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. It 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”).

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” or “Nornickel” and the Group companies” shall refer to Norilsk Nickel Group Quantitative Indicators for certain areas of sustainable development pertinent to the Group’s specific operations in accordance with the Scope of Data Collection appendix.

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.

The Report contains updates of the data for previous years, which is indicated in the text.

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.

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 verification procedure.

Other sources of information about Nornickel Group:

- Corporate website: www.nornickel.ru/
- Nornickel ESG highlights: www.nornickel.ru/sustainability/esg-highlights/
- Nornickel annual reports: 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.
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 split 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 mn was paid to Russia’s federal budget and RUB 685 mn went into the budget of Norilsk.
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**

- Climate change
- Air
- Water
- Tailing dumps and waste
- Land
- Biodiversity

*For more details on the target areas of the Holistic Environmental Strategy, please see the Strategy and Management section.*
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 footprint¹:

- 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

¹ 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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Dear shareholders, investors, consumers, colleagues, and other readers of this report,

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 Nornikels’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 Nornikels’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 Nornikels’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.

Nornikels 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 ton. 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, Nornikels fully observed its social partnership commitments, maintained wage levels, and avoided layoffs 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, Nornikels has demonstrated its intention to pursue sustainable non-ferrous metals production. Nornikels’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®). 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

1 In January 2021.
Our 2020 highlights

Environment\(^1\)

- **9.7** mt of \(\text{CO}_2\) 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 \(\text{CO}_2\) / 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)

Labour

- **0.21** LTIFR
  - (vs 0.22 in 2019)
- **93.7** %
  - Nor Nickel employees covered by collective bargaining agreements (vs 83% in 2019)
- **131.8** '000 RUB
  - average monthly salary at Nor Nickel (up 10.9% y-o-y)

Development of local communities

- **46.8** RUB bn\(^2\)
  - spent on social programmes, charity, and social infrastructure (up +22.7% y-o-y)
- **20** RUB bn\(^3\)
  - spent on combating the spread of COVID-19 in 2020–2021, including
- **84.9** RUB mln
  - allocated for the support of indigenous northern minorities in the reporting year

Position in the Industry\(^4\)

- **37** countries
  - Geography of supplies
- **2,019** mt of ore
  - measured and indicated resources
- **No. 1 Pd**
  - Palladium
- **No. 1 Ni**
  - High-grade Nickel
- **No. 4 Pt**
  - Platinum
- **No. 4 Rh**
  - Rhodium
- **No. 8 Co**
  - Cobalt
- **No. 11 Cu**
  - Copper

\(^1\) Emission intensity per RUB 1 mln of consolidated revenue.

\(^2\) Including VAT.

\(^3\) Including COVID-2019 response costs.

\(^4\) 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.

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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. 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.

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.

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.

**Overview**

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Core companies and business units

**PRODUCTION**
- Polar Division
- Kola MMC
- GRK Bystrinskoye
- Medvezhy Ruchey

**EXPLORATION**
- Norilskgeologiya
- Vostokgeologiya
- Intergeoproekt

**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

**SUPPORT FUNCTIONS**
- Pechengstroy
- Kolabyt
- Norilsk Production Support Complex
- Nornickel – Shared Services Centre
- Taimyr Fuel Company

**RESEARCH AND DEVELOPMENT**
- Gipronickel Institute

**FUEL AND ENERGY**
- Norilskgazprom
- Arctic-Energo
- Norilsk-Taimyr Energy Company
- Norilaktransgaz
- Norilskenergo (MMC Norilsk Nickel’s branch)

**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)

**FOREIGN ASSETS**
- Norilsk Nickel Harjavalta (Finland)
- Nkomati (South Africa)

**Head Office**
- MMC Norilsk Nickel’s Head Office
In 2020, Nornickel developed a Holistic Environmental Strategy that reviewed approaches to environmental risk management, water resource management, biodiversity, pastoral land, and waste management as well as presented goals and investment volumes in each area.
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.

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

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.

By 2050, the metal demand for electric vehicles is expected to increase by over 600%. Nickel is the metal of choice to power electric vehicles, and Nornickel is positioned to deliver on this demand. Nickel plays a key role in the energy transition as well. As the demand for renewables continues to grow, the need for durable and efficient electric grids will increase, driving nickel consumption growth.

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The strategic vision

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
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.

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 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
Global decarbonisation – risk and opportunity assessment for Nornickel’s metals

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

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

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

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

---

**Key goals and objectives of the strategy to 2030**

**Goal** | **Projects** | **Targets**
---|---|---
Mining volumes growth | • Skalisty Mine | Mining volumes growth in the Norilsk Industrial District\(^1\)
 | • South Cluster | By 2025
 | Comprehensive projects for the Talnakhskoye Deposit development: | To 24–26 mt
 | • Komsomolsky Mine | 2030 г.+
 | • Oktjabrsky Mine | to 30–32 mt
 | • Taiginsky Mine |
Upgrade of processing facilities | • Third phase of Talnakh Concentrator expansion | • Second stage of the efficiency improvement programme
 | A full-scale upgrade and potential ramp-up of Norilsk Concentrator (under consideration) | Technological Breakthrough 2.0 for mining digitalisation
 | • Third production line at NMP | Building new shipment facilities for the concentrate at Kola MMC
 | • New copper refining facility at Kola MMC | Power infrastructure modernisation:
 | • Upgrade and scaling-up of Kola Division assets (Kola Peninsula and Harjavalta) | • Expanding the pool of contractors and their development

---

**Long-term investment programme targets, USD bn**

| Year | Average for 2022–2025F | Average for 2026–2030F |
---|---|---|
2020 | 1.8 | <2.0 |
2021F | 3.0—3.4 | <2.0 |

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**Source:** Company estimates

\(^1\) Compared to the base year (2017).

\(^2\) Metals produced from own feedstock (including metals in salvable semi-products), excluding production of Bystrinsky project and Nkomati compared to the base year (2017).
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.

**Focus area** | **Targets** | **CAPEX**
---|---|---
**Climate change** | 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 | To be confirmed in 2021.

**Planned actions:**
- Continue to maintain absolute GHG emissions from operations (Scope 1 and 2) at around 10 mt of CO₂ equivalent through 2020 while growing production by 30–40% (Ni equivalent) by 2017.
- Remain in the first quartile of the global nickel industry in terms of GHG emissions per tonne of Ni equivalent.
- Strive to increase low-carbon energy usage.
- 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.

**Air** | Protect the environment and public health from air pollutants while meeting statutory requirements and standards regulating emissions | USD 3.6 bn

**Planned actions:**
- Reduce absolute Kola Division SO₂ emissions by 85% in 2021 and Polar Division SO₂ emissions by 90% by 2025.
- Keep other air emissions (NOₓ, solids, etc.) at one of the lowest levels in the industry.
- Introduce an air quality monitoring system to assess and act upon ambient air quality and dust associated with mining.
- Comply with global best practices and standards in air pollution disclosure.

**Water** | Nornickel prioritises sustainable use of water resources, pollution reduction, and ensuring continuous supply of drinking water to local residents | USD 1.1 bn

**Planned actions:**
- Conduct a comprehensive assessment of water use to understand how much water the Company directly uses in production.
- 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.
- Look for green solutions and forge partnerships with the scientific community and organisations to achieve these goals.
- Ensure undisturbed operation of water treatment facilities.
- Analyse and implement recommendations of the Great Norilsk Expedition on sustainable water management and rehabilitation after recent incidents.
- Improve water use reporting by keeping a separate record of water used for production and municipal needs in the Norilsk area.

**Biodiversity** | 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 | To be confirmed in 2021.

**Planned actions:**
- Apply a rigorous scientific approach to establish a biodiversity baseline and understand our impact on ecosystems in the areas of our operations.
- Enhance our internal policies and procedures to avoid or minimise any future negative impact on biodiversity and terrestrial ecosystems.
- Develop and implement a clear mitigation hierarchy for current and new operations to strengthen our risk management approach towards biodiversity.
- 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.

**Tailing dams and waste** | To be confirmed | USD 0.6 bn

**Planned actions:**
- Introduce the global industry standard on tailings management.
- 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.
- Work with experts and business partners to ensure that waste management strategies minimise the risks to local communities.

**Land** | 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 | USD 0.3 bn

**Planned actions:**
- Develop a rehabilitation program for land affected by construction and mining.
- Audit asset closure plans.
- Follow recommendations of the Great Norilsk Expedition on soil recovery.
- Continue waste collection and land reclamation in the Norilsk area.
- Continue land rehabilitation activities, including outside of our operational sites.

**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 to 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.
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 key SDG-linked projects in 2020

**SDGs**

- **Central SDG**
  - Projects and programmes
    - Health improvement and wellness programmes for employees and their families*
    - Voluntary health insurance for employees and their families*
    - Air protection projects**
    - Water conservation and sustainable use projects**
    - Waste management projects**
    - Occupational safety initiatives*
    - Corporate Healthcare project*
  - Relevant targets:
    - Projects to upgrade power and heat generation, electrical grids and heat networks**
  - **Part of the Environment domain (Russia’s national projects)**
  - Relevant national projects:
    - *Part of the Housing & Urban Environment domain (Russia’s national projects)*
  - Contribution towards UN SDGs
    - Participation in health improvement programmes: 24,000 to 13,000, -46% Year-on-year change
    - VHI policy holders: 71,500 to 72,800, +2%
    - LTIFR: 0.32 to 0.21, -34%
    - Fatal workplace injuries: 9 to 8, -11%
  - **Part of the Education domain (Russia’s national projects)**
  - Relevant targets:
    - Corporate scholarships for university educational institutions and projects*
    - Staff training and development*
    - Corporate scholarships for university students and internships with Nornickel Group companies*
    - The World of New Opportunities charity programme: grants for educational institutions and projects*
    - Education projects supported under the World of New Opportunities charitable programme
    - Employees covered by Nornickel’s staff training, professional development, retraining, and upskilling initiatives: 90,814 to 70,902, -22%
  - **Part of the Healthcare domain (Russia’s national projects)**
  - Relevant targets:
    - Projects to improve the workers’ social and living conditions
    - Health and safety initiatives
    - Ensuring employees’ involvement in improvement of the health and safety system*
    - The Operating Unit’s investment projects (concentration and metal production)
  - **Part of the Environment domain (Russia’s national projects)**
  - Relevant targets:
    - Projects to develop power and heat generation, electrical grids and heat networks*
    - Projects aiming to develop local communities’ infrastructure (including transport accessibility improvement) as part of a public-private partnership and agreements with local administrations*
    - Ensuring decent compensation for labour*
    - Securing employees’ involvement in social partnerships*
    - Programme to improve the workers’ social and living conditions
    - Health and safety initiatives
    - Ensuring employees’ involvement in improvement of the health and safety system*
    - The Operating Unit’s investment projects (concentration and metal production)
  - **Part of the Education domain (Russia’s national projects)**
  - Relevant targets:
    - Projects to develop power and heat generation, electrical grids and heat networks*
    - Research and development (R&D) and feasibility studies aimed to update Nornickel Group’s Development Strategy, expand production and protect the environment
    - Transportation and logistics projects
    - Operational and management digitalisation projects**
    - Enhancing the reliability of the fibre optic communication line in Norilsk*

**Projects and programmes**

- Rollout of the Automatic System for Commercial Accounting of Power Consumption across Polar Division*
- Energy efficiency and energy saving projects*
- Projects to upgrade power and heat generation, electrical grids and heat networks**
- Share of renewables in the Group’s power consumption
  - 44.5% to 46%, +1.5 pp

**SDGs**

- **Central SDG**
  - Projects and programmes
    - Effluents treated to standard quality at treatment facilities: 4.56 m³ to 4.34 m³, -5% Year-on-year change
    - Water withdrawal: 0.36 thousand m³ / RUB thousand, -6%
    - Effluents: 0.16 thousand m³ / RUB thousand, +13%
    - Pollutants in effluents: 0.24 t / RUB thousand to 0.22 t / RUB thousand, -8%
    - Share of total used water recycled and reused: 87.2% to 86.4%, -1.2 pp
  - **Part of the Education domain (Russia’s national projects)**
  - Relevant targets:
    - University students covered by Nornickel’s corporate scholarship programmes: 50 to 90, +80%
    - Education projects supported under the World of New Opportunities charitable programme: 71 to 71, —
  - **Part of the Healthcare domain (Russia’s national projects)**
  - Relevant targets:
    - Projects to upgrade power and heat generation, electrical grids and heat networks*
    - Research and development (R&D) and feasibility studies aimed to update Nornickel Group’s Development Strategy, expand production and protect the environment
    - Transportation and logistics projects
    - Operational and management digitalisation projects**
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**Appendices**

1. 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 167.4 mln. The 2020 data is shown net of VAT.
SDGs Projects and programmes Contribution towards UN SDGs

- Complementary Corporate Pension Plan
- Relocation assistance to new employees
- Assistance programme for residents of Norilsk and Dudinka relocating to regions with better climate and socioeconomic conditions
- Our Home and My Home social programmes (purchase of apartments for employees in various Russian regions)

- Sulphur Programme 2.0
- Air pollution projects
- Waste management projects (including projects to eliminate inherited waste)
- Response to environmental incidents
- Other environmental protection activities

- GHG emissions (Scope 1 and 2)

- GHG emission intensity (Scope 1 and 2)

Waste generation 0.04 kt / RUB min
Waste generation 0.04 kt / RUB min

Air pollutant emissions 2.22 t / RUB min
Air pollutant emissions 2.22 t / RUB min

Relevant national projects:
- *Part of the Environment domain (Russia’s national projects)

- Sulphur Programme 2.0
- Air protection projects
- Waste management projects (including projects to eliminate inherited waste)
- Response to environmental incidents
- Other environmental protection activities

- Waste management projects
- Other environmental protection activities

Waste generation 36 mt
Waste generation 36 mt

Non-hazardous class 5 waste
Non-hazardous class 5 waste

Relevant targets:
- 11.6
- 17.16
- 15.1, 15.5

Relevant targets:
- 10.7

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.

The facility generates mainly non-hazardous class 5 waste.
Key risk management responsibilities and functions

**BOARD OF DIRECTORS**

**102-28**

**KEY FUNCTIONS:**
- Approving the Corporate Risk Management Policy
- Simplifying the process of building the risk management framework
- Submitting the Company’s Risk Appetite Statement (annually)
- Continuous management of strategic risks
- Reviewing and approving the risk management roadmap and assessing the progress (annually)
- Reviewing reports on strategic and key risks (annually/quarterly)
- Assessing risk management efficiency (annually)

**AUDIT AND SUSTAINABLE DEVELOPMENT COMMITTEE OF THE BOARD OF DIRECTORS**

**MANAGEMENT BOARD**

**RISK MANAGEMENT COMMITTEE OF THE MANAGEMENT BOARD**

**RISK MANAGEMENT SERVICE**

**RISK OWNED / HEADS OF BUSINESS DIVISIONS**

**INTERNAL AUDIT**

**KEY FUNCTIONS:**
- Drafting and updating the risk management methodology
- Reporting on Top 20 risks (quarterly)
- Reporting on strategic risks (annually)
- Strengthening quantitative risk assessment using simulation modeling
- Developing business continuity management framework
- Educating and training employees on risk management practices

- Managing risks on a day-to-day basis as part of the integrated risk management model
- Risk-oriented decision-making

- Conducting an independent evaluation of the effectiveness of risk management, internal control and corporate governance (annually)

**The Company’s key risk management regulations:**
- Corporate Risk Management Policy
- Corporate Risk Management Framework Regulations
- Internal Control Policy

*Approved by the resolution of MMC Norilsk Nickel’s Board of Directors*

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.

**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;  
- as part of rolling out simulation modeling 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.

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-diagnostic 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 analyze 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 – Rostechnadzor) 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 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 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.

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: medium
- Risk source: combined
- Risk level: change y-o-y

Mitigants
- To manage this risk, the Company:
  - 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;
  - improves the working conditions for its own and contractors' employees;
  - 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 assess 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.

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: high
- Risk source: internal
- Risk level: change y-o-y

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 assess 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 wrongdoing
- Switch to remote working and engagement of remote workforce outside the regions of the Company’s operation

Risk assessment
- Risk effect: high
- Risk source: combined
- Risk level: change y-o-y

Mitigants
- To manage this risk, the Company:
  - trains and educates its employees both locally, on site, and centrally, through its corporate training centres;
  - develops information security regulations;
  - takes part in joint projects with nature reserves in the Company’s regions of operation;
  - ensures the involvement of its representatives in working groups of steering committees, regional ministries and government agencies;
  - improves the maintenance and repair system;
  - replaces transmission towers; temperatures, storm winds, snow load;
  - uses satellite monitoring of the Company’s facilities with subsequent analysis of the monitoring data;
  - uses satellite monitoring of the Company’s facilities with subsequent analysis of the monitoring data;
  - 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 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;
- Improper or lower efficiency of IT services, business, technological and production processes of the Company.

Risk assessment
- Risk effect: medium
- Risk source: combined
- Risk level: change y-o-y

Mitigants
- To manage this risk, the Company:
  - trains and educates its employees both locally, on site, and centrally, through its corporate training centres;
  - develops information security regulations;
  - takes part in joint projects with nature reserves in the Company’s regions of operation;
  - ensures the involvement of its representatives in working groups of steering committees, regional ministries and government agencies;
  - improves the maintenance and repair system;
  - replaces transmission towers; temperatures, storm winds, snow load;
  - uses satellite monitoring of the Company’s facilities with subsequent analysis of the monitoring data;
  - takes measures to provide secure remote access.
## 5. Power blackouts at production and social facilities in the Norilsk Industrial District (NID)

<table>
<thead>
<tr>
<th>Description</th>
<th>Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>A failure of key equipment at the generating facilities and transmission networks may result in power, heat and water shortages at key production facilities of the Company's Polar Division and social facilities in the NID.</td>
<td></td>
</tr>
</tbody>
</table>

**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 temperatures, storm winds, heavy snow load
- Length of power, heat and gas transmission lines
- Wear and tear of key production equipment and infrastructure

**Risk assessment**

<table>
<thead>
<tr>
<th>Risk effect</th>
<th>Risk source</th>
<th>Risk level</th>
<th>change y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>medium</td>
<td>combined</td>
<td>none</td>
<td></td>
</tr>
</tbody>
</table>

**Mitigants**

To manage this risk, the Company:
- Ensures timely upgrades and renovation of gas and condensate pipelines and gas distribution networks.
- Timely constructs and launches transformer facilities, timely replaces transmission towers.
- Timely upgrades replaces TPP and HPP power units' equipment.
- Ensures timely upgrades and renovations of trunk gas and condensate pipelines and gas distribution networks.

## 6. Compliance risk

<table>
<thead>
<tr>
<th>Description</th>
<th>Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

**Key risk factors:**
- Discrepancies in rules and regulations
- Considerable powers and a high degree of discretion exercised by regulatory authorities

**Risk assessment**

<table>
<thead>
<tr>
<th>Risk effect</th>
<th>Risk source</th>
<th>Risk level</th>
<th>change y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>medium</td>
<td>combined</td>
<td>none</td>
<td></td>
</tr>
</tbody>
</table>

**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 weapons of mass destruction, and to manage conflicts of interests;
- Takes actions to prevent unauthorized 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

**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 projects

**Risk assessment**

<table>
<thead>
<tr>
<th>Risk effect</th>
<th>Risk source</th>
<th>Risk level</th>
<th>change y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>medium</td>
<td>combined</td>
<td>none</td>
<td></td>
</tr>
</tbody>
</table>

**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;
- fulfil 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 Tamir 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 dialogue 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

**Key risk factors:**
- Abnormal natural phenomena (drought) caused by climate change

**Risk assessment**

<table>
<thead>
<tr>
<th>Risk effect</th>
<th>Risk source</th>
<th>Risk level</th>
<th>change y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>medium</td>
<td>external</td>
<td>none</td>
<td></td>
</tr>
</tbody>
</table>

**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.

---

**Notes:**
- To manage this risk, the Company:
- Conducts induction briefings on anti-corruption.
- Ensures timely and reliable information disclosures as required by the applicable Russian and international laws.
9. Soil thawing

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

<table>
<thead>
<tr>
<th>Risk effect</th>
<th>Risk source</th>
<th>Risk level</th>
</tr>
</thead>
<tbody>
<tr>
<td>medium</td>
<td>external</td>
<td>change y-o-y</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Mitigants

To manage this risk, the Company:

- regularly monitors the condition of foundation beds for buildings and structures built on permafrost;
- uses geotechnical monitoring of the Company’s facilities with subsequent analysis of the monitoring data;
- 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

<table>
<thead>
<tr>
<th>Risk effect</th>
<th>Risk source</th>
<th>Risk level</th>
</tr>
</thead>
<tbody>
<tr>
<td>medium</td>
<td>external</td>
<td>increase</td>
</tr>
</tbody>
</table>

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, testing, 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;
- support provided to increase the capacity of local hospitals;
- local volunteers assisted in supporting employees who require regular health monitoring;
- compulsory 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

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

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, Nornickel 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

- UN Global Compact Principles
  - Principle 2: 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 Nornickel’s operations.
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

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

### Human rights governance

The Company’s commitment to respect human rights is reflected in its Human Rights Policy 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.

