



# ustainable

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# HUMAN RESOURCES

One of the Company's focus areas is to nurture corporate culture aimed at boosting employee performance and commitment to delivering against targets. Nornickel views its employees as its key asset and keeps investing in their professional and personal development, while also creating an environment promoting employee performance and engagement.

The Company makes sure all employees enjoy equal rights and treatment regardless of gender, age, race, nationality, and origin. Nornickel provides all its talent with the same opportunities to unlock their potential and promotes them solely on the basis of professional competencies.

Respect for each employee and their rights lies at the heart of Nornickel's business. The protection of human rights is reflected in a number of by-laws, including the Company's Code of Business Ethics, Personal Data Policy, Regulations on Anti-Embezzlement, and Human Rights Policy. The Company does not use child labour.

Nornickel is committed to achieving operational excellence and has implemented standard approaches to developing its business unit structures and put together a list of job titles to standardize job creation.

## AWARDS AND INDUSTRY RECOGNITION

In 2019, Nornickel entered a number of best employers lists:

- Forbes Global 2000: The World's Best Employers: No. 1 among Russian companies; No. 36 among 2,000 the world's best employers. Nornickel is the only Russian company in the Top 100 of the list
- The World's Most Attractive Employers by Universum: No. 1 among students and professionals in the Metals & Mining category
- HeadHunter's Russian Employers Rating: No. 4 among Top 100 employers

In 2019, the Group's average headcount totalled

**73.7**  
thousand people

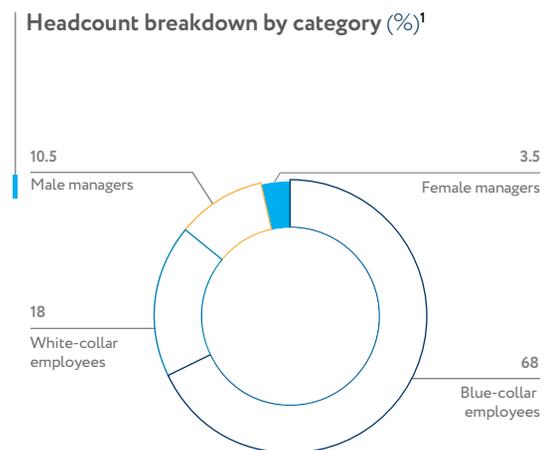
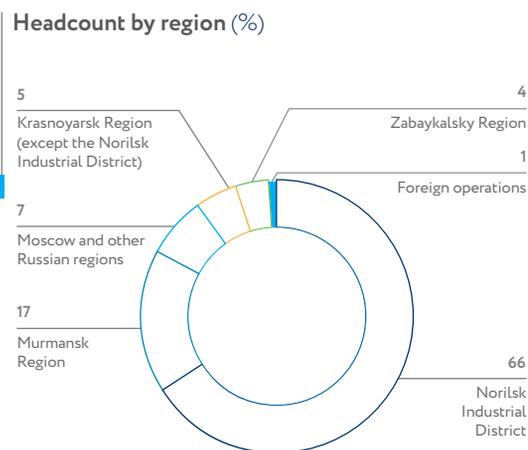
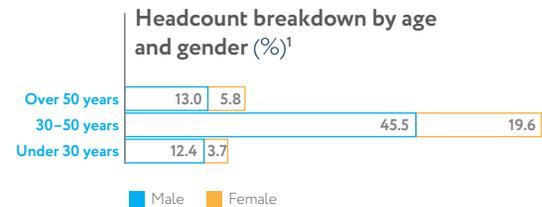
### The Group's average headcount (people)

Location	2017	2018	2019
Russia	77,991	74,926	72,782
Africa	605	617	577
Europe	326	330	326
Asia	13	13	16
USA	10	10	9
Australia	5	5	5
<b>TOTAL</b>	<b>78,950</b>	<b>75,901</b>	<b>73,715</b>

## STAFF COMPOSITION

The decrease in the average headcount in 2019 was caused by structural changes within the Group and implementation of a programme to improve labour productivity and reduce costs.

Nornickel is among the main employers in the Norilsk Industrial District and Kola Peninsula, hiring 67% and 17% employees, respectively. Local population accounts for 99.7% of the headcount.



## RECRUITMENT

### PARTNERSHIPS WITH UNIVERSITIES

To make jobs in the metals and mining industry more attractive for young people and make sure highly skilled specialists are available, Nornickel pays special attention to collaboration with Russian universities. In 2019, the Company selected and invited 322 students from 25 Russian industry-oriented universities to take part in its Career Start-Up programme. The students learned practical skills as part of their apprenticeship at the Company's major facilities, while also gaining unique knowledge by taking part in the Conquerors of the North business game. The initiative was specifically designed to develop knowledge and competencies most sought after by Nornickel.

Over the summer, the programme participants received hands-on training and competed in a multi-stage business game with a focus on teamwork to try and tackle some of the Company's real tasks. The Company engaged 20 of its top experts

to provide mentorship support to the contestants. Nornickel was the first company in the Russian mining industry to engage students and graduates in solving actual business challenges. In 2019, the project resulted in the Group employing 93 participants of the business game.

Nornickel is committed to promoting engineering professions among school graduates and university students and raising the profile of engineering education in Russia. In 2019, Nornickel sponsored Cup Technical and Metall Cup, Russian and international case-solving championships among students of technical universities. During the contest, students dealt with cases related to Nornickel's operations, gaining insight into the Company's real business processes and proposed their own solutions.

In 2019, an apprenticeship programme kicked off for the first time in the Head Office, taking on board the best graduates of the leading Moscow universities. Upon completion of the programme, seven out of nine apprentices were offered jobs in various business units of the Head Office.

<sup>1</sup>/ Russian operations.

## ASSISTANCE PROGRAMME

Since the Company's production sites are located in remote areas, Nornickel actively sources personnel for its production facilities from other regions of Russia. A programme called Assistance to New Employees in Adapting to the New Place of Residence in Norilsk and the Taimyrsky Dolgano-Nenetsky Municipal District (the Assistance Programme) aims at helping with getting adjusted to the new environment. The programme targets not only highly qualified specialists and managers, but also young talent and workers with hard-to-find skills. Today, it covers 1,530 of the Company's employees, including 352 new participants who joined in 2019. With this programme, the Company seeks to provide comfortable living conditions for the invited employees and reimburse their relocation and resettlement costs.

## PERSONNEL DEVELOPMENT

In 2019, Nornickel's work to develop corporate culture centred around:

- Personnel engagement
- Corporate dialogues and forums
- Comprehensive training in corporate culture
- Training of corporate coaches
- Promotion and communication

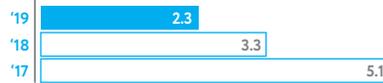
## ENGAGEMENT

Nornickel goes through the engagement management cycle every year to maintain an engaging environment. This cycle includes several phases: conducting the "Let Everyone Be Heard. What Do You Think?" survey; analysing survey findings; development and implementation of resulting solutions/initiatives.

In 2019, the engagement index grew by 6 p. p. and the Senior Management index – by 10 p. p.

The survey includes polling and focus group research among 75,000 employees from 32 Nornickel's enterprises. All governance levels, from units of individual enterprises to the Group as a whole, are involved in both survey data analysis and development and implementation of improvements. A total of 850 actions were planned for 2019.

### Financing under the Assistance programme (USD mln)



## CORPORATE DIALOGUES AND FORUMS

A project to enhance dialogue between senior management and regular employees has been underway for the second year now to improve employee awareness, gain ownership of the Company's goals and values and develop trust between labour and management. In 2019, the project included 30 corporate dialogues, 35 communication trainings for managers, 270 informal meetings, Nornickel Live video conference and six video interviews with Nornickel vice presidents. More than 400 managers were trained under the project. A total of 5,500 Nornickel's employees participated in these initiatives.

Corporate culture and engagement workshops were held at 10 functional conferences and as part of Leaders of Nornickel, On the Path to Efficiency, and lamHR educational corporate programmes. Total coverage exceeded 1,000 people.

## COMPREHENSIVE TRAINING IN CORPORATE CULTURE

Training in corporate culture and promotion of the Company's values include programmes at all levels from senior management to regular employees.

Nornickel provides practical training in corporate culture (based on the Company's White Paper) for its managers. A total of 49 practical training sessions were attended by more than 500 managers in 2019. An assessment of the training results showed an increase of the Corporate Culture Importance for Business index by 20 p. p. and of the Understanding How to Nurture Corporate Culture index, by 34 p. p.

All enterprises showed a much better alignment of employee behaviour conformity with corporate values Group-wide, with a 1.5–2 times increase in average alignment revealed by the management team survey. The Immediate Superiors Making Decisions in Line with Corporate Values index was at 62%, up by 7 p. p. from 2018.

In order to build a centre of excellence for corporate value training and embedding, the Our Values training module was developed, with 75 corporate coaches competitively selected who were trained and later delivered over 400 programmes based on this module for more than 10,000 employees.

## INTERNAL COMMUNICATIONS

Promotion and internal communications focused on the coverage of engagement and corporate culture events by the corporate media and web portal. In total, 10 interviews were conducted with vice presidents, 10 videos on corporate culture were filmed, programme handouts (leaflets, flyers) were prepared, the Nornickel Live website and brand were updated, and a collection of corporate culture materials featuring best practices of various enterprises was published in 2019.

## TALENT POOL

In 2019, the Company kept rolling out the talent pool management system across its production facilities to cover recruiting of lower and middle

line managers. The project was joined by Medvezhy Ruchey, Polar Construction Company, Norilsktransgaz, and Norilskgazprom. 250 new succession pool members commenced their training in the Corporate University. Manuals for mentors and succession pool members including useful tools and techniques for the development and application of managerial skill were put together to supplement classroom training.

## CORPORATE DEVELOPMENT PROGRAMME

The assessment of senior and middle manager potential, performance and future development continued in 2019. Over 500 managers were assessed. In 2019, assessment focused on Top 100, first and second line managers of Operations. Apart from the assessment outcome and future development options, HR committees also discussed the security of top positions and readiness of candidates for succession in the near future. As a result, successors were identified for 200 key managerial positions.

The Leaders of Nornickel corporate development programme involving 54 high-potential managers was completed in April 2019. The programme focused on project work to improve process efficiency across the Company's business units based on lean manufacturing. During the last module, the programme participants presented the results of their work including activities to improve Nornickel's business processes to the Company's management.



**Larisa Zelkova**

Senior Vice President  
for HR, Social Policy and Public  
Relations



The Leaders of Nornickel programme uses a gradual approach. Everything is designed to prepare its participants for project work. Surely, one of the most important outcomes of the training is development of specific business cases to help improve corporate business processes. However, it offers even more added value. Although it cannot be measured, the emotional part of training should not be overlooked. Friendships that come from shared trainings stay to help participants in their future work. As one of last year participants put it, "Alumni are forever". "It's very well said – we stay in touch even when the training is over."



Such programmes are in high demand from both businesses and key management members. A new group of managers commenced their training under the Leaders of Nor Nickel 2.0 corporate programme in September 2019. The programme consists of four modules with each module including theory training, practice effectively transforming knowledge into specific skills, master classes, and project work. 55 managers enrolled on the programme, with most selected through a contest. This year, there were three applicants per place.

The On the Path to Efficiency corporate programme for middle management kicked off in June 2019. The programme focuses on developing managerial competencies and executive reasoning, learning continuous improvement tools and personnel management practices. Training will run for 10 months in three cities: Norilsk, Monchegorsk, and Krasnoyarsk. The programme consists of five modules and is attended by 139 participants. Each participant's performance – classroom training engagement and activity level, homework between modules, project work, participation in online training, etc. – is monitored. The participants can use the training portal not only to view the calendar of events, select convenient training dates, complete an assignment, communicate with a coach and other participants, but also to see their current rating. The programme uses state-of-the-art formats and methods of adult training.

The lamHR corporate programme for professional development of HR employees was completed in March 2019. It aimed to improve the human capital management function, promote interaction between the business and HR, and introduce the most advanced solutions and best practices in HR management. The participants followed up the programme by putting together a catalogue

of HR practices and management tools, a Guide to Employee Relations. Interviewing a Candidate and Ecofriendly Dismissal practical trainings included master classes delivered as part of corporate management training programmes.

In October 2019, the lamHR programme was followed up with the lamHR Region programme for local HR specialists in Kola MMC.

Also in 2019, the 360-Degree module based on SAP HCM was developed for the annual 360-degree competency review. Its implementation will enable rolling out competence review to all enterprises of the Group and developing a uniform system for identification of management development priorities. The review uses the corporate competence model based on values and managerial competencies. Depending on its results and relevant feedback from one's superior, each participant can choose the right path for their development and select required tools and methods for the next year's development from a special library of development activities.

The implementation of a comprehensive project to develop professional competencies of the Company's managers and white-collar employees continued in 2019. Professional competency models were developed for the health and safety service, the operations of the Polar Transport Division, the metallurgists of the Polar Division, and Kola MMC. Over 1,000 employees were assessed against the models with special tests. The results were used to identify directions and focus areas for future professional development.

In 2019, about 400 employees went through tailor-made training programmes based on the results of their professional competency assessment in 2018.

In 2019, the Company also continued implementing professional standards. 60 professions were analysed against 14 professional standards covering about 5,000 employees. The Company is represented and actively participates in the activities of the Board for Professional Competencies in Mining and Metals and the Board for Professional Competencies in HR Management.

