470	13,784
5	<b>Total energy consumption by the Group (line 1 + line 2 + line 3 – line 4)</b>	155,792	152,395	150,493	x	x

<sup>1</sup> Including fuel used to generate electric power for Norilsk.

<sup>2</sup> For the indicator range data, see the Scope of Data Collection appendix.

## Electric power and heat consumption by the Group companies, TJ

Indicator	2018	2019	2020	Including in 2020	
				electric power	heat (hot water and steam)
<b>Electric power and heat consumption by the Group companies</b>	63,691	62,994	59,996	32,861	27,135
including: Polar Division	34,040	32,012	30,869	14,583	16,286
Norilsk-Taimyr Energy Company	6,446	6,214	6,185	4,081	2,104
Kola MMC	12,112	12,126	11,542	8,744	2,798
<b>HPP share in total electric power consumption in the Norilsk Industrial District</b>	51.4%	53.5%	55%	–	–
<b>HPP share in total electric power consumption by the Company</b>	43.6%	44.5%	46%	–	–
<b>HPP share in total energy consumption by the Company</b>	22.7%	23.9%	25.5%	–	–

## Social performance

## Benefits for employees of Polar Division ▶ 401-2

Benefits	Full-time work		Temporary work <sup>1</sup>		Seasonal work		Part-time work
	full-time work	part-time work	full-time work	part-time work	full-time work	part-time work	
Reimbursement of vacation travel expenses (incl. return fare)	+	+	+	+	+(2)	+(2)	–(3)
All kinds of financial aid	+	+	+	+	+	+	+
Health resort treatment and vacations	+	+	+	+	–	–	–
Vouchers for children's wellness recreation tours	+	+	+	+	–	–	–
Pension plans	+	+	+	+	–	–	–
Termination benefits (apart from those prescribed by the applicable law)	+	+	+	+	+(4)	+(4)	+(4)

<sup>1</sup> Work under a fixed-term employment contract.

<sup>2</sup> According to the collective bargaining agreement and local regulations, such categories of employees are not excluded from benefits; however, in practice, travel expenses are not reimbursed since no vacation is granted to such employees.

<sup>3</sup> According to the local regulations such categories of employees are excluded from the reimbursement of expenses associated with relocation.

<sup>4</sup> According to the collective bargaining agreement and local regulations, such categories of employees are not excluded from the reimbursement of expenses associated with relocation, it is practically possible. No severance pay is provided by mutual agreement.

## Benefits for employees of Kola MMC

Benefits	Full-time work		Temporary work <sup>1</sup>		Seasonal work <sup>2</sup>		Part-time work
	full-time work	part-time work	full-time work	part-time work	full-time work	part-time work	
Reimbursement of vacation travel expenses (incl. return fare)	+	+	+	+	–	–	–
All kinds of financial aid	+	+	+	+	–	–	–(3)
Health resort treatment and vacations	+	+	+	+	–	–	–(3)
Vouchers for children's wellness recreation tours	+	+	+	+	–	–	–(3)
Pension plans	+	+	+	+	–	–	+
Termination benefits (apart from those prescribed by the applicable law)	+	+	+	+	–	–	–

<sup>1</sup> Work under a fixed-term employment contract.

<sup>2</sup> At Kola MMC, there is no seasonal work; employees do not work seasonally.

<sup>3</sup> In-house employees doing bywork can be granted benefits by their primary employer.

## Headcount by type of employment, gender and region<sup>1</sup>, employees ▶ 102-8

Indicator	2020		
	Total	male	female
<b>Total headcount as at the latest reporting date</b>	74,720	52,737	21,983
<b>Contractors working under civil contracts as at the latest reporting date</b>	910	618	292
<b>Employees as at the latest reporting date</b>	73,810	52,119	21,691
<b>Employees working under fixed-term contracts (temporary and seasonal jobs) as at the latest reporting date</b>	3,122	1,745	1,377
including in the Norilsk Industrial District	2,017	–	–
including in the Krasnoyarsk Territory (except for NID)	122	–	–
including in the Kola Peninsula Industrial District (Murmansk Region)	204	–	–
including in Moscow and other regions of Russia	681	–	–
including in the Trans-Baikal Territory	98	–	–
<b>Employees working under unlimited contracts (permanent jobs) as at the latest reporting date</b>	70,688	50,374	20,314
including in the Norilsk Industrial District	47,022	–	–
including in the Krasnoyarsk Territory (except for NID)	4,152	–	–
including in the Kola Peninsula Industrial District (Murmansk Region)	11,996	–	–
including in Moscow and other regions of Russia	4,956	–	–
including in the Trans-Baikal Territory	2,562	–	–
<b>Full-time employees as at the latest reporting date</b>	72,904	51,460	21,444
<b>Part-time employees as at the latest reporting date</b>	66	15	51

<sup>1</sup>For reporting purposes, employees of Edinstvo and NordStar Airlines were classified as Krasnoyarsk Territory employees in 2020, as most of the employees of these two entities permanently work in the region.

## New and terminated employments (by gender, age and region of operations) in 2020, employees ▶ 401-1

Indicator	2020
<b>New hires</b>	10,481
including male	7,296
including female	3,185
including 29 y. o. and below	3,893
including 30 through 44 y. o.	4,721
including 45 y. o. and above	1,867
including in the Norilsk Industrial District	6,226
including in the Kola Peninsula Industrial District (Murmansk Region)	954
including in the Krasnoyarsk Territory (except for NID)	925
including in Moscow and other regions of Russia	1,733
including in the Trans-Baikal Territory	643
<b>Terminated employments</b>	10,247
including male	7,322
including female	2,925
including 29 y. o. and below	2,258
including 30 through 44 y. o.	4,058
including 45 y. o. and above	3,931
including in the Norilsk Industrial District	6,137
including in the Kola Peninsula Industrial District (Murmansk Region)	1,259
including in the Krasnoyarsk Territory (except for NID)	868
including in Moscow and other regions of Russia	908
including in the Trans-Baikal Territory	1,075

## Employee outflow ratio by region in 2020, %

Indicator	2020
Kola Peninsula Industrial District (Murmansk Region)	10.3
Krasnoyarsk Territory (excluding NID)	20.3
Moscow and other regions of Russia	16.1
Norilsk Industrial District (NID)	12.5
Trans-Baikal Territory	40.4

## Employee outflow ratio by gender and age in 2020, %

Indicator	2020
Employee outflow, total	13.9
Employee outflow, male	14.0
Employee outflow, female	13.5
Employee outflow, 29 y. o. and below	20.1
Employee outflow, 30 through 44 y. o.	10.8
Employee outflow, 45 y. o. and above	15.7

## Employee inflow ratio by region in 2020, %

Indicator	2020
Kola Peninsula Industrial District (Murmansk Region)	7.8
Krasnoyarsk Territory (excluding NID)	21.6
Moscow and other regions of Russia	30.7
Norilsk Industrial District (NID)	12.7
Trans-Baikal Territory	24.2

## Employee inflow ratio by gender and age in 2020, %

Indicator	2020
Employee inflow, total	14.2
Employee inflow, male	14.0
Employee inflow, female	14.7
Employee inflow, 29 y. o. and below	34.7
Employee inflow, 30 through 44 y. o.	12.6
Employee inflow, 45 y. o. and above	7.5

## Number of employees on maternity and/or childcare leave in 2020 ▶ 401-3

Indicator	2020
<b>Employees on maternity and/or childcare leave as at the year-end</b>	1,617
including male	57
including female	1,560
<b>Employees back from maternity and/or childcare leave over the year</b>	653
including male	40
including female	613

## Assessment of employees in Russia, % of average headcount ▶ 404-3

Indicator	Blue-collar employees	White-collar employees	Managers	Group total
<b>Competency assessment</b>				
Share of employees covered by competency assessment	0.7%	15.5%	36.1%	8.9%
Share of male employees covered by competency assessment	0.7%	28.6%	33.9%	9.4%
Share of female employees covered by competency assessment	0.4%	5.2%	43.1%	7.8%
<b>KPI-based assessment</b>				
Share of employees covered by KPI-based assessment	0 %	43.6%	57.7 %	16.9%
Share of male employees covered by KPI-based assessment	0 %	37.6 %	54.9 %	13.2 %
Share of female employees covered by KPI-based assessment	0 %	49.0 %	66.8 %	26.5 %