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.

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1 [Approved by MMC Norilsk Nickel’s Board of Directors on 18 September 2017 (Minutes No. GMK/31-pr-ad)]

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### Nornickel’s human rights protection process

[Diagram showing the human rights protection process with stages: Communications, Analysis and Assessment, Control, Reporting, Updating, Correction and Improvement.]

For more details, please see the Human Rights Policy.

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2 [https://www.nornickel.com/investors/disclosure/corporate-documents/#corporate-code-and-policies]
Respect for human rights across Nornickel’s operations

<table>
<thead>
<tr>
<th>Key human rights</th>
<th>Nornickel’s by-laws</th>
<th>Approaches and key achievements in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right to life, freedom, and privacy, freedom from arbitrary arrest</td>
<td></td>
<td>In 2020, the Company’s health and safety indicators were some of the best in the metals and mining industry, with LTIF going down to 0.3 against 0.52 in 2018.</td>
</tr>
<tr>
<td>Right to health and medical assistance</td>
<td></td>
<td>The Company does not tolerate discrimination on any grounds. In 2020, we had no reported cases of racial, gender, religious, political, social or other discrimination.</td>
</tr>
<tr>
<td>Right to protection from discrimination</td>
<td></td>
<td>The Company maintains a social partnership framework, with collective agreements covering 93.7% of the workforce.</td>
</tr>
<tr>
<td>Right to freedom of association and collective bargaining</td>
<td></td>
<td>The average salary paid to Nornickel’s employees is well above Russia’s average if the Company takes steps to secure jobs for vulnerable population groups and people with disabilities. Women have equal rights to men.</td>
</tr>
<tr>
<td>Right to work and to fair and adequate remuneration</td>
<td></td>
<td>The Company complies with Russian employment laws that are in line with the ILO documents ratified by Russia. Forced labour is forbidden.</td>
</tr>
<tr>
<td>Other labour rights (fair and favourable working conditions, social support, reasonable work schedule, ban on forced labour, regular paid vacations)</td>
<td></td>
<td>The Company supports projects aimed at preserving the traditional lifestyle and culture of Taimyr’s indigenous peoples while fostering the preservation of the Taimyr landscape. The Company’s activities include organizing air transportation, supplying construction materials and diesel fuel, and staging festivals and cultural events. In 2020, we adopted a comprehensive five-year programme to aid Indigenous northern minorities, worth over RUB 2.5 bn. 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.</td>
</tr>
</tbody>
</table>

1 According to the International Bill of Human Rights, the Indigenous and Tribal Peoples Convention of the International Labour Organization, and the Constitution of Russia.

2 The above by-laws put forward similar requirements for the Company’s contractors.
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. 

Stakeholder engagement principles and procedures are set out in MMC Norilsk Nickel’s Business Ethics Code, 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.

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.

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

2 AA1000AP (AA1000 Accountability Principles), AA1000SES (AA1000 Stakeholder Engagement Standard).

3 Put together in 2020, based on surveying the Company’s managers and employees.
<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Key interests of stakeholders</th>
<th>Interaction mechanisms</th>
</tr>
</thead>
</table>
| Shareholders, investors and rating agencies | • Shareholders and investors  
• Russian and international investment banks and brokers  
• Russian and international analytical and rating agencies | • Meetings (including one-on-one meetings) and conference calls  
• Phone calls and emails  
• Disclosures through presentations and press releases on the website |
| Staff and trade unions                | • Company employees  
• Trade unions  
• Business partners | • Joint commissions, committees and working groups  
• Discussions with trade unions and labour councils  
• Offices for operational, social and labour matters  
• Opinion polls  
• Corporate media, booklets, information screens and boards  
• Corporate intranet portals |
| Business partners                     | • Suppliers and contractors  
• Customers | • Meetings, conferences, exhibitions, hosting negotiations  
• Automated procurement platform (SAP-based) |

Stakeholders of the NORNICEL 2020:

**About**
- Strategy and management
- Operational excellence and innovation
- Human capital
- Environmental responsibility
- Contribution to the regional development
- Appendices
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 key initiatives in this domain is the Principles for Responsible Investment (PRI), signed by over 3,000 investors (up 28% in 2020 alone) with over USD 50 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Current status/score</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTFSE4Good</td>
<td>After joining the UN Global Compact in 2016, the Company has continuously demonstrated its commitment to sustainability principles.</td>
</tr>
<tr>
<td>ISS</td>
<td>The agency confirmed the inclusion of Nornickel’s shares in the FTSE4Good Emerging Index, with a score of 4.0 out of 5</td>
</tr>
<tr>
<td>ISS</td>
<td>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)</td>
</tr>
<tr>
<td>ESG</td>
<td>ESG score of 44 (out of 100), up from 33/100 in 2019</td>
</tr>
<tr>
<td>ESG</td>
<td>ESG score of 61 (out of 100), Average Performer rating (in 2019 – 63); ESG risk of 38.9 (out of 100)</td>
</tr>
<tr>
<td>ESG</td>
<td>ESG rating “B”, score of 3.3 (out of 10)</td>
</tr>
<tr>
<td>CDP</td>
<td>In 2020, Nornickel provided its first ever disclosures to CDP Ratings: “D” (Climate Change), “C” (Water Security)</td>
</tr>
<tr>
<td>The Company has invariably ranked among the index leaders since 2014 (first year they were composed)</td>
<td></td>
</tr>
</tbody>
</table>

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 Nikel 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.

For more details, please see the Human Capital section.
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

Nornickel 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 commissions, expert and working groups established to build constructive and effective cooperation. 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 go-live mechanism. A regulatory go-live 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”;
• 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.

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.

Key agreements:

<table>
<thead>
<tr>
<th>Partners</th>
<th>Subject of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saratov Region</td>
<td>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.</td>
</tr>
<tr>
<td>Murmansk Region</td>
<td>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.</td>
</tr>
<tr>
<td>Trans-Baikal Territory</td>
<td>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.</td>
</tr>
<tr>
<td>Federal Tax Service</td>
<td>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. For more details, please see the Tax Strategy section.</td>
</tr>
<tr>
<td>Organisations representing the indigenous peoples of the North who live on the Taimyr Peninsula</td>
<td>A comprehensive programme to support the indigenous northern minorities to 2024. For more details, please see the Interaction with Indigenous Northern Minorities section.</td>
</tr>
</tbody>
</table>

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, farewell sessions, etc. Key parties to the dialogue are regional development centres established in cooperation with Norilsk Nickel, 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 Pechenga. 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 Russia and Norilsk Nickel 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 Norilsk Nickel’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.

Environmental protection initiatives.
We provided real-time updates on the fuel spill clean-up in the dedicated section on our website 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 Nickel 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.

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 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.

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 Norilsk Nickel were Andrey Bougrov, Senior Vice President for Sustainable Development, Larisa Zelkova, Senior Vice President – HR, Social Policy and Public Relations, and Svetlana Ikhovenko, 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.

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**Number of survey participants as part of the 2020 Sustainability Report campaign, ppl\[2\]**

<table>
<thead>
<tr>
<th>Year</th>
<th>Internal stakeholders</th>
<th>External stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>21</td>
<td>56</td>
</tr>
<tr>
<td>2016</td>
<td>29</td>
<td>50</td>
</tr>
<tr>
<td>2017</td>
<td>23</td>
<td>55</td>
</tr>
<tr>
<td>2018</td>
<td>26</td>
<td>65</td>
</tr>
<tr>
<td>2019</td>
<td>27</td>
<td>63</td>
</tr>
<tr>
<td>2020</td>
<td>37</td>
<td>53</td>
</tr>
</tbody>
</table>

\[2\] 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, %**

- Norilsk Industrial District: 33%
- Trans-Baikal Territory: 54%
- Murmansk Region: 8%
- Moscow: 6%

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1 https://www.nornickel.com/sustainability/cleanup/
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.

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).
About Strategy and management Operational excellence and innovation Human capital Environmental responsibility Contribution to the regional development Appendices 

Corporate governance

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.

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 governing 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 Norilnickel, 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 54 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.

Environmental oversight at the Board of Directors level
Norilnickel 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.

The Board of Directors has four committees. 

<table>
<thead>
<tr>
<th>Committees of the Board of Directors</th>
<th>Directors</th>
<th>Chairman</th>
<th>Share of directors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Independent director</td>
<td>Non-executive director</td>
<td>Independent</td>
</tr>
<tr>
<td>Audit and Sustainable Development Committee</td>
<td>5</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Budget Committee</td>
<td>5</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Strategy Committee</td>
<td>5</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Corporate Governance, Nomination and Remuneration Committee</td>
<td>5</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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, Norilnickel 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 sub-committees to improve the efficiency of risk management, this new committee focuses on developing risk management strategy, reviewing key areas of risk management, including cross-functional risks, and conducting 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.

Operational sustainability management
Sustainability management is an integral part of Norilnickel’s corporate governance system. Responsibilities for the achievement of the Company’s sustainability goals and targets are allocated among the executive bodies of the Company.

Nornickel is committed to implementing Nornickel’s Corporate Sustainability Strategy while ensuring the implementation of its long-term programme 2.0. Stakeholder engagement in ESG management reports, including those related to the Company’s sustainable development.

- 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 the executive bodies of the Company.
- Nornickel is committed to implementing Nornickel’s Corporate Sustainability Strategy while ensuring the implementation of its long-term programme 2.0.
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.

Nornickel’s updated sustainability governance framework

| Corporate Governance, Strategy Committee | Strategy Committee |
| Board of Directors | Board of Directors |
| Management Board | Management Board |
| President, Chairman of the Management Board | President, Chairman of the Management Board |
| First Vice President | First Vice President |
| Senior Vice President | Senior Vice President |
| Sustainable Development | Corporate Security |
| Environmental Department | Inspection for Monitoring, Technical Production and Environmental Risks |
| HR Department | HR Department |
| Social Policy Department | Social Policy Department |
| Sustainable Development Department | Sustainable Development Department |
| HSE Department | HSE Department |
| Technical, Production and Environmental Control and Risk Management Committee | Technical, Production and Environmental Control and Risk Management Committee |
| Supply, Production, Sales and Customers | Supply, Production, Sales and Customers |
| Logistics | Logistics |
| Federal and Regional Programmes Department | Federal and Regional Programmes Department |
| Risk Management Committee | Risk Management Committee |

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

Employment record for the last five years:

- 2020 – 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 Internor Holding Company LLC (Interno 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 the Council on Corporate Governance at the Bank of Russia
- 2016 – currently – chairman of the Council on Corporate Governance at the Moscow Exchange
- 2016 – 2020 – Senior Vice President at MMC Norilsk Nickel
- 2017 – currently – member of the Board of Directors at MMC Norilsk Nickel PJSC (MMC Norilsk Nickel OJSC until 1 June 2015)
- 2015 – currently – Head of the Expert Group for Corporate Governance at the Bank of Russia
- 2020 – currently – member of the Climate Policy and Carbon Regulation Committee at the Russian Union of Industrialists and Entrepreneurs

For more details, please see our corporate website at https://www.nornickel.com/investors/disclosure/corporate-documents/
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 Inspections 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 Nornickel’s operations.

Environmental Monitoring Centre

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 of environmental management systems, and obtaining authorisations and permits.

The main tasks of the Environmental Monitoring Centre reporting to the First Vice President and Head of Corporate Security 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.

Transition to division-based governance structure

As part of optimising its governance structure in 2020, Nornickel 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 Nornickel’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 Nornickel’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.

Remuneration

Remuneration of members of the governing bodies

Key principles and mechanisms of remuneration due to the governing bodies are set out in the by-laws’ of the Company. Nornickel’s remuneration framework is continuously and closely monitored by the Board of Directors. 102-35, 102-36, 102-37

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;

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

In 2021, we plan to add environmental performance to the managers’ KPIs to provide a clear link between the Company’s performance, including both financial (EBITDA, free cash flow) and non-financial (workplace injury rates, labour productivity) indicators.

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

Assessment of professional competencies
for managers and white-collar employees
3,567 managers and white-collar employees

Employees covered by assessment in Russia

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Blue collar employees</th>
<th>White-collar employees</th>
<th>Managers</th>
<th>Group total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competency assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>278</td>
<td>1,840</td>
<td>2,750</td>
<td>4,868</td>
</tr>
<tr>
<td>Female</td>
<td>42</td>
<td>364</td>
<td>1,110</td>
<td>1,516</td>
</tr>
<tr>
<td>Total</td>
<td>320</td>
<td>2,204</td>
<td>3,860</td>
<td>6,384</td>
</tr>
<tr>
<td>KPI-based assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>0</td>
<td>2,419</td>
<td>4,454</td>
<td>6,873</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
<td>3,452</td>
<td>1,720</td>
<td>5,172</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>5,871</td>
<td>6,174</td>
<td>12,045</td>
</tr>
</tbody>
</table>
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 55.5 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 257.3 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 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 net debt shrank by 33% to USD 4.7 bn, with the construction under Sulphur Programme 2.0, industrial safety and the start of the active repairs of energy infrastructure, investments in Deposit, South Cluster development, more capital driven by mining projects at the Talnakhskoye.

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: Baa3 / 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.

Dividend policy

Our Dividend Policy aims to balance the interests of Nornickel’s 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

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>86.7</td>
<td>176.2</td>
<td>218.9</td>
<td>265.2</td>
<td>281.9</td>
</tr>
</tbody>
</table>

Financial highlights

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, RUB bn</td>
<td>548.6</td>
<td>536.8</td>
<td>728.9</td>
<td>877.8</td>
<td>1,116.9</td>
</tr>
<tr>
<td>Gross profit, RUB bn</td>
<td>270.8</td>
<td>270.2</td>
<td>408.2</td>
<td>542.1</td>
<td>751.38</td>
</tr>
<tr>
<td>EBITDA, RUB bn</td>
<td>257.3</td>
<td>236.4</td>
<td>389.2</td>
<td>513.7</td>
<td>552.4</td>
</tr>
<tr>
<td>EBITDA margin, %</td>
<td>47</td>
<td>44</td>
<td>53</td>
<td>58</td>
<td>49</td>
</tr>
<tr>
<td>Total CAPEX RUB bn</td>
<td>113.6</td>
<td>116.7</td>
<td>99.2</td>
<td>85.3</td>
<td>128.7</td>
</tr>
<tr>
<td>Net profit, RUB bn</td>
<td>167.4</td>
<td>127.4</td>
<td>187.8</td>
<td>387.6</td>
<td>263.8</td>
</tr>
<tr>
<td>Assets, RUB bn</td>
<td>908.3</td>
<td>958.3</td>
<td>1,059.5</td>
<td>1,205.5</td>
<td>1,529.5</td>
</tr>
</tbody>
</table>

Direct economic value generated and distributed

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

1 In accordance with Nornickel’s 2020 consolidated financial statements in Russian rubles. https://www.nornickel.ru/upload/iblock/1a1/12m_2020_konsolidirovannaya_finansovaya_otchetnost_za_god_zakonchivshijsya_31_dekabrya_2020_g_v_rublyah.pdf.

2 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.

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

4 From 2020, this line has included environmental and decommissioning provisions.

5 Excluding CAPEX.

6 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.  

**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 Norilsk Nickel’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:

• 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 competent authority with real-time access to the company’s tax 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.

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 inter-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 Norilsk Nickel’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**

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 management at Nornickel Group**

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 Risk Management Regulations**

**Key regulations:**

• Tax Strategy Policy

• Tax Risk Management Regulations

**Tax experts of the Shared Services Centre, tax experts in business units, employees of local accounting business units**

• Prepare tax accounts and reports

**Employees of the Financial services department of foreign companies**

• Prepare tax accounts and reports

• Interpret tax legislation and resolve controversial tax issues

• Manage tax risks

**Corporate Trust Line**

• Collect reports of unethical or illegal tax practices

**Independent external auditor**

• Conduct statutory audits of consolidated financial statements, including tax disclosures

**Key functions**

• Review the report on the efficiency assessment of Norilsk Nickel Group corporate risk management framework for 2019

• Approve the Tax Strategy Policy

• Review the reports on tax risk management

• Oversee the activities of the Tax Department

• Organise and control the implementation of the Risk Management Regulations

**Tax Department**

Provide tax support for Russian and foreign Group companies:

• collect the requests from tax authorities and prepare responses

• prepare internal regulations (guidelines, explanations, information letters) for the Group’s Russian companies

• set up the Legal Information Portal, a database of internal explanations and documents on taxes

• oversee tax compliance of Nornickel’s Russian and foreign companies

• manage tax risks of the Group’s Russian companies

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

<table>
<thead>
<tr>
<th>Country</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Change in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>789</td>
<td>1,883</td>
<td>1,648</td>
<td>-12%</td>
</tr>
<tr>
<td>Finland</td>
<td>11</td>
<td>16</td>
<td>11</td>
<td>-31%</td>
</tr>
<tr>
<td>Other countries</td>
<td>12</td>
<td>25</td>
<td>26</td>
<td>+4%</td>
</tr>
<tr>
<td>Total</td>
<td>812</td>
<td>1,924</td>
<td>1,685</td>
<td>-12%</td>
</tr>
</tbody>
</table>

*For more details, please see 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.

Key elements of Nornickel’s supply chain

- SUPPLIERS, CONTRACTORS
- LOGISTICS
- PRODUCTION
- SALES
- CUSTOMERS

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.

Nornickel’s by-laws on responsible procurement ▶102-26

**Key procurement by-laws**

- Nornickel Nickel Group’s efficiency improvement programme
- MMC Norilsk Nickel’s Policy Regarding Support for Small and Medium Enterprises
- Regulation on the Product Procurement Procedure for MMC Norilsk Nickel’s Enterprises
- Procurement policies by category (group of similar products)
- A standard master agreement signed with every supplier1
- Business Ethics Code of MMC Norilsk Nickel
- Local Community Relations Policy
- Renewable Energy Sources Policy
- Occupational Health and Safety Policy
- Working Conditions Policy2
- PJSC MMC Norilsk Nickel’s Indigenous Rights Policy
- Human Rights Policy
- Anti-Corruption Policy

**Policies setting out ESG requirements for the Company’s suppliers and contractors2**

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

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

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

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 Norilsk.

Relationships with suppliers and procurement transparency

Norilsk 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. Norilsk’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, Norilsk plans to develop an additional method to assess compliance of our suppliers with sustainable development principles. We will run a pilot test on the matter.

Breakdown of the Group’s suppliers and contractors, number of companies

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>38</td>
<td>540</td>
<td>513</td>
<td>457</td>
<td>463</td>
<td>494</td>
</tr>
<tr>
<td>37</td>
<td>38</td>
<td>36</td>
<td>35</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>494</td>
<td>513</td>
<td>457</td>
<td>463</td>
<td>494</td>
<td></td>
</tr>
</tbody>
</table>

Product quality and supply reliability

We at Norilsk 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: • 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 catalysts; • 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.

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

Products offered by Norilsk Nickel Harjavalta Oy, in particular, nickel brands of NORILSK NICKEL HARJAVALTSA CATHODES and NORILSK NICKEL HARJAVALTSA BRITTIETES, 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.

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

Factors ensuring reliability and continuity of Norilsk’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 Norilsk Group
- Feedback loop with customers that enables prompt response to their proposals, inquiries and complaints
- Highly qualified staff
Description of the Corporate Integrated Management System designed to ensure product quality and responsible production

**OBJECTIVES OF CIMS**
- Continuous enhancement of operational excellence
- Competitive products and services
- Guaranteed occupational safety, quality and reliability of supplies
- Alignment with consumer needs and expectations

**KEY REGULATIONS**
- Quality Policy
- Environmental Policy
- Occupational Health and Safety Policy (updated in 2020)
- Nornickel Group’s internal standards

**KEY RUSSIAN AND INTERNATIONAL STANDARDS**
- GOST, GOST R
- Rules and regulations of the European Union, World Trade Organisation, London Metal Exchange and Shanghai Futures Exchange

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 (Labeling) 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-19 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, 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.