## ENHANCING PROFESSIONAL EXCELLENCE

With the reconfigured production cycle, upgraded operations, new technologies, operating procedures and professional standards, development and implementation of new professional qualifications set new requirements for employee knowledge, skills, and competencies. The corporate training framework must provide employees with a quick and unhindered access to new knowledge helping them master new professional skills and receive training and development support for horizontal and vertical job rotation.

The Group will continue employee competence diagnostics and management across its enterprises in 2020, building professional competency models for functional and production divisions of the Company, defining knowledge and skills requirements for each position and developing a set of test questions to assess professional competencies of employees in temporary fill positions.

Nornickel intends to continue implementing professional standards within the Company. The Company's involvement in the activities of boards for professional competencies helps enhance the national competency framework.

In 2019, the Company continued its efforts to educate and upgrade its employees. About 70,000 employees went through various training and retraining programmes, with about a third of them completing two different courses. A total of 4,655 staff-hours of training were delivered to 40,800 employees in corporate training centres.

An area of special attention is the use of advanced technologies to train various categories of personnel. In 2019, 6,500 employees attended online H&S training sessions hinging on staff expertise. The Company produced 58 distance learning H&S courses, 33 videos (3D computer models), and seven multimedia briefings for blue-collar professions. The Company leverages internal expertise and today's formats to quickly produce new high-quality interactive training courses to accomplish its business tasks.

## REMUNERATION

Remuneration of Nornickel's employees depends on the work complexity, individual expertise and skills, and their personal contribution to the Company's performance.

## Principles of remuneration:

- Internal equity – remuneration management is based on the job description and grading methodology. The Company has a unified grading system across all functions
- External competitiveness – remuneration is based on the labour market data, with adjustments made for a company's focus, business location, and job grades
- 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 employees know how they can improve their remuneration

In 2019, one of the key tasks was to keep the grading system up to date. The Company assessed and reassessed more than 9,500 jobs. The grading system was also introduced at newly established or restructured enterprises.

In 2020, Nornickel will continue to update its grading system and automate some job description and assessment processes.

The remuneration package consists of fixed and variable components (73% and 27%, respectively), with the latter linked to the Company's operating performance and achievement of relevant KPIs.

Average monthly salaries of Nornickel's employees are much higher than the minimum living wage in the Company's operating regions.

## Minimum living wage in Nornickel's operating regions

Region	RUB '000	USD
Murmansk Region	25.9	401
Norilsk Industrial District	29.3	453
Krasnoyarsk Region (excluding NID)	11.3	174
Moscow	20.2	312
Zabaykalsky Region	16.9	261

Average monthly salaries of Nornickel's employees<sup>1</sup>

Currency	2017	2018	2019
USD <sup>2</sup>	1,784	1,780	1,835
RUB '000	104.1	111.6	118.8

<sup>1/</sup> Russian operations.

<sup>2/</sup> Based on the average annual RUB/USD exchange rates of 58.35 in 2017, 62.71 in 2018, and 64.74 in 2019.

In addition to salaries, Nornickel's employees enjoy a variety of benefits and compensations making up 7% of the remuneration package, including the following:

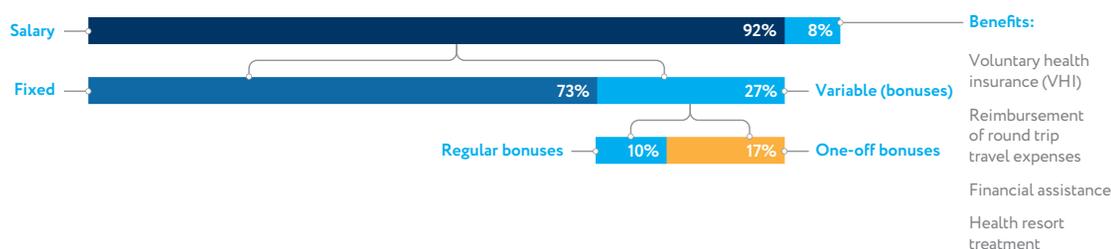
- Voluntary health insurance and major accident coverage
- Discounted tours for health resort treatment and recreation of employees and their families
- Reimbursements of round trip travel expenses and baggage fees for employees and their families living in the Far North and territories equated thereto

- One-off financial assistance to employees at different life stages or in difficult life situations
- Complementary corporate pensions
- Other types of social benefits under the existing collective bargaining agreements and local regulations.

#### Nornickel's employee benefit costs (per year)

Expenses	2017	2018	2019
Total expenses (USD mln)	122.6	127.6	147.3
including per employee (USD)	1,571	1,703	2,023

#### Remuneration package across the Group's Russian operations



## REWARDING PERFORMANCE

In 2018, MMC Norilsk Nickel approved its Award Policy which sets out the goals, principles, rules, requirements, and limitations of Nornickel's awarding activities. The Award Policy aims, first and foremost, at employee development and performance improvement. A new version of the Regulations on Corporate Rewards and Incentives came out in the first quarter of 2019 to implement the principles of the Award Policy. In addition to existing awards, these Regulations introduced nine new honorary titles in Nornickel's priority areas to be awarded starting from 2019.

#### Underlying principles of the award policy

- **Objective and transparent** nomination and awarding process. Nornickel uses objective, relevant, and transparent criteria for each award, on one hand, and ensures clear understanding by the awarded employees and their colleagues which achievements are recognised, on the other; a perception that the award is fair and well-deserved.
- **Popular, attainable, and valuable awards.** Nornickel maintains a balance between employees' desire to be awarded and the ease of getting an award. The balance is struck by an objective allocation of award quotas, transparency and objectivity of procedures, and a significant tangible and intangible value of rewards, awards, and recognition events.
- **Communication and awareness.** Nornickel ensures that the documents governing the Award Policy, award conditions, criteria and procedures for nomination and awarding, and the list of award categories and awards are clearly stated and available to personnel.
- **Maximum awareness** of award winners by all employees. The award process is open and enjoys various types of information support. Information on the awarded employees is communicated to staff via all internal communications channels.
- **Frequency.** Awarding campaigns and events are evenly distributed throughout the calendar year.

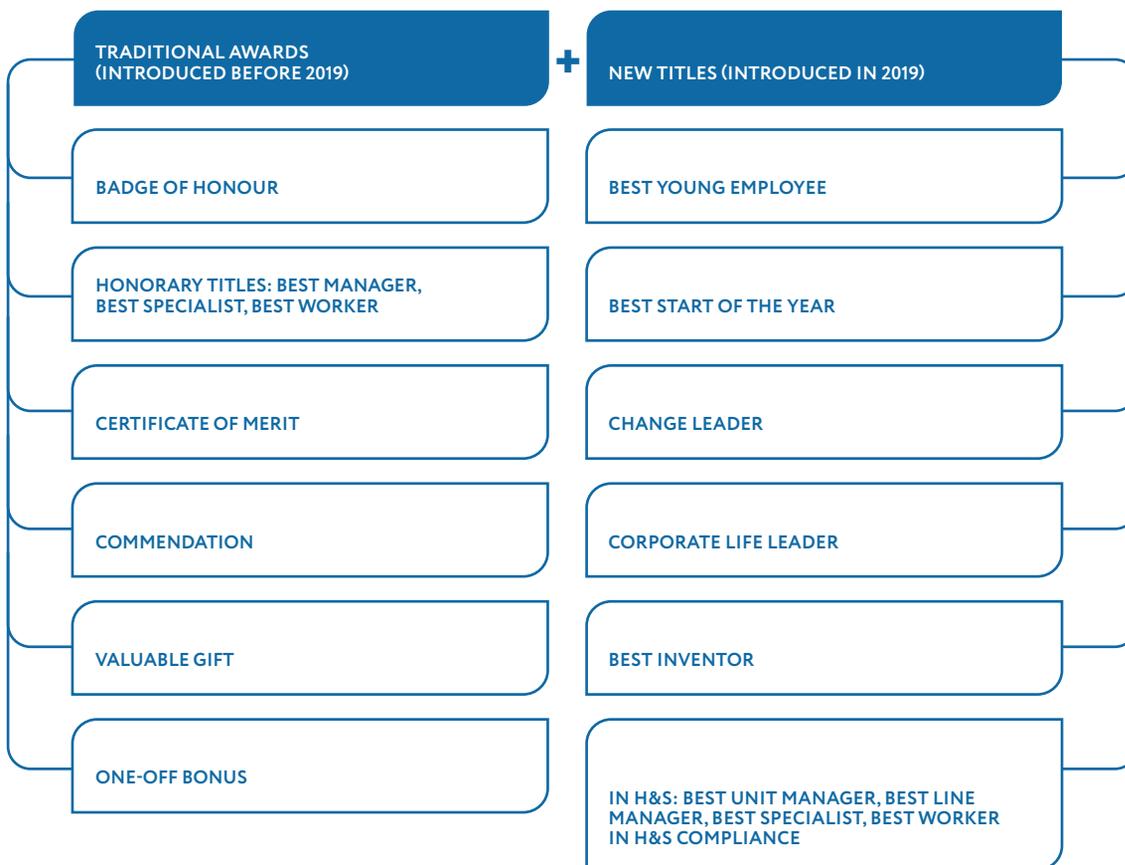
- **Equal opportunities** for employees from different locations and segments to be nominated and awarded. Nornickel ensures there is no discrimination on gender, nationality, or religion in the nomination and awarding of employees.
- **Development of employees** in line with strategic priorities and corporate values through better use of their potential and motivation to enhance their professional excellence.

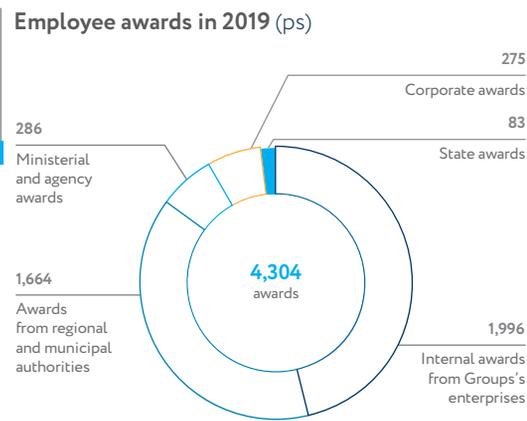
The Award Policy is closely linked to Nornickel's values and strategic priorities through corporate incentives. The Company rewards its employees for outstanding professional achievements and contribution, innovations that drive growth and add value, efforts going beyond formal agreements with Nornickel and contributing to overall performance of the business. Nornickel praises and distinguishes employees showing unmatched production, engineering and managerial competencies by awarding those who delivered remarkable operating and management performance and contributed a lot to advancing production.

There are several categories of incentives in the Company. They include corporate incentives or Company-level awards that can be granted to Nornickel's employees, and internal incentives with nomination and awarding criteria set in compliance with the Award Policy. Top performers may be nominated for agency and state awards. Nornickel welcomes agency and state recognition of its employees and nominates those who achieved prodigious results in operations and management and made significant contributions to production development.

Award events are the pinnacle of the award policy. Nornickel bestows corporate awards at special ceremonies attended by its staff and senior management. Data on awarded employees are featured in corporate publications and communicated Group-wide. December 2019 saw the first ever ceremony of bestowing honorary titles at the award event marking year-end results.

#### Awards and nominations





## REMUNERATION FRAMEWORK

The key performance indicators adopted by Nornickel serve to build a transparent incentive and performance assessment system. Remuneration is linked to KPIs approved for different job grades and rewards employees exceeding targets.

Nornickel put in place its performance management system in 2014, with assessment reliant on a variety of key performance indicators (KPIs) covering social responsibility, occupational safety, operating efficiency, and capital management and responding to cross-functional interests of stakeholders. In 2019, 11,300 employees of the Group were assessed against its key performance indicators.

The system is instrumental in streamlining performance assessment criteria and enabling the management and employees to align the current year's priorities with the Company's performance and link an employee's performance to their pay level.

Automation of the KPI-based employee assessment commenced in 2018. The automated system will help standardise talent pool management methods across the Company, consolidate relevant data into a shared database, and provide access to the assessment process through personal accounts for each employee. By the end of 2019, the system was used by 28 divisions of the Company. In 2020, Nornickel will roll it out across all Russian assets of the Company.

To improve the performance of the Head Office staff, Nornickel approved the Procedure for Assessing Employee Performance and the Regulations on Annual Performance Bonuses. The Procedure primarily seeks to link remuneration, development and promotion of employees to the assessment outcome, whereas the Regulations on Annual Performance Bonuses serve to review employee performance in the reporting period against team and individual KPIs.

To boost employee performance across its Russian operations, the Company put in place the Procedure for Assessing Management Performance whereby performance is managed by setting KPI targets and evaluating manager achievements against these targets.

# HEALTH AND SAFETY

The health and safety of our people as well as mitigation of ore mining and processing risks is a top priority in Nornickel's operations.

## CERTIFICATION

In 2019, the Company commenced preparations for certification under ISO 45001:2018 Occupational health and safety management systems. The preparations included an external diagnostic audit, workshops for senior management and business unit heads as well as master classes on health and safety management system audit with practical work in production units for internal auditors. In addition, a new occupational safety management regulation was developed to comply with the requirements of ISO 45001:2018 and a preliminary audit of occupational safety management certification documents was carried out.