## Key occupational injury rates by region and gender in 2020 ▶ 403-9, 403-10

Indicator	2020					
	Across Norilsk Nickel Group	Kola Peninsula Industrial District	Norilsk Industrial District	Krasnoyarsk Territory (except for NID)	Trans-Baikal Territory	Moscow and other regions
Fatal workplace injuries, including:	8	—	7	—	1	—
men	8	—	7	—	1	—
women	—	—	—	—	—	—
FIFR	0.08	0	0.10	0	0.18	0
Lost time workplace injuries, including:	22	5	17	—	—	—
men	21	4	17	—	—	—
women	1	1	0	—	—	—
LTIFR	0.21	0.29	0.24	0	0	0
Severe occupational injury rate	0.04	0.06	0.04	0	0	0
Total recorded workplace injuries in accordance with the Russian labour laws (minor + severe + fatal)	30	5	24	—	1	—
men	29	4	24	—	1	—
women	1	1	0	—	—	—
Severe injuries	4	1	3	—	—	—
men	4	1	3	—	—	—
women	—	—	—	—	—	—
Occupational diseases	235	72	160	3	—	—
men	224	62	159	3	—	—
women	11	10	1	—	—	—
Occupational disease rate	2.21	4.11	2.29	0.45	0	0
Lost day rate	21.21	20.88	26.27	12.69	0	0
Absentee rate <sup>1</sup>	3.32	4.08	3.22	4.99	2.07	1.04
Injury rate <sup>2</sup>	0.28	0.29	0.34	0	0.18	0
Hours worked, million	106.2	17.5	69.9	6.7	5.5	6.6
Total recorded workplace injuries among contractors' employees engaged at the Group's sites, in accordance with the Russian labour laws:	18	4	14	—	—	—
men	17	4	13	—	—	—
women	1	—	1	—	—	—
including fatalities:	3	1	2	—	—	—
men	3	1	2	—	—	—
women	—	—	—	—	—	—

<sup>1</sup> Number of hours worked and absentee rate for Moscow and other regions exclude Zapolyarye Health Resort.

<sup>2</sup> Per million hours worked.

## Employees and contractors covered by the corporate Health and Safety Management System (HSMS) ▶

403-8

	HSMS coverage	including HSMS that underwent an internal audit	including HSMS that underwent an external audit or another independent review
Headcount of the Group's business units that have HSMS in place	72,401	59,733	41,911
Share of employees of the Group's business units covered by HSMS in the Group's total headcount, %	100	83	58
Headcount of contractors working at the Group's sites and covered by HSMS	6895	5514	1367
Share of employees of contractors covered by HSMS in the total headcount of contractors	100	80	20

## Fines and non-financial sanctions related to environmental and social impacts in 2020 ▶ 307-1, 419-1

Indicator	Number of non-financial sanctions	Number of fines imposed	Amount of fines, RUB '000
<b>Total fines and non-financial sanctions</b>	294	346	45,094
Environmental laws and regulations	27	99	9,300
Anti-competitive behaviour and breach of antitrust laws	4	1	150
Non-compliance with labour laws	19	7	300
Non-compliance with health and safety laws	20	37	3,032
Non-compliance with consumer protection laws, including with respect to product information and labelling	5	13	225
Non-compliance with marketing (advertising) regulations	0	0	0
Non-compliance with regulations on the impact of products and services on health and safety	2	1	50
Failure to timely comply with the improvement notices issued by regulatory authorities	19	23	7,240
Non-compliance with fire safety requirements	7	4	680
Breach of sanitary and epidemiological laws unrelated to product requirements	20	14	145
Breach of capital construction laws	44	50	8,860
Breach of industrial safety laws	82	41	11,820
Breach of transportation security laws	9	11	775
Other grounds	36	45	2,517

## UNCTAD indicators

Tax and non-tax payments, total		Page	Disclosure status	Information/comments
<b>A Economic indicators</b>				
A.1 Revenue and/or (net) added value	A.1.1: revenue	—	Disclosed	RUB 1,116.9 bn
	A.1.2: added value	—	Disclosed	RUB 673.6 bn
	A.1.3: net added value	—	Disclosed	RUB 608.0 bn
A.2 Payments to the Government	A.2.1: taxes and other payments to the Government	—	Disclosed	VAT is not included in taxes since this tax is indirect and actually paid by end consumers of products and services rather than by the reporting entity. VAT is also excluded from the calculation of profit (loss) and is not disclosed in the Income Statement
		Indicator		2020, RUB bn
		Tax and non-tax payments, total		176.0
		including to the federal budget		34.2
		consolidated budget of the Krasnoyarsk Territory		85.1
		budget of Norilsk		9.8
		budget of the Murmansk Region		18.2
		budget of the Chita Region		2.6
A.3 New investment/expenditures	A.3.1: green investment	—	Disclosed	RUB 34,622.91 mln The expenditures in question make up 3.1% of the Company's consolidated revenue for 2020
	A.3.2: community investment	—	Disclosed	RUB 46,824.80 mln The expenditures in question make up 4.2% of the Company's consolidated revenue for 2020
	A.3.3: total expenditures on research and development	—	Disclosed	RUB 104.0 mln <sup>1</sup> The expenditures in question make up 0.011% of the Company's consolidated revenue for 2020
A.4 Local supplier/purchasing programmes	A.4.1: percentage of local procurement	—	Partially disclosed	Data is collected for materials and supplies only. As for other procurement categories, there is no centralised data collection broken down by the location of suppliers. Materials and supplies procured from Russian suppliers make up 93% of total procurements in this category
<b>B Environmental indicators</b>				
B.1 Sustainable use of water	B.1.1: water recycling and reuse	221	Disclosed	86.4%
	B.1.2: water use efficiency	—	Disclosed	The ratio between water withdrawal and net added value is 0.62 thousand cu m / RUB mln
	B.1.3: water stress	—	Disclosed	No water is withdrawn in water-scarce areas
B.2 Waste management	B.2.1: reduction of waste generation	223	Disclosed	In 2020, waste generation increased to 145.23 mt from 36.42 mt in 2019. The ratio between waste generation and net added value increased from 61 t to 239 t / RUB mln
	B.2.2: waste reused, re-manufactured and recycled	223-224	Disclosed	In 2020, the amount of waste recycled increased to 34.25 mt from 22.77 mt in 2019. The ratio between waste recycling and net added value increased from 38 t to 56 t / RUB mln
	B.2.3: hazardous waste	224	Disclosed	In 2019, hazard classes I-IV waste generation increased to 1,182.3 thousand t from 1,119.8 thousand t in 2019. The ratio between such waste generation and net added value went up from 1.89 t to 1.94 t / RUB mln
B.3 Greenhouse gas emissions	B.3.1: greenhouse gas emissions (scope 1)	146	Disclosed	The relative amount of scope 1 greenhouse gas emissions decreased from 16.01 t to 15.14 t of CO <sub>2</sub> equivalent per RUB mln of net added value
	B.3.2: greenhouse gas emissions (scope 2)	146	Disclosed	Indirect GHG emissions (scope 2) increased from 0.76 t to 0.82 t of CO <sub>2</sub> equivalent per RUB mln of net added value
B.4 Ozone-depleting substances and chemicals	B.4.1: ozone-depleting substances and chemicals	—	Disclosed	No emissions

<sup>1</sup> Includes research and development (R&D) and feasibility studies aimed to update the Group's Development Strategy, expand production and protect the environment. In 2020, the Group's expenses on R&D and feasibility studies, including other projects, totalled RUB 197.4 mln (0.018% of consolidated revenue) net of VAT.