The Company’s customer base includes 382 companies, mostly industrial consumers. Nornickel sells its products on alloy 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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021 (outlook)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market</strong></td>
<td><strong>Price trend</strong></td>
<td><strong>Company’s production volume</strong></td>
</tr>
<tr>
<td>Nickel market</td>
<td>Growth of oversupply</td>
<td>217.8 kt</td>
</tr>
<tr>
<td>Palladium market</td>
<td>Reduction of shortages</td>
<td>2,826 koz (881 t)</td>
</tr>
<tr>
<td>Platinum market</td>
<td>Reduction of oversupply</td>
<td>725 koz (23 t)</td>
</tr>
<tr>
<td>Copper market</td>
<td>Growth of oversupply</td>
<td>487 kt</td>
</tr>
</tbody>
</table>

*For more details on the Company’s sales policy and key metal markets, please see the 2020 Annual Report [here](https://www.nornickel.com/investors/vHighlights/).*

### Revenue from key metal sales in 2020 by region, %

<table>
<thead>
<tr>
<th>Metal</th>
<th>Europe</th>
<th>Asia</th>
<th>Americas</th>
<th>Russia and CIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nickel</td>
<td>40.3%</td>
<td>26.7%</td>
<td>19.4%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Copper</td>
<td>58.3%</td>
<td>34.3%</td>
<td>0.8%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Palladium</td>
<td>36.6%</td>
<td>36.7%</td>
<td>36.7%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Platinum</td>
<td>87.2%</td>
<td>7.3%</td>
<td>2.3%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>
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 2.68 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).

Corporate security

Norilsk Nickel 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.

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 Nadezhdinsky 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 Norilsk Nickel’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-19

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, Norilsk Nickel 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.

Norilsk Nickel’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, Norilsk Nickel 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. Norilsk Nickel’s efforts and readiness to provide its developments as models to Russian leading industrial companies were highly commended by the expert committee. In addition, the Company received a commemorative badge for leadership, openness and responsible approach to industrial security.
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 counterparts.

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 main 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 to 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 is 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 Buryaev, 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;
- B2D’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/BISAC: 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
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 anti-corruption prevention policies and practices in 2020, by category

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

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.

The principles underlying the Corporate Trust Line include guaranteed confidentiality for whistle-blowers, independent review of reports, and timely 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, 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

PARTICIPANTS

DELIVERY

1. Standard processing
   - Investigation – more than 21 days.
   - For reports that require immediate response – 1 day.
   - For reports that require additional investigation – more than 24 hours.

2. Unsubstantiated
   - Approvals of the reports on Corporate Trust Line operation

3. Substantiated
   - Registering incoming reports
   - Investigation
   - Report assessment
   - Corporate Trust Line assessment
   - Approval of the reports on Corporate Trust Line operation
   - Review of reports
   - Statistics for Group companies
   - Risk or breach

4. Process management and control

5. Prevention and control measures

6. Operational excellence and innovation

7. Human capital

8. Environmental responsibility

9. Contribution to the regional development

10. Anti-money laundering and counter-terrorist financing initiatives

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.

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.

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

- Production-related abuses
- Payroll abuses
- Labour relations
- Technology, health and safety abuses (excluding environment)
- Commercial and contractual activities
- Theft

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

- Production-related abuses
- Payroll abuses
- Labour relations
- Technology, health and safety abuses (excluding environment)
- Social issues
- Conflict of interest (pre-conflict situation)
**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.1

1 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 expertise on R&D and feasibility studies includes other projects, totalled RUB 197.4 mln 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 Nickelode 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 an 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 valuable 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 2021, Stage 3 of the Tahalchik Concentrator
upgrade project will be implemented, with its output to be increased to 16.0 mtca 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, Nor nickel 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 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. Nor nickel 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 lands 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 Nor nickel Group

<table>
<thead>
<tr>
<th>Field</th>
<th>Location</th>
<th>Types of minerals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximovskoye</td>
<td>Norilsk Industrial District</td>
<td>Platinum-copper-nickel sulphide ores</td>
</tr>
<tr>
<td>Bystrinsky-Shirinskyoye</td>
<td>Zabavskahely District</td>
<td>Gold</td>
</tr>
<tr>
<td>Talnakh Ore Cluster</td>
<td>Norilsk Industrial District</td>
<td>Rich, cupriferous, disseminated ore</td>
</tr>
<tr>
<td>Eastern and Western clusters of the Oktjabrskoye Field</td>
<td>Norilsk Industrial District</td>
<td>Rich ores</td>
</tr>
</tbody>
</table>

Environmental impact of exploration activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Source of impact</th>
<th>Type of impact</th>
<th>Object of impact</th>
<th>Environmental activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Preparatory works:</td>
<td>Road transport</td>
<td>Physical disturbance of the fertile soil layer, natural landscapes, thermal abuse, degradation of topsoil layers</td>
<td>Fertile soil layer on drilling equipment sites, routes of linear facilities</td>
<td>Compliance with soil allotment standards</td>
</tr>
<tr>
<td>equipment transportation and storage</td>
<td>Exhaust gases of motor vehicles, construction and road machinery</td>
<td></td>
<td>Land rehabilitation</td>
<td></td>
</tr>
<tr>
<td>construction of storage facilities for chemicals, fuel and lubricants</td>
<td>Excavated soil</td>
<td></td>
<td>Construction of frays and platforms at machinery parking lots</td>
<td></td>
</tr>
<tr>
<td>2. Well drilling and surveying</td>
<td>Mud mixing unit</td>
<td>Biotic disturbance, changes in habitats of certain plant and animal species</td>
<td>Flora and fauna, soils, subsoil, surface and underground water, air</td>
<td>Soil protection measures</td>
</tr>
<tr>
<td></td>
<td>Wellhead</td>
<td></td>
<td>Animal and human habitats</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Drilling waste circulating system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chemicals used for drilling and plugging</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste products (mud spills, slime)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Domestic wastewater</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Solid domestic waste</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contaminated snow and storm runoffs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Machinery-generated noise</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Crossflows inside the annulus and damaged casing string</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Well abandonment and mothballing</td>
<td>Leaks in casing, casing pipes, wellhead equipment, mineralised water</td>
<td>Biotic disturbance and changes in the habitats of certain plant and animal species</td>
<td>Flora and fauna, soils, subsoil, surface and underground water, air, animal and human habitats</td>
<td>Plug and abandonment operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rehabilitation</td>
</tr>
</tbody>
</table>
The development of digital technology is a key driver of Nornickel’s competitiveness and resilience, aimed at streamlining its operations and boosting 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 include:
- digitalisation of operating processes (Technological Breakthrough 2.0);
- 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.

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 37 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 robot system was created to enable the 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 Meta Balance system was launched for fully accurate and reliable estimates of material balances of the mining, concentrator and metallurgical 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 in the mining and metallurgical industries.

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, Norilsk plans to put machines in charge of major hazardous and detrimental to health production operations.
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 Norilsk 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 Norilsk’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.

The Digital Lab

The Digital Lab is an R&D division of Norilsk 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 mn.

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 automation 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 flying 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.

Digital Lab actively supports environmental initiatives, which account for 30% of the portfolio in 2021.

Design of industrial exoskeletons

Together with the Southwest State University (SWUSU), 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. Norilsk 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 Rosstandard’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 4,300 professional users work in the automated HR management system fully rolled out in 2020, and more than 22,000 Norilsk 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.\(^1\)

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, Norilsk – 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 Norilsk’s foreign distribution network and a number of the divisions’ support units.

\(^1\) Nika is a virtual assistant (chatbot) launched in 2019 to help employees get instant access to Norilsk’s corporate information and services 24/7.

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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 base 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 grading 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 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 2020.1

1NPS > 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.

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.

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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.

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.
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, sanitisation equipment, 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.

**Employees support**

- 100% of salaries maintained at the same level;
- additional compensation paid during the first months of the pandemic to employees working on permanent workplace; 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 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.

**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

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.

---

**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;


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.

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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 responsibilities are allocated among Nornickel’s various governance bodies and business units in line with their terms of reference.

### Governance body Responsibilities

<table>
<thead>
<tr>
<th>Governance body</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| **Board of Directors** | 102-26  
• Approving key HR policies |
| **Corporate Governance, Nomination and Remuneration Committee of the Board of Directors** |  
• Considering HR management priorities and key internal regulations  
• Reviewing matters related to human capital development |
| **Senior Vice President for HR, Social Policy and Public Relations** |  
• Overseeing and coordinating the development and implementation of the HR strategy |
| **HR Department** |  
• Developing and implementing the HR strategy  
• Taking part in the development and implementation of the Company’s social policy |
| **Social Policy Department** |  
• Developing and implementing the social policy, social and charitable programmes |
| **HR functions of the Group companies** |  
• Implementing HR and social policies at Group companies |
| **Corporate Trust Line, offices for operational, social and labour relations** |  
• Registering complaints and queries related to employee rights |

### Key HR management regulations:
- Principles and provisions of the international law, standards of the International Labour Organisation, national laws of the countries of operation
- 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 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.

**Personnel structure by territory**

<table>
<thead>
<tr>
<th>Region</th>
<th>Headcount</th>
<th>% of Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norilsk Industrial District (NID)</td>
<td>519</td>
<td>66%</td>
</tr>
<tr>
<td>Kola Peninsula Industrial District (Murmansk Region)</td>
<td>331</td>
<td>10%</td>
</tr>
<tr>
<td>Krasnoyarsk Territory (excluding NID)</td>
<td>15</td>
<td>1%</td>
</tr>
<tr>
<td>Trans-Baikal Territory</td>
<td>10</td>
<td>0.2%</td>
</tr>
<tr>
<td>Moscow and other regions of Russia</td>
<td>1</td>
<td>0.01%</td>
</tr>
<tr>
<td>Outside Russia</td>
<td>5</td>
<td>0.06%</td>
</tr>
</tbody>
</table>

**Personnel structure by education**

<table>
<thead>
<tr>
<th>Category</th>
<th>General secondary education</th>
<th>Basic vocational education</th>
<th>Secondary vocational education</th>
<th>Undergraduate higher education</th>
<th>Higher education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moscow</td>
<td>25.8%</td>
<td>36.5%</td>
<td>20.2%</td>
<td>17.3%</td>
<td>35.6%</td>
</tr>
<tr>
<td>Region</td>
<td>17.3%</td>
<td>25.8%</td>
<td>36.5%</td>
<td>20.2%</td>
<td>35.6%</td>
</tr>
</tbody>
</table>

**Personnel structure by gender and age, %**

- **Up to 30**
  - Male: 11.6%
  - Female: 3.8%
- **30–50 years**
  - Male: 45.9%
  - Female: 19.8%
- **Over 50**
  - Male: 13.1%
  - Female: 5.9%

**Personnel structure by gender and category in 2018–2020**

<table>
<thead>
<tr>
<th>Category</th>
<th>Managers</th>
<th>White-collar employees</th>
<th>Blue-collar employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year/gender</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>2018</td>
<td>8,017</td>
<td>2,639</td>
<td>6,047</td>
</tr>
<tr>
<td>2019</td>
<td>7,979</td>
<td>2,518</td>
<td>6,189</td>
</tr>
<tr>
<td>2020</td>
<td>8,117</td>
<td>2,575</td>
<td>6,436</td>
</tr>
</tbody>
</table>

*Unless otherwise specified, the indicators included in this report represent the Group’s Russian operations.*
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.

The share of employees from among local communities was 99.7% across the Group’s companies in 2020.

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 employer 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 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.

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 international 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.

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 have labour councils representing workers. 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 Yenisei 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. 

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. 

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

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.

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.

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Incentives and rewards

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.

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.

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

| SALARY — 94% | FIXED PART — 75% |
| VARIABLE (BONUS)/PART — 25% | REGULAR BONUS — 10% |
| BENEFITS — 6% | ONE-OFF BONUS — 15% |

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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 Nornickel 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 Metals of the Russian Federation titles, while another ten were namedHonoured 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 1,172 who were granted corporate and local awards of the Group companies.

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.

**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 Norilsk nickel’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.

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**Key compensation indicators in 2020, by region [202-1]**

<table>
<thead>
<tr>
<th>Region</th>
<th>Remuneration package, RUB 'thousand</th>
<th>Average monthly salary, RUB 'thousand</th>
<th>Share of regional payroll in total payroll, %</th>
<th>Minimum compensation to statutory minimum monthly wage1</th>
<th>Statutory minimum wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group average</td>
<td>110.0</td>
<td>131.8</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nornickl Industrial District (NID)</td>
<td>138.2</td>
<td>129.1</td>
<td>64.7</td>
<td>1.0</td>
<td>31,538</td>
</tr>
<tr>
<td>Kola Peninsula Industrial District (Murmansk Region)</td>
<td>103.8</td>
<td>96.6</td>
<td>12.5</td>
<td>1.0</td>
<td>27,899</td>
</tr>
<tr>
<td>Krasnoyarsk Territory (excluding NID)</td>
<td>86.9</td>
<td>84.6</td>
<td>3.8</td>
<td>1.0</td>
<td>12,130</td>
</tr>
<tr>
<td>Trans-Baikal Territory</td>
<td>138.5</td>
<td>132.4</td>
<td>4.0</td>
<td>1.0</td>
<td>18,195</td>
</tr>
<tr>
<td>Moscow and other regions2</td>
<td>307.5</td>
<td>285.4</td>
<td>15.1</td>
<td>2.48</td>
<td>20,195</td>
</tr>
</tbody>
</table>

1 Minimum wages paid by the Company are gender neutral.
2 Data provided for Moscow only.
Nornickel’s Leaders 2.0 programme

In May 2020, Nornickel’s Leaders 2.0 training programme in 2020, it 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 150 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.

NOMINICKEL 2020

About

Group

Strategy

and management

Operational excellence

and Innovation

Human capital

Environmental responsibility

Contribution to the regional development

Appendices

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 effectivenes, 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 174 employees of capital construction PMOs.

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.

**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

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**Social expenses and benefits, RUB mln**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020 Plan</th>
<th>2020 Actual</th>
<th>2021 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health resort treatment and vacations of employees and their families</td>
<td>2,011</td>
<td>791</td>
<td>2,145</td>
</tr>
<tr>
<td>Reimbursement of round trip travel expenses and baggage fees to employees and their families</td>
<td>3,474</td>
<td>2,706</td>
<td>3,633</td>
</tr>
<tr>
<td>Pension plans</td>
<td>1,174</td>
<td>908</td>
<td>1,200</td>
</tr>
<tr>
<td>Housing programmes</td>
<td>3,184</td>
<td>825</td>
<td>3,184</td>
</tr>
<tr>
<td>Relocation assistance to new employees</td>
<td>234</td>
<td>113</td>
<td>309</td>
</tr>
<tr>
<td>Social projects for employees (development of target categories, sporting events and holiday celebrations)</td>
<td>1,057</td>
<td>649</td>
<td>1,455</td>
</tr>
<tr>
<td>Voluntary health insurance1</td>
<td>986</td>
<td>939</td>
<td>1,30</td>
</tr>
<tr>
<td>Financial aid and additional benefits to retired and former employees and their families</td>
<td>274</td>
<td>199</td>
<td>204</td>
</tr>
<tr>
<td>Other payments and social expenses (healthcare services, severance pay, etc.)</td>
<td>2,080</td>
<td>2,084</td>
<td>2,138</td>
</tr>
<tr>
<td>Total expenses related to social programmes and benefits for employees</td>
<td>14,464</td>
<td>9,304</td>
<td>15,488</td>
</tr>
</tbody>
</table>

1 Including personal accident insurance.

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**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. 

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.
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 Norilsk nickel'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.

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, Norilsk nickel 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

Norilsk nickel'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.

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, Norilsk nickel 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.

The Company 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 Norilsk nickel (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.

Norilsk nickel 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.

Participants of the Co-Funded Pension Plan, by region

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020 Plan</th>
<th>2020 Actual</th>
<th>2021 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total participants</td>
<td>13,895</td>
<td>11,519</td>
<td>12,900</td>
</tr>
<tr>
<td>Norilsk Industrial District (NID)</td>
<td>11,103</td>
<td>9,288</td>
<td>10,573</td>
</tr>
<tr>
<td>Kola Peninsula Industrial District (Murmansk Region)</td>
<td>2,767</td>
<td>2,215</td>
<td>2,932</td>
</tr>
<tr>
<td>Moscow and other regions of Russia</td>
<td>25</td>
<td>16</td>
<td>25</td>
</tr>
</tbody>
</table>

Co-Funded Pension Plan highlights

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Company costs, RUB thousand</td>
<td>520,154.2</td>
</tr>
<tr>
<td>Participant's contribution</td>
<td>3.25</td>
</tr>
<tr>
<td>Average contribution per participant, % of wages</td>
<td>4.1</td>
</tr>
<tr>
<td>Company's contribution under the Parity Plan</td>
<td>3.23</td>
</tr>
<tr>
<td>Average contribution per participant, % of wages</td>
<td>4.0</td>
</tr>
<tr>
<td>Average monthly contribution per participant, RUB thousand</td>
<td></td>
</tr>
</tbody>
</table>
Support to new employees
Nornickel provides support to newly employed staff relocating to Norilsk and the Taimyrsk Oblast - 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 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 1,368 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.

We have teamed up with various foundations to support sports in our regions of operation. Our programmes and campaigns include the Nenetsky Municipal District, including young specialists, workers, engineering staff and managers.

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, football, 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 sports events and mass sports events in Q1 2020 and 4,400 attended sports and fitness events online.

In April 2020, we launched the year’s first online project – Immune Charge. It featured online contexts and flash mobs, such as NNL_workout, Nornickel’s Sporty Family and My Family.

NNL_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. They had been employed by the Company for more than 25 years and permanently reside outside of the Norilsk Industrial District. The Fund relies on voluntary monthly contributions from employees salaries and equal charitable contributions from the Company’s budget.

The Company also provides targeted assistance to its employees through the “Sports and Family” Fund, which was established in 2002.

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.

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 Nikel 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.

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 relocations to a new place of residence, retraining, and further employment. This commitment was agreed with the Social Council and trade union organisations of Kola MMC and Pechengastroy.

In 2020, the Company launched a 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 the Pechengsky District of the Murmansk Region on employment opportunities for its redundant workers.

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 Severnikiel’s Copper refining facility (part of Kola MMC) in 2021. A total of 1,000 employees of Kola MMC and Pechengastroy are affected by this decision. We plan to extend our current support programme for smaller workers to those facing redundancy due to the copper refining facility closure.
Key social support programme benefits  ► 404-2
1. Employees ex-employed by other Norilsk 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.
2. 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.
3. 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 POLICY
Norilsk Nickel (Nornickel) is deeply committed to providing a safe and healthy workplace for all employees. The Organisation takes a strategic approach to occupational health and safety (OHS), and has developed a comprehensive system that serves to ensure the safety of both the workforce and the general public. The Occupational Health and Safety Policy (OHS Policy) is a core document of the Organisation’s Health and Safety Management System (HSM), which is a comprehensive system that is in place to protect the health and safety of all employees.

OHS Policy framework
The OHS Policy framework includes the following elements:
1. Strategic priority for OHS
2. OHS objectives
3. OHS responsibilities
4. OHS management system
5. OHS systems and processes
6. OHS training and education
7. OHS audit and review
8. OHS communication
9. OHS documentation
10. OHS reporting

1. Strategic priority for OHS
OHS is a strategic priority for Norilsk Nickel. As a company engaged in mining, processing, and smelting operations, it is essential that the Organisation ensures the health and safety of all employees. The Organisation is committed to achieving zero workplace accidents and injuries.

2. OHS objectives
The OHS objectives are to:
1. Achieve zero occupational injuries and fatalities
2. Minimise the risk of occupational illness
3. Maintain a zero incidence of occupational diseases
4. Protect the health and safety of all employees
5. Minimise the risk of environmental harm
6. Comply with all relevant OHS legislation
7. Improve the performance of all OHS systems and processes

3. OHS responsibilities
OHS responsibilities are assigned to the following bodies:
1. Board of Directors
2. First Vice President and COO
3. HSE Committees
4. HSE Department

4. OHS management system
The OHS management system includes the following processes:
1. OHS leadership and commitment
2. OHS risk management
3. OHS training and education
4. OHS audit and review
5. OHS communication
6. OHS documentation
7. OHS reporting

5. OHS training and education
OHS training and education include:
1. OHS awareness training
2. OHS competency training
3. OHS refresher training

6. OHS audit and review
OHS audit and review include:
1. Internal OHS audits
2. External OHS audits

7. OHS communication
OHS communication includes:
1. OHS information
2. OHS feedback

8. OHS documentation
OHS documentation includes:
1. OHS policies and procedures
2. OHS registers
3. OHS records

9. OHS reporting
OHS reporting includes:
1. OHS incident reports
2. OHS performance reports

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.