As at the end of 2019, all key production enterprises of the Group had health and safety certification:

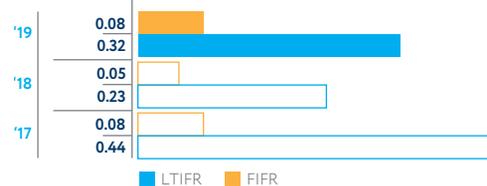
- Kola MMC, OHSAS 18001
- Polar Division GOST R 54934-2012 (Russian standard identical to OHSAS 18001)
- Norilsk Nickel Harjavalta, OHSAS 18001
- Norilsknickelremont, GOST 12.0.230-2007 (interstate standard identical to ILO-OSH 2001)

The Company's health and safety management system prioritises the life and health of our people over operating results and keeps pace with the most advanced international standards. In 2013, the Company embarked on a mission to reduce injury rates and promote health and safety culture.

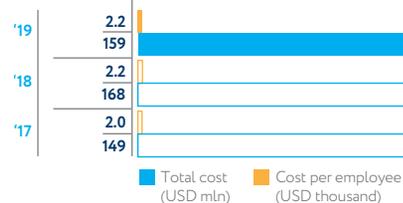
## STRATEGIC GOALS

- **Continuous reduction in injury rates:** Reduce lost time injury frequency rate (LTIFR) by 20% every year for three years starting from 2013 and by 15% every year afterwards;
- **Zero fatalities:** Zero-tolerance policy on work-related fatalities

Injury rates, per million hours worked



Industrial safety costs



## RESPONSIBILITY AND ACCOUNTABILITY

The Audit and Sustainable Development Committee deals with health and safety matters. The committee reviews management reports on health and safety performance every quarter, with management required to provide detailed account of causes of injuries, measures taken to prevent similar injuries occurring in the future and disciplinary actions taken against the employees at fault.

Nornickel's First Vice President – Chief Operating Officer is directly responsible for the development of health and safety initiatives and ensuring compliance with the relevant requirements. The KPIs of the COO and heads of production units include safety targets with weightings between 12% and 28% of the overall KPI. A failure to prevent a fatality blocks them from receiving a performance bonus. The heads of production units are personally responsible for the life and health of each of their subordinates. Managers' focus on improving safety includes:

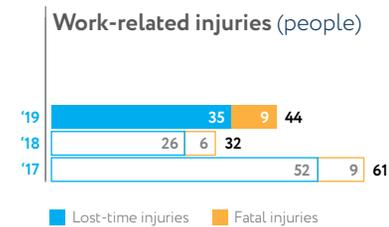
- Personal involvement in industrial safety risk assessments
- Regular visits to production facilities
- Acting as a second party in external industrial safety audits
- Meetings with enterprise teams to promote employee ownership of industrial safety improvement
- Personal participation in incident investigations

The Company's Health, Safety and Environment Committee is led by the First Vice President – Chief Operating Officer and is focused on improving efficiency and accountability in health and safety. The committee meets quarterly at various production sites of the Group to discuss H&S management improvement, including:

- Analysis of the circumstances and causes of severe and fatal work-related injuries
- Status of measures planned and implemented to prevent similar injuries
- A programme of organisational and technical measures to improve health and safety.

## OCCUPATIONAL SAFETY

BNornickel has corporate health and safety standards that apply to both the Group's employees and contractors' personnel deployed at the Group's production sites.



Nornickel's production enterprises have process-, job- and operation-specific regulations and guidelines in place containing dedicated health and safety sections. In addition, the Group's collective bargaining agreements also have health and safety provisions. At the end of 2018, key players of the copper and nickel and supporting industries developed and signed an interregional cross-industry agreement setting out among other things the obligations and commitments of the parties in relation to health and safety. The Company and most of its subsidiaries have joint health and safety committees made up of management, employee and trade union representatives.

As all maintenance and construction operations at the existing production facilities are classified as high-hazard, contractors' workers are required to attend induction and target briefings on health and safety prior to the commencement of any work. Work permits also include occupational safety requirements to be observed during work preparation and performance. A special standard setting requirements for contractors at the contractor selection phase was developed and implemented in 2018 to better monitor and promote the safety of work performed by contractors on the sites of Nornickel enterprises. In 2019, Nornickel continued to consistently implement the standard and monitor compliance with it including through joint inspections of compliance with work safety requirements and meetings of health and safety councils (committees) involving contractor representatives. Contractors failing to comply with health and safety requirements were fined for a total of more than RUB 11 mln (USD 170,000) in 2019.

The Group's production units are regularly audited for compliance with applicable health and safety requirements. A total of 81 audits took place in 2019 in accordance with the approved schedule (45 in 2018), with production site managers also involved in the audits.

## ACCIDENT RATE REDUCTION PROGRAMMES

In 2018, Nornickel launched the programme to implement the H&S process management system, which went live across the Group's key sites following a test period. The system is based on a modern risk management model focused on proactive identification of hazards in existing processes and incident cause analysis, including:

- Consideration of actual working conditions; identification of the most significant safety risks for various production operations and work areas
- Identification of actual and potential risks during incident recording and investigation or when recording identified gaps and irregularities
- Prevention of potential incidents using historical data on risks and near-misses, incidents and accidents
- Risk elimination and mitigation action planning, follow-up and performance assessment.

Since 2015, the Company has run another H&S programme, **the Technology Breakthrough**, which improves work safety through new technology:

Mine support design improvement programme was launched in 2017 to promote mining safety, in particular by minimising personnel access to unsupported parts of workings. The programme concept provides for the following measures, in particular to reduce the risk of rock fall

- Use of powered rock bolting systems, mesh hanging and scaling of workings
- Use of new methods to erect protective and temporary supports.

## TRAINING PROGRAMMES

The Company is committed to ensuring its people have all the necessary knowledge, skills and capabilities to perform their duties in a safe and responsible manner.

Each new hire receives a preliminary safety induction briefing upon employment, followed by subsequent workplace briefings. Briefings are then repeated regularly in accordance with the existing corporate programmes. There are also interactive training courses for employees in main production and mining occupations.

### The Technology Breakthrough programme

Measures	Description
Mine automation system	The automation system scans individual tags assigned to the employees and self-propelled machinery, ensuring wireless connectivity to every employee via their personal phones.
Gas protection for self-propelled machinery	Self-propelled machinery is equipped with automated gas monitoring and control systems shutting down the machinery if an explosive gas concentration is detected in the ambient air.
Radio communication and positioning system	An automated system is in place to track personnel and vehicles in mines and detect dangerous proximity between people and vehicles.
3D training simulators	Nornickel has deployed 3D training simulators with virtual reality elements to train personnel and check their skills not only in operations but also in safety.
Remote control technology	The Company has rolled out remote control solutions for its stationary equipment, enabling cuts in the number of employees deployed within hazardous work areas. Going forward, there are plans to use driverless or remotely controlled self-propelled machinery in mines, significantly reducing the number of people deployed underground.

## PERSONAL SAFETY

Employees are provided with safety clothing, footwear and other personal protective equipment to mitigate the adverse impact of work-related harm and hazards. Employees working in contaminated conditions are provided with free-of-charge wash-off and decontaminating agents. In 2019, the Nor Nickel purchased personal protective equipment worth approximately RUB 2.4 bn (USD 37 mln).

Workers with on-site production experience of less than three years wear special red helmets with the word "Caution" on them and protective clothing with "Caution" badges that make them stand out.

## INDUSTRIAL SAFETY COMPLIANCE

The Company has a zero-tolerance approach to unsafe behaviours, as prevention of safety breaches plays an important role in reducing injuries and accidents.

Nornickel has put in place an industrial safety compliance monitoring system featuring multi-tier control with ad-hoc, targeted and comprehensive inspections. The first tier control involves the line manager or the supervisor (aided by designated members of the H&S team) and focuses primarily on workplace set-up. The second and higher control tiers involve special H&S commissions with representatives of management and employees.

In addition to the above prevention and control initiatives, the Company regularly conducts behavioural audits in accordance with the approved schedule. The prevention and control team has identified and disciplined 12,000 non-compliant employees, including by partially or completely stripping them of their bonuses. A total of 221 breaches of critical safety rules have been identified with 159 employees dismissed (105 in 2018).

## PREVENTION OF OCCUPATIONAL DISEASES

The Company promotes healthy lifestyle amongst its staff to minimise the risk of occupational diseases, with management focused on communicating to all employees the importance of complying with safety requirements and protecting one's own health. Nornickel also seeks to introduce meaningful occupational health initiatives taking into account both workplace and individual risk factors.

The Company offers its staff regular disease prevention screening in line with recommendations from the healthcare authorities. Employees undergo compulsory pre-employment, regular and ad-hoc medical examinations at the Company's expense. Special medical examinations are provided to employees exposed to hazardous substances.

Production enterprises have dedicated medical aid posts to perform pre-shift health checks and provide medical assistance on request during working hours.

Implementation of electronic medical examination system has been underway since 2018 to automate pre- and post-shift health checks of employees.

If necessary, employees are provided free-of-charge with personal protective equipment (PPE), including respiratory protection (respirators, gas masks), hearing protection (earmuffs, earplugs), eye protection (glasses/goggles with UV filters, visors), skin protection (gloves, protective and regenerative creams, protective outerwear).

### Occupational diseases

Indicator	2017	2018	2019
Total	361	318	290

Employees working in harmful and hazardous conditions receive free food, milk, and other nutritional products for therapeutic and preventive purposes.

All these initiatives not only raise the living standards of the workforce, but also provide economic benefits by reducing the number of lost time illnesses and injuries.

## INDEPENDENT SAFETY ASSESSMENTS

Nornickel's safe operation culture has been assessed annually by independent consultancies since 2014. According to the latest report, Nornickel's safety culture level in May 2019 was 2.77 points according to the Bradley Curve (2.63 in 2017). The Company is currently at the third level of safety culture maturity when employees internalise the value of industrial safety, and compliance with health and safety rules and regulations is their own deliberate choice as above all they see how they benefit from it. The gradual improvements in the safety culture level were driven by increased employee engagement on safety matters and leadership demonstrated by senior management of enterprises as well as improved knowledge of risk assessment and management.

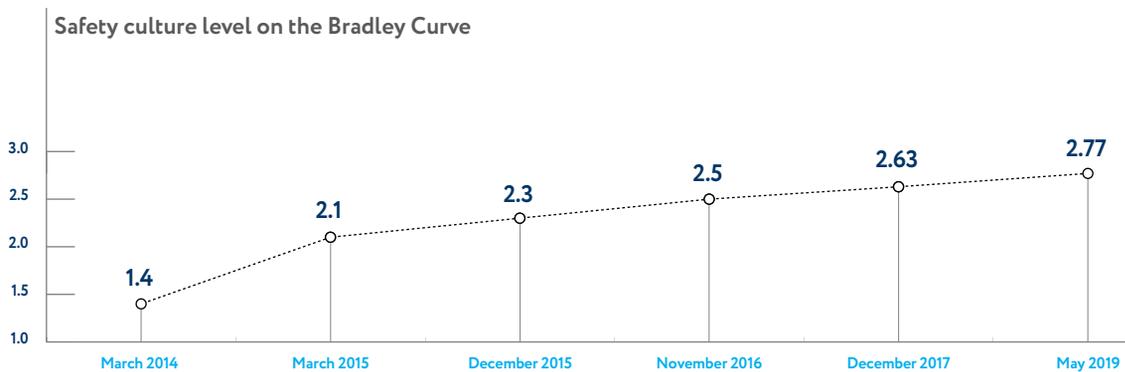
## INJURY RATES

Unfortunately, the Company was unable to reduce lost time injury frequency rate (LTIFR) and fatal injury frequency rate (FIFR) in 2019. LTIFR grew from 0.23 to 0.32 over the reporting year but is still below the global industry average. There were 9 fatalities in 2019, including one accident with multiple fatalities at Taimyrsky Mine in October.

All circumstances of the fatalities were reported to the Board of Directors and thoroughly investigated to avoid similar injuries in the future. Nornickel's management views safety and zero work-related fatalities as its key strategic priorities and continues dedicated programmes to prevent and avoid work-related injuries.



For more details on the Company's health and safety initiatives, please see the 2019 Sustainability Report



**Main causes of fatalities**

Indicator	2017	2018	2019
Fall from height	0	1	1
Falling objects	1	0	0
Moving objects/parts	1	0	2
Rock fall	0	1	0
Road traffic accident (RTA)	0	1	0
Electrocution	1	0	0
Exposure to extreme temperatures	0	0	1
Explosion	4	0	1
Other	1	3	4
<b>TOTAL</b>	<b>9</b>	<b>6</b>	<b>9</b>

**Injury rates**

Indicator	2017	2018	2019
FIFR	0.08	0.05	0.08
LTIFR	0.44	0.23	0.32
<b>Work-related injuries (people)</b>	<b>61</b>	<b>32</b>	<b>44</b>
- fatal injuries	9	6	9
- lost-time injuries	52	26	35
<b>Contractors' work-related injuries (people)</b>	<b>16</b>	<b>19</b>	<b>9</b>
- fatal injuries	1	2	1

# ENVIRONMENT

## ENVIRONMENTAL MANAGEMENT SYSTEM<sup>1</sup>

In 2019, the Environmental Management System (EMS) continued to operate as part of the Corporate Integrated Quality and Environmental Management System (CIMS). This has enabled coordination of environmental activities with activities in other areas such as production, finance, health and overall safety management. This approach improves both overall and environmental performance of the Company. With the EMS now fully in place, the Group's enterprises reap multiple benefits, as it highlights our compliance with global environmental standards.

### SYSTEM AUDIT

In line with ISO 14001:2015, the Company confirms the EMS compliance with the standard by engaging Bureau Veritas Certification (BVC) to conduct surveillance audits once a year and recertification audits every three years. In October–November

2019, Nornickel successfully passed a surveillance audit of its CISM. BVC auditors confirmed CISM compliance with ISO 14001:2015 and ISO 9001:2015.