B.5 Energy consumption	B.5.1: renewable energy	147	Partially disclosed	The Report discloses the amount of electric power generated by HPPs and its share in total energy consumption. The current metering system does not allow for the disclosure to be made in full compliance with UNCTAD guidelines. Along with in-house generation, Nornickel Group purchases electric power from third parties connected to Russia's unified energy system. The Company accounts for 55% of total electric power consumption from renewable energy in the Norilsk Industrial District. For more details, please see the Climate Change section.  Share of renewable energy in the Norilsk Industrial District's total energy consumption: • Total consumption – 6,803,026 thousand kWh • HPP-generated – 3,741,664 thousand kWh  Electric power sold to retail consumers and third parties in the Norilsk Industrial District: • Total – 814,977 thousand kWh • HPP-generated – 448,237 thousand kWh
	B.5.2: energy efficiency	—	Disclosed	In 2020, the ratio between total energy consumption by the Group and net added value was 0.248 TJ / RUB mln

**C Social area**

C.1 Gender equality	C.1.1: proportion of women in managerial positions	—	Partially disclosed	The proportion of women in managerial positions is 24% The proportion of women on the Management Board is 40% (4 out of 10 members)
C.2 Human capital	C.2.1: average hours of training per year per employee	112	Disclosed	—
	C.2.2: expenditure on employee training per year per employee	—	Disclosed	Expenditure on employee training per year per employee: For all employee categories – RUB 10,361 Blue-collar employees – RUB 4,521 Managers – RUB 30,451 White-collar employees – RUB 14,908
	C.2.3: employee wages and benefits with breakdown by employment type and gender	110	Partially disclosed	Data is disclosed on wages and remuneration package (excluding insurance contributions); the data disclosed is broken down by region. There is no statistics on wages and benefits broken down by labour contract type, employment type, age or gender
C.3 Employee health and safety	C.3.1: expenditures on employee health and safety	122	Disclosed	Expenditures on employee health and safety make up 0.9% of the Group's consolidated revenue
	C.3.2: frequency/incident rates of occupational injuries	128, 228	Partially disclosed	The Report discloses information about the occupational injury rate and lost day rate in accordance with the GRI requirements. The lost day rate is calculated on the basis of days, not hours, lost (as required by the GRI)
C.4 Coverage of collective agreements	C.4.1: percentage of employees covered by collective agreements	108	Disclosed	—

**D Institutional area**

D.1 Corporate governance disclosures	D.1.1: number of Board meetings and attendance rate	—	Disclosed	Number of Board of Directors meetings – 37 Attendance rate – 100%
	D.1.2: number and percentage of female Board members	—	Disclosed	The proportion of women on the Board of Directors is 7.7% (1 out of 13 members)
	D.1.3: Board members by age range	—	Disclosed	Disclosed in the 2020 Annual Report <sup>1</sup>
	D.1.4: number of meetings of the audit committee and attendance rate	—	Disclosed	Number of meetings of the Audit and Sustainable Development Committee – 9 Attendance rate – 100 %
	D.1.5: compensation: total compensation per Board member (both executive and non-executive directors)	—	Partially disclosed	The 2020 Annual Report <sup>2</sup> discloses the total amount of compensations paid to the members of the Board of Directors. Personal compensations are not disclosed for confidentiality reasons
D.2 Anti-corruption practices	D.2.1: amount of fines paid or payable due to settlements	229	Disclosed	—
	D.2.2: average hours of training on anti-corruption issues per year per employee	86-87	Partially disclosed	No records are kept on the length (in hours) of anti-corruption training. Reporting in the Company is based on the GRI standards; it means the Report discloses the number and proportion of employees trained in anti-corruption policies and practices

<sup>1</sup> <https://www.nornickel.ru/investors/disclosure/annual-reports/#2020>

<sup>2</sup> <https://www.nornickel.ru/investors/disclosure/annual-reports/#2020>

## TCFD disclosures

Section	Disclosure	Page
<b>Governance</b> Describe the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	62, 64, 145
	b) Describe the management's role in assessing and managing climate-related risks and opportunities	145
<b>Strategy</b> Disclose the actual and potential impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	144-145
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	24, 143-144
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	24-26, 143-144
<b>Risk management</b> Describe how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	44, 144
	b) Describe the organisation's processes for managing climate-related risks	44, 144
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	36-38
<b>Metrics and targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	135, 146
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	146-147
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	25-26, 135, 146

## List of abbreviations

AML / CFT / prevention of WMD proliferation	Anti-money laundering / counter-terrorism financing / prevention of proliferation of weapons of mass destruction
BIAC	Business and Industry Advisory Committee
BVC	Bureau Veritas Certification
CDAMCS	Corporate document automatic management and control system
CIS	Commonwealth of Independent States
CMS AS	Control. Management. Security Automated System
COSO ERM	Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management
DC	Data centre
DLT	Distributed Ledger Technology
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EMERCOM	Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters
EPA	Environmental Protection Agency
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
FAEA	Federal Agency for Ethnic Affairs
FIFR	Fatal Injury Frequency Rate
FISU	International university sports federation
FZ	Federal law
GOK	Mining and processing plant
GOST	State standard
GRC	Governance, Risk management, Compliance
GRI	Global Reporting Initiative

Group	Norilsk Nickel Group
HCM	Human Capital Management
HPP	Hydropower plant
HPP	Heat and power plant
ICMM	International Council on Mining and Metal
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IISRC	International Information Security Research Consortium
IPA	International Platinum Group Metals Association
IRMA	Initiative for Responsible Mining Assurance
ISO	International Organization for Standardization
IT	Information technologies
IUCN	International Union for Conservation of Nature
JSC	Joint-stock company
Kola MMC	Kola Mining and Metallurgical Company
KPI	Key performance indicators
LLC	Limited liability company
LTIFR	Lost Time Injury Frequency Rate
MDM	Master data management
MPE	Maximum permissible emissions
NAIIS	National Association of International Information Security
NID	Norilsk Industrial District
NPO	Non-profit organisation
OECD	Organisation for Economic Cooperation and Development
OHS	Occupational health and safety
OHSAS	Occupational Health and Safety Assessment System
OJSC	Open joint-stock company
PGM	Platinum group metals
PJSC	Public joint-stock company
PPE	Personal protective equipment
PRI	Principles for Responsible Investment
R&D	Research and Development
RBU	Russian business units of Norilsk Nickel Group
RSPP	Russian Union of Industrialists and Entrepreneurs
SAP	System Analysis and Program Development
SDGs	UN Sustainable Development Goals
SRM	Supplier relationship management
TJ	Terajoule
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
USA	United States of America
VAT	Value added tax
VHI	Voluntary health insurance

## Awards and accolades

### Awards of MMC Norilsk Nickel

#### Investment case

- Nornickel was named one of the Most Honoured European M&M companies by Institutional Investor in its 2020 Emerging EMEA Executive Team ranking. The Company was in the Top 3 in the Best Investor Relations Programme, Best IR Team, Best Investor Days and Best ESG categories. Members of our IR team took the third, fourth, tenth and 20th places in the ranking.

#### Environment

- The joint project studying the Taimyr Peninsula by Nornickel and the Siberian Branch of the Russian Academy of Sciences won an Eventiada IPRA Golden World Award, a prestigious international award in communications.

#### Society

- The Company was recognised the most attractive employer in the Russian M&M industry by Randstad Award and ANCOR.
- Nornickel was recognised Russia's most attractive employer in the M&M sector by Universum and named No. 1 in Russia's Best Metals and Mining Company category.
- Nornickel was ranked A2 in the first annual assessment of anti-corruption effort by the Russian Union of Industrialists and Entrepreneurs (RSPP). This ranking shows that the Company implements extensive and efficient anti-corruption measures and has a business model that poses low levels of threat to investors, creditors, partners, and other stakeholders.
- The Company won the Fostering Corporate Volunteering category at the Champions of Goodness national contest.
- To mark the 85th anniversary of the Company, the Primate of the Russian Orthodox Church Patriarch Kirill of Moscow awarded Nornickel with an Order of Holy Prince Daniel of Moscow (1st class) for its efforts in restoring Russia's spiritual tradition.
- The Socially Important Initiatives Competition under the World of New Opportunities charitable programme won the 1st prize at the Leaders of Corporate Charity competition in the Best Programme Fostering Sustainability with Grant Competitions (Best Grant Competition) category.

- The School Break educational project for teachers, school students and their parents won the 1st prize at the GRADUATE AWARDS 2020 nation-wide competition in the Best Schoolchildren Engagement Programme category and the 3rd prize at the Leaders of Corporate Charity competition in the Best Educational Programme/Project category.
- Nornickel's film about the FusioNNow project won the Los Angeles Film Award (LAFA) in the Best Documentary category.
- A video clip entitled We Are the City! about the winners of the Socially Important Initiatives Competition took the 3rd place in the LIME. Corporate Social Responsibility category at the LIME international advertising festival.

#### Non-financial reporting

- AK&M Rating Agency assigned its sustainability reporting rating to Nornickel at RESG 1 for the top quality of ESG disclosures in its reports.
- The Company's 2019 Sustainability Report received gold MarCom Awards in the Best Printed Report and Best Design categories.
- The Company's 2019 Sustainability Report took the 3rd place in the Best Sustainability Report category at the 22nd Annual Report Contest by RAEX (Expert RA).
- The Company's 2019 Sustainability Report was among the Top 100 sustainability reports at the 2020 Spotlight Awards by the League of American Communications Professionals (LACP).