Health and safety management

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT
Norilsk Nickel’s (Nornickel) Health and Safety Management System (HSM) is a comprehensive system that is in place to protect the health and safety of all employees, socially disadvantaged categories of employees, and contractors. It includes health and safety (as well as additional payments for retired employees, socially disadvantaged categories of workers and participants in the Succession Programme) 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; and retention of the VHI policy for a calendar year from the date of dismissal.

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**Table:**

<table>
<thead>
<tr>
<th>Governing body</th>
<th>Responsibility</th>
</tr>
</thead>
</table>
| Board of Directors | • determining the Company’s priorities and approving the OHS plans  
|                 | • monitoring the Company’s OHS performance |
| First Vice President and COO | • organising and coordinating OHS activities  
|                 | • reporting to the Board of Directors |
| HSE Committee | • improving the efficiency of OHS organisation and prevention initiatives  
|                 | • strengthening managers’ and experts’ responsibility for creating a healthy and safe working environment  
|                 | • assessing the efficiency of OHS initiatives  
|                 | • improving the OHS management system |
| HSE Department | • developing OHS initiatives and monitoring compliance with the applicable legislation |

*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 safety 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 17.6 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

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, Tamya Fuel Company, and Polar and Murmansk Transport Divisions of MMC Nornickel.

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.

Health and safety expenses, RUB bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>10.6</td>
</tr>
<tr>
<td>2019</td>
<td>10.3</td>
</tr>
<tr>
<td>2020</td>
<td>9.7</td>
</tr>
</tbody>
</table>

Health and safety expenses per employee, RUB ‘000

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>141</td>
</tr>
<tr>
<td>2019</td>
<td>140</td>
</tr>
<tr>
<td>2020</td>
<td>136</td>
</tr>
</tbody>
</table>

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.

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 Boriling 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 risk of fatalities.

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 organizational safety measures.

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” badge.

In 2020, the Group’s companies spent on PPE procurement some RUB 3.0 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.

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.

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 puts in place contacts between alcohol screening devices to prevent intoxicated employees from accessing production facilities. The devices are running at Polar Division (mines, Copper Plant), Medvaysky 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 1.3 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 (goggles with UV filters, visors), skin protection (gloves, protective and regenerative creams, protective outerwear).

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. 403-4, 403-6

Workshop Healthcare Service 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 laceration or disease.

In 2021, Nornickel’s Corporate Health Centre will employ several hundred medical professionals arriving from other regions of Russia under long-term contracts. The Group is going to provide them with housing at its own expense. The central outpatient facility covering an area of more than 700 m² in Norilsk will be established as part of a special assessment of working conditions.

As part of its corporate healthcare development programme, the Corporate Health Centre plans to build another three medical centres in Norilsk (namely in Kayerkan, Talnakh, and the Central District) with a total area of 6,000 m². The Group came to an agreement with Monchegorski 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 data 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 undesirable 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. 13-2:2019 On Personal Data dated 26 January 2019, the Russian Federal Law No. 13-2:2019 On Personal Data dated 26 January 2019, the Russian Personal Data Protection Act, the Group’s Global Data Protection and Privacy Act, and other applicable federal laws.

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OHS control and prevention

To improve safety culture and prevent workplace injuries, Nornickel regularly takes control and prevention measures, including: 403-2, 403-3

- prevent first and 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 performance indicators for accident prevention

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2016</th>
<th>2017</th>
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<th>2019</th>
<th>2020</th>
</tr>
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<tbody>
<tr>
<td>Audits conducted: by health and safety committees (thousand)</td>
<td>&gt;31.5</td>
<td>&gt;30.8</td>
<td>&gt;30.9</td>
<td>&gt;29.8</td>
<td>&gt;48.5</td>
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<tr>
<td>Target audits conducted by managers, senior specialists and committees of the Group’s facilities and businesses (thousand)</td>
<td>6.8</td>
<td>8.7</td>
<td>9.7</td>
<td>9.6</td>
<td>10.6</td>
</tr>
<tr>
<td>Ad hoc audits (thousand)</td>
<td>8.8</td>
<td>15.3</td>
<td>15.7</td>
<td>15.5</td>
<td>27</td>
</tr>
<tr>
<td>Comprehensive audits of health and safety and relevant management systems</td>
<td>167</td>
<td>221</td>
<td>149</td>
<td>126</td>
<td>164</td>
</tr>
<tr>
<td>Coupons removed from the books of employees violating health and safety requirements (thousand)</td>
<td>3.4</td>
<td>2.9</td>
<td>2.2</td>
<td>1.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Employees subject to disciplinary action for the violation of health and safety requirements (thousand)</td>
<td>8.8</td>
<td>7.9</td>
<td>6.8</td>
<td>6.3</td>
<td>5</td>
</tr>
<tr>
<td>Employees with reduced bonus payments (thousand)</td>
<td>&gt;15</td>
<td>&gt;13.6</td>
<td>&gt;13</td>
<td>&gt;11.9</td>
<td>&gt;10</td>
</tr>
<tr>
<td>Total (RUB mln)</td>
<td>&gt;55</td>
<td>&gt;74</td>
<td>&gt;70</td>
<td>&gt;69</td>
<td>&gt;59</td>
</tr>
<tr>
<td>Employees incentivised for health and safety involvement and lower workplace injury rate as per the audit (thousand)</td>
<td>&gt;5</td>
<td>&gt;5.6</td>
<td>&gt;6.4</td>
<td>&gt;6.5</td>
<td>&gt;5</td>
</tr>
<tr>
<td>Total (RUB mln)</td>
<td>&gt;51</td>
<td>&gt;41</td>
<td>&gt;52</td>
<td>&gt;57</td>
<td>&gt;59</td>
</tr>
</tbody>
</table>

*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

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 91.2% 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

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

One of the key strategies to increasing occupational safety is improving OHS qualifications of staff. To this end, Norilsk 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 mn.

We introduced dedicated software modules for mining jobs (LHD operator, hole driller, production face mining worker, electric locomotive driver, blaster, tipple operator, conveyor operator, winder, 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 Pechnerystroymet 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.

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.

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.
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: 2 years
- for hazard class 2 facilities: 3 years
- for hazard class 3 facilities: 5 years

1. 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 16.578 mln, Lesoobrak Port — RUB 10 mln, Norilsk Nickel Support Complex — RUB 1 mln, Medvezhy Ruchey — RUB 5 mln, Yenisey River Shipping Company — RUB 4.4 mln, GRK Bystrinskoe — RUB 3 mln, TFC — RUB 1 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 classes 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

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Change in 2020 y-o-y, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIFR</td>
<td>0.11</td>
<td>0.08</td>
<td>0.05</td>
<td>0.08</td>
<td>0.08</td>
<td>—</td>
</tr>
<tr>
<td>LTIFR</td>
<td>0.35</td>
<td>0.44</td>
<td>0.23</td>
<td>0.32</td>
<td>0.21</td>
<td>-34.4</td>
</tr>
<tr>
<td>Total workplace injuries as per Russian labour laws</td>
<td>No. 56</td>
<td>61</td>
<td>32</td>
<td>44</td>
<td>30</td>
<td>-31.8</td>
</tr>
<tr>
<td>Fatal workplace injuries</td>
<td>No. 13</td>
<td>9</td>
<td>6</td>
<td>9</td>
<td>8</td>
<td>-11.1</td>
</tr>
<tr>
<td>Minor injuries</td>
<td>No. 719</td>
<td>719</td>
<td>1,043</td>
<td>1,000</td>
<td>788</td>
<td>-21.2</td>
</tr>
<tr>
<td>Potentially dangerous incidents</td>
<td>No. 1,845</td>
<td>1,771</td>
<td>2,270</td>
<td>2,220</td>
<td>1,751</td>
<td>-21.1</td>
</tr>
<tr>
<td>Occupational diseases</td>
<td>No. 339</td>
<td>361</td>
<td>318</td>
<td>290</td>
<td>235</td>
<td>-19.0</td>
</tr>
</tbody>
</table>

### Emergency preparedness system at hazardous production facilities

#### EMERGENCY CONTAINMENT AND RESPONSE PLANS AT HAZARDOUS PRODUCTION FACILITIES (HAZARD CLASSES 1, 2, 3)

- **Agreements with professional emergency rescue services and organisations across the Company’s footprint**
- **Auxiliary mine rescue teams at Polar Division and Kola MMC**
- **Drills involving employee and emergency rescue services**
- **Provisioning for emergency containment and response at hazardous production facilities**

**NORNICKEL GROUP COMPANIES HAVE SURVEILLANCE AND WARNING SYSTEMS, AND SYSTEMS FOR COMMUNICATION AND SUPPORT IN CASE OF AN ACCIDENT**

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**NOMREKAL 2020**
# Improving the emergency response system in 2020—2021

## Norilsk Nickel Group's companies

### 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 Rostechnadzor for unscheduled certification.

### 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.

### 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.

### Noriltransgaz

**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 m³ each, total capacity: 5,000 m³) at the methanol warehouse for RUB 100 mln.

**Plans for 2021:**
- Retrofit the tank farm of the condensate processing shop, replace one 5,000 m³ tank for RUB 188 mln;
- Retrofit the fuel and lubricants warehouse – tank farm, replace two 1,000 m³ tanks for RUB 104 mln;
- Retrofit foam fire suppression systems at the facilities of Noriltransgaz 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 transhipment 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 m³ 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.
<table>
<thead>
<tr>
<th>Achievements</th>
<th>Key Figures</th>
<th>Key events and facts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Greenhouse gas emissions (Scope 1+2) decreased by 2.5% by 2019 and amounted to 9.7 mln t of CO2-eq.</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>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 35% vs 2015.</td>
<td></td>
</tr>
</tbody>
</table>

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 35% vs 2015.
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.

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 CO₂-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 SO₂ 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 areas of the Holistic Environmental Strategy¹

- Climate change
- Air
- Water
- Tailing dumps and waste
- Land
- Biodiversity

Key metrics of the Holistic Environmental Strategy. Peer benchmarking

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Peer benchmarking²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>Absolute emissions, (Scope 1 and 2), mt of CO₂-eq.</td>
</tr>
<tr>
<td></td>
<td>Share of power from renewable sources, %</td>
</tr>
<tr>
<td>Air</td>
<td>NOₓ emissions, kt</td>
</tr>
<tr>
<td></td>
<td>Solid / dust emissions, t</td>
</tr>
<tr>
<td>Water</td>
<td>Total water withdrawal, mcm</td>
</tr>
<tr>
<td></td>
<td>Total wastewater discharge, mcm</td>
</tr>
<tr>
<td></td>
<td>Percentage of the water reused and recycled, %</td>
</tr>
<tr>
<td>Tailing dumps and waste</td>
<td>Share of recycled and reused non-mineral waste, %</td>
</tr>
<tr>
<td>Land</td>
<td>Total disturbed area, thousand ha</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>Experience:</td>
</tr>
<tr>
<td></td>
<td>• Support for several nature reserves (Taimyrsky Putoremsky, Pasvik Nature Reserves, Lapland Biosphere Reserve, etc.)</td>
</tr>
<tr>
<td></td>
<td>• Preservation of rare and endangered species, support for the reproduction of aquatic bioresources</td>
</tr>
</tbody>
</table>

Environment protection management

Environmental protection 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 controls³.

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.

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

² Peers include Anglo American, BHP Billiton, Vale, Rio Tinto, Freeport, for which open data for 2019 is available.

³ Of the total electricity consumption.

⁴ For more details, please see the Corporate Governance section.

For more details on the target areas of the Holistic Environmental Strategy, please see the Strategy and Management section.
Starting 25 March 2021, the Ecology Department will report to the Vice President for Ecology and Industrial Safety of MMC Norilsk Nickel.

**Body Responsibilities**

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• approves environmental policies.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Independent Environmental Task Team of the Board of Directors</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• approves environmental policies.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>First Vice President, Head of Corporate Security</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• oversees preparation of initiatives and compliance with environmental laws;</td>
<td></td>
</tr>
<tr>
<td>• assesses the environmental management system;</td>
<td></td>
</tr>
<tr>
<td>• submits reports to the Board of Directors.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Department</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• develops a policy to minimise the environmental impact and restore ecosystems in the regions of Norilsk’s operations;</td>
<td></td>
</tr>
<tr>
<td>• manages environmental risks effectively;</td>
<td></td>
</tr>
<tr>
<td>• ensures compliance of the Company’s operations with the applicable environmental laws, environmental policy and ISO 14001:2015;</td>
<td></td>
</tr>
<tr>
<td>• reviews the Company’s development projects from the environmental perspective.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Monitoring Centre</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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;</td>
<td></td>
</tr>
<tr>
<td>• develops and implements an automated environmental safety monitoring system;</td>
<td></td>
</tr>
<tr>
<td>• controls completeness of environmental emergency response plans, the sufficiency of funds and other resources to respond to emergencies and eliminate their consequences.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inspection for Monitoring Technical, Production and Environmental Risks</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td>• implement environmental initiatives and prepare federal statistical and corporate reports.</td>
<td></td>
</tr>
</tbody>
</table>

Precautionary approach

In accordance with its Investment Project Risk Management Regulations, Nornickel 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.  

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 certified 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 re-certification audit was conducted at the Company’s Head Office, Polar Division, Polar Transport Division, and Murmansk Transport Division is scheduled for 2021.

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.  

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.

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.

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.

**Expenditure item** | **2017** | **2018** | **2019** | **2020**
---|---|---|---|---
Current environmental protection expenditures | 20,607.06 | 19,161.00 | 21,579.19 | 21,812.90
Capital investments to ensure environmental protection and sustainable use of natural resources | 4,081.95 | 12,607.28 | 17,005.12 | 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
Environmental expenditures and costs | 26,760.11 | 32,464.99 | 39,472.21 | 34,622.91

1 Starting 23 March 2021, this function will be assigned to the Vice President for Ecology and Industrial Safety of MMC Norilsk Nickel.
2 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

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air emissions</td>
<td>t / RUB mln</td>
<td>3.53</td>
<td>3.44</td>
<td>2.64</td>
<td>2.22</td>
</tr>
<tr>
<td>Water withdrawal</td>
<td>thousand m³ / RUB mln</td>
<td>0.60</td>
<td>0.63</td>
<td>0.49</td>
<td>0.36</td>
</tr>
<tr>
<td>Water consumption</td>
<td>thousand m³ / RUB mln</td>
<td>2.67</td>
<td>2.50</td>
<td>1.94</td>
<td>1.53</td>
</tr>
<tr>
<td>Effluents</td>
<td>thousand m³ / RUB mln</td>
<td>0.26</td>
<td>0.28</td>
<td>0.23</td>
<td>0.16</td>
</tr>
<tr>
<td>Pollutants in effluents</td>
<td>t / RUB mln</td>
<td>0.35</td>
<td>0.40</td>
<td>0.32</td>
<td>0.24</td>
</tr>
<tr>
<td>Waste generation</td>
<td>kt / RUB mln</td>
<td>0.06</td>
<td>0.06</td>
<td>0.04</td>
<td>0.04</td>
</tr>
</tbody>
</table>

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.

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 Nornickel. 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 Belayanny Stream. Through the Belayanny 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. Roshhznadzor 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 efforts

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.

Clean-up efforts

- 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
- As at the end of September, 35,000 m³ 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

The damage caused by the incident was fully eliminated.

Main stages of the clean-up and environmental reclamation programme

<table>
<thead>
<tr>
<th>Stage 1 and 2: Clean-up (29 May – June)</th>
<th>Stage 3: Residue collection, transportation, and disposal (June–October)</th>
<th>Stage 4: Rehabilitation/disposal (ongoing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Design/construction defects</td>
<td>• Incompetence of concentrator management</td>
<td>• Line management negligence</td>
</tr>
<tr>
<td>• Permafrost thawing as a result of climate change</td>
<td>• Water tests detected no excess of permissible concentration limits for pollutants</td>
<td>• The environment was rehabilitated</td>
</tr>
</tbody>
</table>

Elimination of damage caused by environmental industrial incidents in 2020: results

23 June 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.

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.

Off this amount, RUB 145.5 mln was paid to Russia’s federal budget and RUB 685 mln went into the budget of Norilsk.
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 RosTechnadzor;
- ad-hoc audit of all 800+ 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 power plants and modernise fuel storage tanks.

In 2020, the Company’s total costs associated with pipeline systems, and modernise fuel storage tanks.

In 2020, 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;
- 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/

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;
- track back the history of anthropogenic pollutions on the Taimyr Peninsula;
- track changes in biocenosis 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 Puyasina River.

The current state of land ecosystems near Norilsk up until the Ambarnaya River delta was deemed unsatisfactory in terms of pollution levels and their transformation. At the same time, the researchers moved away from the fuel spill site, the ecosystem demonstrated a consistent improvement from satisfactory (from the Ambarnaya River to the sources of the Puyasina River) to excellent (from the mouth of the Tareya River to the Kara Sea).
An analysis of soils at the site of the spill shows that the diesel fuel had not significantly affected the permafrost, with no changes observed in the permafrost or in the thermal regime of the soil. 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 area;
- the spill did not cause a cascade effect whereby the extinction of one species in an ecosystem leads to the extinction of others; and
- the incident did not cause a cascade effect whereby the extinction of one species in an ecosystem leads to the extinction of others.

Moreover, data collected and obtained during and after the spill showed that the diesel fuel did not have a significant impact on the local environment. Diesel fuel samples collected from various locations in the area, including the Norilsk area, showed no significant changes in the chemical composition of the soil or the water. In addition, 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; and
- 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 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 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 through the recycling of 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 consideraton 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

Risk of soil thawing

Around 80% of the Company’s production units are hazardous and belong to different hazard categories with 26% 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 under the 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.

Climate change opportunities

Limited water resources may cause water shortages in storage reservoir’s 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 hydroturbine units.

For more details on the assessment and management of these risks, please see the Risk Management section.

Risk of insufficient water resources

High consumption of electricity from renewable sources, large percentage of reused and recycled water and one of the industry’s lowest CO2 emission rates strengthen the Company’s position in this area. Currently in the bit quartile of the GHS emissions intensity curve among global metals and mining companies, Nornickel intends to sustain these positions going forward.
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).

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 CO₂ 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.

Climate change: allocation of responsibility

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>• Approves and follows up on Nornickel’s Development Strategy and Holistic Environmental Strategy • Reviews comprehensive risk reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Department</td>
<td>• Develops measures to be taken under the Holistic Environmental Strategy (including its climate change section) • Calculates greenhouse gas emissions</td>
</tr>
<tr>
<td>Sustainable Development Department</td>
<td>• Ensures the Company’s compliance with the international climate change standards and guidelines • Prepares public reports on climate change, in particular, in accordance with TCFD requirements</td>
</tr>
<tr>
<td>Inspection for Monitoring Technical Production and Environmental Risks</td>
<td>• Assures the accuracy of environmental, technical and production risks assessment in terms of their probability and impact under the applicable corporate procedures</td>
</tr>
<tr>
<td>Risk Management Service</td>
<td>• Ensures methodological support of climate risk analysis, submits comprehensive risk reports to the Management Board and the Board of Directors</td>
</tr>
<tr>
<td>Production facilities</td>
<td>• Implement measures in pursuance of the Holistic Environmental Strategy (including climate change-related)</td>
</tr>
</tbody>
</table>

Climate change: allocation of responsibility

1 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).

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.
Key results

Greenhouse gas emissions

In 2020, 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 (CO2), nitrogen oxide (N2O), methane (CH4). 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 CO2 equivalent.

In 2020, direct GHG emissions (Scope 1) reduced by 298.99 kt (4.09%) of CO2 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, as well as by the implementation of Sulphur Programme 2.0 (using limestone). Indirect energy-related GHG emissions (Scope 2) increased by 46.0 kt (10.22%) of CO2 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.

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When calculating the GHG emissions for the Group, the following GHGs were taken into account: carbon dioxide (CO2), nitrogen oxide (N2O), methane (CH4). However, the share of direct methane emissions (mainly generated by gas transportation units) in the total volume of emissions is small totaling around 150 thousand tonnes of CO2 equivalent per annum. Quantitative assessment of GHG emissions also includes estimated GHG emissions associated with the implementation of Sulphur Programmes 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 298.99 kt (4.09%) of CO2 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, as well as by the implementation of Sulphur Programme 2.0 (using limestone). Indirect energy-related GHG emissions (Scope 2) increased by 46.0 kt (10.22%) of CO2 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 CO2 equivalent.