Throughout 2019, the Company carried out internal audits and a corporate audit as per the CIMS procedures in accordance with international standards and Norilsk Nickel's corporate documents. The internal audits and the corporate audit were conducted by specially trained, competent personnel.

In line with ISO 14001 and principles of environmental openness and transparency, the Company cooperates with the legislative and executive authorities, control and supervision agencies, international organisations and NGOs, mass media, shareholders, investors, local communities, and other stakeholders.

### International quality and environmental certification

Company	Certificates	Independent audits in 2019	Certification body	Scope of certification
MMC Norilsk Nickel	ISO 9001:2015, ISO 14001:2015	Surveillance audit	Bureau Veritas Certification (BVC)	Production, project management, storage, shipments, and product sales
Kola MMC	ISO 9001:2015, ISO 14001:2015	Recertification audit	Bureau Veritas Certification (BVC)	Ore mining and concentration, production
Gipronickel Institute	ISO 9001:2015	Surveillance audit	Societe Generale de Surveillance (SGS)	Research, engineering and design, engineering surveys, environmental protection
Norilsk Nickel Harjavalta	ISO 9001:2015, ISO 14001:2015	Recertification audit	DQS GmbH (DQS&UL)	Production of nickel and cobalt products

<sup>1/</sup> MMC Norilsk Nickel's Environmental Management System (EMS) has been successfully operated since 2005, covering production, project management, storage, shipments (including by sea), and product sales.

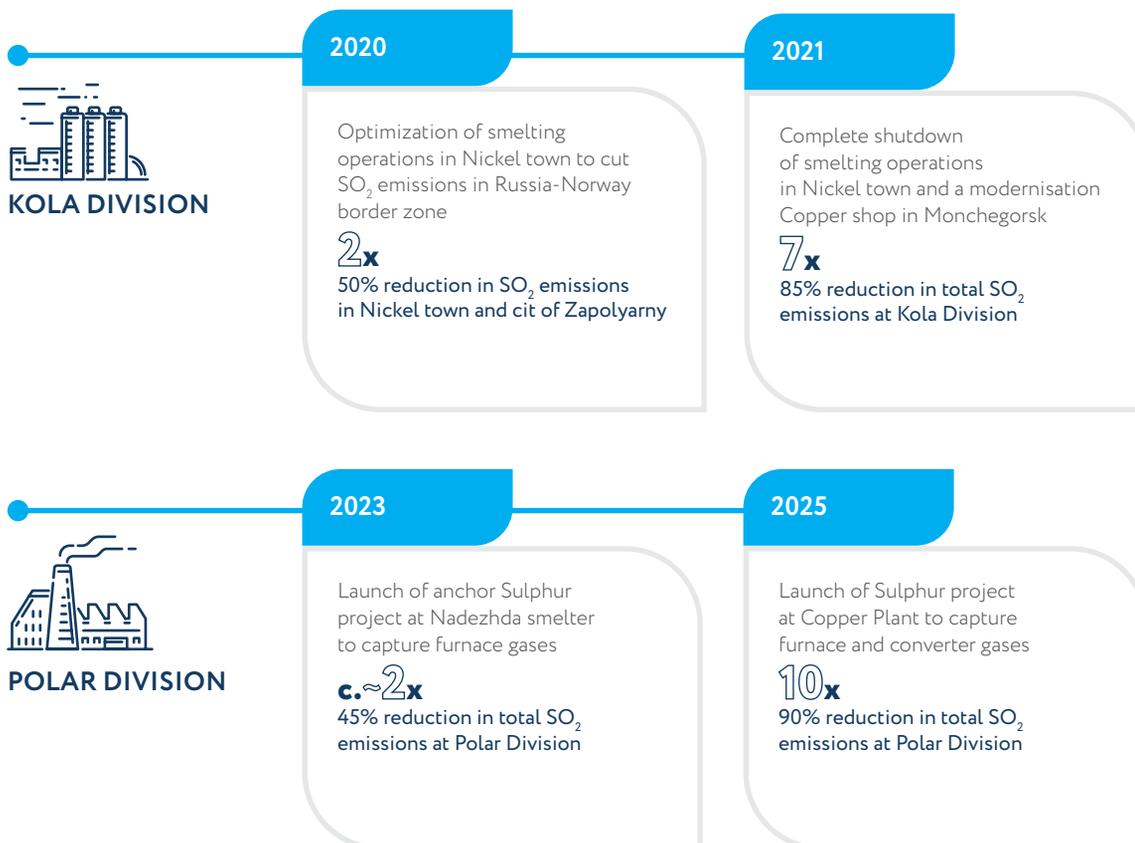
## EMISSIONS

High sulphur dioxide emissions from the smelting of sulphide concentrates with high sulphur content are a key environmental issue for the Company. Nornickel’s strategic plan is to transform the Company into an environmentally clean and safe business by implementing the Sulphur Programme at the Polar Division and Kola MMC. In 2020, the Company plans to introduce light unmanned aircraft systems for monitoring environmental conditions on the Kola Peninsula and in the Norilsk Industrial District.



The Sulphur Programme is a major environmental project aimed at gradual reduction of sulphur dioxide emissions in the Norilsk Industrial District and Kola Peninsula.

### Sulphur Programme Roadmap



### The Sulphur Programme in the Polar Division

is expected to reduce sulphur dioxide emissions in the Norilsk Industrial District by 45% in 2023 and by 90% in 2025.

As part of this programme, Nadezhda Metallurgical Plant is implementing a project to capture the off-gases from flash smelting furnaces and neutralise the resulting sulphuric acid with limestone to produce gypsum. In 2019, the project documentation successfully passed a state environmental review; negotiations commenced for equipment supply contracts; and construction site preparations were completed.

At Copper Plant, a major production process upgrade is scheduled, including capturing sulphur dioxide from sulphur-rich off-gases and shutdown of low-grade gas converter operations, which have a significant effect on air quality in Norilsk during unfavourable weather conditions.

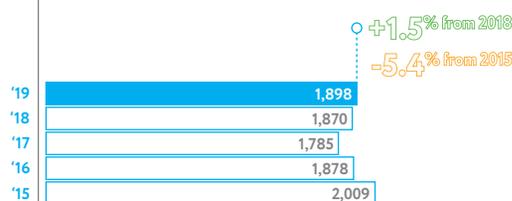
### The Sulphur Programme at Kola MMC

provides for shutdown of obsolete production shops in Nickel near the Norwegian border and a modernisation copper shop in Monchegorsk. These measures will completely eliminate sulphur dioxide emissions in the Russia-Norway border area and significantly reduce adverse impact on the environment in Monchegorsk. The Programme is expected to reduce sulphur dioxide emissions from Kola MMC by 50% in 2020 and by 85% in 2021 (from a 2015 baseline).

The total CAPEX for the Sulphur Project is estimated at about USD 3.5 bn.

In 2019, emissions from Nornickel's Russian operations totalled 1,953 kt, up 1.4% y-o-y. The increase was driven by a temporary growth

### Sulphur dioxide emissions (kt)



in sulphur dioxide emissions from the Polar Division due to increased production and processing of sulphur-containing feedstock. Despite the increase, emissions did not exceed the Company's set limits. During adverse weather conditions, the Company takes extra measures to control pollutant emissions in residential areas. Production process at metallurgical plants was stopped for this reason 262 times in 2019. Furthermore, Norilsk maintains an automatic toll-free enquiry service line offering forecasts on the impact of metallurgical operations on the city air quality to anyone dialling 420 007. The Company's transport and logistics subsidiaries and units are fully environmentally permitted and compliant with applicable environmental regulations, namely:

- Air pollutant emissions from mobile sources do not exceed the maximum allowable levels
- Marine fuels are purchased from suppliers that have all required documents confirming fuel quality. The quality of fuel is verified by an independent laboratory
- Onboard wastewater treatment plants are subject to annual certification to prevent pollution and contamination of water bodies and marine environment
- Oily water is transferred to specialist contractors at sea ports

### Air pollutant emissions across the Group (kt)

Indicator	2017	2018	2019
Sulphur dioxide (SO <sub>2</sub> )	1,785.0	1,869.6	1,898.1
Nitrogen oxide (NO <sub>x</sub> )	11.5	11.2	10.3
Particulate matter	14.0	14.5	13.3
Other pollutants	35.3	31.3	30.9
<b>TOTAL</b>	<b>1,845.8</b>	<b>1,926.6</b>	<b>1,952.7</b>

## PRODUCTION WASTE

**The Company reuses most of its industrial waste as approximately 96% of the waste generated are class 5, i.e. non-hazardous waste.** This

is mostly waste from the mining and smelting operations, including rock and overburden, tailings, and metallurgical slags. Ore extraction waste is used as backfill for underground workings and open pits, road fill, or for tailings dam reinforcement. In 2019, Nornickel reused about 63% of all waste (70% in 2018), with the balance turned over to specialised contractors for reuse or decontamination. Higher waste generation in 2019 was due to increased processing volumes.

## TAILING DUMPS

Nornickel currently operates six tailing dumps: four in the Polar Division and Medvezhy Ruchey, taking tailings from Talnakh and Norilsk concentrators and Nadezhda Metallurgical Plant; one at Kola MMC, storing tailings from Zapolyarny Concentrator; and Bystrinsky GOK tailing dump.

Nornickel acts responsibly to ensure tailing dump safety and monitors the condition of tailing dump hydraulic structures and the environment within the dump sites and affected areas on a regular basis. In line with governmental requirements, Nornickel has developed safety criteria each operating tailings facility is required to meet and got them approved by supervisory authorities. Primary oversight is provided by the Federal Environmental, Industrial and Nuclear Supervision Service of Russia (Rostekhnadzor).

Hydraulic structures are subject to comprehensive audits every five years, with mandatory prior preparation of the hydraulic structure safety declarations. The declarations are produced by an independent expert agency accredited by Rostekhnadzor only after detailed inspections of the hydraulic structures.

All tailings facilities operated by Nornickel are situated far from production sites and human settlements. Potential damage estimates made for a safety declaration show minimum risks

## Waste generation by hazard class (kt)

Hazard class	2017	2018	2019
V	30,722	29,517	35,300
IV	1,190	1,191	1,115
III	12	15	5
II	2.4	1.1	0.03
I	0.1	0.1	0.04
<b>TOTAL</b>	<b>31,926</b>	<b>30,725</b>	<b>36,420</b>

of adverse impact on communities, eco-systems, and critical infrastructures in case of a disaster or a tailings dam failure. It should be noted that over the last five years no environmental incidents have been recorded across the Company's hydraulic structures and no orders from supervisory agencies were received to correct critical or pre-critical conditions.

Hydraulic structures are monitored by operating personnel and Nornickel's environmental team on an ongoing basis. Nornickel employees involved in the operation of tailing dumps complete regular specialised trainings and knowledge assessments by Rostekhnadzor.

After the Brumadinho and Samarco dam disasters in Brazil, Nornickel published a special report on the safety of all its hydraulic structures 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) and guided by the UN Principles for Responsible Investment (PRI). The report is available in the link below.



Special report on safety  
of tailings storage  
facilities

## Tailing dumps

Branch/subsidiary	Number of tailing dumps	Asset using the tailing dump
Polar Division	2	Talnakh Concentrator, Nadezhda Metallurgical Plant
Medvezhy Ruchey	2	Norilsk Concentrator
Kola MMC	1	Zapolyarny Concentrator
GRK Bystrinskoye	1	Bystrinsky GOK Concentrator

## WATER BODIES

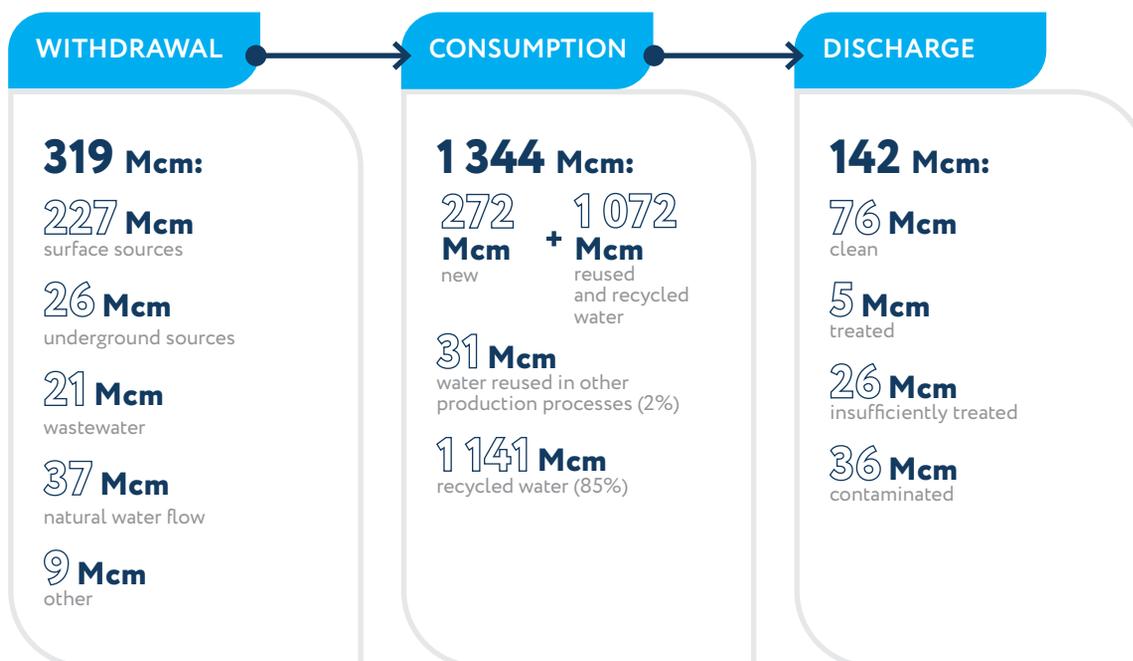
The Company's major production assets are located in regions with sufficient water resources. Nonetheless, the Company is extremely careful about its use of fresh water and strictly complies with restrictions applicable to industrial water withdrawal. Nornickel's key production facilities use closed water circuits to reduce water withdrawal. Furthermore, the Company never withdraws water from protected natural areas. In 2019, 87% of all water used by the Company was recycled or reused. Water is mostly withdrawn from surface and underground water bodies as well as from wastewater of other companies and natural water inflow. Natural water inflow and meltwater accounted for 12% of the total water withdrawal in 2019. All facilities using water have programmes