#### Innovations

- The Company's project to upgrade four geographically distributed data centres beyond the Arctic Circle won the Best Data Centre and Storage Area Network Solution at the Global CIO 2019 Project of the Year Award.
- Nornickel's project to roll out the automated HR management system in the Norilsk Industrial District won gold at the SAP QUALITY AWARDS 2020 competition as the most ambitious business transformation initiative.
- Nornickel won the Innovative Solution of the Year category at the Russian Mining Excellence Awards 2020, a.k.a. the Mining Oscar. The award was presented at the MINEX Russia industry forum.
- Nornickel received an OpenText Award for the best OpenText-based electronic workflow system in the M&M industry.
- Nornickel's B2B Electronic Workflow project won the Electronic Workflow Rollout of the Year category at the Best Electronic Workflow in Russia and the CIS competition.

### Awards of the Group companies

- NordStar was recognised the best air carrier for transportation safety and received the top Russia 2020 Transportation Safety award.
- Rosa Khutor Ski Resort won the World Ski Award once again.

### Awards of Nornickel's employees

- In July 2020, 35 employees of the Group companies received government awards in accordance with the Russian President's Decree, including

20 Medals of the Order for Merit to the Fatherland (2nd class) for achievements in the industry and benefits for the country.

Four employees received Honoured Metallurgist of the Russian Federation titles, while another ten were named Honoured Miners of the Russian Federation.

One employee received a Mentorship Badge of Merit.

- Same month, two more Norilsk Nickel employees were awarded Medals of the Order for Merit to the Fatherland (2nd Class) for their contribution to the 29th Winter Universiade 2019 in Krasnoyarsk.
- The President of Russia commended six employees for their professional achievements and many years of dedicated work.
- Two employees received honorary certificates from the President of Russia.
- In 2020, a total of 1,767 employees received internal awards of the Group companies, 580 employees received Nornickel's corporate awards, 1,249 employees received regional and municipal awards, 254 were presented with ministry and agency awards, and 54 with government awards.

- On 15 December 2020, Vladimir Potanin, President of MMC Norilsk Nickel, was awarded the Medal of the Acheiropaic Image of Christ the Saviour (1st class) by Metropolitan Ignatius of the Saratov and Volok Eparchy of the Russian Orthodox Church.
- In September 2020, Nornickel executives Vladimir Potanin, Sergey Malyshev, Larisa Zelkova, Vladimir Zhukov, Dmitry Pristanskov, Marianna Zakharova, Anton Berlin, Darya Kryachkova, Pavel Platov, Svetlana Ivchenko and Ravil Nasybullov were named leaders of Russia's Top 1,000 Managers ranking.
- Two Nornickel executives received Russia's Top 1,000 Managers awards. Dmitry Pristanskov, State Secretary – Vice President and Head of GR, won the Best Director for Government Relations award. Ravil Nasybullov, Head of Logistics Department, was named the Best Director for Logistics and Supply Chains.

## Glossary

**Safe working conditions:** working conditions where occupational exposure to harmful and/or hazardous production factors is prevented or controlled within the set limits.

Charitable activities: the Company's voluntary transfer of property, including cash, free works and services, and other support, to legal entities or individuals free of charge or on preferential terms.

**Stakeholder engagement:** the Company's activities aimed at identifying stakeholders' expectations and concerns and their engagement in the decision-making process.

**Senior executives:** President, Vice Presidents, heads of departments in case of the Head Office, and general directors and their deputies in case of entities located in the Norilsk Industrial District and on the Kola Peninsula.

**Global Reporting Initiative (GRI):** independent organisation developing sustainability reporting guidelines and standards.

**Nornickel (Norilsk Nickel) Group:** for the purpose of the 2020 Sustainability Report, MMC Norilsk Nickel and the totality of operations forming Nornickel Group. Unless otherwise specified or required by the context, the terms "Company", "Group", "Nornickel" or "the Group companies" shall mean Nornickel Group.

**Stakeholders:** individuals and legal entities or their groups having certain expectations about the Company or affected by its operations, influencing its managerial decisions while being themselves influenced by such decisions. Stakeholders include the Company's shareholders, investors, employees, suppliers, contractors, consumers, trade unions and other public organisations, federal and local authorities, mass media, residents of areas where the Company operates, and others.

**HR policy:** set of standards, rules, regulations, concepts and goals determining the Company's HR management practices (personnel planning and record keeping, recruitment, adaptation, training and development, remuneration and incentivisation, performance assessment, social security, etc.) in line with its development strategy.

**Compliance:** conducting business in compliance with the requirements of government authorities, applicable laws, regulations, guidelines and standards, including corporate policies and procedures, and ethical business practices.

**Collective Bargaining Agreement:** legal instrument governing social and labour relationships within a company or a sole trader business and signed by the representatives of employees and the employer.

**Corporate culture:** combination of standards, values and beliefs that determine the way a company addresses the matters of internal integration and external adaptation, guide and motivate daily behaviour of employees, while also transforming under its influence.

**Corporate social responsibility (CSR):** corporate behaviour philosophy and concept applied by the business community, companies and company representatives to their activities aimed at meeting stakeholder expectations and ensuring sustainable development.

**Local communities:** population with Russian citizenship.

**Mission:** statement of the Company's goals and objectives that distinguish it from its peers.

**Young talents:** graduates of universities and colleges whose post-graduate experience does not exceed three years.

**Incentivisation:** tools and methods of boosting staff performance and productivity, motivating an employee or a group of employees to achieve corporate goals.

**Sustainability Report (non-financial report):** accessible, accurate and balanced description of the main aspects of the Company's activities and achievements pertaining to its values, goals and sustainable development policy, and addressing the matters of most importance for the key stakeholders. This is a way of publicly informing the shareholders, employees, partners and other stakeholders of the Company's progress towards its goals and objectives set out in its mission statement and strategic development plans with respect to financial and environmental stability, and social security.

**Health and safety:** occupational health and safety protection system embracing legal, social, economic, organisational, technical, sanitary, hygienic, healthcare, rehabilitation and other activities.

**HR management policy:** end-to-end integrated HR management system including all stages of employee-employer interaction, from recruitment to retirement and post-retirement support.

**Environmental protection and resource efficiency:** corporate programmes aimed at minimising the Company's environmental impact.

**Occupational disease:** health disorder caused by a systematic and lasting exposure to workplace factors or a combination of production-specific working conditions.

**Personnel development:** set of initiatives aimed at employee recruitment, adaptation, retention, and fully unlocking their professional and creative potential.

**Soil thawing:** process whereby soil receives heat in a quantity sufficient for its natural negative temperature to increase to 0°C and also for its disseminated ice to turn to liquid.

**Risk:** negative factor that might result from current processes or future events and have a potential impact on the Company's ability to achieve its goals.

**Top management:** President, Senior Vice Presidents, Vice Presidents, members of the Management Board and heads of departments of MMC Norilsk Nickel; directors of branches of MMC Norilsk Nickel and their deputies; sole executive bodies (directors, general directors) of the Group companies and their deputies.

**Certification:** confirming compliance of qualitative characteristics with quality standard requirements.

**Social partnership:** framework of relationships among employees (their representatives), employers (their representatives), and federal and local government authorities aimed at reconciling interests of employees and employers on matters pertaining to the regulation of labour relations and other directly associated matters.

**Social programmes:** voluntary corporate initiatives pertaining to employee development and motivation, creating favourable working conditions, promoting corporate culture and charity, and supporting local communities. These initiatives are implemented on a regular basis in line with the Company's business strategy, and focused on satisfying balanced requests of various stakeholders. From the management perspective, a social programme is a set of initiatives carefully planned in terms of resources, workforce and timeframes, and efficiently addressing the Company's internal or external social objectives.

**Social package:** set of benefits, compensations, additional payments, statutory and additional services provided to employees by the employer on top of their salary.

**Standard:** regulation containing a set of requirements for activities and their products.

**Business unit of the Company's Head Office:** department, division or any other unit within the organisational structure of the Company's Head Office and/or a unit acting in accordance with the staff schedule approved by the President of MMC Norilsk Nickel.

**Significant regions of operation:** the Norilsk Industrial District, Krasnoyarsk Territory (except for the NID), Kola Peninsula Industrial District (Murmansk Region), Trans-Baikal Territory, Moscow and other Russian regions.

**Sustainable development:** concept developed by the UN that acknowledges the role of business in ensuring sustainable development of the society; a concept of global community development taking into account interests of both present and future generations.

**Payroll budget:** total payroll and social payments.

**Tailing dump:** facility encompassing dedicated structures and equipment designed to store radioactive, toxic or other tailings resulting from the concentration process.

## Stakeholder dialogue minutes ▶102-44

Dialogues with stakeholders are an important part of sustainability reporting in Norilsk Nickel Group. On 3 February 2021, the Company held a foresight session dedicated to definition of the Report's material topics<sup>1</sup>.