In 2020, the share of power from renewable sources amounted to 46% for the Group and 55% for the Norilsk Industrial District.

Norilsk Nickel’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 outdated transformers with more sustainable modern equipment.

Additionally, in 2020 Norilsk Nickel’s Investment Committee approved the project focused on building an LMC plant in the Norilsk Industrial District and shifting to dual-fuel vehicles. The project will help cut expenses associated with the development of infrastructure for oil product storage, transhipment and transportation in Norilsk, reduce respective expenses 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 Medvedysh-Ruchy 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 updating the operations of its energy supply centre.

GHG emissions, kt of CO2 equivalent

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 1+2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>327</td>
<td>5,011.3</td>
<td>5,338.3</td>
</tr>
<tr>
<td>2019</td>
<td>449.8</td>
<td>9,501.7</td>
<td>9,951.5</td>
</tr>
<tr>
<td>2020</td>
<td>495.8</td>
<td>9,202.8</td>
<td>9,698.6</td>
</tr>
</tbody>
</table>

*In 2021, the emissions data for 2018–2020 was updated and supplemented, including in terms of inventory boundaries.
Taking into account the diesel fuel lost as a result of the NTEC’s HPP-3 accident on 29 May 2020.

### Total energy consumption by Nornickel Group, TJ

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fuel consumption</td>
<td>172,425</td>
<td>156,568</td>
<td>148,010</td>
<td>144,772</td>
<td>141,237</td>
</tr>
<tr>
<td>2. Energy from renewable sources (1%)</td>
<td>11,856</td>
<td>12,414</td>
<td>14,877</td>
<td>15,058</td>
<td>15,310</td>
</tr>
<tr>
<td>3. Electric power and heat procured from third parties</td>
<td>8,068</td>
<td>10,483</td>
<td>10,031</td>
<td>11,331</td>
<td>11,200</td>
</tr>
<tr>
<td>4. Electricity and heat sales to third parties</td>
<td>19,882</td>
<td>19,503</td>
<td>18,926</td>
<td>18,766</td>
<td>17,254</td>
</tr>
<tr>
<td>5. Group’s total energy consumption (1 + 2 + 3 – 4)</td>
<td>173,367</td>
<td>159,562</td>
<td>155,792</td>
<td>152,395</td>
<td>150,493</td>
</tr>
<tr>
<td>6. Energy intensity, TJ / RUB mln1</td>
<td>316</td>
<td>298</td>
<td>214</td>
<td>174</td>
<td>135</td>
</tr>
</tbody>
</table>

### Fuel consumption by Group companies by type of fuel, TJ

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel and fuel oil</td>
<td>15,423</td>
<td>15,221</td>
<td>13,788</td>
<td>13,535</td>
<td>13,939</td>
</tr>
<tr>
<td>Natural gas</td>
<td>151,081</td>
<td>134,709</td>
<td>129,335</td>
<td>125,329</td>
<td>122,216</td>
</tr>
<tr>
<td>Coal</td>
<td>2,132</td>
<td>1,460</td>
<td>1,660</td>
<td>2,087</td>
<td>2,180</td>
</tr>
<tr>
<td>Gasoline and aviation fuel</td>
<td>3,789</td>
<td>5,578</td>
<td>4,527</td>
<td>3,820</td>
<td>2,902</td>
</tr>
</tbody>
</table>

### Fuel and energy savings resulting from energy consumption reduction and energy efficiency improvement initiatives

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Polar Division</th>
<th>NTEC</th>
<th>Kola MMC</th>
<th>Medvody Rushey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total savings, TJ</td>
<td>2,781</td>
<td>150</td>
<td>1,078</td>
<td>76</td>
</tr>
<tr>
<td>including</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>302</td>
<td>3</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Heat in water and steam</td>
<td>617</td>
<td>85</td>
<td>0</td>
<td>64</td>
</tr>
<tr>
<td>Fuel</td>
<td>1,862</td>
<td>62</td>
<td>1,022</td>
<td>0</td>
</tr>
<tr>
<td>including</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Natural gas</td>
<td>1,862</td>
<td>62</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Diesel fuel and fuel oil</td>
<td>0</td>
<td>0</td>
<td>1,022</td>
<td>0</td>
</tr>
</tbody>
</table>

1 RUB mln of consolidated revenue.

Air protection

Reduction of air emissions is the key objective pursued by the Company’s corporate unit 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 pollutants – 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, 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 used 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 SO2 capturing practices and transition to green production. To deliver on the above strategic objectives, the Company launched Sulphur Programme 2.0 for providing 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

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413-2
Air pollutant emissions, kt

<table>
<thead>
<tr>
<th>Year</th>
<th>Kola MMC</th>
<th>Polar Division</th>
<th>Other business units and divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>132.9</td>
<td>1,787.6</td>
<td>16.0</td>
</tr>
<tr>
<td>2017</td>
<td>121.9</td>
<td>1,705.0</td>
<td>19.3</td>
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<tr>
<td>2018</td>
<td>117.4</td>
<td>1,789.0</td>
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</tr>
<tr>
<td>2019</td>
<td>110.8</td>
<td>1,819.2</td>
<td>22.7</td>
</tr>
<tr>
<td>2020</td>
<td>83.4</td>
<td>1,857.5</td>
<td>27.2</td>
</tr>
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</table>

Air emissions by pollutant, kt

<table>
<thead>
<tr>
<th>Year</th>
<th>Nitrogen oxides</th>
<th>Sulphur dioxide</th>
<th>Solids</th>
<th>Other pollutants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10.1</td>
<td>1,878.0</td>
<td>14.3</td>
<td>34.1</td>
</tr>
<tr>
<td>2017</td>
<td>11.4</td>
<td>1,785.0</td>
<td>13.4</td>
<td>36.4</td>
</tr>
<tr>
<td>2018</td>
<td>11.2</td>
<td>1,869.6</td>
<td>14.5</td>
<td>31.3</td>
</tr>
<tr>
<td>2019</td>
<td>10.3</td>
<td>1,898.1</td>
<td>13.3</td>
<td>30.9</td>
</tr>
<tr>
<td>2020</td>
<td>10.0</td>
<td>1,910.8</td>
<td>14.6</td>
<td>32.8</td>
</tr>
</tbody>
</table>

Sulphur Programme 2.0 roadmap

- **Kola Division**
  - 2020: Optimization of smelting operations in Nickel to cut SO₂ emissions in the Russia-Norway border zone. 50% reduction in SO₂ emissions in Nickel and Zapolyarny.
  
- **Norilsk Division**
  - 2020: Shutdown of smelting operations in Nickel and copper production at the Refining Shop on the Kola Peninsula. 85% reduction in SO₂ emissions at Kola Division.
  - 2021: Launch of anchor Sulphur Programme 2.0 project at NMP to capture furnace gases. 45% reduction in SO₂ emissions at Norilsk Division.
  - 2025: Launch of Sulphur Programme 2.0 at Copper Plant to capture furnace and converter gases. 90% reduction in SO₂ emissions at Norilsk Division.

- **2030+**: Capturing of low SO₂ gases (incl. converter gases) at NMP. 95%+ reduction in SO₂ emissions at Norilsk Division.

In 2020, SO₂ emissions in Nickel near the Russia-Norway border were down 58% vs 2015.

*1 Compared to the base year (2015)
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 Miskovskoe and Severo-Miskovskoe open-pit mines with an expected output of 6.5 mtpa of limestone, and related infrastructure. The initiative is designed to provide limestone for the integrated projects to capture sulphur dioxide 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 Nikel town and the city of Zapolyarny. By 2021, Kola MMC emissions are expected to drop by 85% vs 2015.

Norilsk Nickel’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 use water implement surveillance programmes for water bodies and water protection zones.

To improve water use efficiency at its key production facilities, Norilsk Nickel 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;
- ensure 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 sources, effluents from third parties and natural water bodies and related habitats.

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### Effluents by destination in 2020, mcm

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Surface water bodies</th>
<th>NTEC network</th>
<th>Municipal and other water networks (excluding NTEC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>202.5</td>
<td>172.3</td>
<td>15.2</td>
<td>15.0</td>
</tr>
</tbody>
</table>

### Total effluents, mcm

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Surface water bodies</th>
<th>NTEC network</th>
<th>Municipal and other water networks (excluding NTEC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>38.7</td>
<td>77.8</td>
<td>22.6</td>
<td>4.5</td>
</tr>
<tr>
<td>2017</td>
<td>45.3</td>
<td>78.2</td>
<td>22.3</td>
<td>1.8</td>
</tr>
<tr>
<td>2018</td>
<td>35.0</td>
<td>91.6</td>
<td>25.6</td>
<td>12.3</td>
</tr>
<tr>
<td>2019</td>
<td>23.7</td>
<td>74.6</td>
<td>22.1</td>
<td>22.0</td>
</tr>
<tr>
<td>2020</td>
<td>33.7</td>
<td>104.8</td>
<td>25.9</td>
<td>38.1</td>
</tr>
</tbody>
</table>

### Sustainable waste and tailing dump management

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 Savery 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.

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 undisrupted 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.

### Effluents by destination in 2018, mcm

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Surface water bodies</th>
<th>NTEC network</th>
<th>Municipal and other water networks (excluding NTEC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>104.8</td>
<td>143.6</td>
<td>147.6</td>
<td>164.5</td>
</tr>
</tbody>
</table>

### Total effluents, mcm

<table>
<thead>
<tr>
<th>Year</th>
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<th>Surface water bodies</th>
<th>NTEC network</th>
<th>Municipal and other water networks (excluding NTEC)</th>
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</tr>
<tr>
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<td>23.7</td>
<td>74.6</td>
<td>22.1</td>
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</tr>
<tr>
<td>2020</td>
<td>33.7</td>
<td>104.8</td>
<td>25.9</td>
<td>38.1</td>
</tr>
</tbody>
</table>

### Division/subsidiary Number of tailing dumps User

<table>
<thead>
<tr>
<th>Division/subsidiary</th>
<th>Number of tailing dumps</th>
<th>User</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polar Division</td>
<td>2</td>
<td>Tannah Concentrator, Nadazhda Metallurgical Plant</td>
</tr>
<tr>
<td>Medvedy Ruchey LLC</td>
<td>2</td>
<td>Norilsk Concentrator</td>
</tr>
<tr>
<td>Kola MMC</td>
<td>1</td>
<td>Zapoljarny Concentrator</td>
</tr>
<tr>
<td>GRK Bystrinsky LLC</td>
<td>1</td>
<td>Bystrinsky Concentrator</td>
</tr>
</tbody>
</table>

### NORTNICKEL 2020

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 analyzing such risks, developing relevant controls and reviewing them for effectiveness.

Internal and external review and assurance processes are in place so that controls for tailing risks can be comprehensively assessed and continually improved. The Federal Service for Ecological, Technological and Nuclear Supervision (Rostechnadzor) 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 Rostechnadzor-certified agency after 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.
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 Rostechnadzor. In addition, the Company and Rostechnadzor carry out annual inspections of hydraulic structures prior to freshets.

All Norilnickel’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 in place. Norilnickel 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:


The Company is developing Oktjabrskoye, Talnakhskoye and Noril'sk-1 Deposits on the Taimyr Peninsula, Zhelansoykoye, Zapolyarnoye, Kotelivskaya and Semiletka Deposits on the Kola Peninsula, and the Bystirniskoye Deposit in the Trans-Baikal Territory.

Norilnickel 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 straights 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

Environmental monitoring of changes in the ecosystem components

- State and public environmental review
- Environmental Impact Assessment (EIA):
  - review of layout options and technology
  - environment analysis and environmental impact assessment
  - monitoring programmes
  - public discussions with local communities
- Potential negative impact mitigants
- Monitoring programmes
- Public discussions with local communities
- Environmental measures taken: protection of air, subsoil resources, plants and animal species, habitats, water resources, water life, land resources and soil; waste management

Waste removal and disposal, land rehabilitation and improvement measures

Red List species found in the Pasvik, Lapland and Putoransky, pcs. 304-4

Indicator | Pasvik | Lapland | Putoransky
---|---|---|---
On the IUCN Red List, of which | 79 | 23 | 6
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 | -
On Russia's Red Data Book, of which | 21 | 25 | 13
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
On the Murmansk Region’s and Krasnoyarsk Territory’s Red Data Books | 119 | 165 | 13

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 biotopes.
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 State Nature 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.

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.

Pavsk Nature Reserve

The Pavsk State Nature Reserve is featured as one of the Wetlands for the Shadow List of Ramsar Sites under the name of Flanvern - Schanning’s Field Base. It covers a total area of over 14,000 ha. Pavsk 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 Pavsk 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 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. The 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.

Rybachy and Sredny Peninsula 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.

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 whitefish released were released into the Venisey 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 sturgeon 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 brook trout.
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 into 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 Norilnick 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 (NH3) and nickel (Ni), and discharges of nickel, sulphates (SO4^2-) and ammonia ions (NH4^+).

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.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial wastewater (‘000 m³)</td>
<td>988</td>
<td>961</td>
<td>1,000</td>
</tr>
<tr>
<td>Pollutants in industrial wastewater (t)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ni</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>• SO4^2-</td>
<td>30,189</td>
<td>30,497</td>
<td>30,900</td>
</tr>
<tr>
<td>• NH4^+ (rebased to nitrogen)</td>
<td>70</td>
<td>62</td>
<td>60</td>
</tr>
<tr>
<td>Total water consumption (mcm)</td>
<td>11.8</td>
<td>11.5</td>
<td>11.4</td>
</tr>
<tr>
<td>Total air pollutant emissions (t)</td>
<td>85.2</td>
<td>39.6</td>
<td>34.7</td>
</tr>
<tr>
<td>• Ni</td>
<td>1.2</td>
<td>1.6</td>
<td>1.3</td>
</tr>
<tr>
<td>• NH3</td>
<td>84</td>
<td>38</td>
<td>33.4</td>
</tr>
<tr>
<td>Waste generation (kt)</td>
<td>2.8</td>
<td>5.7</td>
<td>5.1</td>
</tr>
<tr>
<td>Waste disposal (kt)</td>
<td>1.1</td>
<td>1.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Power consumption (GWh)</td>
<td>209</td>
<td>195</td>
<td>203</td>
</tr>
<tr>
<td>Power consumption for heating/cooling (GWh)</td>
<td>150</td>
<td>142</td>
<td>141</td>
</tr>
<tr>
<td>Steam consumption (GWh)</td>
<td>327</td>
<td>230</td>
<td>221</td>
</tr>
<tr>
<td>Environmental expenses, USD mln</td>
<td>0.7</td>
<td>2.7</td>
<td>3.5</td>
</tr>
</tbody>
</table>

*Over 95% is water withdrawn from surface sources (Kokemäenjoki River).
Contribution to the regional development

Achievements

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.

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.
Contribution to the regional development

Key regions

Krasnoyarsk Territory

Area — 2,366,800 sq/km
Population — 2,837,587 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
- 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
- Support for vocational and supplementary education
- Implementation of the World of New Opportunities programme, supporting and promoting regional public initiatives
- Development of modern housing and utilities, city and village improvement initiatives

Social
- Assistance in containing the spread of COVID-19
- 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

Environmenal
- Implementation of environmental protection, preservation of the Kola Peninsula’s natural ecology and landscapes
- Organisation and backing of environmental campaigns

Murmansk Region

Area — 144,900 sq km
Population — 733,150 people

Mineral resources
- Apatite, nickel, iron, copper, cobalt, palladium, platinum and PGMs, peat

Economic
- Mining
- Metallurgy
- Fishing

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 — 421,900 sq km
Population — 1,059,700 people

Mineral resources
- Copper, uranium, molybdenum, titanium, gold, tungsten, iron, zinc, silver, lead, coal

Economic
- Mining
- Production and distribution of electricity, gas and water
- Non-ferrous metallurgy
- Machinery and equipment manufacturing
- Food production

Key areas of cooperation with the Trans-Baikal Territory

Economic
- Bydrevskoye 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

The Krasnoyarsk Territory and the Norilsk Industrial District.
Key social and environmental projects

- Social and economic partnership
- Transport
- Quality of life
- Culture
- Sports
- Education
- Environment

- 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 SAE 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-rally
- City Volunteers charity fair
- Annual release of the juveniles of valuable fish species into water bodies

- Reconstruct 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

- 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

- Federation of Northern Multisport Races
- Relocation to regions with favourable climatic conditions
- Zero Negative Environmental Impact campaign

- 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
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 Taimyrsko-Dolgano-Nenetskiy Municipal District of the Krasnoyarsk Territory, the Pecheginsky District of the Murmansk Region, the Tazovsky District of the Yamal-Nenets Autonomous Area, and the Gazimuro-Zavodovsky 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.

The information presented in this section refers to the Group’s Russian operations.

1 The 2020 plan was updated in the reporting period and therefore may vary from the data presented in the 2019 Sustainability Report.
About Development Department

Head of the Sustainable Group's budget for 2021. Inclusive of VAT.

2  Tax and non-tax payments for 2016–2019 have been adjusted, as dividend income was included in the corporate income tax calculations.

3 Payments to the Trans-Baikal Territory budget have been presented separately since 2017.

41.6 47.8 55.9 104.2 85.1

92.1 102.0 120.3 198.3 176.0

including to:

• Federal budget

14.9 15.8 23.0 37.7 34.2

4.7 5.0 5.2 8.0 9.8

7.8 8.2 10.6 19.9 18.2

• Trans-Baikal Territory budget

– 0.9 1.2 3.2 2.6

Tax and non-tax payments to local, regional and federal budgets, RUB bn. ²

Budget 2016 2017 2018 2019 2020

Total tax and non-tax payments

Employment of local population

The Company provides ample career guidance and job opportunities for local communities across its key regions of operation.

Food delivery

During the lockdown, the Podolskikh 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.

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

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 Norilnickel 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, Norilnickel 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 to Norilnickel to fight COVID-19 and maintain social stability across its footprint ¹:

• over 372,000 COVID-19 test kits

• 150,000 express antibody test kits

• 15 mobile labs

• 12 stationary labs

• 7 ambulances

• 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 Norilnickel’s interest-free loans;

• SMEs were offered RUB 61 mn in freight delivery discounts, while 27 non-profit organisations received utility payment subsidies;

• a further RUB 100 mn 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 mn.

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, Norilnickel personnel, and small and medium-sized businesses working remotely, and given that the schooling process has now gone online, Edinotv (a subsidiary of Norilnickel 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.

1 In 2020, about RUB 12 bn from this amount was allocated for these purposes, and another RUB 10 bn is reserved in the Group’s budget for 2021. Inclusive of VAT.

2 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. 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.

Key social infrastructure development projects in 2020

Focus area Projects

Krasnoyarsk Territory

Land improvements • Landscaping of the Dolgoye Lake embankment in Norilsk
• Routine repairs and equipment purchases for public institutions
• Local landscaping projects, modern public spaces in Norilsk

Sports • Building a multi-purpose sports and recreation centre for team sports in Norilsk
• Supporting Norilsk-based sports organisations and institutions, implementing sports development projects

Culture and education • Supporting Norilsk-based culture and art organisations and institutions

Transport • Subsidising passenger bus services in Norilsk

Tourism • Creating an Arctic tourism cluster

Housing • In 2020, a residential housing construction programme in the Taimyr villages of Ust-Avam and Volochnaya has been approved for 2021–2024.

Society • Supporting local organisations that help disabled or rehabilitated people
• Provision of free hot meals for the low-income population of Norilsk
• Helping organise and run professional festivals for tundra inhabitants, the Reindeer Herder’s Day and the Fisherman’s Day
• Financing summer recreation for kids from special extra-familial child care institutions
• Supporting Norilsk NPOs by hosting anniversary commemorations and festivals, Forums and conferences, organising city-wide events and campaigns
• Supporting a local religious organisation, the Orthodox parish of the Joy of All Who Sorrow Cathedral in Norilsk

2.8 RUB bn

In 2020, the Company spent on social infrastructure development projects.