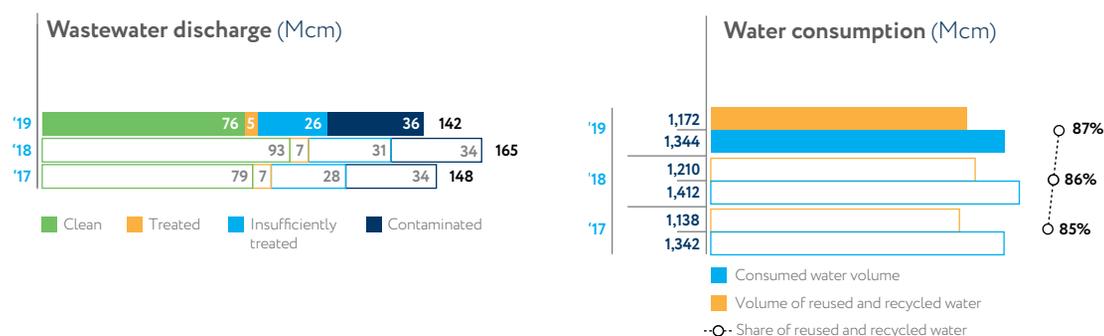
in place to monitor water bodies and water protection areas..

Wastewater discharge also does not exceed the approved limits or have any major impact on biodiversity of water bodies and related habitats..

The Company is committed to sustainable use of water resources and prevention of water body pollution.

## Water consumption and discharge framework





## ENVIRONMENTAL PERFORMANCE OF THE COMPANY'S FOREIGN ASSETS

### Norilsk Nickel Harjavalta

The company is fully environmentally permitted and operates a certified integrated management system compliant with ISO 9001 and ISO 14001.

Norilsk Nickel Harjavalta's main environmental impact comes from air emissions of ammonia (NH<sub>3</sub>) and nickel (Ni), and water discharges of nickel, sulphates (SO<sub>4</sub><sup>2-</sup>) and ammonium ions (NH<sub>4</sub><sup>+</sup>). In 2019, Norilsk Nickel Harjavalta met all permit requirements for emissions, discharges and waste disposal volumes.

### Environmental indicators

Indicator	2017	2018	2019
Industrial wastewater, Mm <sup>3</sup>	0.9	1.0	1.0
Total water consumption, Mcm	11.1	11.8	11.5
<b>Pollutants in industrial wastewater, kt</b>			
Ni	0.001	0.001	0.001
SO <sub>4</sub> <sup>2-</sup>	26	30	30
NH <sub>4</sub> <sup>+</sup> (expressed as nitrogen)	0.1	0.1	0.1
Air pollutant emissions, t	71	85	40
Ni	1.7	1.2	1.6
NH <sub>3</sub>	69	84	38
Waste generation, kt	5.5	2.8	5.7
Waste disposal, kt	0.8	1.1	1.3

### Nkomati

The company operates in accordance with both local environmental protection regulations and Nornickel corporate standards. Nkomati pays close attention to environmental safety, is certified and regularly audited for compliance with ISO 14001.

### Environmental indicators

Indicator	2017	2018	2019
Water consumption, Mcm	0.064	0.429	0.254
Waste generation, t	431	358	1,243
Waste disposal, t	845	725	670
Environmental protection expenditures, USD mln	0.27	0.31	0.33

# CLIMATE CHANGE

Nornickel closely monitors for global initiatives to reduce greenhouse gas emissions and is developing a strategy to manage the Company's impact on climate change.

The Company also has a long-term development strategy providing for the modernisation of its production assets through the deployment of best available technologies, improvement of energy efficiency, energy saving, and energy intensity reduction. The Company's strategy takes into account key non-financial risks, including climate risk, as well as current trends in this space.

Nornickel's Board of Directors considers climate change issues as a matter of priority and includes them in its discussions of the Company's environmental strategy. The climate change matters are also high on the Company's strategic and operational agendas and overseen by the First Vice President – Chief Operating Officer.

In 2019, the Company set up a working group including its Vice Presidents to monitor environmental programmes and initiatives including ones related to climate change. The group is led by Gareth Penny, Chairman of the Board of Directors.

## CLIMATE RISK MANAGEMENT

Global warming and other consequences of climate change may affect the Company's operations in the longer run. Their impact may include abnormal weather or lasting changes in weather patterns. Physical consequences of climate change can include droughts and permafrost thawing, which can have a material adverse effect on Nornickel's operations.

9.9  
mln t

totalled CO<sub>2</sub> emissions (Scope 1+2), the lowest level among global majors

As part of its risk management strategy, Nornickel implements a range of measures to monitor and control these risks. These activities enable Nornickel to keep climate risks at an acceptable level. Occurrence of climate risks may also unlock additional opportunities for Nornickel, driven by a strong demand for metals essential for the development of a low-carbon economy:

Furthermore, the metals produced by the Company are widely used in transition to low-carbon economy: platinum group metals (PGMs) are used in auto catalytic converters, nickel is a key component in EV batteries, and copper is used in EV charging infrastructure.

Hydropower is the main source of renewable energy for the Company. The use of other renewables such as solar, geothermal, and wind energy is limited, as Nornickel's main production assets are located north of the Arctic Circle in harsh climatic conditions.

Since its establishment in 1935, the Company has been developing in these challenging climatic conditions and had to consider them in building its energy assets, relying on low-carbon fuels, i.e. natural gas (about 90% of the energy mix), and renewable hydropower (about 10%).

1/

45%

Share of electricity from renewable sources was 45% in 2019

### KEY CLIMATE CHANGE RISKS

**Insufficient water resources:** water shortages in storage reservoirs of Nornickel's hydropower facilities may result in insufficient water head at HPP turbines leading to lower power output as well as drinking water shortages in Norilsk.

#### HARSH CLIMATIC CONDITIONS OF THE ARCTIC CIRCLE



Air temperatures stay below freezing point for about eight months a year



Strong gusts of wind with speeds of up to 50 m/s are followed by dead calms lasting for weeks



Polar nights and twilights last for more than 100 days



On average, there are no more than 70 sunny days per year



Permafrost is 300 to 500 metres deep



Soils and ice are prone to seasonal thawing

#### Insufficient water resources

Category	Description
Key risk factors	Extreme weather events (droughts) caused by climate change
Impact on Nornickel's development goal and strategy	Efficient delivery of finished products (metals) in line with the production programme. Timely supply of products to consumers. Social responsibility: comfort and safety of people living in Nornickel's regions of operation
Risk assessment	Impact on goals: medium. Source of risk: external. Year-on-year change in risk: none
Mitigation	The Company manages the risk through: <ul style="list-style-type: none"> <li>• Closed water circuits to reduce water withdrawal from external sources</li> <li>• Regular hydrological observations to forecast water levels in rivers and other water bodies</li> <li>• Cooperation with the Federal Service for Hydrometeorology and Environmental Monitoring (Rosgidromet) in setting up permanent hydrological and meteorological monitoring stations to improve the accuracy of water level forecasts for major rivers across Nornickel's regions of operation</li> <li>• Dredging the Norilskaya River and reducing energy consumption at production facilities in case of risk occurrence</li> <li>• Replacing hydropower plant equipment to increase electricity output through improving the efficiency of hydropower units (implementation period: 2012–2021)</li> </ul>

**Permafrost thawing:** loss of bearing capacity of soil under pile foundations can lead to deformation and subsequent collapse of buildings and structures.

### Permafrost thawing

Category	Description
Key risk factors	Climate change, increase in average annual temperature over the last 15 to 20 years Increased depth of seasonal permafrost thawing.
Impact on Nornickel's development goal and strategy	Efficient delivery of finished products (metals) in line with the production programme. Timely supply of products to consumers. Social responsibility: comfort and safety of people living in Nornickel's regions of operation
Risk assessment	Impact on goals: medium. Source of risk: external. Year-on-year change in risk: none
Mitigation	The Company manages the risk through: <ul style="list-style-type: none"> <li>Regular monitoring of soil condition under the foundations of buildings and structures built on permafrost</li> <li>Geodetic monitoring of buildings movement</li> <li>Measurements of soil temperatures under building foundations</li> <li>Monitoring the compliance of its facilities with operational requirements for crawl spaces</li> <li>Recommendations and corrective action plans to ensure safe operating conditions for buildings and structures</li> </ul>

## GHG EMISSIONS

Including its planned projects to upgrade and expand production facilities, and its major environmental performance improvement programme, Nornickel's ambition is to stabilise its annual greenhouse gas emissions at a level not exceeding 10 to 12 mln t of CO<sub>2</sub>-equivalent.

### GHG emissions (mln t of CO<sub>2</sub> equivalent)<sup>1</sup>

Indicator	2017	2018	2019
Scope 1	10.2	9.9	9.8
Scope 2	0.1	0.1	0.1
Total emissions (Scope 1+2)	10.3	10.0	9.9

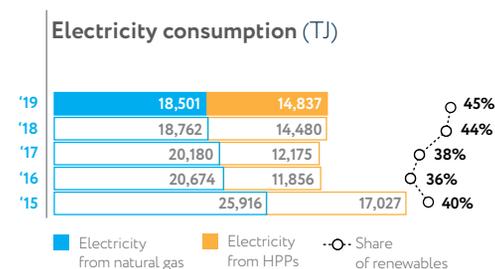
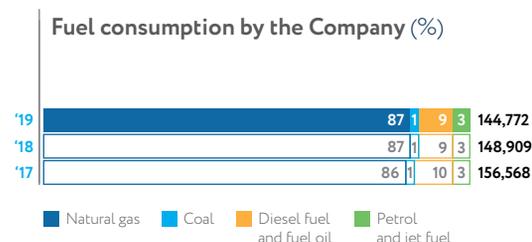
<sup>1/</sup> The estimate was made in 2019 as per the GHG Protocol Guidelines and includes carbon dioxide (CO<sub>2</sub>) and methane (CH<sub>4</sub>) emissions).



## USE OF RENEWABLES AND ENERGY EFFICIENCY

The Company sources energy locally, primarily from low-carbon natural gas and renewable energy sources, namely two hydropower plants. Diesel fuel, fuel oil, petrol and jet fuel are used by its transport assets. Use of high-carbon fuel by energy assets is minimised. Only small amounts of coal are used in certain production processes. As a result of Nickel Plant shutdown, estimated coal consumption declined by 40–70 ktpa.

The Company's priority energy source is hydropower generated by Ust-Khantayskaya and Kureyskaya HPPs. In 2019, renewables accounted for 45% of total electricity consumed by the Group and 54% of power consumption in the Norilsk Industrial District.



### Group's electricity generation and electricity and fuel consumption (TJ)<sup>3</sup>

Indicator	2017	2018	2019
1. Fuel consumption by the Company <sup>4</sup>	156,569	148,910	144,772
- natural gas	134,709	129,335	125,329
- diesel fuel and fuel oil	15,221	13,788	13,535
- petrol and jet fuel	5,178	4,127	3,820
- coal <sup>5</sup>	1,460	1,660	2,087
2. Electricity and heat from own renewable sources (HPPs)	12,414	14,877	15,058
3. Electricity and heat purchased from third parties	10,483	10,931	11,331
4. Sales of electricity and heat to third parties	19,503	18,926	18,766
<b>Total consumption of electricity and fuel (1 + 2 + 3 - 4)</b>	<b>159,962</b>	<b>155,792</b>	<b>152,395</b>

<sup>2/</sup> Carbon intensity index is calculated as carbon emissions per tonne of copper equivalent as a percentage relative to its level in 2013, assumed as 100%.

<sup>3/</sup> For a detailed breakdown of the Group's energy consumption by company, please see the 2019 Sustainability Report.

<sup>4/</sup> Including the fuel used to generate electricity for Norilsk.

<sup>5/</sup> Coal is only used in production processes, with Kola MMC accounting for 45% of total consumption, GRK Bystrinskoye 27%, the Polar Division 13%, cement production 9%, and other subsidiaries 6%.

Nornickel is committed to the responsible use of heat and electricity. 87.5% of electricity is generated by own energy companies supplying electricity to both the Company's facilities and third parties.

Nornickel's investment programme prioritises several major projects to fully unlock the potential of renewable power sources (hydropower) and drive energy savings.

In 2019, spending under the programme totalled about RUB 16 bn (USD 246 mln).

