

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.

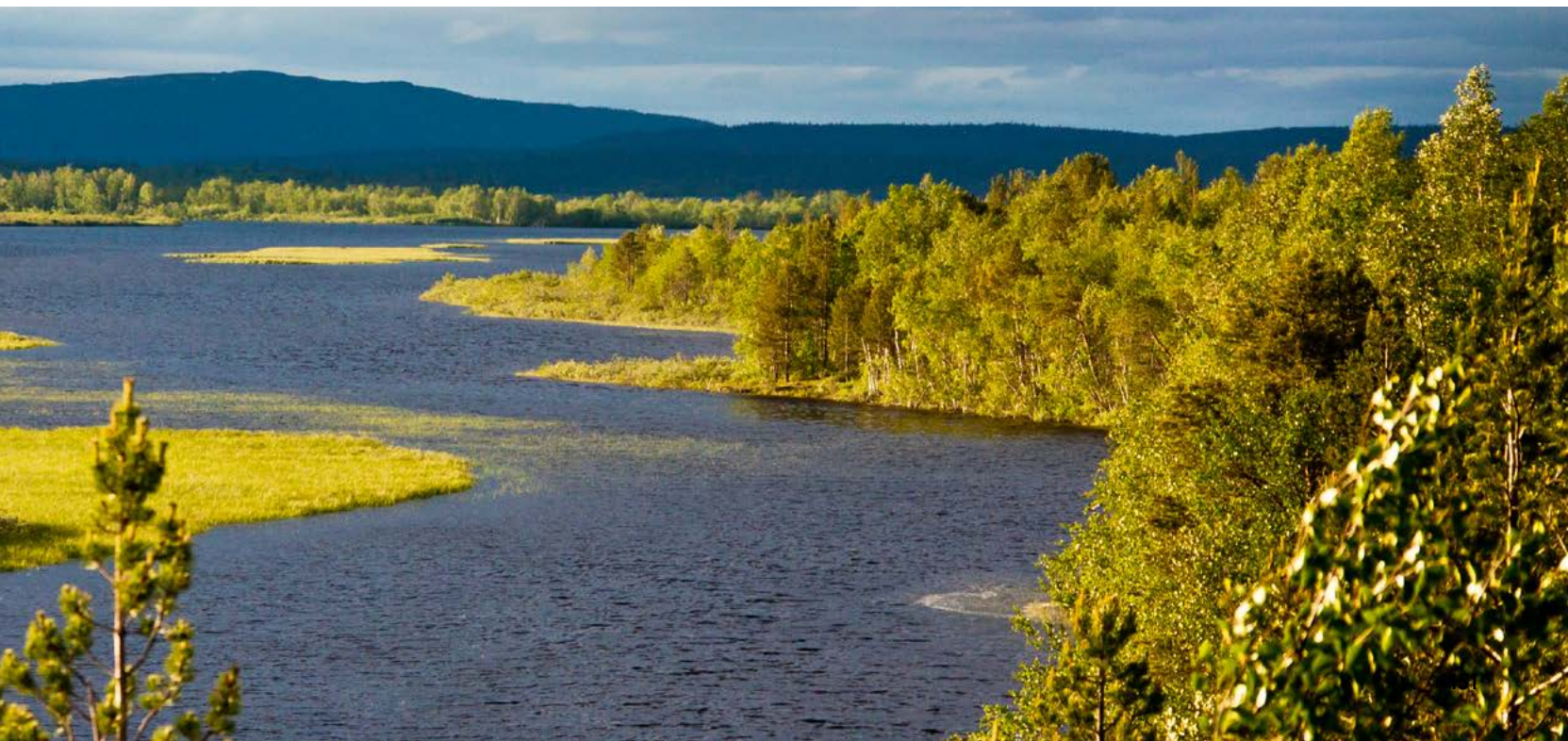
The Company helped develop several ecotrails including the first ecotrail for kids A Curious Child out in the Woods and publish books on the founders of the reserve.

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.