



Independent Auditors' Report

**on the financial statement of
Public Joint Stock Company
Mining and Metallurgic Company Norilsk Nickel
for 2020**



Independent Auditors' Report

To the Shareholders and Board of Directors of Public Joint Stock Company Mining and Metallurgical Company Norilsk Nickel

Opinion

We audited the financial statements of Public Joint Stock Company Mining and Metallurgical Company Norilsk Nickel (hereinafter referred to as the Company), which comprise the balance sheet as of December 31, 2020, and the statements of income, changes in capital and cash flows for the relevant year, and notes to the balance sheet and the statement of income, comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements attached herewith present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and its financial performance and cash flows for the relevant year in accordance with the Russian Accounting Standards (RAS).

Basis for our opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the *Auditors' Responsibilities for Auditing the Financial Statements* section of our report. We are independent from the Company in accordance with the independence requirements relevant to our audit of the financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) (including the International Independence Standards), and we fulfilled our other ethical responsibilities in accordance with the requirements of the Russian Federation and the IESBA Code. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Audited entity: Norilsk Nickel.
Included in the Uniform State Register of Legal Entities under No. 1027700125628.
Dudinka, Krasnoyarsk Region, Russia.

Independent auditor: JSC KPMG, a company incorporated under the Russian law, a member of KPMG International Limited, a global organisation of independent companies and a private UK company limited by member guarantees.

Included in the Uniform State Register of Legal Entities under No. 1027700125628.

Member of the Self-Regulated Organisation Auditors' Association Sodruzhestvo (SRO AAS). Principal registration number of entry in the Register of Auditors and Audit Organisations: No.12006020351.

Key audit matters

The key audit matters are those that, in our professional judgement, were most significant in our audit of the financial statements for the current period. These matters were considered in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not express a separate opinion on these matters.

The impact of the JSC NTEK incident on the stand-alone financial statements of Norilsk Nickel

See note 2.6 to the financial statements.

Key audit matter	Audit procedures concerning the key audit matter
<p>In May 2020, an incident took place at the industrial site of TPP-3, owned by the Company's subsidiary JSC NTEK, which resulted in contaminated water resources in the adjacent water bodies and soil in the areas of fuel spillage, as well as damage to biological resources. The Federal Service for Supervision of Natural Resources (Rosprirodnadzor)'s claim against NTEK for compensation for the damage was partially satisfied by the court on February 5, 2021 in the amount of 146,711 million roubles. The Company recognised impairment of financial investment in this subsidiary in the amount of 45 billion roubles as of December 31, 2020.</p> <p>Given the magnitude of the damage and the impact on the Company's financial statements, we consider the analysis and disclosure of this circumstance a key audit matter.</p>	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> - Reviewing the approach to determine the estimated value of the financial investment for consistency with the accepted approach; - Reviewing the correspondence between the Company, its subsidiary and Rosprirodnadzor, as well as the court ruling and the documents submitted by the Parties during the litigation; - We engaged KPMG's legal experts to assess whether the Company has an obligation in relation to the claim made by Rosprirodnadzor against the Company's subsidiary and the court ruling; - We asked the Company Management about the next steps in relation to the court ruling; - We obtained the assessment by the Company and its legal experts of other submitted and potential claims and analysed their interpretation of the relevant legal requirements. <p>We also assessed the appropriateness and completeness of related disclosures in the financial statements.</p>

Other information

The management is responsible for other information. Other information includes the Issuer's Quarterly Report for Q1 2021, but does not include the financial statements and our auditor's report thereon. The Issuer's Quarterly Report for Q1 2021 is expected to be made available to us after the date hereof.

Our opinion on the financial statements does not cover other information and we will not express assurance conclusion thereon in any form.

In connection with our audit of the financial statements, our responsibility is to study other information when it becomes available and consider whether other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or

contains material misrepresentations.

Responsibility of the Management and individuals charged with corporate governance for financial statements

The Management is responsible for the preparation and fair presentation of the aforementioned financial statements in accordance with the RAS and for the internal control system that the Management considers necessary to prepare financial statements containing no material misrepresentations due to either fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue uninterrupted activities (going concern), disclosing, as applicable, matters related to going concern and using the it as a basis for financial statements the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do either of the two.

Individuals charged with corporate governance are responsible for overseeing the preparation of the Company's Financial Statements.

Auditors' Responsibilities for Auditing the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misrepresentations, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect material misrepresentations where they exist. Misrepresentations can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of our audit conducted in accordance with the International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misrepresentations in the financial statements due to fraud or error; design and perform audit procedures to address these risks; obtain audit evidence sufficient and appropriate to base our opinion on. The risk of failure to detect a material misrepresentation caused by fraud is higher than that caused by error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or action intended to bypass the internal control system;
- gain an understanding of the internal control system relevant to the audit in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the efficiency of the Company's internal control system;
- assess the appropriateness of accounting policies used and the validity of accounting estimates and related disclosures made by the Management;
- make a conclusion on the appropriateness of the Management using the going concern assumption and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to operate as a going concern. If we conclude that there is material uncertainty, we have either to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However,



future events or conditions may end the Company's ability to operate as a going concern;

- assess the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a fair way.

We communicate with individuals charged with corporate governance, informing them, among other matters, of the planned scope and timing of the audit and significant audit findings, including any significant internal control system faults that we identify during our audit.

We also provide individuals charged with corporate governance with a statement that we complied with all relevant ethical requirements for independence and informed them of all relations, other matters that may reasonably be considered as influencing auditors' independence and related safeguards, where applicable.

From the matters communicated to individuals charged with corporate governance, we determine the most significant ones for the audit of the financial statements for the current period and consider them the key audit matters. We describe these matters in our Auditor's Report unless public disclosure of the matters is prohibited by law or regulation or, in extremely rare cases, we conclude that a matter should not be communicated in our Auditor's Report because it could reasonably be expected that the adverse consequences of such communication would exceed its public benefit.

Head of the assignment this Independent Auditors' Report is based on:

/Signature/ /Stamp/

N.N. Velichko

JSC KPMG
Moscow, Russia

February 16, 2021