Major projects completed in 2019 included:

- Replacement of hydropower units at Ust-Khantayskaya HPP (turbine and electrical shops)
- Replacement of power unit equipment at CHPP-2

In 2019, the Group invested significant efforts in improving energy efficiency, achieving total savings of 49,924 tonnes of reference fuel. In 2019, fuel consumption per unit of electricity supplied by CHPPs was 271 g/kW·h, exceeding the target by 17 g/kW·h. The Company's subsidiaries also achieved total savings of 15 Mcm of natural gas by reducing their process needs and transportation losses.

## BIODIVERSITY CONSERVATION

### COOPERATION WITH NATURE RESERVES

Nornickel's production facilities are relatively close to nature reserves on the Taimyr and Kola Peninsulas. In the Murmansk Region, the Pasvik and the Lapland Nature Reserves are only 10 to 15 km away from Kola MMC. In the Krasnoyarsk Region, the boundaries of the Putoransky Reserve buffer zone are at a distance of between 80 km and 100 km from the Polar Division's production sites.

To help protect the unique arctic nature, the Company has been providing support to nature reserves for more than 10 years now, with its total annual value running into hundreds of millions of roubles. These efforts are well-aligned with Nornickel's overall strategy to go greener within the next five years, for which the Company has

launched a new investment cycle to drive sustainable growth.

In the Zabaykalsky Region, the Company supports the development of research capabilities and environmental awareness programmes of the Relict Oaks State Reserve.

### Pasvik Nature Reserve (Kola Peninsula)

The Pasvik State Nature Reserve is included in the "shadow list" of wetlands of international importance under the name of Fjærvann-Schaanning research ground. The reserve covers an area of more than 14,000 ha. Pasvik is the only natural reserve in Russia holding a certificate from the EUROPARC Federation awarded to the best protected areas globally. The certificate is an important pre-requisite for international cooperation with international nature reserves.

The reserve is home to animal species included in the Red List of Threatened Species and the Red Data Book of the Russian Federation. Since 2006, the Pasvik Nature Reserve has been commissioned to conduct ecological assessments of natural environment in the area of Kola MMC (Zapolyarny, Nickel and their suburbs, Pasvik State Nature Reserve), and develop a long-term environmental monitoring programme.

The reserve is also implementing projects that received the Company's grants under the World of New Opportunities charitable programme. The projects target Russian and Norwegian

### Pasvik Nature Reserve



audiences and cover a broad range of topics such as traditional use of natural resources, environmental education in schools, promoting research conducted in natural reserves.

Nornickel supports the research carried out by the nature reserve, its efforts to protect natural and cultural heritage, promote tourism and environmental education. The Company participates in establishing an international natural historical open-air museum on the Varlam island. Nornickel sponsored publication of the book titled The Varlam Island – the Pearl of Pasvik. In 2019, the Company helped purchase a unique mobile environmental laboratory. The visitor centre of the Pasvik Nature Reserve built with the Company's support is a venue for international research conferences and environmental protection education events.

### Lapland Nature Reserve (Kola Peninsula)

The Lapland Nature Reserve is one of the largest protected areas in Europe, covering 278,000 ha. Established with the aim of saving the wild reindeer from extinction, it now boasts a reindeer population of over 1,000, the largest reindeer herd in Northern Europe. The European beaver population has also been successfully restored.

Since 2002, the Lapland Nature Reserve has maintained contracts providing for the restoration of disturbed natural environments affected by multi-year emissions from Rola MMC. Cooperation with the reserve also includes monitoring of areas

adjacent to the Monchegorsk site and the reserve area. The research provides insights for further remediation of disturbed lands and improvement of sanitary condition and fire protection of forested areas.

The Company helped develop several ecotrails including the first ecotrail for kids A Curious Child out in the Woods and publish books on the founders of the reserve.

Another socially important project sponsored by the Company is Educational Saami Exhibition In the Land of Flying Rock. The project aims at improving knowledge of the Northern nature and Saami people, a small community indigenous to the Kola Peninsula.

Under an agreement between the Company and the Murmansk Region Government, work is underway to build ecotrails and informational facilities on a territory of more than 83,000 ha within the Rybachy and Sredny Peninsulas Nature Park.

### Putoransky Nature Reserve (Taimyr Peninsula)

The Putoransky Nature Reserve was listed as a World Heritage Site by UNESCO in 2010 and is one of Russia's largest nature reserves, covering over 1,887,000 ha of land. The reserve, along with the Taimyr and Great Arctic Nature Reserves, as well as the Purinsky and Severozemelsky natural protected areas, is managed by the Joint Directorate of Taimyr Nature Reserves.



The directorate implements environmental projects that won awards of the Social Responsibility Initiatives Competition held as part of the World of New Opportunities charitable programme. The projects focus on environmental education and protection, engagement of local communities, landscaping and planting.

In 2019, the Joint Directorate of Taimyr Nature Reserves won the Social Responsibility Initiatives Competition and received RUB 4.5 mln (USD 70,000) to implement the Friends of Taimyr Peninsula Nature Reserves – Clean Ayan project. The project aims to engage the Taimyr volunteer community on restoring the environmental safety of the central part of Putorana Plateau to make the region more attractive to tourists. Last summer, as part of the project, volunteers and the Joint Directorate of Taimyr Nature Reserves staff collected 638 metal barrels and a few hundred kilograms of legacy pollution scrap metal. Using the Company's grant, a 24-day expedition was airlifted to a remote area on Putorana Plateau, set up a camp at the Southern Ayan Checkpoint and cleaned up the area.

### Oak grove (Zabaykalsky Region)

Covering 30,000 ha along the Argun River, the oak grove in the Gazimuro-Zavodsky District is the only natural oak grove extant in Siberia. Under an agreement with the Zabaykalsky Region Government, Nor Nickel provides charitable aid to the Relict Oaks Preserve to facilitate effective protection and scientific study of its environmental systems. The Company assisted the preserve in obtaining video surveillance equipment and intends to provide support for building and equipping research facilities and launching educational programmes for adults and children.

## ENVIRONMENTAL PROTECTION PROGRAMMES

Nor Nickel is committed to environmental protection and sustainable use of natural resources. As part of this commitment, the Company presented its 10-year Sustainable Growth Strategy and Comprehensive Environmental Programme Until

2030 at its 2019 Capital Markets Day. The programme provides for phased reduction of sulphur dioxide emissions by 95% by 2030, maintaining industry's lowest carbon footprint, and contributing to global transition to green mobility.

Environmental education and experience sharing are another top priority. The Company co-organised the 8th Ecological Forum Corporate Responsibility to the Future. Technology for Society and Nature, held in Moscow on 17–18 October 2019. The forum focused on production efficiency and striking a balance between economic development, social improvement, and nature conservation, which is impossible without sustainable local development, availability of skilled workforce and minimised harmful environmental impact of industrial operations. More than 200 experts from all over Russia and Arctic countries attended the event.

### Water resources

The Company has been running for years a programme to breed and release valuable fish species into water bodies to replenish their populations. Valuable fish species including those listed in the Red Data Book are bred by specialised contractors and the juvenile fish is released into water bodies. For example, 4,000 young ciscoes were released into Lumbolka Lake (Kola Peninsula) in 2019 to facilitate reproduction of aquatic bioresources. The Polar Division released a total of about 1 million young fish, including 201,000 Siberian sturgeons, into the Yenisei River between 2017 and 2019. The costs of these activities over the past three years exceeded RUB 110 mln (USD 2 mln). Also in 2019, the Company continued land improvement efforts in the vicinity of Lake Dolgoye in Norilsk.

The Company intends to continue breeding and release of young valuable fish species into natural water bodies in 2020.

### Planting and clean-ups

In Norilsk, the Company's employees jointly with the city administration conduct regular clean-ups and planting in the summertime. In 2019, we also continued yet another annual environmental initiative involving employee volunteers.

The fourth Poneslos (Let's Roll) environmental initiative kicked off across Nornickel's operating regions in May 2019, with about 250 volunteers participating in Norilsk. The volunteers organised more than 100 events involving 3,000 city residents, collected about 20 tonnes of garbage, held festivals and master classes, improved several sites in the city, set up a plastic recycling shop, and laid an ecotrail. Catch the Eco Wave environmental quest was held in Monchegorsk involving over 140 people in 35 teams.

An eco-convention held in the Caucasus Nature Reserve (Sochi) in October 2019 brought together 72 most active participants in the initiative from the Company's operating regions. The volunteers spent three days participating in a strategy session, sharing their experiences with colleagues and developing the European Bison Trail. The trail is an interactive and engaging way of highlighting European bison and will be part of the Caucasus Nature Reserve visitor centre. The event culminated with a showing of *Caring*, a documentary about Nornickel volunteers which won awards at Cannes and Los Angeles film festivals.

### Land conservation and restoration

The Company takes all necessary measures to restore disturbed land by remediation, rehabilitation, regeneration and other applicable methods. Remediation consists of technical and biological phases. The first phase includes landscaping and planting activities such as backfilling, earth filling, terracing, grading and covering with clayey soil to improve the adaptation of young plants. During the second phase, conifer trees such as pines, larches, and cedars as well as shrubs mixed with trees start growing on horizontal and sloping surfaces, further reinforcing the slopes.

In accordance with applicable Russian laws, design documentation for any natural resource development project, including mining, must detail activities covering environmental protection and monitoring of changes in the ecosystem components and implemented during facility operation and in case of accidents.

The Company has mine plans, as well as abandonment and remediation project documents in place for all deposits developed by the Company, with special provisions made for remediation. The design documentation covers grading, slope formation, construction of hydraulic and irrigation structures, and other activities. Importantly, the Company's deposits are in commercial development and will not be abandoned or mothballed before 2050.

Nornickel complies with all legal requirements covering remediation and other environmental protection measures required during development, construction and other activities.

Nornickel is the world's largest metals and mining company, playing an important role in the Russian economy. Due to its geography and financial strength, Nornickel has a strong impact on the social and economic life in the regions in which it operates. With its facilities located mostly in single-industry towns, Nornickel seeks to maintain a favourable social climate and comfortable urban environment, providing its employees and their family members with ample opportunities for creative pursuits and self-fulfilment.

The core principle behind this social contribution is a partnership involving all stakeholders in the development and implementation of social programmes based on the balance of interests, cooperation, and social consensus.

The harsh climate faced by Nornickel employees in life and at work, the remoteness of the Company's key industrial facilities, and the increasing competition for human capital across the industry call for a highly effective, human-centred social policy that would promote Nornickel's reputation as an employer of choice.

# SOCIAL AND CHARITY INITIATIVES

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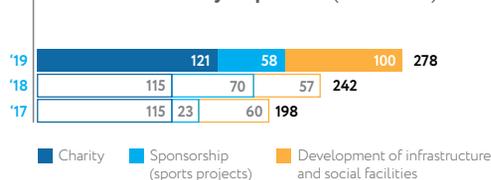
## SOCIAL PARTNERSHIP

The Group companies have in place a social partnership framework aimed at aligning the interests of employees and employers in the regulation of social and labour relations.

### Social partnership framework



Social and charity expenses (USD mln)<sup>1</sup>



Nornickel meets all its obligations under the Labour Code of the Russian Federation, collective bargaining agreements, and joint resolutions.

Key tasks of employee representatives in a social partnership are to represent employee’s rights and protect their interests when holding collective bargaining negotiations, signing or amending a collective bargaining agreement, overseeing its performance, and resolving labour disputes.

Within the current social partnership framework, employee representatives are involved in resolving issues relating to the regulation of social and labour relations, conducting special assessments of working conditions, and implementing measures to prevent work-related injuries and occupational diseases.

In line with the requirements of the labour law, the opinion of employee representatives is taken into account when adopting local regulations on key aspects of labour relations, compensation, work hours, labour standards, provision of guarantees and allowances, occupational health, etc.

## TRADE UNION ORGANISATIONS

The Trade Union of MMC Norilsk Nickel Employees is an interregional public organisation that unites local trade union organisations at the Group enterprises located in the Norilsk Industrial District and Murmansk Region, as well as primary trade union organisations in other regions of operation.

The trade union of MMC Norilsk Nickel, its subsidiaries and controlled companies is a public organisation that unites 38 primary trade union organisations of Norilsk Nickel Group entities located in the Norilsk Industrial District.

The local trade union organisation of Kola MMC and its subsidiaries, along with the primary trade union organisation of Kolskaya Mining and Metallurgical Company, unite 17 primary trade union organisations of Norilsk Nickel Group entities located in the Murmansk Region.

The trade unions of transport and logistics divisions are members of the Yenisey Basin Trade Union of Russia's Water Transport Workers, headquartered in Krasnoyarsk.

**A total of 9.5% of employees of the Group's Russian entities were members of trade union organisations at end-2019.**

During the reporting year, the relationship between Nornickel and the trade union was governed by the Social Partnership Agreement signed in 2014 to formalise the procedure for joint efforts to improve operational and financial performance by ensuring stable operations, create safe working conditions, improve living standards of employees, protect their health, and improve the system of social guarantees.

Throughout the year, trade union organisations were actively involved in discussing and approving draft collective bargaining agreements at the Group entities where such agreements expired in 2019. Employees' trade union maintained overall supervision over the process, reviewing employee proposals for compliance with the labour law and social partnership principles, and forwarding them to the employer for consideration.

## SOCIAL AND LABOUR COUNCILS

Group companies located in the Norilsk Industrial District and in the Murmansk Region established social and labour councils back in 2006 to represent the interests of all employees within the framework of social partnership at the local level.

Social and labour councils are authorised to raise issues relating to health resort treatment, recreation and leisure programmes for employees, disease prevention, catering and workplace arrangements, and provision of personal protective equipment.