### Stakeholder foresight dialogue minutes: “Discussing material topics of the 2020 Sustainability Report”

Date and time: 3 February 2021, 12:00–2:00 pm  
Format: online conference

#### Programme:

Item 1. Report: “Nornickel. Focusing on the environment and development of local communities”.

Item 2. Report: “The framework of Nornickel's 2020 Sustainability Report and the results of disclosure materiality surveys”.

Item 3. Verification of the materiality matrix. Expert discussion and voting.

Item 4. Assessment of additional disclosures. Expert voting.

Item 5. Presentations of stakeholders' representatives: recommendations on the 2020 Sustainability Report and sustainable development efforts of the Company.

### ITEM 1. Report: “Nornickel. Focusing on the environment and development of local communities”

#### SPEAKERS:

- Andrey Bougrov, Senior Vice President for Sustainable Development at MMC Norilsk Nickel
- Larisa Zelkova, Senior Vice President – HR, Social Policy and Public Relations at MMC Norilsk Nickel

Andrey Bougrov presented the key points of Nornickel Group's Holistic Environmental Strategy, including its key priorities, objectives and targets up to 2030. He also reported on the key results of organisational changes. On top of that, the speaker spoke on the results of elimination of the HPP-3 accident consequences, talked about further clean-up actions, and presented the results of the Great Norilsk Expedition.

Larisa Zelkova spoke about the key ways of the Company's interaction with indigenous peoples of the North, announced the results of the 2020 ethnological expert review, and presented a comprehensive programme to aid indigenous Taimyr peoples, which had been developed following the expert review. Larisa Zelkova gave an overview of the Company's key objectives during the COVID-19 pandemic and spoke about measures taken to ensure the safety of and support for employees and regions.

The dialogue participants asked follow-up questions to clarify details.

### ITEM 2. “The framework of Nornickel's 2020 Sustainability Report and the results of disclosure materiality surveys”

#### SPEAKERS:

- Svetlana Ivchenko, Head of the Sustainable Development Department of MMC Norilsk Nickel

Svetlana Ivchenko announced the key objectives of the 2020 Sustainability Report, listed the key standards and guidances on which the Report is based, spoke about the thematic content and the priority topic of the Report. The speaker proceeded with the presentation of the Report's preparation schedule and described the procedure of compiling the materiality matrix. In addition, Svetlana Ivchenko commented on the resulting materiality matrix based on results of the surveys and read out brief results for Polar Division, which demonstrated the highest respondent activity.

The dialogue participants asked follow-up questions to clarify details.

### ITEM 3. Verification of the materiality matrix. Expert discussion and voting.

Stakeholders were asked to assess the current materiality matrix and propose changes.

#### SPEAKERS:

- Igor Radovskiy, Head of the Business Information Support Department of TENEX;
- Ivan Kuzmenkov, Head of Innovative Development Department of MMC Norilsk Nickel.

Igor Radovskiy proposed moving "Supply chain responsibility" topic to the top right box. Ivan Kuzmenkov supported Igor Radovskiy's proposal.

The participants voted.

#### Voting results:

FOR: 76%  
AGAINST: 24%

- Alexander Stotsky, General Director of the “Project Office of Arctic Development” Expert Centre
- Grigory Dyukarev, Chairman of the Association of the Indigenous Peoples of the Taimyr Peninsula, Krasnoyarsk Territory

Alexander Stotsky proposed to increase the weight of the “Relationships with local communities and indigenous peoples, social and economic impact on the regions of operation” topic on both axes of the materiality matrix. Grigory Dyukarev supported Alexander Stotsky's proposal.

The participants voted.

#### Voting results:

FOR: 84%  
AGAINST: 16%

- Vladislav Demidenko, Director for Strategic Partners, Skolkovo Foundation

The speaker proposed to increase the weight of the “Corporate security” topic on the “Influence on stakeholder assessments and decisions” axis.

The participants voted.

#### Voting results:

FOR: 55%  
AGAINST: 45%

- Svetlana Gerasimova, Director of CSR Center at MIRBIS

Svetlana Gerasimova proposed to increase the weight of the “Biodiversity and land use” topic on both axes of the materiality matrix.

The participants voted.

#### Voting results:

FOR: 75%  
AGAINST: 25%

Furthermore, the speaker proposed to increase the weight of “Digitalisation of production and management” on both axes.

The participants voted.

#### Voting results:

FOR: 86%  
AGAINST: 14%

- Elena Feoktistova, Managing Director of Corporate Responsibility, Sustainable Development and Social Entrepreneurship at the Russian Union of Industrialists and Entrepreneurs (RSPP)

Elena Feoktistova proposed to increase the weight of the “Responsible business conduct and business ethics” topic on the “Economic, environmental and social impacts” axis.

The participants voted.

#### Voting results:

FOR: 64%  
AGAINST: 36%

In the conference chat, Elena Romanova proposed covering the “Geological exploration and mining” topic more extensively.

### ITEM 4. Assessment of additional disclosures. Expert voting.

The participants were asked to assess, on a scale from 0 to 3, the additional disclosures of the 2020 Sustainability Report that were proposed during the survey.

Results of the assessment conducted during the foresight session:

#### Subject 1. Participation in Russian national projects.

- “Economic, environmental and social impacts” axis assessment: 1.9.
- “Influence on stakeholder assessments and decisions” axis assessment: 1.9.

#### Subject 2. Emergency forecasting and technogenic safety.

- “Economic, environmental and social impacts” axis assessment: 2.4.
- “Influence on stakeholder assessments and decisions” axis assessment: 2.4.

#### Subject 3. R&D activities.

- “Economic, environmental and social impacts” axis assessment: 2.2.
- “Influence on stakeholder assessments and decisions” axis assessment: 2.1.

#### Subject 4. Organisational changes: division-based structure and its impact on employees.

- “Economic, environmental and social impacts” axis assessment: 1.4.
- “Influence on stakeholder assessments and decisions” axis assessment: 1.3.

#### Subject 5. Promotion of the healthy lifestyle, fitness and sports among local communities and employees.

- “Economic, environmental and social impacts” axis assessment: 1.7.
- “Influence on stakeholder assessments and decisions” axis assessment: 1.6.

### ITEM 5. Presentations of stakeholders' representatives: recommendations on the 2020 Sustainability Report and sustainable development efforts of the Company.

#### SPEAKERS:

- Elena Feoktistova, Managing Director of Corporate Responsibility, Sustainable Development and Social Entrepreneurship at the Russian Union of Industrialists and Entrepreneurs (RSPP)

Elena Feoktistova proposed focusing on the response to the COVID-19 pandemic in the 2020 Sustainability Report. Additionally, the speaker proposed providing a detailed disclosure on managing environmental performance, including information concerning the incident at NTEC's HPP-3, and disclosing the Company's contribution to achieving the top-priority UN Sustainable Development Goals, including the correlation with the national development goals.

Svetlana Ivchenko said that these recommendations would be taken into account in the preparation of the 2020 report.

- Vladislav Demidenko, Director for Strategic Partners, Skolkovo Foundation

Vladislav Demidenko raised a question about the Company's business continuity, which had been foregrounded during the COVID-19 pandemic.

Larisa Zelkova talked about the Company's core initiatives in this area: implementation of an automated management and data collection system, personnel rotation on industrial sites to avoid additional contacts (including shift workers at GRK Bystrinskoye LLC), testing and medical examinations for everyone who enters the facilities. Additional medical capacities were deployed, as well as additional crews and assignments reserved for use in cases of need.

- Alexander Popov, Chief Editor of the Kislorod.Life blog

Alexander Popov asked if Sulphur Programme 2.0 was in any way revised in light of 2020's challenges relating to the accident at HPP-3 and the COVID-19 pandemic.

Andrey Bougrov said that the challenges of 2020 did not lead to any changes in the Sulphur Programme 2.0 implementation schedule.

- Viktor Yadukha, Kompaniya Business Magazine

Viktor Yadukha raised a question concerning the Company's expenses on the clean-up operation following the HPP-3 accident from spring 2020 to February 2021.

Andrey Bougrov said that as at autumn 2020, the Company had spent RUB 12 bn on things related to the clean-up. The Company will allocate additional funds for land rehabilitation and other activities in 2021–2023.

- Natalia Solodovnik, Chairman of the Norilsk Civic Chamber

Natalia Solodovnik asked a question concerning the Company's possible support for Norilsk Civic Chamber initiatives.