Unemployment in key communities

<table>
<thead>
<tr>
<th>Unemployment rates</th>
<th>2019</th>
<th>2020</th>
<th>2020/2019, △</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norilsk</td>
<td>0.6%</td>
<td>1.4%</td>
<td>0.8 p.p.</td>
</tr>
<tr>
<td>Taymyrsky Dolgano-Nenetsky Municipal District</td>
<td>0.8%</td>
<td>1.2%</td>
<td>0.4 p.p.</td>
</tr>
<tr>
<td>Krasnoyarsk Territory</td>
<td>0.8%</td>
<td>3.5%</td>
<td>2.7 p.p.</td>
</tr>
<tr>
<td>Monchegorsk</td>
<td>2.2%</td>
<td>2.2%</td>
<td>0.0 p.p.</td>
</tr>
<tr>
<td>Zapoluyan</td>
<td>2.0%</td>
<td>1.9%</td>
<td>-0.1 p.p.</td>
</tr>
<tr>
<td>Nickel</td>
<td>3.3%</td>
<td>3.0%</td>
<td>-0.3 p.p.</td>
</tr>
<tr>
<td>Murmansk Region</td>
<td>1.7%</td>
<td>2.7%</td>
<td>1.0 p.p.</td>
</tr>
</tbody>
</table>

Unemployment in key communities¹

¹At the end of the reporting year.

Cooperation development in figures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Krasnoyarsk Territory</th>
<th>Murmansk Region</th>
<th>Krasnoyarsk Territory</th>
<th>Murmansk Region</th>
<th>Krasnoyarsk Territory</th>
<th>Murmansk Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement tenders for goods and services held by the Company</td>
<td>1,516</td>
<td>673</td>
<td>1,863</td>
<td>501</td>
<td>1,905</td>
<td>460</td>
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<tr>
<td>Locally awarded procurements as a share of tenders held by the Company, %</td>
<td>57.7</td>
<td>49.5</td>
<td>59.8</td>
<td>41.7</td>
<td>50</td>
<td>39</td>
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<tr>
<td>The Group’s spending on local procurements, RUB mln</td>
<td>12.5</td>
<td>1.8</td>
<td>15.6</td>
<td>1.7</td>
<td>22.3</td>
<td>1.6</td>
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<tr>
<td>including</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>• services</td>
<td>9.4</td>
<td>1.6</td>
<td>13.1</td>
<td>0.3</td>
<td>18.6</td>
<td>0.2</td>
</tr>
<tr>
<td>• materials</td>
<td>2.2</td>
<td>0.2</td>
<td>1.6</td>
<td>1.4</td>
<td>3.0</td>
<td>1.4</td>
</tr>
<tr>
<td>• food supplies</td>
<td>0.9</td>
<td>—</td>
<td>0.9</td>
<td>—</td>
<td>0.7</td>
<td>—</td>
</tr>
</tbody>
</table>
Key social infrastructure development projects in 2020

**Focus area: Projects**

**Trans-Baikal Territory**
- Land improvements: Renovating Dekabristov Square in Chita
- Renovating the 2nd floor lobby of the children’s art centre
- Developing design documents to renovate Voskhod community centre in Nickel
- Developing the Growth Trajectory youth movement and the volunteer movement and supporting creative youth projects

**Culture**
- Developing design documents to renovate Voskhod community centre in Nickel

**Sports**
- Promoting children’s hockey based on the Murman Bandy Club
- Promoting the Murman Bandy Club

**Education**
- Developing the Growth Trajectory youth movement and the volunteer movement and supporting creative youth projects

**Society**
- “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)
- 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
- Developing the Growth Trajectory youth movement and the volunteer movement and supporting creative youth projects

**Murmansk Region**
- Land improvements: Office refurbishment for the Monchegorsk Society for the Disabled
- Implementing a project to improve urban environment in Zapolyarny (Health Trail)
- Running My Yard social initiative

**Sports**
- Supporting youth hockey
- Promoting children’s hockey based on the Murman Bandy Club

**Culture**
- Developing design documents to renovate Voskhod community centre in Nickel

**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 “phygially”.

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.

In 2020, approximately 27 thousand people from across the Company’s regions of operation took part in the World of New Opportunities events.

Key dimensions of the World of New Opportunities programme in 2020:

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Programmes and projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEVELOP!</td>
<td>• We Are the City social technologies forum</td>
</tr>
<tr>
<td></td>
<td>• Socially Responsible Initiatives Competition</td>
</tr>
<tr>
<td></td>
<td>• World of Taimyr project competition</td>
</tr>
<tr>
<td></td>
<td>• Workshop of Urban Activities</td>
</tr>
<tr>
<td></td>
<td>• School Break educational project</td>
</tr>
<tr>
<td></td>
<td>• School of Urban Competencies</td>
</tr>
<tr>
<td>INVENT!</td>
<td>• IMake engineering marathon</td>
</tr>
<tr>
<td>ACT!</td>
<td>• Course in social entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>• Social Business Projects Accelerator</td>
</tr>
<tr>
<td></td>
<td>• Rally of Social Entrepreneurs from the North</td>
</tr>
<tr>
<td>CREATE!</td>
<td>• Projects of regional development institutions:</td>
</tr>
<tr>
<td></td>
<td>• Norilsk Development Agency</td>
</tr>
<tr>
<td></td>
<td>• Second School Centre for community initiatives of the Pechengsky District</td>
</tr>
<tr>
<td></td>
<td>• Monchegorsk Development Agency</td>
</tr>
</tbody>
</table>
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 Norilsk’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:

- shoe making workshops for traditional hunting footwear made from processed elk skin;
- digital literacy training for seniors;
- adaptive training for kids with disabilities;
- improving and refurbishing public spaces;
- identifying and supporting gifted children;
- preserving and reviving cultural heritage;
- 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 socially-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 Academy’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 joint efforts 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.

World of Taimyr project competition
In December 2020, Norilskel announced the launch of its 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 8.5 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.

Socially Responsible Initiatives Competition
Honourable Mention at the Los Angeles Film Awards.

In 2020, Norilskel continued 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.

IMAKE engineering marathon

In 2020, IMAKE marathon, aimed at motivating school students to get into project work and pursue ideas, was held online. The marathon is conducted in stages, whose purpose is to grow the INVENT! idea and invention marketplace added. Young inventors were given an opportunity to present their inventions, was held online. In 2020, it drew more than 1,300 young inventors, with the finals’ 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 IMAKE marathon was launched, with 150 school students ultimately selected to become the new IMAKE legislators. The project’s iLapmag 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.

CREATE!

Norilskel 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 6,500 SME employees receiving masks, gloves and sanitizers;
- 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 subsidising cargo transportation as part of the investment projects in the Arctic zone.

### Norilsk Development Agency’s projects in 2020

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Projects</th>
</tr>
</thead>
</table>
| Investment | • Supporting 16 investment projects in Norilsk  
• IT-Cube Digital Education Centre for Children in Norilsk |
| Developing the business environment | • Business Adaptation project  
• Business Online project  
• Business in the Arctic project |
| Fostering tourism | • Creating an Arctic tourist cluster |
| Developing the urban environment | • Norilsk’s yard master plan  
• Norilsk’s colour standards handbook  
• Dolgoye Lake recreation park  
• 1 Leninsky Avenue  
• City lights  
• Mosaic panels  
• Attraction of Taimyr festival |
| Social, cultural, and educational projects | • Academy of Creative Industries  
• Cultural Management Strategy and Practice educational programme  
• North online gastronomic festival  
• Big Argish festival  
• Arctic street art gallery in Norilsk  
• Nationwide competition for New Names charitable scholarship |

### 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, an expedition to Maria Pronchisheva 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 Syndasko and Popyagi as potential tourist destinations and collected information for the further development of the master plan for the Arctic tourist cluster.

1. Putorana Plateau subcluster: Putorana Plateau (a UNESCO World Heritage Site), two natural heritage sites
2. Hatanga subcluster: Anabar Plateau and Popyagi Astrobleme
3. Lake Taimyr subcluster: Lake Taimyr and Byranga Mountains
4. Arctic Coast subcluster: New Arctic cruise routes
5. Dikson subcluster: International support, the focus of the government’s interests in the Arctic zone
Social and cultural events

North gastronomic festival. The pandemic transformed the 2020 festival’s format, with people cooking in their kitchens together with the chiefs 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, with 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 Ballosom, 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.  

Together with the authorities, members of the local community, and Russia’s Mineralogy 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.

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, multi-child 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 different interest groups, preserving local 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).
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 10 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 (#OMOON), 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 2019, 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 its 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 gift 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 Nornickel (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 fulfills its commitments to further strengthen and develop the neighbourly relations that benefit 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. The table below shows the key project assessment criteria depending on the stage.

**Assessment of public-private partnership projects**

<table>
<thead>
<tr>
<th>Project/agreement life cycle stages</th>
<th>Strategy</th>
<th>Plan</th>
<th>Implementation</th>
<th>Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social impact</td>
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<td></td>
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<td>Efficiency for the Company</td>
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<td>✔️</td>
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<tr>
<td>Review by Management Board’s Budget Committee</td>
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<td>✔️</td>
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<tr>
<td>Assessment of regional-level impact</td>
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<td>✔️</td>
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<td>✔️</td>
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<tr>
<td>Assessment of project-level impact</td>
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<td>Integration in KPIs</td>
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</table>

**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
  - [471-1]

- 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
  - RUB 94 mln has been paid, with the remaining amount due in 2021

- 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
Respecting the interests of indigenous northern minorities in production and investment activities

PSC Norilsk Nickel’s metals and mining businesses are located on the industrial land within the Norilsk Municipality; they share an administrative boundary with the Taimyr 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, Norilskgazprom, NTEC Norilskgazprom, Norilsktransgaz, Taimyr Fuel Company, and Norilsk Avia.

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.

Responsibilities in interacting with indigenous northern minorities

- **Board of Directors**  
  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 purviews

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

Procedure for public discussions

1. **Providing information and EIA materials 30 days prior to the end of public hearings**
2. **Holding public hearings**
3. **Preparing final minutes**
4. **Handling comments and proposals**
5. **Submitting materials for state review**

**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 610 people from five main ethnic groups inhabiting the region (Dolgan, Nanets, Evenks, Enets, and Nganasans), with 100 interviews taken and opinions of the community leaders studied.
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.

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.

The figures show the percentage of respondents supporting the measure.

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.

Measures expected from Nornickel by indigenous northern minorities

- Seasonal jobs related to traditional lifestyles
- Expert-approved measures to restock fish in the Pyasina River
- Expert-approved measures to restore the wild reindeer population
- Seasonal jobs at the plant for the years needed to restore fish resources
- Establishment of seasonal training shops for craftswomen
- Making traditional outfits for tundra work and selling them at cost to...

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 carcases
- Purchasing two 20 cu m refrigeration chambers (Volochanka)
- 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-Pyasnina 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 Volochanka 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 Volochanka
- 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 Volochanka and Ust-Avam)
- Employing teachers to general education schools in remote settlements, including employment under Norilsk Nickel’s grant programmes (Volochanka 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 (Volochanka)
- Building community centres in Khet 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 (Volochanka and Ust-Avam)
- Purchasing two buses branded ‘From Norilsk Nickel to the District’ for the needs of Dudinka
- Purchasing children’s playgrounds (Volochanka and Ust-Avam)
- Purchasing children’s jungle gyms for the villages of Hatanga rural settlement (Kresty, Zhdanikha, Novaya, Khet, Katyr, Syndasno, Popigay, and Novoribnoye)
- 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 Volochanka, 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

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, Norilnickel 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, chain saws, 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 Pelyatkinskoje Field developed by Nornickel, 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 Bystrinsky 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 50 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 Asia 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.

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)
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See the About the Report section.
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<td>Information is not currently available due to the lack of centralized accounting</td>
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<td>Reductions in energy requirements of products and services</td>
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<td>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</td>
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<tr>
<td>GRI 305: Emissions (2016)</td>
<td>305-1</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>146</td>
<td>Methane (CH₄) and nitrous oxide (N₂O) are estimated to have a global warming potential of 28 and 298, respectively, according to decision 14/CP.19 of the UNFCCC Conference of the Parties.</td>
<td>3, 12, 13, 14, 15</td>
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<td>Energy indirect (Scope 2) GHG emissions</td>
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<td>305-5</td>
<td>Reduction of GHG emissions</td>
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<td>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</td>
<td>13, 14, 15</td>
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**Environmental compliance**

| 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 | – | – | – | – | – | – |

**Employment**

| 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 | – | – | – | – | – |
| 103-3 | Evaluation of the management approach | 103-104 | – | – | – | – | – |

**Operational excellence and innovation**

| GRI 401: Employment (2016) | 401-1 | New employee hires and employee turnover | 106, 226-227 | – | 5, 8 | 31.2 | 31.3 |
| 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 | – | – | – |

**Human capital**

| GRI 103: Management Approach 2016 | 103-1 | Material topics and boundaries | – | – | – |
| 103-2 | The management approach and its components | – | – | – | – |
| 103-3 | Evaluation of the management approach | – | – | – | – |

**Contribution to the regional development**

| GRI 103: Management Approach 2016 | 103-1 | Material topics and boundaries | 103-1-104 | See also the Scope of Data Collection appendix in the interactive version of the Report | – | – | – |
| 103-2 | The management approach and its components | 103-1-104 | – | – | – | – |
| 103-3 | Evaluation of the management approach | 103-1-104 | – | – | – | – |

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<td>In November 2020, there was also a 200 cu m fuel spill from a tank truck of ISC 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.</td>
<td>3, 6, 12, 14, 15</td>
<td>2.6</td>
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<tr>
<td>There are no such waste or waste transportation.</td>
<td>3, 12</td>
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<tr>
<td>Water bodies affected by water discharges and/or runoff</td>
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**Operational excellence**

| GRI 103: Management Approach 2016 | 103-1 | Material topics and boundaries | – | – | – |
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| 103-3 | Evaluation of the management approach | – | – | – | – |

**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 | – | – | – |
| 103-3 | Evaluation of the management approach | 103-104 | – | – | – | – | – |

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**Comments**

- There are no such waste or waste transportation.
- The consequences of the spill were completely eliminated, the territory was treated with sorbent.
- The Company will consider developing an appropriate accounting system within the next three years.
- 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.
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| **Labour/management relations** | | | | | | | |
| 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 | – | – | – |
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| | 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 | | – | – | – |
| **Occupational health and safety** | | | | | | | |
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| | 103-2 | The management approach and its components | 120-123 | | 3, 8, 16 | – | Fair operating practices |
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| GRI 403: Occupational Health and Safety (2016) | 403-1 | Occupational health and safety management system | 120, 122 | | 8 | 31.9 | – |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 121, 123, 125, 126, 127 | | 8 | 31.5, 31.6, 31.7, 31.8 | – | – |
| | 403-3 | Occupational health services | 123, 124, 125 | | 8 | – | – |
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| | 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 | | 4, 5, 8 | 3.1.10 | – | – |
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| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 227 | | 5, 8 | – | – | – |
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Rights of indigenous peoples

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<td>MM5</td>
<td>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</td>
<td>190</td>
<td>—</td>
<td>The Head Office of MMC Norilsk Nickel has formal agreements with the indigenous northern minorities</td>
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Local communities

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<td>Operations with local community engagement, impact assessments, and development programmes</td>
<td>—</td>
<td>—</td>
<td>Such programmes are implemented in 1 out of 74 (5.35%) Group divisions and entities operating in Russia (the Company’s Head Office) within the reporting perimeter</td>
<td>3.3.3.</td>
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Public policy

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<td>None</td>
<td>16</td>
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Emergency preparedness

<table>
<thead>
<tr>
<th>GRI standard</th>
<th>Indicator number</th>
<th>Indicator</th>
<th>Page/link</th>
<th>Excluded/information/Comments</th>
<th>UN sustainable development goal</th>
<th>GRI Reference Performance Indicator</th>
<th>ISO 26000:2010</th>
<th>Fair operating practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 103: Management Approach 2016</td>
<td>415-1</td>
<td>Total amounts of overburden, rock, tailings, and sludges and their associated risks</td>
<td>155</td>
<td>—</td>
<td>None</td>
<td>3, 6, 12</td>
<td>—</td>
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</tbody>
</table>
## Company-specific topics

### Geological exploration and mining

<table>
<thead>
<tr>
<th>GRI standard</th>
<th>Indicator number</th>
<th>Indicator</th>
<th>Page/link</th>
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<th>UN sustainable development goal</th>
<th>RSPP Reference Performance Indicator</th>
<th>ISO 26000:2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 103: Management Approach 2016</td>
<td>103-1</td>
<td>Material topics and boundaries</td>
<td>92-93</td>
<td>See also the Scope of Data Collection appendices in the interactive version of the Report</td>
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<tr>
<td>GRI 103: Management Approach 2016</td>
<td>103-2</td>
<td>The management approach and its components</td>
<td>92-93</td>
<td>–</td>
<td>1, 5, 16</td>
<td>Fair operating practices</td>
<td></td>
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<tr>
<td>GRI 103: Management Approach 2016</td>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>92-93</td>
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</table>

### Production asset upgrade

<table>
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<th>Indicator</th>
<th>Page/link</th>
<th>Excluded information/ Comments</th>
<th>UN sustainable development goal</th>
<th>RSPP Reference Performance Indicator</th>
<th>ISO 26000:2010</th>
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<tbody>
<tr>
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<td>103-1</td>
<td>Material topics and boundaries</td>
<td>140, 149-152</td>
<td>See also the Scope of Data Collection appendices in the interactive version of the Report</td>
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<td>–</td>
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</tr>
<tr>
<td>GRI 103: Management Approach 2016</td>
<td>103-2</td>
<td>The management approach and its components</td>
<td>140, 149-152</td>
<td>–</td>
<td>1, 5, 16</td>
<td>Fair operating practices</td>
<td></td>
</tr>
<tr>
<td>GRI 103: Management Approach 2016</td>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>140, 149-152</td>
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</table>

### Science, technology and innovation

<table>
<thead>
<tr>
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<th>Indicator</th>
<th>Page/link</th>
<th>Excluded information/ Comments</th>
<th>UN sustainable development goal</th>
<th>RSPP Reference Performance Indicator</th>
<th>ISO 26000:2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 103: Management Approach 2016</td>
<td>103-1</td>
<td>Material topics and boundaries</td>
<td>91-92</td>
<td>See also the Scope of Data Collection appendices in the interactive version of the Report</td>
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<tr>
<td>GRI 103: Management Approach 2016</td>
<td>103-2</td>
<td>The management approach and its components</td>
<td>91-92</td>
<td>–</td>
<td>1, 5, 16</td>
<td>Fair operating practices</td>
<td></td>
</tr>
<tr>
<td>GRI 103: Management Approach 2016</td>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>91-92</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
</tbody>
</table>
The scope of data collection is set in such a way as to describe all of the Group’s material impacts. The inclusion of MMC Bystrinskoye LLC in the reporting scope on environmental topics following Bystrinsky GOK’s ramp-up to design capacity may be considered a significant change to the scope of data collection compared to the previous reporting period. The Report provides results for all the companies within the report period. In addition to the Occupational Health and Safety, the hosting Group has classified the following aspects beyond the Group as material: Anti-corruption, Emergency Preparedness. These have been described in the Report by disclosing the Company’s approaches to implementation of responsible practices in its supply chain.

For the purposes of data collection, foreign assets mean Norilsk Nickel Harjavalta.

As regards pension plans, the reporting perimeter includes only the Group’s business units benefitting from the Co-Funded Pension Plan.

As regards nationality, the reporting perimeter includes all business units of the Group.

As regards energy conservation, the reporting perimeter includes Polar Division, Kola MMC, NTEC and Medvezhy Ruchey.

As regards benefit offered to employees, the reporting perimeter includes only Polar Division and Kola MMC.

Information is collected on all companies of the business block.

Information is collected on key companies of the business block.
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 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.

### 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.

In 2020, material sustainability topics were defined in four stages.

### Material topics matrix

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation of the master list of significant topics</td>
<td>Stakeholder poll</td>
<td>Expert discussion with stakeholders (foresight session)</td>
<td>Finalisation of the materiality matrix</td>
</tr>
</tbody>
</table>

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, 2.0 to 2.49 assigned to significant topics, and 2.5 to 2.99 a very high significance. Material topics are those that have a significant impact on at least one dimension 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.

