

SOCIAL AND CHARITY INITIATIVES

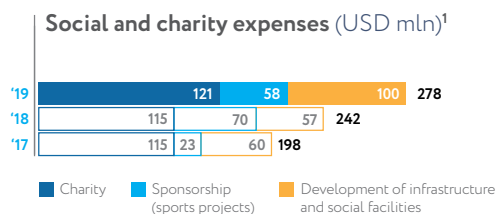
Nornickel is the world’s largest metals and mining company, playing an important role in the Russian economy. Due to its geography and financial strength, Nornickel has a strong impact on the social and economic life in the regions in which it operates. With its facilities located mostly in single-industry 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 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.



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.

Social partnership framework



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.

^{1/} Excluding expenses on social programmes for employees.

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 2019¹.

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.

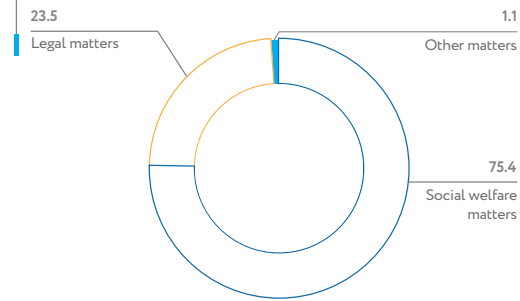
No breaches of collective bargaining agreements, and no strikes or lockouts were recorded across the Group entities in 2019.

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 Pechengastroy:

^{1/} 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.