Development of uniform approaches to, and standards of, social and labour activities is the responsibility of the Group's corporate social and labour council, an advisory and consultative body comprising authorised representatives of the Group employees in the Krasnoyarsk Region.

**In 2019, the percentage of employees represented by social and labour councils was 79% of the total headcount across the Group.**

## OFFICES FOR OPERATIONAL, SOCIAL AND LABOUR MATTERS

In addition to the Corporate Trust Service speak-up programme, the Group launched offices for operational, social and labour matters back in 2003. They are primarily tasked with response to employee queries, follow-up, and prompt resolution of conflicts. On a regular basis, the offices monitor social environment across operations, enabling timely responses to reported issues. In 2019, Group companies in the Norilsk Industrial District operated 24 offices which received about 40,000 queries and requests from employees (74%), former employees (25%), and other individuals (1%).

## COLLECTIVE BARGAINING AGREEMENTS

In 2018, Nornickel developed and started implementing uniform approaches to regulating social and labour relations within the social partnership framework. Collective bargaining agreements at the Group's Russian companies comply with the applicable laws and mostly meet employee expectations.

<sup>1/</sup> Excluding expenses on social programmes for employees.

**WHY  
WE  
DO  
THIS**

# We run this cross-cultural project

to promote  
**Siberia**  
globally

53

Since the project's  
launch, its online  
contest has received  
entries from

**COUNTRIES**

19

and was joined  
by travel  
bloggers from

**COUNTRIES**

# FOLLOW UP SIBERIA!

The participating travel bloggers have been sharing their experiences of traveling to Siberian cities and meeting local people, thus helping their audiences to overcome the stereotype of Siberia being some remote, foreboding corner of Russia



In 2019, Group enterprises entered into 11 collective bargaining agreements for a term of three years, including two enterprises that signed these agreements for the first time.

**The percentage of employees covered by collective bargaining agreements stood at 83% in 2019<sup>1</sup>.**

Collective bargaining commissions perform ongoing monitoring of the performance of obligations under collective bargaining agreements by the parties throughout the agreement term.

The Group entities have also set up labour dispute commissions, social benefits commissions/committees, social insurance commissions, occupational safety commissions/committees, social and labour relations commissions, etc.

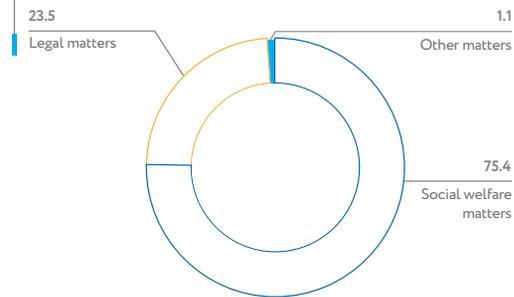
No breaches of collective bargaining agreements, and no strikes or lockouts were recorded across the Group entities in 2019.

## INTERREGIONAL CROSS-INDUSTRY AGREEMENT

The Interregional Cross-Industry Association of Employers "Union of Copper and Nickel Producers and Production Support Providers" (the "Association") was registered in 2018 at the initiative of the Group's two Russian enterprises located in the Krasnoyarsk Region and Murmansk Region.

Based on the collective bargaining process between the Association and Nornickel employees' trade union in 2019, the Interregional Cross-Industry Agreement for 2019–2022 was signed. The Agreement governs social and labour relations between the Association member employers and their employees, and defines uniform corporate approaches to compensation, provision of guarantees,

### Main topics of queries and requests (%)



allowances and benefits to employees, work and rest hours, occupational health, and other matters.

In 2019, the Agreement was rolled out to 22 Group enterprises, covering 89% of employees.

## EMPLOYEE PLACEMENT FOLLOWING THE CLOSURE OF THE SMELTING SHOP IN NICKEL

In order to comply with the requirements of environmental laws and reduce emissions in the Pechengsky District, a decision was made in late 2019 to close the smelting shop in Nickel.

The closure of the smelting operation will affect a total of 660 employees of the smelting shop and support functions.

In December 2019, Nornickel developed a redundancy programme to offer social support to the affected employees of the smelting operations, whereby Nornickel has undertaken to support them through the process of relocation, retraining and finding a new job. The programme was agreed with the social and labour council and primary trade union organisations of Kola MMC and Pechengstroy:

<sup>1/</sup> Including enterprises that have no collective bargaining agreements in place but have approved relevant local regulations and are covered by MMC Norilsk Nickel's Collective Bargaining Agreement, including foreign assets.

- In case of placement with another business unit of Nornickel:
  - Housing rent reimbursement in case of relocation
  - A full salary level paid during one calendar year
  - Compensation for actual travel expenses of employees and their families
  - Participation in corporate programmes to purchase housing at the new location
  - Training/retraining/certification in a new trade/job
- In case of redundancy:
  - Severance pay in the amount of six average monthly wages
  - Early provision of a corporate pension
  - Compensation for travel expenses of employees and their families
  - Financial assistance for housing purchase under the Our Home/My Home programme
  - Voluntary medical insurance policy maintained for one calendar year from the termination date
  - Succession programme provides training of an affected employee by another Nornickel employee (above the retirement age) with a severance pay to the mentor upon completion.

In addition, Nornickel's dedicated Employment Centre will be launched in 2020 to provide all-round support to affected employees of the smelting operations about to be shut down (including providing information, advice, and career guidance) and to partner with Norilsk Nickel Group entities, the government of the Murmansk Region, and local employers on job opportunities for redundant employees.

All staff-related decisions and actions will be carried out in compliance with the requirements of the Russian labour law, Federal Law No. 1032-1 On Employment in the Russian Federation dated 19 April 1991, and Nornickel's social support programme.

## SOCIAL PROGRAMMES FOR EMPLOYEES

### HEALTH IMPROVEMENT PROGRAMMES

Given the harsh climate of the Far North and the difficult working conditions at mining facilities, Nornickel has been consistently investing in health programmes for employees and their families. Health improvement and health resort treatment programmes are a key priority of Nornickel's social policy.

In 2019, 14,200 people (employees and their families) had recreation and treatment in Zapolyarye Health Resort (Sochi). Some 8,500 people spent their holidays in other health resorts, including 4,400 who travelled to Bulgarian resorts and 1,100 who went to Hainan, China. The Company compensates its employees an average of about 84% of the trip voucher cost.

The health resort treatment programme is designed to prevent the development of chronic diseases in employees' children and give them an opportunity to take full advantage of their summer holidays. As part of the initiative, about 1,400 children spent their holidays in Anapa and Bulgaria.

### SPORTS PROGRAMMES

Given the harsh climate of the Far North, supporting healthy lifestyle behaviours is a key focus area in the personal development of Nornickel employees. Sports programmes seek to promote a healthy lifestyle, build a sense of corporate solidarity, improve interpersonal interactions, and develop a strong corporate culture.



Nornickel pays special attention to corporate competitions, including the employees' popular sports such as hockey, futsal, volleyball, basketball, alpine skiing, snowboarding, and swimming. Family sports contests are yet another focus area. One of Nornickel's social policy highlights is the support of amateur sports.

To ensure further development of amateur hockey, in 2019, Norilsk hosted the Night Hockey League games, with ten teams including Nornickel employees taking part in the event.

Other events include regular Spartakiads and various mass sports events held across its footprint and involving not just Nornickel employees and their families but also local residents.

About 30,500 employees as well as local residents took part in corporate mass sports events, Spartakiads, and other sports competitions held across the Group's footprint in 2019.

## HOUSING PROGRAMMES

Nornickel currently operates several housing programmes for its employees.

In 2019, Nornickel continued its consolidated housing programme, Our Home/My Home, purchasing ready-to-live apartments across Russia. Apartments are usually purchased in the Moscow and Tver Regions, as well as in the Krasnodar Region, with the Company seeking to buy closely located properties to create a more comfortable living environment for employees by developing additional infrastructure and optimising maintenance for the property management company.

Each Programme member buys an apartment through co-investment: the employer covers up

to half the purchase price payable but not more than RUB 3 mln (USD 46,000), with the rest paid by the employee within a certain period of employment with the Group (five to ten years). The cost of housing is fixed for the entire period of the participation. The property title is registered in the name of the employee only at the end of their participation in the programme; however, the participant may move in immediately after the apartment is purchased. Since the programme launch in 2010, the Company has purchased 3,826 ready-to-move-in apartments.

A new housing programme, Your Home, was launched in 2019. It will be implemented similarly to the Our Home/My Home programme, except that the title to the apartment will be immediately registered in the name of the employee, through encumbered by a mortgage. The encumbrance is removed from the property once the employee fully repays the debt to the seller. Since the launch of the programme, the Company has purchased 1,176 ready-to-move-in apartments.

Nornickel also operates the Corporate Social Subsidised Loan Programme offering Nornickel employees an interest-free loan to pay the initial instalment and reimbursing a certain percentage of interest paid to the bank on the mortgage loan. Overall, more than 400 employees took part in the programme.

## PENSION PLANS

Nornickel offers its employees private pension plans. Under the Co-Funded Pension Plan, Nornickel and its employees make equal contributions to the plan. The Complementary Corporate Pension Plan provides incentives for pre-retirement employees with considerable job achievements and a long service record at Nornickel facilities.

**Pension plans coverage**

Item	2017	2018	2019
<b>Co-Funded Pension Plan</b>			
Financing, USD mln	8.6	7.7	7.6
Number of participants	15,700	13,916	12,304
<b>Complementary Corporate Pension Plan</b>			
Financing, USD mln	8.5	6.7	6.1
Number of participants	718	545	525
<b>Other pension plans</b>			
Financing, USD mln	0.1	0.9	1.0
Number of participants	1,118	1,114	1,151

**SOCIAL INVESTMENTS****SUPPORT FOR INDIGENOUS PEOPLES**

Nornickel recognises the right of northern indigenous minorities to preserve their traditional way of life, and addresses their needs for decent living standards of modern societies. For many years, the Company has been engaged in projects to improve the quality of life for Taimyr indigenous minorities.

Nornickel adopted the Indigenous Rights Policy which defines Nornickel's key related commitments. No violations infringing on the rights of indigenous minorities were recorded across the Group's operating regions in 2019.

To preserve ethnic traditions and culture of indigenous minorities, Nornickel supports annual festivals for tundra inhabitants celebrating the traditional Reindeer Herder's Day and the Fisherman's Day. To that end, the Company purchases items that are most popular among local communities, including tents, petrol power generators, household equipment, outboard motors, inflatable boats, GPS navigators, sleeping bags, binoculars, etc.

Nornickel also supports the staging of a unique ethnic street festival, Bolshoy Argish, which has received lots of positive feedback from the local communities.

Nornickel also offers regular assistance in response to specific requests from Taimyr municipalities

and sponsorship support for indigenous peoples of the North, including through arranging air transportation and supplies of construction materials and diesel fuel.

Nornickel's expenses on support for northern indigenous minorities totalled about RUB 100 mln (~USD 2 mln) for the year.

**International Year of Indigenous Languages**

On 19 December 2016, the General Assembly of the United Nations proclaimed 2019 as the International Year of Indigenous Languages pursuant to a resolution of the UN Permanent Forum on Indigenous Issues. The International Year of Indigenous Languages aims to focus attention on the risks confronting indigenous languages, improve quality of life, wider international cooperation and visibility and strengthened intercultural dialogue to reaffirm the continuity of indigenous languages and cultures.

Nornickel has supported this initiative by financing a project to create the writing system for the Enets people at Siberian Federal University. The Enets people were the last people of the Siberian Arctic with no official writing system. The 2010 census showed the extremely small number of Enets people left – just 221.

The writing system has been created since then, with federal agencies engaged to include it in educational programmes and adapt to educational requirements.

The project was presented at the 18th session of the UN Permanent Forum on Indigenous Issues, where Nornickel shared its experience in implementing its corporate policy on supporting northern indigenous minorities and specific projects to maintain the ethnic traditions and improve living standards of Taimyr's indigenous people.

Through this project, Nornickel has demonstrated its commitment to sustainability and stakeholder engagement in supporting indigenous minorities in Russia.

## SUPPORT FOR LOCAL COMMUNITIES

In supporting regional development, Nornickel focuses on financing projects that create both commercial and social value. Nornickel makes a significant contribution to the development of local communities across its footprint and runs voluntary social programmes and projects to build an inclusive and people-friendly environment, protect the environment, and support local communities, both independently and in partnership with municipalities, regional and federal authorities, not-for-profits, NGOs, and professional associations. These programmes and projects address specific

regional issues to drive economic growth and improve the local social situation.

The Company also contributes to the social and economic development across regions by organising and holding forums and conferences for representatives of government, business, and society to share their opinions and establish positive dialogues on topics that matter for the regional economies and social life. The fact that two regions within the Company's footprint are located along Russia's borders (the Murmansk Region and the Zabaykalsky Region) and two are part of the Russian Arctic (the Krasnoyarsk Region and the Murmansk Region) makes such forums, conferences, and other similar events a key driver in attracting investments, addressing environmental protection issues, and facilitating the development of the Arctic fleets, ports, and navigation along the Northern Sea Route. At the end of the day, these efforts help integrate the regions into a common economic space of the Arctic and the wider global economy.