Andrey Bougrov said that the Norilsk Civic Chamber is an important partner of the Company and that the Civic Chamber's ideas and proposals will receive close attention. Andrey Bougrov went on to say that dialogue with the civil society is an important communication and feedback channel for the Company.

<sup>1</sup> For more details, please see the press release on the Company's official website: <https://www.nornickel.ru/news-and-media/press-releases-and-news/v-nornikele-rasskazali-o-prioritetakh-dlya-ustoychivogo-razvitiya/type=news>. For more details on stakeholder proposals, please see the Definition of Material Topics and Stakeholder Recommendations sections.

Stakeholder recommendations ▶ 102-44

Recommendations	Company response
Stakeholder recommendations based on surveys and foresight dialogue devoted to the definition of material topics, as well as expert discussions of previous reports and other topics	
<b>From external stakeholders</b>	
Disclose information on the support for healthcare programmes in the regions of operation and new programmes launched in 2020	Included in the Corporate Healthcare Development and Nornickel's Efforts to Combat COVID-19. Support for Local Communities sections
Prioritise the response to the COVID-19 pandemic in the report	Done. COVID-19 is a priority topic of the report and is disclosed in detail in Nornickel's Efforts to Combat COVID-19. Maintaining Employee Safety and Business Continuity and Nornickel's Efforts to Combat COVID-19. Support for Local Communities sections
Provide a detailed disclosure on managing environmental performance, including information concerning the accident at NTEC's HPP-3	Disclosed in the Environmental Management and Elimination of Damage Caused by Environmental Industrial Incidents in 2020: Results sections
Explain the Company's contribution to achieving the UN Sustainable Development Goals, including the correlation with the national development goals	Partially done. The Company's progress on UN SDGs is provided in detail in Nornickel's Support for Sustainable Development Initiatives and Standards section The Company's participation in the national projects is covered indirectly, as the stakeholder vote at the foresight session deemed it immaterial
Disclose information on climate change (including research on permafrost)	Done. Disclosed in the Climate Change and Elimination of Damage Caused by Environmental Industrial Incidents in 2020: Results sections
Disclose information on educational initiatives in the regions of operation and attraction of young talent	Done. Disclosed in the Improving the Living Standards for Local Communities and Personnel Training and Development sections
Disclose information on social infrastructure renovation, as well as repair and construction of social facilities	Done. The information is disclosed in the Infrastructure Development section
Elaborate in more detail on the Company's performance based on plans vs actual results vs targets for the next period	Partially done. The Company expands the range of sustainability targets every year. Additional plans, including those related to environment, are provided in the Strategic Vision and Holistic Environmental Strategy sections
The Company strives to reduce the impact of its sea transportation operations on the Arctic ecosystems. Given the relevance of this topic, it is recommended going forward to disclose such performance indicators as solid (soot) emissions from sea transportation	Partially done. Information on solid pollutant emissions is disclosed for the Group and by key facilities. Detailed breakdown by type of operations and region is not currently provided
Assuming the strong potential as well as opportunities and risks related to information technologies, it is advised that future reports reflect the results thereof both in terms of higher output and labour productivity and in the context of a broader range of sustainable development matters	Done. Disclosed in the Digital Technology and Occupational Health and Safety sections
It is desirable to pay more attention to areas of concern. In particular, this applies to issues related to occupational health and diseases. To ensure a more complete disclosure, it would be useful to describe the Company's specific initiatives to reduce injury and disease rates among its employees and contractors	Done. The report discloses additional information, including in accordance with GRI 403: Occupational Health and Safety (2018), as well as information on additional projects in this area, including corporate healthcare development

Disclose findings of the human rights assessment	To be done in the next reports
The Company holds regular stakeholder dialogues, customer satisfaction polls and personnel engagement surveys. The Report highlights that these efforts translated into management decisions. It would also be appropriate to add a description of how the management uses feedback from stakeholders, including the examples of decisions made thereon	Done. Examples include the development of the Holistic Environmental Strategy (for more details, see the Holistic Environmental Strategy section) and the comprehensive programme to aid indigenous northern minorities based on the results of the 2020 ethnological expert review (described in the Interaction with Indigenous Northern Minorities section)
To ensure the consistency of information contained in consecutive reports, it would be useful to keep covering the Company's participation in major domestic and international initiatives announced in the previous periods. In particular, this applies to disclosing the nature of the Company's cooperation with BASF to develop the green economy and the development status of the Charter for Suppliers, with updates to be included in the next report	Partially done. Relevant information is provided in the Stakeholder Engagement and Supply Chain Responsibility sections
The Report gives account of the Company's framework for assessing the performance of social programmes. Given its importance for stakeholders, such information deserves a more detailed disclosure. It is advisable to include specific examples of assessments performed as well as results and takeaways, especially for the most critical programmes	Partially done. Information on assessments (including the selection of winners in the social project competitions) as part of both charitable and community development programmes is disclosed in the Improving the Living Standards for Local Communities section
It is advised to cover changes in labour productivity, which is key to understanding performance both nationwide and company-wise	To be done in the next reports
Consider holding public hearings on the draft report in the next reporting cycles	In 2020, public debates on the draft report were limited due to the COVID-2019 pandemic. The Company will consider holding such events when preparing the next reports
<b>From internal stakeholders</b>	
Disclose information on the risks and opportunities the Company facilities face as a result of climate change	Done. Disclosed in the Climate Change section (for the first time, the Company's sustainability report includes a stand-alone section on the topic)
Provide disclosure on environmental risk management	Done. Disclosed in the Risk Management Framework and Environmental Responsibility sections
Provide information on the development (functioning) of an effective incentive programme aimed at improving production activities	Done. Disclosed in the Incentives and Rewards section
Disclose information on providing decent wages	Done. Disclosed in the HR Management section
Disclose information on volunteering activities	Done. Disclosed in the Improving the Living Standards for Local Communities section

## Opinion of RSPP Council on Non-Financial Reporting on the Norilsk Nickel Group's 2020 Sustainability Report for the purposes of public verification ▶ 102-56



The Council on Non-Financial Reporting of the Russian Union of Industrialists and Entrepreneurs (the "Council") established as per the Management Bureau's Resolution dated 28 June 2007, reviewed, at the request of MMC Norilsk Nickel (the "Company", the "Group", "Nornickel"), Nornickel Group's 2020 Sustainability Report (the "Report").

The Company requested the RSPP to arrange for the public verification of the Report, with the Council on Non-Financial Reporting providing an opinion on the materiality and completeness of the Report's information about the Company's operations from the perspective of the Social Charter of the Russian Business. The Charter sets out key principles of responsible business conduct aligned with those of the UN Global Compact, as well as domestic and international CSR standards.

From 1 to 16 April 2021, the Council members reviewed the content of the Company's Report and issued this Opinion in accordance with the Council's Procedure for Public Verification of Corporate Non-Financial Reports.

The Council members possess all the required competencies in corporate responsibility, sustainable development and non-financial reporting, comply with the ethical requirements for independence and impartiality, and provide their personal expert opinion rather than the opinion of organisations they represent.

The Report was assessed based on the below-listed criteria of information completeness and materiality.

Information is considered to be material if it reflects the company's efforts to implement the principles of responsible business conduct set out in the Social Charter of the Russian Business (see [www.rspp.ru](http://www.rspp.ru)).

Completeness implies that the company provides a comprehensive overview of its operations, including the underlying values and strategic benchmarks, governance systems and structures, accomplishments and key results, and the stakeholder relationship framework.

The procedure for the public verification of the Report factors in the Company's application of international reporting frameworks; this Opinion does not, however, purport to assess the Report's compliance with such international frameworks.

The Company is responsible for the information and statements provided in the Report. The accuracy of the Report's information is beyond the scope of the public verification procedure.

This Opinion has been prepared for MMC Norilsk Nickel. The Company may use it for both corporate and stakeholder communication purposes by publishing the original version without any changes.

### CONCLUSIONS

Based on the review of the Report and the information publicly available on the Company's official website, and following a collective discussion of the results of the Report's independent assessment undertaken by the members of the Council on Non-Financial Reporting, the Council confirms as follows.

**Nornickel Group's 2020 Sustainability Report covers the key areas of responsible business conduct in accordance with the principles set out in the Social Charter of the Russian Business, and provides sufficient information about the Company's operations in relation thereto.**

**The recommendations made by the Council following the public verification of Nornickel Group's 2019 Report were addressed in the 2020 Report. The report covers the Company's progress on UN SDGs, changes in labour productivity, effectiveness of social investments and integration of digital technology across its production and management processes.**

The Company's 2020 Report contains relevant information relating to the below-listed aspects of responsible business conduct.