### Stage 1

<table>
<thead>
<tr>
<th>St</th>
<th>Group</th>
<th>Stage 1</th>
<th>St</th>
<th>Group</th>
<th>Stage 1</th>
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<th>Stage 1</th>
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<th>Group</th>
<th>Stage 1</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial results of operations</td>
<td>GRI 201: Economic performance</td>
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<tr>
<td>2</td>
<td>Responsible payment of taxes to budgets of various levels</td>
<td>GRI 207: Tax</td>
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<tr>
<td>3</td>
<td>Indirect economic impacts</td>
<td>GRI 203: Indirect economic impacts</td>
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<tr>
<td>4</td>
<td>Relationships with local communities and indigenous peoples, social and economic impact on the regions of operation</td>
<td>GRI 411: Rights of indigenous peoples</td>
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<tr>
<td>5</td>
<td>Supply chain responsibility</td>
<td>GRI 102-9: Supply chain</td>
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<tr>
<td>6</td>
<td>Anti-corruption and transparency of operations</td>
<td>GRI 205: Anti-corruption practices</td>
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<tr>
<td>7</td>
<td>Responsible business conduct and business ethics</td>
<td>GRI 102-16 — 102-39</td>
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<tr>
<td>8</td>
<td>Stakeholder engagement</td>
<td>GRI 102-40 — 102-44</td>
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<tr>
<td>9</td>
<td>Compliance</td>
<td>GRI 307: Environmental compliance</td>
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<tr>
<td>10</td>
<td>Socioeconomic compliance</td>
<td>GRI 419: Socioeconomic compliance</td>
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</tr>
<tr>
<td>11</td>
<td>Decent working conditions, relations between employees and management</td>
<td>GRI 202: Market presence</td>
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<td></td>
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</tr>
<tr>
<td>12</td>
<td>Career development</td>
<td>GRI 401: Employment</td>
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<td></td>
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</tr>
<tr>
<td>13</td>
<td>Leadership, management</td>
<td>GRI 402: Labour/management relations</td>
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<tr>
<td>14</td>
<td>Employment relations and collective bargaining</td>
<td>GRI 407: Freedom of association and collective bargaining</td>
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</tr>
</tbody>
</table>

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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. 4 due to the nature of disclosure on this topic under the GRI Guidelines. However, the Company recognises the importance of this topic and intends to improve its disclosure going forward.
Including: Polar Division and Norilskenergo.

**Starting 2020, this line includes volumes of Polar Division only, with water withdrawal of Norilskenergo, a subsidiary of MMC Norilsk Nickel, transferred to NTEC.

** Including: Polar Division and Norilskenergo.

**Starting 2020, this line includes volumes of Polar Division only, with water withdrawal of Norilskenergo, a subsidiary of MMC Norilsk Nickel, shown in the NTEC line.

Water withdrawal:

<table>
<thead>
<tr>
<th>Indicator, mcm</th>
<th>Total water withdrawal</th>
<th>Including</th>
<th>From surface bodies</th>
<th>From underground sources</th>
<th>Effluents from third parties</th>
<th>Natural water inflow</th>
<th>From municipal and other water utilities (excluding Norilsk-Taimyr Energy Company)**</th>
<th>From Norilsk-Taimyr Energy Company*</th>
</tr>
</thead>
</table>

Water sources:

<table>
<thead>
<tr>
<th>Indicator, mcm</th>
<th>Total water used</th>
<th>Including</th>
<th>Utility water production</th>
<th>Including</th>
<th>Water recycled and reused in percentage of total water used, %</th>
</tr>
</thead>
</table>
### Total effluents and pollutants discharged

<table>
<thead>
<tr>
<th>Indicator, mcm or kt</th>
<th>Total effluents, mcm</th>
<th>Including</th>
<th>Contaminated untreated</th>
<th>Insufficiently treated</th>
<th>Standard clean (without treatment)</th>
<th>Pollutants in effluents, kt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group’s total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>252.42</td>
<td>33.07</td>
<td>54.80</td>
<td>4.34</td>
<td>110.21</td>
<td>244.34</td>
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<tr>
<td>2019</td>
<td>182.35</td>
<td>26.27</td>
<td>35.98</td>
<td>4.52</td>
<td>75.60</td>
<td>210.62</td>
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<tr>
<td>2018</td>
<td>194.45</td>
<td>30.96</td>
<td>34.25</td>
<td>5.99</td>
<td>92.80</td>
<td>232.37</td>
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<tr>
<td>2017</td>
<td>174.50</td>
<td>28.64</td>
<td>33.52</td>
<td>6.13</td>
<td>76.26</td>
<td>216.62</td>
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<tr>
<td>2016</td>
<td>143.55</td>
<td>29.81</td>
<td>28.94</td>
<td>5.26</td>
<td>81.54</td>
<td>192.99</td>
</tr>
</tbody>
</table>

| Including:         | Polar Division and Norilskenergo |          |                        |                        |                                  |                             |
|--------------------|----------------------------------|----------|------------------------|                        |                                  |                             |
| 2020               | 33.74                            | 1.71     | 31.66                  | 0.38                   | 0.0                              | 66.76                       |
| 2019               | 23.70                            | 1.44     | 26.95                  | 0.83                   | 0.47                            | 56.30                       |
| 2018               | 34.98                            | 3.69     | 28.69                  | 1.86                   | 0.72                            | 72.66                       |
| 2017               | 45.29                            | 6.28     | 33.40                  | 4.96                   | 0.66                            | 73.93                       |
| 2016               | 38.67                            | 6.42     | 28.83                  | 4.71                   | 0.73                            | 71.83                       |

| Noril’s-Taimyr Energy Company |                     |          |                        |                        |                                  |                             |
| 2020               | 104.85                           | 0.00     | 8.79                   | 0.00                   | 90.05                           | 244.34                      |
| 2019               | 74.56                            | 0.00     | 2.10                   | 0.00                   | 72.46                           | 210.62                      |
| 2018               | 91.56                            | 0.00     | 3.69                   | 0.00                   | 84.87                           | 232.37                      |
| 2017               | 77.78                            | 0.00     | 2.83                   | 0.00                   | 74.95                           | 216.62                      |
| 2016               | 77.78                            | 0.00     | 2.83                   | 0.00                   | 74.95                           | 216.62                      |

| Kola MMC           |                     |          |                        |                        |                                  |                             |
| 2020               | 25.82                            | 25.15    | 0.00                   | 0.00                   | 120.7                           | 244.34                      |
| 2019               | 22.07                            | 21.81    | 0.26                   | 0.00                   | 124.43                          | 232.37                      |
| 2018               | 25.59                            | 25.47    | 0.13                   | 0.00                   | 124.43                          | 216.62                      |
| 2017               | 22.27                            | 22.26    | 0.02                   | 0.00                   | 142.93                          | 216.62                      |
| 2016               | 22.59                            | 22.59    | 0.00                   | 0.00                   | 119.32                          | 216.62                      |

### NOx, SOx and other significant air emissions, including their type and weight

<table>
<thead>
<tr>
<th>Indicator, kt</th>
<th>Total amount</th>
<th>Group’s total</th>
<th>Polar Division</th>
<th>Noril’s-Taimyr Energy Company</th>
<th>Kola MMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1,968.12</td>
<td>1,857.51</td>
<td>10.06</td>
<td>83.37</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>1,952.66</td>
<td>1,819.18</td>
<td>10.65</td>
<td>110.76</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1,926.63</td>
<td>1,789.01</td>
<td>11.69</td>
<td>117.45</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,845.55</td>
<td>1,705.00</td>
<td>11.51</td>
<td>121.88</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1,936.44</td>
<td>1,787.57</td>
<td>8.2</td>
<td>132.90</td>
<td></td>
</tr>
</tbody>
</table>

| Including: NOx |                     |          |                        |                        |                                  |                             |
| 2020           | 9.96          | 0.8       | 8.8                    | 0.8                    | 1.83                            |         |
| 2019           | 10.31         | 0.55      | 9.75                   | 0.55                   | 1.75                            |         |
| 2017           | 11.22         | 0.61      | 8.62                   | 0.61                   | 1.76                            |         |
| 2016           | 11.40         | 1.66      | 8.74                   | 1.33                   | 1.23                            |         |
| 2015           | 10.12         | 1.52      | 8.89                   | 1.23                   | 1.23                            |         |

| Including: SOx |                     |          |                        |                        |                                  |                             |
| 2020           | 1,910.77      | 1,838.88  | 0.00                   | 73.23                  | 75.37                           |         |
| 2019           | 1,858.14      | 1,798.64  | 0.00                   | 99.36                  | 104.82                          |         |
| 2018           | 1,869.62      | 1,764.65  | 0.00                   | 104.82                 | 109.07                          |         |
| 2017           | 1,794.97      | 1,675.85  | 0.00                   | 109.07                 | 119.72                          |         |
| 2016           | 1,877.97      | 1,758.18  | 0.00                   | 119.72                 | 130.54                          |         |

| Sulfates |                     |          |                        |                        |                                  |                             |
| 2020           | 14.55         | 4.07      | 0.00                   | 6.13                   | 6.13                            |         |
| 2019           | 13.31         | 4.21      | 0.00                   | 6.98                   | 6.98                            |         |
| 2018           | 14.51         | 5.55      | 0.00                   | 7.57                   | 7.57                            |         |
| 2017           | 13.40         | 6.06      | 0.00                   | 8.87                   | 8.87                            |         |
| 2016           | 14.3          | 6.18      | 0.00                   | 7.38                   | 7.38                            |         |

Note: All pollutants emissions are determined on the basis of the Environmental Monitoring and Industrial Control data. Emission data is calculated per the applicable methodologies using data on feedstock and equipment running time, through sampling and analysis, direct measurements with gas analyzers, etc.
Waste management in 2020 by hazard class and waste type, kt

<table>
<thead>
<tr>
<th>Indicator, 1</th>
<th>Hazard class 1</th>
<th>Hazard class 2</th>
<th>Hazard class 3</th>
<th>Hazard class 4</th>
<th>Incl. mining waste and tailings</th>
<th>Hazard class 5</th>
<th>Incl. mining waste and tailings</th>
<th>Total</th>
<th>Incl. hazard classes 1–4 waste (% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation</td>
<td>0.04</td>
<td>0.05</td>
<td>7.05</td>
<td>1,195.17</td>
<td>983.16</td>
<td>144,051.99</td>
<td>199,546.26</td>
<td>145,234.30</td>
<td>0.81%</td>
</tr>
<tr>
<td>Waste input from third parties</td>
<td>0.00</td>
<td>0.01</td>
<td>0.45</td>
<td>35.33</td>
<td>0.00</td>
<td>935.59</td>
<td>355.36</td>
<td>971.39</td>
<td>3.69%</td>
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<td>In-house waste recycling</td>
<td>0.00</td>
<td>0.00</td>
<td>1.31</td>
<td>14.72</td>
<td>0.00</td>
<td>34,234.90</td>
<td>31,532.24</td>
<td>34,290.93</td>
<td>0.05%</td>
</tr>
<tr>
<td>In-house waste treatment</td>
<td>0.00</td>
<td>0.02</td>
<td>2.76</td>
<td>1.12</td>
<td>0.03</td>
<td>0.00</td>
<td>3.93</td>
<td>99.19%</td>
<td></td>
</tr>
<tr>
<td>Waste transfer to third parties (for recycling or treatment)</td>
<td>0.04</td>
<td>0.04</td>
<td>3.08</td>
<td>3.60</td>
<td>0.00</td>
<td>3,408.56</td>
<td>194.02</td>
<td>3,476.52</td>
<td>0.2%</td>
</tr>
<tr>
<td>Waste transfer to third parties (for disposal)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.01</td>
<td>81.72</td>
<td>0.00</td>
<td>173.11</td>
<td>22.44</td>
<td>254.85</td>
<td>32.07%</td>
</tr>
<tr>
<td>Waste disposal at in-house waste disposal sites</td>
<td>0.00</td>
<td>0.00</td>
<td>0.21</td>
<td>1,906.64</td>
<td>983.16</td>
<td>192,029.76</td>
<td>191,94.17</td>
<td>171,230.61</td>
<td>1.10%</td>
</tr>
</tbody>
</table>

Total energy consumption by Norilsk Nickel Group, Tj

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Including in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Fuel used to generate heat and electric power</td>
<td>148,910</td>
<td>144,772</td>
<td>141,237</td>
<td>x x</td>
</tr>
<tr>
<td>(1) excluding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polar Division</td>
<td>24,429</td>
<td>21,720</td>
<td>22,704</td>
<td>x x</td>
</tr>
<tr>
<td>Norilsk-Taimyr Energy Company</td>
<td>103,203</td>
<td>98,554</td>
<td>95,253</td>
<td>x x</td>
</tr>
<tr>
<td>Kola MMC</td>
<td>8,352</td>
<td>8,604</td>
<td>7,935</td>
<td>x x</td>
</tr>
<tr>
<td>Other operations of the Group</td>
<td>12,346</td>
<td>15,694</td>
<td>16,384</td>
<td>x x</td>
</tr>
<tr>
<td>(2) including</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>coal</td>
<td>1,650</td>
<td>2,087</td>
<td>2,780</td>
<td>x x</td>
</tr>
<tr>
<td>natural gas</td>
<td>129,535</td>
<td>129,325</td>
<td>122,276</td>
<td>x x</td>
</tr>
<tr>
<td>diesel fuel and fuel oil</td>
<td>13,798</td>
<td>13,525</td>
<td>13,933</td>
<td>x x</td>
</tr>
<tr>
<td>gasoline and aviation fuel</td>
<td>4,127</td>
<td>3,820</td>
<td>2,902</td>
<td>x x</td>
</tr>
<tr>
<td>2 Energy from renewable sources (Group’s HPPs)</td>
<td>14,877</td>
<td>15,018</td>
<td>15,310</td>
<td>15,111</td>
</tr>
<tr>
<td>3 Electric power and heat produced from third parties</td>
<td>10,931</td>
<td>11,371</td>
<td>11,200</td>
<td>11,064</td>
</tr>
<tr>
<td>4 Electric power and heat sold to third parties</td>
<td>18,926</td>
<td>18,766</td>
<td>17,254</td>
<td>3,470</td>
</tr>
<tr>
<td>5 Total energy consumption by the Group (line 1 + line 2 + line 3 – line 4)</td>
<td>155,792</td>
<td>152,395</td>
<td>150,493</td>
<td>x x</td>
</tr>
</tbody>
</table>

Electric power and heat consumption by the Group companies, Tj

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Including in 2020</th>
</tr>
</thead>
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<tr>
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<td>16,384</td>
<td>x x</td>
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<tr>
<td>(2) including</td>
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<td>coal</td>
<td>1,650</td>
<td>2,087</td>
<td>2,780</td>
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<tr>
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<td>129,325</td>
<td>122,276</td>
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<tr>
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<tr>
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<td>11,200</td>
<td>11,064</td>
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<td>18,766</td>
<td>17,254</td>
<td>3,470</td>
</tr>
<tr>
<td>5 Total energy consumption by the Group (line 1 + line 2 + line 3 – line 4)</td>
<td>155,792</td>
<td>152,395</td>
<td>150,493</td>
<td>x x</td>
</tr>
</tbody>
</table>

Social performance

Benefits for employees of Polar Division

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Full-time work</th>
<th>Temporary work</th>
<th>Seasonal work</th>
<th>Part-time work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement of vacation travel expenses (incl. return fare)</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+ (4)</td>
</tr>
<tr>
<td>All kinds of financial aid</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Health resort treatment and vacations</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Vouchers for children’s wellness recreation tours</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Pension plans</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Termination benefits (apart from those prescribed by the applicable law)</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

Benefits for employees of Kola MMC

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Full-time work</th>
<th>Temporary work</th>
<th>Seasonal work</th>
<th>Part-time work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement of vacation travel expenses (incl. return fare)</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>All kinds of financial aid</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Health resort treatment and vacations</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Vouchers for children’s wellness recreation tours</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Pension plans</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Termination benefits (apart from those prescribed by the applicable law)</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>
Headcount by type of employment, gender and region¹, employees

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time employees as at the latest reporting date</td>
<td>72,904</td>
<td>51,460</td>
</tr>
<tr>
<td>Employees working under fixed-term contracts (temporary and seasonal jobs) as at the latest reporting date</td>
<td>73,810</td>
<td>52,119</td>
</tr>
<tr>
<td>Contractors working under civil contracts as at the latest reporting date</td>
<td>66</td>
<td>15</td>
</tr>
<tr>
<td>Employees as at the latest reporting date</td>
<td>73,810</td>
<td>52,119</td>
</tr>
<tr>
<td>Employees working under unlimited contracts (permanent jobs) as at the latest reporting date</td>
<td>70,686</td>
<td>50,374</td>
</tr>
<tr>
<td>Including in the Norilsk Industrial District</td>
<td>2,017</td>
<td>—</td>
</tr>
<tr>
<td>Including in the Kola Peninsula Industrial District (Murmansk Region)</td>
<td>11,996</td>
<td>—</td>
</tr>
<tr>
<td>Including in Moscow and other regions of Russia</td>
<td>204</td>
<td>—</td>
</tr>
<tr>
<td>Including in Trans-Baikal Territory</td>
<td>58</td>
<td>—</td>
</tr>
<tr>
<td>Part-time employees as at the latest reporting date</td>
<td>66</td>
<td>15</td>
</tr>
<tr>
<td>Employees working under unlimited contracts (permanent jobs) as at the latest reporting date</td>
<td>70,686</td>
<td>50,374</td>
</tr>
</tbody>
</table>

¹ 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

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>New hires</th>
<th>Terminated employments</th>
</tr>
</thead>
<tbody>
<tr>
<td>New hires</td>
<td>10,481</td>
<td>including male</td>
<td>1296</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including female</td>
<td>3185</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including 29 y. o. and below</td>
<td>3,893</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including 30 through 44 y. o.</td>
<td>4,721</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including 45 y. o. and above</td>
<td>1,867</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in the Norilsk Industrial District</td>
<td>6,226</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in the Kola Peninsula Industrial District (Murmansk Region)</td>
<td>954</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in the Krasnoyarsk Territory (except for NID)</td>
<td>925</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in Moscow and other regions of Russia</td>
<td>1,733</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in Trans-Baikal Territory</td>
<td>643</td>
</tr>
<tr>
<td>Terminated employments</td>
<td>10,247</td>
<td>including male</td>
<td>1332</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including female</td>
<td>2,925</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including 29 y. o. and below</td>
<td>2,258</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including 30 through 44 y. o.</td>
<td>4,058</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including 45 y. o. and above</td>
<td>3,931</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in the Norilsk Industrial District</td>
<td>6,137</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in the Kola Peninsula Industrial District (Murmansk Region)</td>
<td>1,219</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in the Krasnoyarsk Territory (except for NID)</td>
<td>868</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in Moscow and other regions of Russia</td>
<td>908</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including in Trans-Baikal Territory</td>
<td>1,075</td>
</tr>
</tbody>
</table>

Employee outflow ratio by region in 2020, %

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>Kola Peninsula Industrial District (Murmansk Region)</th>
<th>Krasnoyarsk Territory (excluding NID)</th>
<th>Moscow and other regions of Russia</th>
<th>Norilsk Industrial District (NID)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee outflow, total</td>
<td>13.9</td>
<td>14.0</td>
<td>13.5</td>
<td>20.1</td>
<td>10.8</td>
</tr>
<tr>
<td>Employee outflow, female</td>
<td>14.0</td>
<td>14.0</td>
<td>13.5</td>
<td>20.1</td>
<td>10.8</td>
</tr>
<tr>
<td>Employee outflow, male</td>
<td>13.9</td>
<td>13.9</td>
<td>13.5</td>
<td>20.1</td>
<td>10.8</td>
</tr>
<tr>
<td>Employee outflow, 29 y. o. and below</td>
<td>12.6</td>
<td>12.6</td>
<td>11.4</td>
<td>17.8</td>
<td>10.4</td>
</tr>
<tr>
<td>Employee outflow, 30 through 44 y. o.</td>
<td>20.7</td>
<td>20.7</td>
<td>19.0</td>
<td>25.4</td>
<td>14.5</td>
</tr>
<tr>
<td>Employee outflow, 45 y. o. and above</td>
<td>34.7</td>
<td>34.7</td>
<td>32.5</td>
<td>38.8</td>
<td>24.4</td>
</tr>
</tbody>
</table>

Employee inflow ratio by region in 2020, %

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>Kola Peninsula Industrial District (Murmansk Region)</th>
<th>Krasnoyarsk Territory (excluding NID)</th>
<th>Moscow and other regions of Russia</th>
<th>Norilsk Industrial District (NID)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee inflow, total</td>
<td>14.2</td>
<td>14.6</td>
<td>14.7</td>
<td>34.7</td>
<td>12.6</td>
</tr>
<tr>
<td>Employee inflow, female</td>
<td>14.2</td>
<td>14.6</td>
<td>14.7</td>
<td>34.7</td>
<td>12.6</td>
</tr>
<tr>
<td>Employee inflow, male</td>
<td>14.0</td>
<td>14.0</td>
<td>14.7</td>
<td>34.7</td>
<td>12.6</td>
</tr>
</tbody>
</table>

Employee outflow ratio by gender and age in 2020, %

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>Employee outflow ratio by gender and age in 2020, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee outflow ratio by gender and age in 2020, %</td>
<td>20.1</td>
<td></td>
</tr>
</tbody>
</table>