In November 2019, Nornickel representatives attended the 18th session of the General Conference of the United Nations Industrial Development Organisation (UNIDO) held in Abu Dhabi, UAE. During the session, LI Yong, Director General

In November 2019, Nornickel representatives attended the 18th session of the General Conference of the United Nations Industrial Development Organisation (UNIDO) held in Abu Dhabi, UAE. During the session, LI Yong, Director General of UNIDO, and Dmitry Pristanskov, Vice President of Nornickel, signed a joint declaration to team up in developing projects aimed at reducing environmental impact and ensuring sustainable development across Nornickel's regions of operations. The partnership with UNIDO enables Nornickel to leverage the international organisation's global experience and expertise when developing environmentally sound technologies for the metals industry and verifying that Nornickel's environmental projects meet the highest standards of advanced technology.

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## RELOCATION PROGRAMME

In 2019, Nornickel and the Russian Government continued their joint implementation of a long-term target programme to relocate people from Norilsk and Dudinka (Krasnoyarsk Region) to other Russian regions with a better climate. The programme provides for financing families entitled to relocation under government programmes and registered to purchase an apartment in Norilsk or Dudinka. The programme runs from 2011 and to 2020, with Nornickel operating as its sponsor.

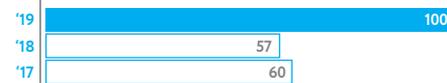
Since its launch until the end of 2019, the Company has donated a total of RUB 7,821 mln (USD 195 mln) under the programme. In 2011–2019, 7,586 families purchased and moved into new homes on the “mainland” under the programme.

## INFRASTRUCTURE DEVELOPMENT

In 2019, Nornickel and the administration of Norilsk continued landscaping the embankment of Lake Dolgoye in Norilsk. According to the plan, the project's phased implementation takes place over a five-year period completing by the end of 2021. Its concept design provides for constructing sports areas and children's playgrounds, a rental outlet to rent skis, roller skates, bicycles and other equipment, a boat station, a cafe, a skate park, and a rollerdrome, street landscape lighting, hardscaping, asphalt paving and planting.

The following projects implemented in the Murmansk Region were financed by Kola MMC

### Expenditure on infrastructure development and social facilities (USD mln)



in partnership with local municipalities and non-governmental organisations:

- Renovation of the central embankment and a part of the road network in Monchegorsk
- A new modern cinema theatre built and improvements made to a sports and play area in Zapolyarny.

In 2019, Nornickel and the Zabaykalsky Region Government continued implementing their cooperation agreement, with the Company allocating RUB 420 mln (USD 6.5 mln) to finance social projects of the Zabaykalsky Region Government and local municipalities. Initiatives so financed include:

- initiatives to engage the general public in socially beneficial activities, identify and roll out best practices, including fostering non-governmental and not-for-profit organisations (the Power of People project, support for the Veterans Council, etc.) and key culture and arts projects (Zabaykalsky International Film Festival, and support for publishers)
- educational projects to find young talent and unlock their potential (Quantorium science park for children, as well as Territory of Growth! and Successful School – Successful Future projects)
- projects and initiatives to promote healthy lifestyles and amateur sports (Healthy Zabaykalsky Region project)
- social and economic development projects of the Gazimuro-Zavodsky District
- projects to build a people-friendly environment reflecting the local environmental and climatic profile (Green Zabaykalsky Region project)
- renovation of the Dekabristov Square in Chita, with a modern, people-friendly space created in the city centre over three years as a place for social events and a recreation magnet for locals, featuring themed leisure and sports zones.

## ENGAGEMENT WITH THE GOVERNMENT ON SOCIAL INITIATIVES

Nornickel interacts with federal legislative and executive authorities, and civil society institutions. Nornickel is represented and promotes its interests in 23 committees, councils, commissions, expert panels, and working groups established by the government in association with the business community, thus supporting socially important projects. Currently, Nornickel mainly cooperates with the working groups of the Government Commission on the Use of Natural Resources and Environmental Protection. Nornickel is also actively involved in the expert councils of regional authorities across its geographies, including the Krasnoyarsk Region Governor's Council for Strategic Development and Priority Projects.

Nornickel's representatives take part in parliamentary hearings 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, Russian Union of Industrialists and Entrepreneurs, Chamber of Commerce and Industry of the Russian Federation, the Association of Managers interregional public organisation, etc.

Nornickel's experts engage in draft regulation discussions as part of open government and local councils under federal executive bodies, as well as in anti-corruption due diligence and regulatory impact assessments. This all helps to maintain a constructive dialogue with the government, cut tape, and improve the country's business climate.

The retrofit of Norilsk Airport was an important step in developing the infrastructure of the Russian Arctic. Between 2016 and 2018, the airport's runway was repaved without interrupting the air traffic. In 2019, the apron was also repaved; the patrol road, perimeter fencing, wastewater treatment facilities, and emergency response station were completed, and power supply facilities were retrofitted. Capital

investment in the project totalled about RUB 12.5 bn (USD 193 mln), including RUB 5 bn (USD 77 mln) invested by Nornickel. The retrofitted Norilsk Airport will become one of the most advanced airport complexes in the Arctic.

## CHARITY PROGRAMMES

### World of New Opportunities programme

Nornickel runs the World of New Opportunities charity programme to provide sustainable development capabilities and opportunities to communities across its regions of operation. The programme aims at developing soft skills in local communities, demonstrating and introducing new social technologies, supporting and encouraging community initiatives, and creating a favourable environment for cross-sector partnerships.

The programme was updated in September 2019.

**Develop!** – partnership for local development. Key activities: the Socially Responsible Initiatives Competition, We Are the City! social technologies forum, Social Engineering Bureau, Non-Profit Accelerator, We Are the City! PicNick event, City Event Workshop, Peremena education project, School of Urban Competencies, and travel grants for social entrepreneurs. In 2019, the Socially Responsible Initiatives Competition received 507 entries – a record high since the project was launched in 2014.

**Act!** – service economy development and growth. Within the initiative, Nornickel runs the following

Charity expenses (USD mln)



programmes: the Social Entrepreneurship training course, Mentor Institute, Social Entrepreneur Club, Convention of Social Entrepreneurs from the North, Social Entrepreneurship Accelerator Programme, and travel grants for social entrepreneurs. In 2019, five social entrepreneurs were granted business development loans under the World of New Opportunities charity programme.

**Create!** – building the infrastructure for accelerated regional development and improved living standards in Nornickel’s regions of operation. The initiative is implemented through the Norilsk Development Agency and the Second School Centre across four areas: Business, Development/Urban Environment, Tourism, and Social and Cultural Projects.

During 2019, over 45,000 local residents in Nornickel’s regions of operation took part in Nornickel’s social programmes.

### The City Resident’s Social Portrait survey

From October 2018 to February 2019, Nornickel ran the “City Resident’s Social Portrait” survey aimed to gain insight into the real state of affairs in our communities by compiling the local populations’ social portraits and use the findings to inform local development priorities for the next decade. The survey is unique in that it uses computational sociology, i.e. machine learning, to analyse respondents’ digital profiles.

The survey covered a total 8,078 residents in Norilsk, Monchegorsk, Zapolyarny, and Nickel, with over 33,000 opinions and proposals received from local communities. The respondents’ perspectives on the existing gaps and their vision for what their community will be like in 10–15 years enabled the survey team to identify and understand the key trends for community development.

Nornickel will consider local residents’ expectations when developing production and social programmes for its employees and communities in its regions of operation.

### The Plant of Goodness corporate volunteer programme

Nornickel’s social policy remains a key pillar of its development strategy and the foundation of its corporate social responsibility. A shift from paternalism to partnership has enabled Nornickel to build mutually beneficial relations not only with business and local communities but also with its employees.

The Plant of Goodness project is a vivid example of such engagement: it has institutionalised and consolidated Nornickel’s existing experience and traditions of social and environmental initiatives. Originally launched in Moscow only, the programme has since been extended to Norilsk, Monchegorsk, Zapolyarny, and Chita, acting as an engagement tool that creates new opportunities, unlocks people’s potential and strengthens their links to their communities. When people are directly involved in transforming their social environment, they inevitably become more engaged with it.

The Poneslos (“Let’s Roll”) environmental initiative that grew out of regular volunteer weekends has become one of Nornickel’s most prominent social projects. In addition to urban landscaping, the initiative now includes environmental awareness activities, and has grown to 17,000 participants.

The programme’s key areas:

- Personal donations programme (through the corporate intranet portal)
- Corporate charity events
- Volunteers in the City partnership project
- Poneslos (“Let’s Roll”) environmental initiative
- Eco-convention
- Employee volunteering projects
- Volunteer studios
- Skill building programmes
- Plant of Goodness leaders

In 2019, the Plant of Goodness corporate volunteer programme raised over RUB 4 mln through charitable donations by employees and ran 209 volunteer campaigns and events.

## SPONSORSHIP

### Rosa Khutor Ski Resort



In 2016–2019, Nornickel invested USD 250.5 mln in developing the Rosa Khutor Ski Resort as part of the programme to support mass sports in Russia. The funding helped transform the Olympic complex into a year-round tourist destination. By way of consideration, Nornickel was granted a minority stake in the Rosa Khutor project.

### Russian Olympic Committee



As a partner of the Russian Olympic Committee and the Russian Olympic team, Nornickel supports youth sports and professional sports, in particular, by facilitating the implementation of Olympic educational programmes developed by the Russian International Olympic University.

Another area of cooperation between the Company and the Russian Olympic Committee is the inclusion of Nornickel's regions of operation in the pan-Russian Olympic Patrol project. In 2019, renowned athletes visited Krasnoyarsk and Norilsk and shared their personal Olympic experiences, did autograph and photo sessions, and hosted master classes and fitness tests.

Nornickel also helped organise the 30th National Olympic Day, a sports festival aimed at promoting healthy lifestyle, mass fitness and sports among Russian citizens. As part of the event, Nornickel set up a sports area combining a dedicated section of the 2019 Winter Universiade's general partner and a streetball ground of CSKA Professional Basketball Club, the EuroLeague 2019 champion.

### CSKA Professional Basketball Club



Nornickel remains the general sponsor of Russia's successful and acclaimed basketball club. In 2019, the Club team won the VTB United League and became a fourth time winner of the most prestigious continental tournament, the EuroLeague Final Four.

Funding for sports projects (USD mln)



### International University Sports Federation



Nornickel supports the International University Sports Federation (FISU), the organiser of universiades. In September 2019, Nornickel provided support for the FISU Volunteer Leaders Academy, a regular international forum attended in 2019 by volunteer leaders from more than 80 countries, representatives of sports delegations, and public officials responsible for university sports. The forum provided a platform to foster greater interaction between volunteers and national university sports federations, and share knowledge and experience in organising major international sporting events, including the 2019 Winter Universiade in Krasnoyarsk.

### 29th International Winter Universiade in Krasnoyarsk



As the general partner of the 29th International Winter Universiade held in Krasnoyarsk in 2019, Nornickel fully met its commitments to assist in preparing and holding the international student games.

Nornickel's contribution to the success of the student games was highly praised by international sports federations, participating countries, the local organising committee, and Russia's leaders. The Company received a number of prestigious awards: Regional Development. The Best for Russia, Sport Leaders, and Best Social Projects in Russia awards, as well as BISPO Award and MARSPO Award.

Along with financial support and provision of infrastructure for the international student games, Nornickel made additional commitments to train the required staff, develop its own volunteering programme, and help spread modern Siberia's new image around the world. For the first time ever, a dedicated team of corporate volunteers made up of Nornickel employees and their family members helped run the Universiade. Nornickel allocated funds to arrange trainings for sports facilities managers, functional heads, and sports executives, as well as volunteer team leaders, at the Russian International Olympic University and Siberian Federal University. Nornickel's support contributed to the non-material heritage of the 2019 Winter Universiade and the development of the Krasnoyarsk Region's talent pool in general.

Nornickel contributed a total of over RUB 2.4 bn, net of VAT, (USD 37 mln) to prepare and hold the 2019 Winter Universiade.

In line with the existing arrangements, once the Universiade was over, the newly built facilities were not handed over to the state. Instead, Nornickel will continue to finance their ongoing maintenance and operation, drawing on many years of experience in building and operating multifunctional and specialised sports complexes. The new sports and training complex is already a venue for futsal and basketball trainings and tournaments. The facility was upgraded to improve accessibility for children and adults with special needs and to offer an even safer and more comfortable leisure experience to the city's residents and guests.

### Norilsk Nickel Futsal Club



In 2016, the team and administrative personnel of Norilsk Nickel Futsal Club moved to Norilsk. Nornickel is the Club's general sponsor. The team takes part in the Russian Super League Championship and Russian Futsal Cup. The Russian Futsal Association and MMC Norilsk Nickel work closely together to ensure the success of the Futsal to Polar Schools project. As part of this initiative, the Club's futsal players run master classes for schoolchildren and special workshops for coaches.

### Nornickel Football Cup – New Hopes

For the second year running, Nornickel organised the Nornickel Cup – New Hopes inter-regional football tournament which brought together youth teams from the Krasnoyarsk, Zabaykalsky, and Murmansk Regions. The tournament winners were awarded with cups and diplomas, and all participants received commemorative gifts..

### All-Russian Federation of DanceSport and Acrobatic Rock'n'Roll



In 2019, Nornickel supported the All-Russian Federation of DanceSport and Acrobatic Rock'n'Roll in developing and promoting these sports. As part of the partnership, we helped set up a corporate acrobatic rock'n'roll club in Norilsk, which successfully competes in national and regional contests. Nornickel is a partner of the Federation.

### Rosgonki and Sochi Autodrom



Since 2018, Nornickel has partnered with Rosgonki and Sochi Autodrom to support and promote motor racing in Russia. Under the sponsorship agreement between Rosgonki and Nornickel, the Company provides assistance in preparing and holding sporting events at the Formula One Circuit Race Track.