**Economic freedom and responsibility.** The Report presents the key events, the financial and operational results in the reporting year and provides an overview of Nornickel's role in the national economy and its position in the global metals market. It includes key strategic goals until 2030, long-term investment programme targets and the targets and objectives of the Holistic Environmental Strategy and outlines the key elements of Nornickel's digital transformation. It informs that the Company completed the IT infrastructure upgrades and proceeded to its IT programme 2.0, starting the project to introduce a single integrated document control system. The report tracks the progress of the efficiency improvement programme and describes the corporate governance and risk management frameworks. The map of key sustainability risks, for the first time, includes the epidemiological risk. The Report points out that Nornickel introduced large-scale changes to its governance framework to improve the effectiveness of the management actions to ensure industrial safety and reduce environmental risks. It delves into matters of sustainable development of the Company, providing extensive coverage of Nornickel's key programmes and initiatives with an indication of their contribution to achieving the UN SDGs. The Report states that in 2020 the Company approved its amended Business Ethics Code. It looks at how corruption-related matters are managed, summarising the applicable regulations and specifying the responsible units and focus areas. The Report informs of the annual assessment of corruption risks at the Company's units and staff training at its regional units.

**Business partnerships.** The Report outlines the stakeholder engagement mechanisms and stakeholder contribution to the definition of material topics of the Report as part of foresight dialogue. It provides an overview of engagement management activities and the corporate trust line as a permanent tool to handle complaints. The Report states that in relations with suppliers and contractors, the Company focuses on building an open and productive dialogue supported primarily through competitive procurement, feedback via a dedicated Suppliers section on its website and an automated system for supplier relationship management. It informs that the Company continues to maintain active dialogue with investors and ESG rating providers. The Report points out that the Company observed its social partnership commitments, kept unchanged

salaries and social benefits, including when the Company shut down its smelting shop in the Nickel settlement. It highlights that to support its employees during the COVID-19 pandemic, the Company set up a response centre, task forces, and a corporate hotline and ran campaigns to discuss remuneration and employee engagement survey results. The Report notes that Nornickel uses advanced digital technology to create a customer-oriented supply chain and has joined the Responsible Sourcing Blockchain Network (RSBN). It indicates that the Company maintains control of non-financial factors in supplier relations and applies to suppliers an essential criterion of readiness to participate in the Company's alternative energy initiatives. The Report informs that the Company signed agreements with business partners with a view to achieving sustainable development goals and promoting green economy. The Report gives an overview of the Company's work with government authorities, including the implementation of big infrastructure projects and its engagement with local communities and non-profit organisations aimed at supporting regional development and creating favourable social environment.

**Human rights.** The Report covers the Company's efforts to protect human rights, providing the relevant corporate regulations such as its Human Rights Policy. It states that Nornickel's activities in ensuring respect of human rights and freedoms are aligned with internationally recognised approaches and are in compliance with the laws of the Russian Federation and other countries where it operates. The Report informs that human rights protection is integrated into the Company's corporate practices including the requirement to conduct human rights due diligence for all new projects. A strong emphasis is placed on human resources management, respect of labour rights and personnel development and support programmes. The Report indicates that the Company adopted a comprehensive five-year programme to aid indigenous northern minorities and support projects aimed at preserving the traditional lifestyle and culture of Taimyr's indigenous peoples while fostering their social and economic development. It points out that the Company helped conduct a full-scale ethnological review to evaluate the damage caused to the indigenous northern minorities as a result of the fuel spill at HPP-3 and agreed to pay a relevant compensation. The Report highlights the Company's key achievements on the human rights front in 2020.

**Environmental protection.** The Report states that Nornickel has developed a new Holistic Environmental Strategy. It outlines its key areas, objectives and targets to be achieved by 2030. The Report sets out the measures the Company took to improve efficiency of sustainable development and environmental protection management, including the reorganisation of the governance bodies and the amendment of their functions, specifically in relation to environmental risk monitoring and internal environmental controls. It informs that the core assets of the Group are certified to ISO 14001:2015 international standard. The Report provides an overview of measures to eliminate damage caused by environmental industrial incidents in 2020 and describes the main stages of the clean-up and environmental reclamation programme. It points out that the Company organised the Great Norilsk Expedition in which researchers took part to conduct a comprehensive study of the environment in the Norilsk Industrial District and develop recommendations that will form the basis for new approaches of doing business in the Arctic. The Report covers the Company's approaches to climate change, including its commitments in this area, allocation of responsibility, risks and opportunities, 2030 targets based on the outcomes of the planned activity. It informs that Nornickel shut down the

smelting shop, which helped reduce emissions on the Kola Peninsula, continued with its Sulphur Programme 2.0, energy saving and energy efficiency improvement programme and measures to conserve biodiversity taken in cooperation with nature reserves and environmental volunteers. The Report shows the Company's progress against a wide range of environmental impact indicators such as GHG emissions, share of renewable energy in total electricity consumption, air pollutant emissions, water consumption and wastewater discharge, waste management and rehabilitation of disturbed lands. It also specifies the Company's environmental expenditures.

**Contribution to the development of local communities.** The Report highlights the Company's contribution to the social and economic development of the regions where it operates (the Krasnoyarsk and Trans-Baikal territories and the Murmansk Region), including as part of cooperation agreements with government bodies and local authorities. It includes information about tax and non-tax payments to budgets of various levels, spending on social programmes and charity, social infrastructure and initiatives aimed at improving the quality of life for people. The Report describes measures Nornickel took to fight COVID-19 and maintain social stability across its footprint. It discloses the amount of funding allocated to support local residents, medical institutions, small and medium-sized enterprises, educational institutions, and non-profit organisations. The Report sets out Nornickel's key programmes and initiatives aimed at improving the well-being of local communities (Smart City initiative, We Are the City! social technologies forum), declares the extensive adoption of digital technologies and informs that a number of the World of New Opportunities initiatives moved to an online format. It states that the Company is focusing on new areas, expanding platforms for implementing social projects. It also points out that the Company adopted a Comprehensive Support Programme for Indigenous Peoples of the North until 2024 and describes the projects it implemented to support the indigenous northern minorities in 2020. The Report describes volunteering initiatives Nornickel ran during the pandemic along with its usual charitable activities. On top of that, it discloses the effectiveness of social programmes and public-private partnership projects.

**Final Provisions**

The information contained herein generally describes the Group's strategy, business practices and results in sustainable development and corporate social responsibility as well as the supporting governance systems. The Report provides a detailed overview of the results of the Company's efforts to achieve UN SDGs by 2030. It gives extensive coverage of Nornickel's activities to eliminate damage caused by environmental industrial incidents that occurred in the reporting period and the Company's response to the pandemic while disclosing a significant number of the Company's economic, social and environmental performance indicators. It covers the main focus areas and forms of stakeholder engagement, including those used as part of the reporting process.

The Report was prepared using internationally and domestically recognised reporting tools (e.g. the GRI Standards, Comprehensive option, GRI Sector Disclosures), which ensures comparability of the Group's information with that of other Russian and international companies. In drafting the Report, the Company also relied on the following documents: the UN Global Compact, the UN 2030 Agenda for Sustainable Development, ISO 26000:2010, Accountability Standards AA1000SES (2015) and AA1000AP (2018), the UNCTAD Guidance on core indicators for entity reporting on contribution towards implementation of the UN Sustainable Development Goals, and TCFD recommendations on climate-related risk disclosures.

The 2020 Report is the Company's seventeenth non-financial report, which demonstrates its determination to consistently develop reporting processes and enhance transparency. The Company uses various forms of independent assessment and confirmation of disclosed information (professional audit and public verification). This reflects the Company's commitment to maintaining the high quality of disclosures.

**RECOMMENDATIONS**

While acknowledging the Report's strengths, the Council calls attention to some aspects of disclosures' materiality and completeness, which should be addressed in the future reporting cycles.

The Council notes that the recommendations made following the review of the previous reports remain valid and good for use going forward.

This specifically relates to the recommendation to show a more detailed and consistent comparison between planned objectives for the reporting period and the actual results and disclose the next year's and mid-term targets across all sustainability areas.

It is recommended that, going forward, the Company indicate which of its sustainability regulations and procedures extend to its subsidiaries and how it controls its activities in this area and define the relevant key performance indicators.

It is declared that the Company aims to join the Initiative for Responsible Mining Assurance (IRMA) and the International Council on Mining and Metals (ICMM), as well as develop a plan to bring our reporting standards more into line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). To facilitate the adoption of best practice in the metals and mining industry, it is recommended that the Company provide a thorough description of how it achieved its goals.