Employee inflow ratio by gender and age in 2020, %

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>Employee inflow ratio by gender and age in 2020, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee inflow ratio by gender and age in 2020, %</td>
<td>12.6</td>
<td></td>
</tr>
</tbody>
</table>

Number of employees on maternity and/or childcare leave in 2020

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>Employees on maternity and/or childcare leave as at the year-end</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees back from maternity and/or childcare leave over the year</td>
<td>653</td>
<td></td>
</tr>
<tr>
<td>including male</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>including female</td>
<td>613</td>
<td></td>
</tr>
</tbody>
</table>

Assessment of employees in Russia, % of average headcount

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>Competency assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of employees covered by competency assessment</td>
<td>0.7%</td>
<td></td>
</tr>
<tr>
<td>Share of male employees covered by competency assessment</td>
<td>0.7%</td>
<td></td>
</tr>
<tr>
<td>Share of female employees covered by competency assessment</td>
<td>0.4%</td>
<td></td>
</tr>
</tbody>
</table>

KPI-based assessment

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>Share of employees covered by KPI-based assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of employees covered by KPI-based assessment</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>Share of male employees covered by KPI-based assessment</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>Share of female employees covered by KPI-based assessment</td>
<td>0.1%</td>
<td></td>
</tr>
</tbody>
</table>
### Key occupational injury rates by region and gender in 2020

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Across North Norilsk Nickel Group</th>
<th>Kola Peninsula Industrial District</th>
<th>Norilsk Industrial District</th>
<th>Krasnoyarsk Territory (except for NID)</th>
<th>Trans-Baikal Territory</th>
<th>Moscow and other regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatal workplace injuries, including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>men</td>
<td>8</td>
<td>7</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>women</td>
<td>8</td>
<td>7</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIFR</td>
<td>0.08</td>
<td>0.10</td>
<td>0.18</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lost-time workplace injuries, including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>men</td>
<td>22</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>women</td>
<td>21</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTIFR</td>
<td>0.21</td>
<td>0.24</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Severe occupational injury rate</td>
<td>0.04</td>
<td>0.04</td>
<td>0.04</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Total recorded workplace injuries in accordance with the Russian labour laws (minor + severe + fatal)

<table>
<thead>
<tr>
<th>Across North Norilsk Nickel Group</th>
<th>Kola Peninsula Industrial District</th>
<th>Norilsk Industrial District</th>
<th>Krasnoyarsk Territory (except for NID)</th>
<th>Trans-Baikal Territory</th>
<th>Moscow and other regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatal workplace injuries, including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>men</td>
<td>29</td>
<td>24</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>women</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lost-time workplace injuries, including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>men</td>
<td>4</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>women</td>
<td>4</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total recorded workplace injuries among contractors’ employees engaged at the Group’s sites, in accordance with the Russian labour laws:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>men</td>
<td>235</td>
<td>72</td>
<td>160</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>women</td>
<td>224</td>
<td>62</td>
<td>159</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Occupational diseases</td>
<td>11</td>
<td>10</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupational disease rate</td>
<td>3.27</td>
<td>4.71</td>
<td>3.29</td>
<td>0.49</td>
<td>0</td>
</tr>
<tr>
<td>Lost-day rate</td>
<td>21.21</td>
<td>20.88</td>
<td>26.27</td>
<td>12.69</td>
<td>0</td>
</tr>
<tr>
<td>Absentee rate</td>
<td>3.32</td>
<td>4.06</td>
<td>3.22</td>
<td>4.99</td>
<td>2.07</td>
</tr>
<tr>
<td>Injury rate</td>
<td>0.28</td>
<td>0.29</td>
<td>0.34</td>
<td>0</td>
<td>0.18</td>
</tr>
<tr>
<td>Hours worked, million</td>
<td>106.2</td>
<td>17.5</td>
<td>65.2</td>
<td>6.7</td>
<td>5.6</td>
</tr>
</tbody>
</table>

#### Employees and contractors covered by the corporate Health and Safety Management System (HSMS)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Number of non-financial sanctions</th>
<th>Number of fines imposed</th>
<th>Amount of fines, RUB ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount of the Group’s business units that have HSMS in place</td>
<td>72,401</td>
<td>59,735</td>
<td>41,911</td>
</tr>
<tr>
<td>Share of employees of the Group’s business units covered by HSMS in the Group’s total headcount, %</td>
<td>100</td>
<td>83</td>
<td>58</td>
</tr>
<tr>
<td>Headcount of contractors working at the Group’s sites and covered by HSMS</td>
<td>68,95</td>
<td>55,14</td>
<td>15,87</td>
</tr>
<tr>
<td>Share of employees of contractors covered by HSMS in the total headcount of contractors</td>
<td>100</td>
<td>80</td>
<td>20</td>
</tr>
</tbody>
</table>

#### Fines and non-financial sanctions related to environmental and social impacts in 2020

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Number of non-financial sanctions</th>
<th>Number of fines imposed</th>
<th>Amount of fines, RUB ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fines and non-financial sanctions</td>
<td>294</td>
<td>346</td>
<td>45,094</td>
</tr>
<tr>
<td>Environmental laws and regulations</td>
<td>27</td>
<td>99</td>
<td>3,150</td>
</tr>
<tr>
<td>Anti-competitive behaviour and breach of antitrust laws</td>
<td>4</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Non-compliance with labour laws</td>
<td>19</td>
<td>2</td>
<td>300</td>
</tr>
<tr>
<td>Non-compliance with health and safety laws</td>
<td>20</td>
<td>37</td>
<td>5,023</td>
</tr>
<tr>
<td>Non-compliance with consumer protection laws, including with respect to product information and labelling</td>
<td>5</td>
<td>13</td>
<td>225</td>
</tr>
<tr>
<td>Non-compliance with marketing (advertising) regulations</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-compliance with regulations on the impact of products and services on health and safety</td>
<td>2</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Failure to timely comply with the improvement notices issued by regulatory authorities</td>
<td>19</td>
<td>23</td>
<td>1,240</td>
</tr>
<tr>
<td>Non-compliance with fire safety requirements</td>
<td>7</td>
<td>4</td>
<td>500</td>
</tr>
<tr>
<td>Breach of sanitary and epidemiological laws unrelated to product requirements</td>
<td>20</td>
<td>14</td>
<td>145</td>
</tr>
<tr>
<td>Breach of capital construction laws</td>
<td>44</td>
<td>50</td>
<td>8,860</td>
</tr>
<tr>
<td>Breach of industrial safety laws</td>
<td>82</td>
<td>41</td>
<td>11,820</td>
</tr>
<tr>
<td>Breach of transportation security laws</td>
<td>9</td>
<td>11</td>
<td>775</td>
</tr>
<tr>
<td>Other grounds</td>
<td>36</td>
<td>45</td>
<td>2,517</td>
</tr>
</tbody>
</table>

1. Number of hours worked and absentee rate for Moscow and other regions exclude Zapolyarye Health Resort.
2. Per million hours worked.
UNICORD indicators

A Economic indicators

B.3.1 greenhouse gas emissions

A.1 revenue

– Disclosed

RUB 1710.6 bn

A.2 added value

– Disclosed

RUB 873.6 bn

A.3 net added value

– Disclosed

RUB 850.6 bn

B.2 Payments to the Government

A.2.1 taxes and other payments to the Government

– Disclosed

RUB 3942.21 mln

B.3 Sustainable use of water

B.3.1 water recycling and reuse

– Disclosed

80.4%

B.1 water use efficiency

– Disclosed

The ratio between water withdrawal and net added value is 0.62 thousand cu m / RUB mln

B.3.2 water stress

– Disclosed

No water withdrawal in water-scarce areas

B.4 Waste management

B.2.1 reduction of waste generation

– 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 816 to 2303 / RUB mln

B.2.2 waste re-used, re-manufactured and recycled

– Disclosed

In 2020, the amount of waste recycled increased to 54.29 mt from 22.71 mt in 2019. The ratio between waste recycling and net added value increased from 381 to 561 / RUB mln

B.2.3 hazardous waste

– Disclosed

In 2020, hazardous waste generation increased to 1923 thousand tonnes from 1198.8 thousand in 2019. The ratio between such waste generation and net added value went up from 138 to 1344 / RUB mln

B.5 Energy consumption

B.5.1 renewable energy

– Disclosed

In 2020, the Group’s share in the total energy consumption was 55\%. The current metering system does not allow for the disclosure to be made in full compliance with UNICORD guidelines. Along with in-house generation, Norilsk Nickel 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.

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\%.

C.2 Human capital

C.2.1 average hours of training per year per employee

– Disclosed

112

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 10,113,861

Blue-collar employees – RUB 4,521

White-collar employees – RUB 14,908

C.3 Employee health and safety

C.3.1 expenditure on health and safety

– Disclosed

Data is disclosed on wages and remuneration package (including insurance contributions); the data disclosed is broken down by region. There is no statistics on wages and benefits broken down by business segment. This is calculated on the basis of data in 2020, which is required by the GRI standards for 2021.

C.4 Coverage of collective agreements

– Disclosed

The Report discloses information about the occupational injury rate and lost work day rate in accordance with the GRI requirements. The lost rate is calculated on the basis of data in 2020, which is required by the GRI standards for 2021.

D Institutional area

D.1.1 Corporate governance disclosures

D.1.1.1 number of Board meetings and attendance rate

– Disclosed

Number of Board 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

The 2020 Annual Report discloses the total amount of compensations payable due to settlements.

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

– Disclosed

The proportion of women on the Management Board is 40\% (4 out of 10 members)

D.2 Corporate governance practices

D.2.1 anti-corruption practices

– Disclosed

The Report discloses information on the number and proportion of employees in anti-corruption policies and practices.

D.2.2 average hours of training on anti-corruption issues per year per employee

– Disclosed

85–87
## TCFD disclosures

<table>
<thead>
<tr>
<th>Section</th>
<th>Disclosure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Describe the organisation's governance around climate-related risks and opportunities</td>
<td>62, 64, 145</td>
</tr>
<tr>
<td></td>
<td>Describe the management’s role in assessing and managing climate-related risks and opportunities</td>
<td>145</td>
</tr>
<tr>
<td>Strategy</td>
<td>Describe the actual and potential impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning</td>
<td>144-145</td>
</tr>
<tr>
<td></td>
<td>Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning</td>
<td>24, 143-144</td>
</tr>
<tr>
<td></td>
<td>Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</td>
<td>24-26, 143-144</td>
</tr>
<tr>
<td>Risk management</td>
<td>Describe how the organisation identifies, assesses, and manages climate-related risks</td>
<td>44, 144</td>
</tr>
<tr>
<td></td>
<td>Describe the organisation’s processes for identifying and assessing climate-related risks</td>
<td>36-38</td>
</tr>
<tr>
<td>Metrics and targets</td>
<td>Describe how the metrics used by the organisation to assess climate-related risks and opportunities are integrated into the organisation’s overall risk management process</td>
<td>133, 146</td>
</tr>
<tr>
<td></td>
<td>Describe how the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</td>
<td>25-38, 135, 145</td>
</tr>
</tbody>
</table>

## List of abbreviations

| AML / CF (prevention of WMD proliferation) | Anti-money laundering / counter-terrorism financing / prevention of proliferation of weapons of mass destruction |
| BAC | Business and Industry Advisory Committee |
| BVC | Bureau Veritas Certification |
| CDAMCS | Corporate document automatic management and control system |
| CII | 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 |
| EBIDA | 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 |
| FAEIA | Federal Agency for Ethnic Affairs |
| FFR | Fatal Injury Frequency Rate |
| FISU | International University Sports Federation |
| GI | Governance, Risk management, Compliance |
| GRI | Global Reporting Initiative |

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**Group**
- Norilsk Nickel Group

**HCM**
- Human Capital Management

**HPP**
- Hydropower plant

**ICMM**
- International Council on Mining and Metal

**IEA**
- International Energy Agency

**IFRS**
- International Financial Reporting Standards

**ISRC**
- International Security and Risk Compliance

**IRMA**
- Initiative for Responsible Mining Assurance

**ISO**
- International Organization for Standardization

**IT**
- Information technologies

**KICN**
- 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

**NED**
- Nordisk Industrial District

**NPO**
- Non-profit organisation

**OECD**
- Organisation for Economic Cooperation and Development

**OHSA**
- Occupational Health and Safety Assessment System

**OSH**
- Occupational health and safety

**OSAS**
- Occupational Health and Safety Assessment System

**OSCG**
- Open joint-stock company

**PGM**
- Platinum group metals

**PRC**
- Public joint-stock company

**PPE**
- Personal protective equipment

**PRI**
- Principles for Responsible Investment

**R&D**
- Research and Development

**RBK**
- Russian business units of Norilsk Nickel Group

**RUSP**
- Russian Union of Industrialists and Entrepreneurs

**SAP**
- System Analysis and Program Development

**SDG**
- UN Sustainable Development Goals

**SRA**
- Supplier relationship management

**TJ**
- Tengoule

**UN**
- United Nations

**UNCCTAD**
- United Nations Conference on Trade and Development

**UNESCO**
- United Nations Educational, Scientific and Cultural Organization

**USA**
- United States of America

**VH**
- Value added tax

**VHI**
- Voluntary health insurance
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 Eventiadi IPA-Golden World Award, a prestigious international award in communications.

Society
- The Company was recognised the most attractive employer in the Russian M&I industry by Randstad and named No. 1 in Russia’s Best Metals and Mining Company category.
- Nornickel received an OpenText Award for the best OpenText-based electronic workflow system in the M&M industry. The award was presented at the MINEX Russia industry forum.

Non-financial reporting
- A&K&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 Awards in the Best Printed Report and Best Design categories.
- 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.
- The Company’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’s film about the FusionOfNow project won the Los Angeles Film Award (LAFA) in the Best Documentary category.

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 Honourable Metallurgist of the Russian Federation titles, while another ten were named Honourable Miners of the Russian Federation.
- One employee received a Mentorship Badge of Merit.
- Same month, two more Nornickel 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 achievements in the industry and benefits for the country.

Appendices
- 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 Archangel Michael for his contribution to the 1st class by Metropolitan Ignatius of the Sarovsk and Volks Eparchy of the Russian Orthodox Church.
- In September 2020, Nornickel executives Vladimir Potanin, Sergey Malyshkov, Larisa Zelkova, Vladimir Zhukov, Dmitry Pristanskov, Marianna Zakharova, Anton Berlin, Darya Kryakhllova, Pavel Matov, Svetlana Ishchenko 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.

Norilsk (Norilsk Nickel) Group: for the purpose of the 2020 Sustainability Report, MMC Norilsk Nickel and the totality of operations forming Norilsk Group. Unless otherwise specified or required by the context, the terms “Company,” “Group,” “Norilsk” or “the Group companies” shall mean Norilsk Nickel.

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: populations with Russian citizenship.

Mission: statement of the Company’s goals and objectives that distinguish it from its peers.

Youth talent: graduates of universities and colleges whose postgraduate 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.

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.

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.
The dialogue participants asked follow-up questions to clarify details.

Larisa Zelkova spoke about the key ways of the Company’s interaction actions, and presented the results of the Great Norilsk Expedition.

Environmental Strategy, including its key priorities, objectives and


SPEAKERS:

• Andrey Bougrov, Senior Vice President for Sustainable Development at MMC Norilsk Nickel

Andrey Bougrov presented the key points of Norilsk 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, he spoke on the efforts 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 2020, ethnological expert review, and presented a comprehensive programme to address indigenous Taimyr peoples, which had been developing 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 Norilnickel's 2020 Sustainability Report and the results of disclosure materiality surveys”

SPEAKERS:

• Svetlana Ichenko, Head of the Sustainable Development Department of MMC Norilsk Nickel

Svetlana Ichenko announced the key objectives of the 2020 Sustainability Report, listed the key standards and guidelines on which the Report is based, spoke about the thematic content and the priority topic of the Report. The speaker proceeded with the presentation on the Report’s preparation schedule and described the procedure of compiling the materiality matrix. In addition, Svetlana Ichenko 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.


Stakeholders were asked to assess the current materiality matrix and propose changes.

• Igor Radosviko, Head of the Business Information Support Department at TUXEX

Igor Radosviko proposed moving “Supply chain responsibility” topic to the right-hand box. Ivan Kuznetsov supported Igor Radosviko’s proposal. The participants voted.

Voting results:

FOR: 76%
AGAINST: 24%

Alexander Stotsky, General Director of the “Project Office of Arctic Development” Expert Centre

Igor Dukyavker, 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 Dukyavker 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.

Subject 1. Participation in Russian national projects

• “Economic, environmental and social impact” axis assessment: 1.9

Stotsky and “Influence on stakeholders assessments and decisions” axis assessment: 1.9

Subject 2. Emergency forecasting and technogenic safety.

• “Economic, environmental and social impact” axis assessment: 2.4

And “Influence on stakeholders assessments and decisions” axis assessment: 2.4

Subject 3. R&D activities.

• “Economic, environmental and social impact” axis assessment: 2.2

And “Influence on stakeholders assessments and decisions” axis assessment: 2.1

Subject 4. Organisational changes: division-based structure and its impact on employees.

• “Economic, environmental and social impact” axis assessment: 1.4

And “Influence on stakeholders 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 impact” axis assessment: 1.3

And “Influence on stakeholders assessments and decisions” axis assessment: 1.6


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 accident 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 Ichenko 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 placement on industrial sites to avoid additional contact (including shift workers at GKK 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 Kilorod.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 Yudashka, Kompaniya Business Magazine

Viktor Yudashka 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 voice 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.
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.

From external stakeholders

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 regions in Nornickel’s Efforts to Combat COVID-19: Results sections

Assuming the strong potential as well as opportunities and risks related to information technologies, it is advised to disclose breakdown by type of operations and region is not currently provided. 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

To disclose findings of the human rights assessment. 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.

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.

It is advisable 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. 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

The Company’s sustainability report includes a stand-alone section on the topic. From internal stakeholders

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

From internal stakeholders

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Disclose information on volunteering activities. Done. Disclosed in the Improving the Living Standards for Local Communities section

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The Company’s sustainability report includes a stand-alone section on the topic.
Opinion of RSPP Council on Non-Financial Reporting on the Norilsk Nickel Group’s 2020 Sustainability Report for the purposes of public verification


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 set 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).

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.

- 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 Nichelny District. It highlights that to support its employees during the COVID-19 pandemic, the Company set up a response centre, tasks, and a corporate hotline and ran campaigns to discuss remuneration and employee engagement. The Report notes that Nornickel uses advanced digital technology to create a customer-oriented approach to human capital management. 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 are aligned with internationally recognised approaches and 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 Taimey’s indigenous people 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, 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 of decisions 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 Kolyma 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 Murmanska 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’s 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 including medical initiatives and initiatives by 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 effectiveness of its management 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 environmental management and major challenges 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 plans and measures to improve the Company’s social, economic 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 recognized approaches and in compliance with the laws of the Russian Federation and other countries where it operates. It 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 report period and the actual results and disclose the next year’s and mid-term targets across all sustainability indicators.

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 in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). To facilitate the adoption of best practices in the metals and mining industry, it is recommended that the Company provide a through 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.
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) regarding the engagement in the course of sustainability activities implementation compliance with the principles of the AA1000 Accountability Principles 2018 (hereinafter referred to as AA1000 AP 2018) as well as of the accompanying Sustainability Report of Norilsk Nickel Group 2020 (hereinafter referred to as the Report) 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 Codes 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, professional behavior, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm operates International Standard on Quality Control 1, Quality Control for Firm that Perform Audits and Reviews of Financial Statements, and Other Assurance 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 an informed 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 300 (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 our 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 comply 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.

The auditor of the Sustainability Report was approved by the Head of Nornickel’s Sustainable Development Department.

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.

The 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 is based on the procedures performed and evidence obtained, and nothing has come to our attention that causes us to believe that MMC Norilsk Nickel stakeholder engagement is the course of sustainability activities implemented in compliance with these principles.
Implementation has not complied, in all material aspects, with the criteria of AA1000 AR 2018 in respect to adherence to the principles (incorruptibility, 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 2018 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 Sulfur Programme 2.0 (using natural gas to convert sulfur dioxide to sulfuric 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 GR 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
Grant Thornton

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000-246/15/2534DW

FBK, LLC
V.V. Slobodnev
Practitioner
Partner
acting under Power of Attorney No. 76/16 of December 17, 2019
The Russian Federation, Moscow
April 16, 2021

TRADUCTION 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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Norilsk through the eyes of its residents
http://norilskfilm.com/

Corporate website
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