Digital transformation of the Company is one of the highlights of the Report. The Report contains comprehensive information about the use of digital technology in production, management and stakeholder engagement. It would be appropriate to continue to cover this topic with a particular focus on both immediate and long-term effects across all aspects of sustainability and describe the risk management approach in this area.

It is recommended that the Company add comparable yearly measurable indicators of the effective performance against the targets and objectives of the Holistic Environmental Strategy.

When describing its activities in biodiversity conservation, we recommend that the Company rely on best international practice such as the IUCN Guidelines for planning and monitoring corporate biodiversity performance.

The Report gives a general overview of the Company's contribution to the national projects in healthcare, environmental protection, housing and urban environment, productivity, employment, science, and digital economy. It is recommended that the Company expand on this topic and describe specific national projects it believes are worth mentioning.

The Company should pay particular attention to the need to include explanations on changes in indicators, especially where these changes are substantial. This improves the quality of disclosures and facilitates the correct interpretation of data.

It would be useful if the Company could add the analysis of the social impact to the section relating to social programmes it implements in local communities. It is recommended that the Company disclose data on the social progress, positive shifts in the social environment, improvements in the local labour market and living conditions of people resulting from these programmes.

The RSPP Council on Non-Financial Reporting hereby takes a positive view of this Report, supports the Company's commitment to responsible business practices, notes consistency in developing the reporting process, and confirms that Nornickel Group's 2020 Sustainability Report has passed the public verification procedure.

RSPP Council on Non-Financial Reporting



Independent assurance report<sup>1</sup> ▶ 102-56



INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT [TRANSLATION FROM RUSSIAN ORIGINAL]

To the management of Public Joint Stock Company "Mining and Metallurgical Company "Norilsk Nickel"

We have undertaken a limited assurance engagement of Public Joint Stock Company "Mining and Metallurgical Company "Norilsk Nickel" (hereinafter referred to as MMC Norilsk Nickel) stakeholder engagement in the course of sustainability activities implementation compliance with the principles of the AA1000 Accountability Principle 2018 (hereinafter referred to as AA1000 AP 2018) as well as of the accompanying Sustainability Report of Nornickel Group 2020 (hereinafter referred to as the Report)<sup>1</sup> compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option.

**Responsibility of MMC Norilsk Nickel**

MMC Norilsk Nickel is responsible for its compliance with the principles of AA1000 AP 2018 in stakeholder engagement in the course of sustainability activities implementation as well as for preparation of the Report in compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Control 1, Quality Control for Firm that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Our Responsibility**

Our responsibility is to express a limited assurance conclusion on MMC Norilsk Nickel stakeholder engagement in the course of sustainability activities implementation compliance with the principles of AA1000 AP 2018, as well as on the Report compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, as well as in accordance with AA1000 Assurance Standard v3 (type 2, as defined by AA1000AS v3). These standards require that we plan and perform this engagement to obtain limited (moderate as defined by AA1000AS v3) assurance about whether MMC Norilsk Nickel stakeholder engagement in the course of sustainability activities implementation complies with the principles of AA1000 AP 2018 and whether the Report is free from material misstatement. A limited assurance engagement undertaken in accordance with these standards involves assessing the following criteria (hereinafter referred to as Criteria):

- Compliance of MMC Norilsk Nickel stakeholder engagement in the course of sustainability activities implementation with the principles of AA1000 AP 2018 - inclusivity, materiality, responsiveness and impact.

<sup>1</sup> The report discloses the results of the activities of MMC Norilsk Nickel and its Russian subsidiaries. The report also discloses information on the total number of employees and revenue (within consolidated revenue) of abroad subsidiaries as well as information on some environmental impacts of Norilsk Nickel Harjavalta

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.



- Compliance of the Report with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we have undertaken the following activities:

- Study and selective testing of systems and processes implemented by MMC Norilsk Nickel to ensure and analyze the compliance of the activities with AA1000 AP 2018 principles; collection of evidence confirming practical implementation of these principles.
- Interviewing the management and employees of Nornickel Group companies and obtaining documentary evidence.
- Attending the online dialogue with stakeholders.
- Study of information available on websites of Nornickel Group companies related to their activities in the context of sustainable development.
- Study of public statements of third parties concerning economic, environmental and social aspects of Nornickel Group companies activities, in order to check validity of the declarations made in the Report.
- Analysis of non-financial reports of companies working in the similar market segment for benchmarking purposes.
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in Nornickel Group companies.
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report.
- Analysis of information in the Report for compliance with the requirements of Criteria.

The procedures were performed only in relation to data for the year ended 31 December 2020.

The evaluation of reliability of the information on performance in the Report was conducted in relation to compliance with the requirements of Standards to the report prepared in accordance with the Comprehensive option and information referred to in the section of the Report "GRI Content Index". In respect to this information assessment of its conformity to external and internal reporting documents provided to us was performed.

The procedures were not performed in relation to forward-looking statements, statements expressing the opinions, beliefs and intentions of MMC Norilsk Nickel as the parent company of Nornickel Group to take any action related to the future; as well as statements based on expert opinion.

The procedures were performed in relation to the version of the Report subject to approval by the Board of Directors of MMC Norilsk Nickel as well as sending to Global Reporting Initiative in order to notify it of the use of the Standards in the Report preparation.

We had no chance to verify that the annual report of MMC Norilsk Nickel for 2020 and the report that provides exhaustive information on environmental incidents, which are referred to in the Report, are published due to the fact that the date of signing this Assurance Report preceded the planned dates of these activities completion.

The procedures were performed in relation to the Russian version of the Report, which includes information to be published in a hard-copy form as well as in digital form on the MMC Norilsk Nickel website.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about compliance, in all material respects, with the requirements of Criteria.

**Limited Assurance Conclusion on compliance of MMC Norilsk Nickel stakeholder engagement in the course of sustainability activities implementation with the principles of AA1000 AP 2018**

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that MMC Norilsk Nickel stakeholder engagement in the course of sustainability activities

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<sup>1</sup> The auditor of the Sustainability Report was approved by the Head of Nornickel's Sustainable Development Department.



implementation has not complied, in all material aspects, with the criteria of AA1000 AP 2018 in respect to adherence to the principles (Inclusivity, Materiality, Responsiveness and Impact).

**Basis for Limited Assurance Qualified Conclusion on Compliance of the Report with the GRI Sustainability Reporting Standards (Comprehensive option)**

GRI 305: Emissions 2016 requires to report actual direct (Scope 1) GHG emissions in the disclosure 305-1. Disclosure 305-1 in the Report includes not only actual direct (Scope 1) GHG emissions but also estimated GHG emissions associated with the implementation of Sulphur Programme 2.0 (using natural gas to convert sulphur dioxide to sulphuric acid with its subsequent neutralisation with natural limestone).

**Limited Assurance Qualified Conclusion on Compliance of the Report with the GRI Sustainability Reporting Standards (Comprehensive option)**

Based on the procedures performed and evidence obtained, except for the effect on the matter described in the 'Basis for Limited Assurance Qualified Conclusion on Compliance of the Report with the GRI Sustainability Reporting Standards (Comprehensive option)' section of our report, nothing has come to our attention that causes us to believe that the Report has not complied, in all material aspects, with requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option.

**Recommendations**

Based on the results of the limited assurance engagement we recommend:

- It is reasonable to disclose GRI indicators in relation to target values and plans for the future.
- Increase the extent of disclosure of indicators in relation to which requirements of GRI Standards is not fully taken into account (disclosures with omissions).

The recommendations are not intended to detract from the practitioner's conclusions. Our conclusions are not modified in respect of the matters referred to in the recommendations.



FBK, LLC

Practitioner  
Partner  
acting under Power of Attorney No. 76/18 of December 17, 2018  
The Russian Federation, Moscow  
April 16, 2021

V.Y. Skobarev

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

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**Nornickel on social media**

[facebook.com/NornickelRU](https://facebook.com/NornickelRU)

[twitter.com/NornikOfficial](https://twitter.com/NornikOfficial)

[vk.com/nornickel\\_official](https://vk.com/nornickel_official)

[youtube.com/user/NornikOfficial](https://youtube.com/user/NornikOfficial)

[instagram.com/nornickel\\_official](https://instagram.com/nornickel_official)

[feeds.feedburner.com/nornik/AIDB](https://feeds.feedburner.com/nornik/AIDB)

**Norilsk through the eyes of its residents**

<http://norilskfilm.com/>

**Corporate website**

[www.nornik.ru](http://www.nornik.ru)